CEYLON HOTELS CORPORATION PLC

Annual Report 2023/24

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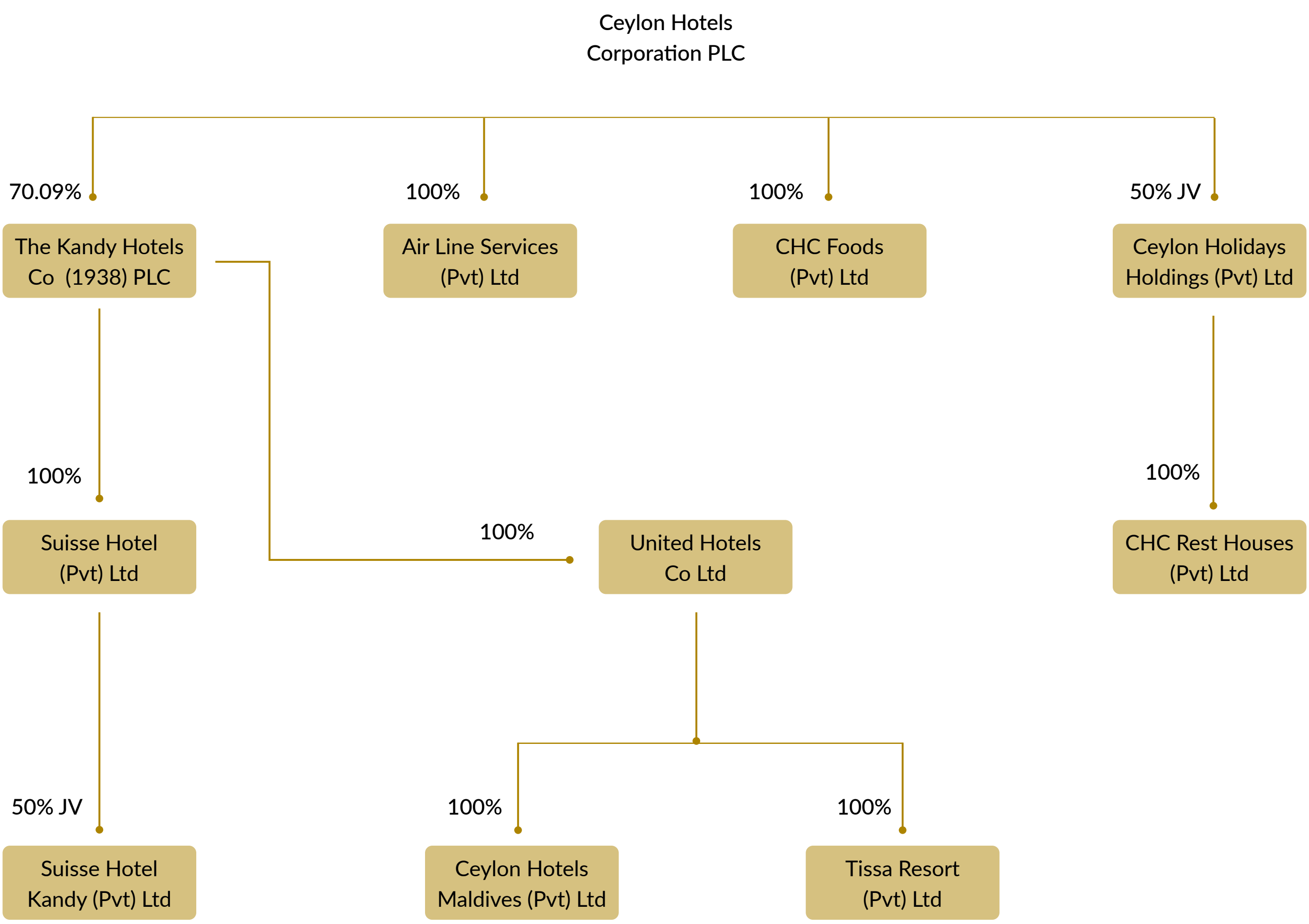
FINANCIAL REPORTS

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	2024 Rs.	2023 Rs.
Revenue	1,382,590,241	877,861,629
Earnings before interest, tax , depreciation & amortization (EBITDA)	153,246,229	(11,053,820)
Profit/(loss) before tax (PBT)	(34,036,772)	594,725,775
Profit/(loss) after tax (PAT)	(43,984,683)	685,239,940
Profit/(loss) attributable to equity holders of the company	1,244,125	543,886,474
Earnings/(losses) per Share	0.01	3.02
Dividend per Share (Company)	-	-
Dividend Pay-out Ratio (Times)	-	-
Financial Position as at 31st March		
Total Assets	13,913,978,309	14,385,133,875
Total Debt	1,594,119,855	2,092,881,239
Net Debt	-	-
Net Assets	9,674,121,498	9,774,729,598
Net Assets attributable to equity holders	7,071,073,779	7,499,584,971
Net Current Assets	1,936,546,916	2,479,144,406
No. of Ordinary Shares in Issue	180,030,942	180,030,942
Net Assets per Ordinary Share	53.74	54.29
Net Debt/Equity	-	-
Net Debt/Total Assets	-	-
Current Ratio (Times)	2.9	3.2
Market/Shareholder information as at 31st March		
Closing Market price per share	19.00	22.50
Market Capitalization	3,420,587,898	4,050,696,195

Chairman’s Review

Dear Shareholder,

I am pleased to welcome you to the 58th Annual General Meeting of Ceylon Hotels Corporation PLC, and to present to you the Annual Report of the Company for the year ended 31st March 2024.

Tribute to Mr. Lakshman Samarasinghe

It is with great respect that I pay tribute to the late Mr. Lakshman Samarasinghe, who served as the Chairman of Ceylon Hotels Corporation PLC from July 2005 until his passing on 10th April 2024. His unwavering dedication, loyalty, and commitment were the foundation of our company’s success. The values and standards he championed remain deeply embedded in our Group, and we are committed to upholding his legacy as we move forward.

THE YEAR IN REVIEW

During the year, the Group continued its focus on streamlining and strengthening its business model, consolidating the gains from various initiatives done during the previous financial year, which I have outlined in my last year’s report to shareholders. The Company approached the year under review with a strong balance sheet with a healthy cash position of Rs.2.6 Billion (primarily derived from the disposal of the investment in the Maldives in 2022) and a zero Net-Debt position.

We also streamlined the Group’s holding structure with Kandy Hotels Co 1938 PLC (KHC), completing the proposed acquisition of the remaining 83.89% of United Hotels Company Ltd (UHC) in July 2023. And with that, we have strategically positioned the Group to deliver higher value to shareholders over the long term in tandem with the growth of Sri Lankan tourism, paving the way for the Company to seek an upward re-rating of its share value. With this transaction/restructure, the key hotel properties of CHC Group (except for the rest houses/bungalows owned by CHC Rest Houses (Pvt) Ltd, in which CHC owns 50%) have been brought under the single umbrella of KHC, thus positioning KHC as the key hotel owning segment of the CHC Group, enhancing Group visibility, and importantly, paving the way for CHC as a company to focus on lateral expansion of the Group along the leisure value chain. This restructure was also aimed at creating economies of scale and greater synergies by combining common resources, including, access to the significant cash pool available at UHC (post disposal of the Maldives investment as outlined above), for future development of properties.

INVESTMENTS AND PROPERTY ENHANCEMENTS

The Company and the Group will forge ahead with a prudent, phased, reinvestment program focused on upgrading and refurbishing our properties to capture the upside in tourism as we navigate out of the economic crisis.

The 92-room EKHO Surf Hotel at Bentota was the first to be refurbished, and the upgraded property was re-opened for guests in December 2023. Additionally, our rest house cluster is undergoing renovations, with certain properties being repositioned to better exploit their market potential.

We have also initiated the refurbishment of the Suisse Hotel, Kandy aligning it more closely with current market demands. Our investment efforts extend to strengthening our brands, ‘EKHO Hotels’ and ‘Heritage Collection’, where we will focus on aligning the brand propositions/elements into the property improvements with the sole aim of servicing our customers better. We are also focusing on building key competencies within our human resource base, which is crucial within the current challenging labour market.

We remain committed to a disciplined investment approach, ensuring that each project meets our strict return thresholds and is aligned with the broader tourism outlook in Sri Lanka. By staggering our investments, we can remain agile and responsive to market conditions while continuing to strengthen our portfolio.

ECONOMIC AND TOURISM OUTLOOK

Economic Environment

The Sri Lankan economy witnessed a gradual revival in 2023 from the worst economic crisis in its post-independence history. Policy and structural reforms, supported by the International Monetary Fund helped restore macroeconomic stability, albeit with significant hardships for all stakeholders.

Improved foreign exchange inflows from tourism and worker remittances, have alleviated some pressure, highlighting the critical importance of a vibrant tourism industry as a key forex earner.

However, the road to sustainable growth remains challenging, and it is imperative that we stay the course on critical reforms, fiscal discipline and rebuild public confidence.

Chairman's Review

Tourism Industry Recovery

The Sri Lankan tourism industry experienced an encouraging revival in 2023, with nearly 1.5 million visitor arrivals—the highest since 2019. India and Russia were the leading sources of tourists, accounting for nearly 35% of total arrivals. However, much of the Russian influx was concentrated in the southern regions, with less impact on the traditional round tours that are crucial for hotel occupancy across the island, particularly in Kandy.

As Sri Lanka gradually regains and aims to surpass pre-crisis arrivals, the industry must transition from a volume-based model to one that emphasizes both volume and value to ensure greater returns and to sustain investment in the industry. To achieve this, the country's overall tourism landscape will have to be upscaled and made more competitive.

To foster private investments into scaling up products and services, there is an urgent need for a cohesive national strategy that includes upgrading tourism infrastructure, enhancing safety and security, improving digital readiness, reinforcing the talent pool, and most importantly an effective consumer focused global marketing campaign. Recent challenges, such as issues with visa processing and increased visa fees, have affected our competitive positioning, especially against regional peers like Thailand, which are easing border restrictions to promote tourism. Globally, international tourism is expected to fully recover pre-pandemic levels in 2024, with initial estimates pointing to 2% growth above 2019 levels according to UNWTO. The release of pent-up demand, increased air connectivity, and a stronger recovery of Asian markets and destinations, are expected to underpin this growth.

FINANCIAL PERFORMANCE

Occupancy levels and revenue were up at most of our hotel properties across the group compared to those of the previous year. The Group's revenue base during the year under review grew compared to the previous year, recording a consolidated revenue of Rs.1,383 million, compared to Rs. 878 million recorded during the previous financial year. Operational losses were significantly reduced from Rs. 196 million recorded during the previous financial year to Rs.0.45 million during the Financial Year under review.

After accounting for a foreign exchange translation loss of Rs 96 million, as result of the impact on the appreciating LKR on the USD cash deposits of the Group, the Group closed the year with a consolidated net loss after tax of Rs. 44 million on a revenue of Rs. 1,383 million compared to a consolidated net profit of Rs. 685 million recorded during the previous year on a revenue of Rs 878 million. The Group results of the previous year include Rs 838 million as gain on disposal of the 50% stake in Handhuvaru Ocean Holidays (Pvt) Ltd for US$ 4,493,663/- (approx. LKR 1.6 billion at exchange rates prevailed at the time of the transaction) in September 2022 to China Travel International Investment Hong Kong Limited.

PERFORMANCE ANALYSIS OF SUBSIDIARIES AND JOINT VENTURES

The Kandy Hotels Company 1938 PLC and Group

The Kandy Hotels Co 1938 PLC returned to operational level profitability, recording a Profit of Rs 30.39 million from operation on a revenue of Rs. 594.89 million, compared to an operating loss of Rs. 74.22 million and a revenue of Rs. 309.34 million reported last year.

The overall cost of finance cost on the loan book of the Company was Rs. 111.63 million, compared to Rs. 101.69 million last year. Part of the purchase consideration for the acquisition of United Hotels was the setting off of the Rs.1,164.84 million receivable from Ceylon Hotels Corp PLC (the parent), and hence a nil finance income during the year under review compared to Rs. 111.22 million last year.

Consequently, the company recorded a net Loss after Interest and Tax of Rs. 62.79 million compared to a net loss after interest and tax of Rs. 15.72 million.

Consolidated Results

With the acquisition of UHC, the KHC for the first time is reporting consolidated financial results for year under review.

Accordingly, the KHC Group achieved a consolidated profit from Operations of Rs. 9 million for the year ended 31st March 2024, on a consolidated revenue of Rs. 1,223 million.

EKHO Surf Hotel Bentota, which is owned by UHC, was closed for most of the year under review, to allow the renovation and refurbishment work to be carried out; hence it was not able to contribute positively to the consolidated results reported above.

Consolidated net finance cost for the year under review was Rs.138.17 million, mainly due to a foreign exchange translation loss of Rs. 96 million on the US dollar denominated Cash deposits of the Group, as result of the sharp appreciation of the Sri Lankan Rupee against the US dollar.

Consequently, the Group recorded a net loss after interest and tax of Rs. 119.86 million for the year ended 31st March 2024.

CHC Rest Houses (Pvt) Ltd.

The CHC Rest Houses cluster recorded a total revenue of Rs. 330 million for the financial year under review compared to Rs. 203 million recorded the previous year. The cluster also recorded an operating profit of Rs. 61 million for the financial year ended 31st March 2024, compared to an operating profit of Rs. 19 million recorded last year

LOOKING AHEAD: STRATEGIC PRIORITIES

Looking ahead, we are confident that our ongoing refurbishment and reinvestment efforts will position the company and the Group to capitalize on the recovering tourism market and drive long-term profitability.

As we move forward, our priorities will focus on preparing each of the properties to its revenue earning potential, carefully managing our financial resources, and leveraging the anticipated growth in the tourism sector. We have set clear goals to enhance our operational efficiency, broad base market segments/customer base and strengthen our competitive position. By remaining disciplined in our investment strategy and responsive to market conditions, we are confident in our ability to deliver sustained shareholder value over the long term.

In conclusion, I wish to thank my fellow Board members, the members of the Audit Committee and Remuneration Committee, for their guidance and counsel and thank the associates of the Company for their endurance and cooperation during these very challenging times. I also would like to thank our valued Guests, Travel Agents, Suppliers, Bankers, Auditors, Secretaries. Finally, I would like to thank all the shareholders for their continued support.

Sincerely,

Sanjeev Gardiner
Chairman

29th August 2024

Board of Directors

MR. SANJEEV GARDINER

Chairman

Mr. Sanjeev Gardiner was appointed to the Board of Ceylon Hotels Corporation PLC in 1996 and as the Chairman of the Company on 23rd August 2024. He is the Chairman and Chief Executive Officer of The Galle Face Hotel Group of Companies which includes the Galle Face Hotel Co Limited, Galle Face Hotel 1994 (Pvt) Ltd, GFH Management Company (Pvt) Ltd, Gardiner Group (Pvt) Limited, Ceylon Hotels Holdings (Pvt) Ltd (holding Company of Ceylon Hotels Corporation Group) The Kandy Hotels Company (1938) PLC.

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

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

MR. 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 Jayewardenepura and a Master of Business Management from Edith Cowan University in Australia and counts over years of Finance Management experience. He is a Member of the Chartered Institute of Australia and New Zealand and also a Member of the Institute of Chartered Accountant of Sri Lanka and a Member of CPA Australia and a Fellow Member 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 extensive experience in the areas of Civil Law, 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. He has also successfully appeared in many landmark litigation and arbitration matters both locally and internationally involving complex corporate and commercial legal matters. Notably, he has also been appointed as a member of the International Court of Arbitration.

Mr. De Zoysa has been appointed by the Ministry of Justice, Prison Affairs and Constitutional Reforms as a member of multiple committees to propose, draft and review necessary amendments and new legislation, notably the Committee to review the Insurance Laws, the Committee to develop a Special Law on Disposal of Property the Subject of Offences, the Committee to develop a new Anti-corruption Act, the Committee to develop the Law on Proceeds of Crime, the Task Force on Prevention of Financial Frauds, the Committee on Drafting Law in terms of the Sentencing Policy, the Committee on the Enforcement of Foreign Judgements, and the Committees on the several amendments of the Civil Procedure Code. He has served as Chairman/Director on the Boards of many companies including leading institutions in the financial and leisure sector in Sri Lanka, both listed and unlisted and further served on Board appointed audit, legal, risk management, remuneration and executive credit committees of leading corporates. Mr. De Zoysa has provided legal opinions and strategic and value adding advisory services on diverse commercial and corporate transactions including restructurings and public private partnerships.

MR. MANGALA BOYAGODA

Senior Independent Director

Mr. Boyagoda is a Senior Banker, possessing over 35 years' experience holding key positions in the field of Financial Services. He is the former CEO of Standard Chartered Bank. He is the present Chairman of Wealth Lanka Management (Pvt) Ltd., Director of 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. (Pvt) Ltd., Ambeon Holdings PLC., Taprobane Capital Plus (Pvt) Ltd., Asset Holdings (Pvt) Ltd., CIESOT & Dhamma Parami Trust.

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

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 Jayewardenepura. 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. 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 (Private) Limited.

Mr. Pathirana is a Non- Executive Director of WindForce PLC, Hemas Holdings PLC, Dankotuwa Porcelain PLC, BPPL Holdings PLC, & ODEL PLC. He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

MR. SHALIKE KARUNASENA

Mr. Shalike Karunasena presently serves as the Group Chief Financial Officer of the Galle Face Hotel Group of Companies. He also serves as a Board Member of several subsidiaries of the Group.

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.

Management Discussion and Analysis

ECONOMIC ENVIRONMENT

In 2023, the Sri Lankan economy experienced a recovery, marking the end of its most severe economic downturn since gaining independence. This improvement was evidenced by a notable reduction in inflation, stabilization of the exchange rate, growth in gross official reserves, enhanced external resilience, improved fiscal balances, and stability within the financial system. Additionally, the long-standing twin deficits in the government budget and the external current account began to show signs of improvement.

Controlled Inflation Through Rapid Disinflation

In September 2022, inflation in Sri Lanka reached an unprecedented peak of 69.8%. However, this was followed by a swift decline, bringing inflation down to single-digit levels. Factors contributing to this stabilization included strict monetary policies, improved domestic supply conditions, a decrease in global commodity prices, and the appreciation of the Sri Lankan Rupee.

Despite occasional fluctuations, inflation is anticipated to stabilize near the target level of 5% in the medium term, bolstered by effective policy measures. Additionally, in the latter half of 2023, policy interest rates were significantly cut by 6.5%. This reduction was a result of a more accommodating monetary policy, influenced by the substantial moderation in inflation, stable inflation expectations, weak economic activity due to subdued domestic demand, and easing external sector pressures.

Reinforcement Of Exchange Rate Stability

In 2023 and early 2024, the Sri Lankan Rupee saw an increase in value, supported by a more flexible exchange rate system that allowed market forces to play a greater role and the gradual easing of restrictions on foreign exchange transactions.

External Buffers To Augment International Resilience

In 2023, significant improvements were observed in the external sector. Stability in this sector was supported by increased foreign exchange inflows and a better balance of payments. The current account achieved a surplus, driven by a reduced trade deficit, higher revenue from tourism, and increased workers' remittances. By the end of 2023, reserves had more than doubled, thanks to net foreign exchange purchases by the Central Bank, funds from the IMF's Extended Fund Facility (EFF), and financing from the World Bank and ADB.

The narrowing of the trade deficit was attributed to a substantial reduction in imports, prompted by restrictions on non-essential goods, weakened economic activity, and stringent monetary and fiscal policies. The trade deficit for 2023 fell to its lowest level since 2010. Additionally, the Sri Lankan Rupee saw a sharp appreciation in 2023 due to a market-based exchange rate policy.

Gross Domestic Product (GDP)

In 2023, the Central Bank of Sri Lanka noted a gradual recovery in the economy. The GDP contraction was moderated to 2.3%, a significant improvement from the 7.8% decline observed in 2022. This recovery was supported by enhanced macroeconomic stability, characterized by lower interest rates and reduced external sector pressures. The country's real GDP decreased by 2.3% to USD 84.4 billion, with the industrial sector experiencing a 9.2% decline. In contrast, the agricultural sector saw a growth of 2.6%, marking a rebound from the severe economic downturn of 2022. The GDP per capita in Sri Lanka was recorded at USD 3,968.68 in 2023, representing 31% of the global average.

Sovereign Debt Crisis

Throughout the Covid-19 pandemic, global national debt levels surged dramatically, drawing significant international focus to Sri Lanka's ongoing sovereign debt crisis. Economic stabilization efforts were primarily centered on fiscal consolidation.

In 2023, the central government's debt as a percentage of GDP decreased, primarily due to substantial growth in nominal GDP and the effects of currency appreciation on foreign debt. Despite this decline in the debt-to-GDP ratio, total debt service payments rose in 2023, largely because of increased domestic interest payments.

To effectively address the economy's vulnerability to external shocks, it was essential to combine fiscal consolidation with strategic expenditure policies that correct the long-standing bias against tradable sectors. However, the Sri Lankan economy's robust recovery depends on maintaining the reforms already in place, with key aspects including the successful continuation of the IMF-EFF program and the completion of the debt restructuring process.

Establishing a robust institutional framework and legal structure will facilitate the economic transition to a new normal. Achieving a broad political and social consensus on economic reforms is crucial for permanently addressing structural obstacles, preventing repeated policy reversals and economic setbacks, and enhancing public welfare through sustained growth.

INDUSTRY ENVIRONMENT

Global Tourism

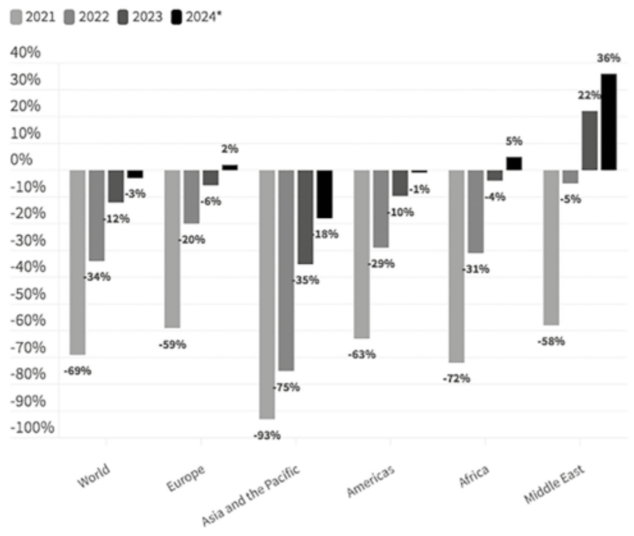
Following a robust performance in 2023, foreign tourism is projected to fully return to pre-pandemic levels by 2024, with preliminary estimates suggesting a 2% increase over 2019 figures. According to the UNWTO World Tourism Barometer, international tourism ended 2023 at 88% of pre-pandemic levels, while foreign arrivals (overnight visitors) reached 97% of 2019 levels in the first quarter of 2024. Anticipated factors such as the release of remaining pent-up demand, improved air connectivity, and a stronger rebound in Asian markets are expected to drive a full recovery by the end of 2024.

The Middle East demonstrated the highest relative growth in visitor numbers, while Africa and Europe surpassed their pre-pandemic statistics. Europe, the world's most visited region, attained 94% of its 2019 visitor levels, driven by strong intra-regional travel and arrivals from the United States. Africa recovered 96% of its pre-pandemic visitor numbers, and the America reached 90%. Asia and the Pacific achieved 65% of their pre-pandemic levels following the reopening of several markets and destinations. However, performance varied: South Asia rebounded to 87% of 2019 levels, while North-East Asia remained around 55%.

The UN World Tourism Barometer for the quarter ending March 31, 2024, reports that total export revenues from international tourism, including both receipts and passenger transport, reached USD 1.7 trillion in 2023, about 96% of pre-pandemic levels in real terms. In 2023, Tourism Direct GDP (TDGDP) recovered to pre-pandemic levels, estimated at USD 3.3 trillion, which equates to 3% of global GDP, supported by vigorous domestic and international tourism activity.

The latest UN Tourism Confidence Index survey reflects a positive outlook for the period from May to August 2024. Nonetheless, persistent economic and geopolitical challenges continue to present significant barriers to the complete recovery of international tourism and overall confidence.

International Tourist Arrivals, World and Regions



Source: UNWTO

SRI LANKA TOURISM

Sri Lanka, endowed with a wealth of natural and cultural attractions across the island, boasts a vibrant and varied Tourism and Leisure sector, making it the third largest foreign exchange earner for the economy. Consequently, the government has emphasized tourism as a key economic pillar, aiming for a revival driven by rising tourist numbers.

In 2023, the nation's tourism sector experienced a resurgence after a three-year hiatus, welcoming over 1.4 million visitors, which marks a significant 106% increase. Looking ahead, it is projected that this growth trend will continue, with an expected arrival of 2 million tourists in 2024.

Monthly Tourist Arrivals

Month	2023	2024	% Change 2024/23
January	102,545	208,253	103.08
February	107,639	218,350	102.09
March	125,495	209,181	66.68
April	105,498	148,867	41.10
May	83,309	112,128	34.60
June	100,388	113,470	13.0
July	143,039	187,810	31.30
August	136,405		
September	111,938		
October	109,199		
November	151,496		
December	210,352		
Total	1,487,303	1,198,059	

Source : SLTDA

The World Economic Situation and Prospects 2024 report forecasts a deceleration in global GDP growth, predicting a decline from 2.7% in 2023 to 2.4% in 2024, reflecting ongoing sluggish growth trends. While there are indications that global headline inflation is moderating, food price inflation remains a pressing issue, intensifying food insecurity and poverty, particularly in developing countries.

As per a publication by Sri Lanka Tourism Development Authority, the anticipated global economic slowdown is likely to diminish disposable income and spending on international travel, which could negatively affect global travel demand. Although a decrease in global headline inflation is predicted, ongoing food price inflation may increase expenses for tourists, impacting their travel budgets. Despite these difficulties, strong economic growth in India and South Asia could present opportunities for drawing tourists from these regions to Sri Lanka.

Management Discussion and Analysis

Notably, the substantial increase in tourists from countries such as India, Australia, the USA, and the Maldives significantly boosted overall tourist numbers for 2023. However, it's important to point out that arrivals from the United Kingdom, France, Germany, and Canada did not show significant growth compared to the previous year. This indicates changing travel preferences and patterns from these countries.

Top 10 markets to Sri Lanka, January to December 2023

Rank	Country of Residence	Tourist Arrivals (Jan – Dec 2023)	Tourist Arrivals (Jan - Dec 2022)
1	India	302,844	123,004
2	Russian Federation	197,498	91,272
3	United Kingdom	130,088	85,187
4	Germany	102,539	55,542
5	China	68,789	4,715
6	Australia	67,436	30,942
7	France	56,251	35,482
8	United States	46,344	22,230
9	Canada	43,944	26,845
10	Maldives	37,328	18,880
11	Others	434,242	225,897
	Total	1,487,303	719,978

The factors outlined below underscore the intricate environment in which the Sri Lankan tourism sector functions, highlighting the need for strategic management and adaptation to address their impacts effectively.

- Increased taxes and administrative changes could influence tourist choices and spending. Additionally, a decrease in the purchasing power of locals might reduce domestic tourism, impacting local businesses.
- Economic fluctuations and geopolitical tensions related to upcoming elections might also deter potential visitors those concerned about safety, thus affecting overall tourism numbers.
- Furthermore, climate-related risks, such as extreme weather events, have the potential to disrupt travel plans and infrastructure, which can negatively impact tourist arrivals and their experiences.

OVERVIEW OF FINANCIAL AND OPERATIONAL PERFORMANCE

Ceylon Hotels Corporation PLC ('CHC' or 'The Company') and its subsidiaries (together "the Group") refer to United Hotels Company Limited, Tissa Resort (Pvt) Limited, CHC Foods (Pvt) Limited, The Kandy Hotels Company (1938) PLC, Suisse Hotel (Pvt) Limited, Air Line Services Limited, Ceylon Hotels Maldives (Pvt) Limited and the Group's interest in equity-accounted investees. Ceylon Holidays Holdings (Pvt) Limited, CHC Rest Houses (Pvt) Limited and Suisse Hotel Kandy (Pvt) Limited are joint ventures for the Group.

HIGHLIGHTS FOR THE YEAR

During the year under review, KHC fully acquired United Hotels Company Limited ('UHCL') and its subsidiaries. UHCL was a direct subsidiary owned 67.51% by CHC until July 14, 2023, the date on which the restructuring took place via a share swap.

The consolidated revenue grew by 57% YoY to Rs. 1,382 million and EBITDA increased to Rs. 153 million in tandem with the country's economic rebound and positive outlook on the tourism sector.

Revenue

The CHC Group's consolidated revenue amounted to Rs 1.38 billion, marking a 57% increase from the previous year. The growth was driven by higher occupancy levels with the increased tourist arrivals and improved flow through from room rates together with the additional revenue generated from the renovated Surf Hotel of UHCL, which resumed operations during the year under review.

Room revenue surged to Rs 606 million in FY 2023/24, up by 79% from Rs 338 million in FY 2022/23 while food and beverage revenue increased to Rs 738 million from Rs 501 million, reflecting a 47% rise. However, this revenue growth was partially mitigated by the appreciation of the Rupee against the US Dollar.

Operating Performance

CHC's gross profit rose from Rs. 584 million in 2022/2023 to Rs. 970 million during the year under review, supported by the increase in revenue. The increase in the gross profit margin from 67% to 70% reflects the positive economic outlook, bolstered by lower inflationary pressures and continued stringent cost control measures.

The Group reported an operating loss of Rs. 0.45 million for FY 2023/24, a significant improvement from the Rs. 196 million losses recorded in the previous year. This improvement in gross profit is partially offset by increased administration expenses, which rose to Rs. 942 million from Rs. 749 million in FY 2022/2023, and higher distribution expenses, which increased to Rs. 74 million from Rs. 48 million in FY 2022/2023.

Finance Income, Finance Costs And Net Foreign Exchange Gain/ (Loss)

During the year, the Company reported finance costs of Rs. 1.15 million, marking a significant decrease from the previous year. This reduction is mainly due to the settlement of an interest-bearing intercompany loan of Rs. 1.16 billion with CHC, which was part of the consideration for the change in UHCL's ownership, as detailed in note 41.1.3 of the financial statements.

The Group experienced a decline in finance income amounting to Rs. 24 million, primarily due to a reduction in fixed deposits driven by increased capital expenditure on hotel renovations. This decline was partly offset by interest income from related entities.

The Group's finance expenses have decreased, attributable to reduced overdraft utilization and the advantageous effects of lower interest rates prevailing in the country, supported by a favorable economic outlook.

Exchange Differences On Translation Of Foreign Operations

The Group reported an exchange loss of Rs. 96 million in the Statement of Comprehensive Income due to the translation of USD-denominated deposits of a subsidiary into the reporting currency. This loss occurred because the Rupee appreciated against the US Dollar, from Rs. 327.29 on March 31, 2023, to Rs. 301.18 on March 31, 2024.

Taxation

The Group reported a tax charge of Rs. 10 million despite a pre-tax loss of Rs. 34 million. This tax charge primarily arises from the reversal of deferred tax assets related to tax losses carried forward from prior years, which could not be utilized within the specified regulatory timelines.

FINANCIAL POSITION

The Group's total assets stood at Rs. 13.91 billion as of March 31, 2024.

Fair Value Assessment Of Land And Buildings

The Group commissioned an independent Chartered Valuer to carry out a valuation of land and buildings as March 31, 2024. This resulted in a revaluation loss (net of tax) of Rs. 26 million, which was recorded in the Statement of Other Comprehensive Income. The value of freehold lands and buildings remained unchanged compared to the last revaluation.

Borrowings

As of March 31, 2024, the Group's total interest-bearing borrowings were Rs. 1.59 billion, a reduction of Rs. 499 million from the Rs. 2.09 billion recorded at the end of the previous financial year. The decrease in borrowings was driven by positive cash flow from operations and debt servicing payments over the year.

The Group opted for debt restructuring and consolidations while securing the favourable terms already enjoying. Our ability to negotiate and secure significantly lower interest rates saved a substantial amount that we would otherwise have had to pay or accrue on these loans. This advantage allowed the Group to service the interest payments without fail.

Net Assets/ Shareholder's Funds

As of March 31, 2024, shareholders' equity amounted to Rs. 9.67 billion, with the reported net assets per share was Rs. 53.74.

PERFORMANCE ANALYSIS OF SUBSIDIARIES AND JOINT VENTURES

THE KANDY HOTELS COMPANY (1938) PLC

The Kandy Hotels Company (1938) PLC ('KHC') owns both the Queens Hotel and Hotel Suisse. The Group holds a joint venture in the Radisson Hotel, Kandy, through its subsidiary, Suisse Hotel Kandy (Pvt) Limited. During the year under review, KHC fully acquired United Hotels Company Limited ('UHCL') and its subsidiaries, enhancing its consolidated position. Prior to July 2023, KHC owned just 16.11% of UHCL. After a restructuring, the Company obtained the remaining shares via a share swap in July 2023.

KHC recorded a 92% increase in revenue, totalling Rs 595 million for the financial year ending 31st March 2024, compared to Rs 309 million for the previous financial year. KHC's gross profit increased from Rs. 191 million in 2022/2023 to Rs. 403 million in the current year while the reported net losses for the year under review is Rs. 63 million.

UNITED HOTELS COMPANY LIMITED

The United Hotels Company Limited ('UHCL') owns EKHO Surf, EKHO Lake House and the Lake Hotel. For the financial year under review, UHCL reported total revenue of Rs. 442 million, up from Rs. 382 million in the previous year. The company experienced an operating loss of Rs. 36 million for the year ending March 31, 2024, an improvement from the Rs. 54 million operating losses reported the previous year.

Management Discussion and Analysis

CHC FOODS (PVT) LIMITED

CHC Foods (Pvt) Limited ('CHCF') operates outlets in Ambepussa and Hanwella. During the year under review, CHCF achieved a pre-tax profit of Rs. 9 million, marking a significant improvement from the previous year's loss of Rs. 15 million—an increase of Rs. 24 million, or 160%. The company's revenue and gross profit were Rs. 65 million and Rs. 38 million, respectively, with a profit from operations of Rs. 11 million. However, the pre-tax profit of Rs. 9 million resulted in a post-tax loss of Rs. 0.6 million due to a tax expense of Rs. 10 million. This deferred tax charge was required for the tax losses expired during the year.

JOINT VENTURES - CHC REST HOUSES (PVT) LIMITED

The CHC Rest Houses cluster reported total revenue of Rs. 127 million for the financial year under review, an increase of 63%. This resulted in a 65% year-over-year rise in gross profit, reaching Rs. 106 million. However, the cluster recorded a post-tax loss of Rs. 59 million, primarily due to deferred tax expenses arising from tax losses that expired during the year.

Risk Management

The Company aims to maximize shareholder value while minimizing potential adverse effects on its business plans, brand reputation, and financial performance through its overall risk management strategy.

The risk management framework is embedded within the business planning process and is managed by key business teams who focus on early risk identification, prevention, and capitalizing on opportunities. The Board of Directors ensures the framework's effectiveness and prudence in evaluating and handling risks, while the Audit Committee assists in the review process.

In the tourism sector, risk management involves a proactive and strategic approach to anticipate, prepare for, respond to, and recover from unexpected events that could impact tourist safety, travel plans, and overall satisfaction. This process includes identifying, assessing, and prioritizing potential risks related to hotel operations and implementing strategies to mitigate these risks, with an emphasis on sustainable development. It also ensures that risks associated with the group's diverse operations are managed effectively to enhance and preserve stakeholder value.

The Board of Directors and the Audit Committee oversee the risk management processes for both the Company and its hotel group, ensuring risks are managed within acceptable limits and mitigating any potential issues. There are ongoing efforts to enhance the risk management governance structure to comply with the updated listing rules of the Colombo Stock Exchange.

TOURISM INDUSTRY

The tourism sector is influenced by a range of macroenvironmental factors, including economic conditions, political climates, socio-cultural trends, technological advancements, and sustainability concerns.

Tourism growth can be affected by various disruptions such as natural disasters, major accidents, terrorism, warfare, economic crises, and pandemics. These events can impact tourism differently, affecting their duration, intensity, and geographic scope. Disruptions like natural disasters, health crises (e.g., pandemics), political unrest, and security issues can all interfere with travel plans and influence the tourism industry.

Economic downturns and fluctuations in global, national, and regional conditions—particularly in our primary source markets, as well as globally—can affect the number of international travelers and the industry's growth.

In Sri Lanka, factors that may dampen international travel sentiment include political and economic instability, emerging health risks (such as dengue outbreaks), potential or actual acts of terrorism or conflict, violence, and natural or man-made disasters. Additionally, increased taxation and administrative changes could raise costs for tourists, influencing their travel decisions and spending habits. A decrease in purchasing power among locals may also reduce domestic tourism, impacting local businesses and attractions.

The industry's competitiveness poses another challenge, as it may limit our success compared to other hotels and home-sharing or rental services. With numerous hotel brands, independent hotels, and regional home-sharing options available, our ability to attract and retain both business and leisure travelers' hinges on delivering exceptional experiences, having strategically located hotels, maintaining guest loyalty, offering good value for money, and ensuring efficient service. This competitive environment affects our capacity to improve operating margins and is shaped by overall supply and demand dynamics in the tourism sector.

OUR BUSINESS

Our business depends significantly on the quality and reputation of our company and its brands. Any decline in these aspects could negatively affect our market share, reputation, financial health, or operational results. Various factors can impact our reputation, including the quality of service, food safety, the safety of guests and employees, health and cleanliness standards, environmental and social practices, and community support. Social media amplifies public feedback, which can influence how our brand and hotels are perceived. Managing negative publicity, regardless of its accuracy, can be challenging. A significant drop in our brand's reputation or perceived quality could harm our market share, reputation, business performance, financial condition, and operational results.

Attracting, developing, and retaining talented leadership is essential for our success. We compete with other organizations both within and outside our industry for skilled personnel. Failure to recruit, train, develop, and retain sufficient talented employees could lead to increased staff turnover, decreased guest satisfaction, low employee morale, inefficiency, or lapses in internal controls. A shortage of skilled employees could also impede our business growth and expansion. Furthermore, the effectiveness and performance of our senior executives are crucial for maintaining our competitive edge and driving future growth. The departure of key executives could pose challenges to our business strategy execution and have other detrimental effects.

Risk Management

Our revenues have been adversely affected by natural and man-made disasters. We've seen a decline in travel and reduced lodging demand due to events such as 'Acts of God,' man-made disasters, and disease outbreaks in areas where we operate. A terrorist attack or other acts of violence involving our properties could significantly reduce demand for these assets, further impacting our revenue and profitability. Nonetheless, we maintain adequate insurance coverage to protect against property and consequential losses.

PROPERTY / INVESTMENT VALUATION RISK

The Company's property and investment valuations are reported at fair value, as determined by independent professional valuers. Key factors influencing these valuations include the market discount rate, which is beyond the Company's control.

Although we take appropriate measures to manage the aspects of valuation that we can control, external environmental factors and industry fluctuations can result in variations in the fair value of investments reported in our financial statements.

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

The Board of Directors ('the Board') of Ceylon Hotels 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 2024.

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) Airline Services (Private) Limited

United Hotels Company Limited ('UHCL'), which was a subsidiary of the Company, has now become a fully owned subsidiary of The Kandy Hotels Company (1938) PLC effective from July 14, 2024.

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

3. CHANGES TO THE GROUP STRUCTURE

There were no changes to the Group Structure during the year under review, except for UHCL and its subsidiaries becoming fully owned subsidiaries of The Kandy Hotels Company (1938) PLC.

Previously, UHCL was a subsidiary of Ceylon Hotels Corporation PLC, with a 67.51% stake until July 2023. KHC's Board of Directors recommended that its shareholders approval for the acquisition of 83.89% of UHCL's issued share capital through a share swap. The share transfer was completed on July 14, 2023. As a result, UHCL and its subsidiaries are now fully owned subsidiaries of KHC.

4. ANNUAL REPORT

The Board of Directors on 29th August 2024 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 03 to 05 and 08 to 12 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 02 summarizes the financial results. 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 2024 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 125 in this annual report.

The aforementioned financial statements for the year ended March 31, 2024, 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. 34 million on a turnover of Rs. 1,382.5 million for the year ended 31st March 2024 compared to net loss before tax Rs. 242.9 million on a turnover of Rs. 877.8 million in 2022/2023.

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

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

For the year ended 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Profit/ (loss) attributable to equity holders	1,244,125	543,886,474	78,568,383	(36,994,950)
Profit/(loss) brought forward from previous year	1,886,323,260	1,269,036,787	(131,402,672)	(94,041,418)
Other comprehensive (loss)/income attributable to equity holders	(53,763,937)	(966,577,065)	(1,125,740)	(366,305)
Transfer of excess depreciation on revaluation	67,540,392	74,963,798	-	-
Retained earnings/(loss) carried forward	1,629,566,717	1,886,323,260	(53,960,029)	(131,402,673)

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 2024 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 23 to 24 of this Annual Report.

11. STATED CAPITAL AND RESERVES

The Company's stated capital as of 31st March 2024 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 9,674 million as of 31st March 2024.(2023: Rs.9,775 million).

12. SHAREHOLDERS' FUND

The total reserves of the Group as at 31st March 2024 was Rs. 6,708 million (2023: Rs.7,137 million) comprising of retained earnings of Rs. 1,630 million (2023: Rs.1,886 million) and other reserves of Rs. 5,079 million (2023: Rs.5,251 million). Total reserves combined with Stated Capital as at 31st March 2024 was Rs. 7,071 million (2023: Rs.7,500 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 2024.

14. SOLVENCY TEST

Since there is no recommendation for payment of a dividend for the year ended 31st March 2024, 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. 334.2 million during the year under review (2023 – Rs. 19.6 million). The movements in property, plant and equipment during the year are set out in note 14 to the Financial Statements.

(b) Capital Commitments

The capital expenditure approved and contracted for, as of the reporting date is given in note 39 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, 2024. 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 2024 is Rs. 10,293 million (2023 – Rs. 10,098 million). The details of freehold land and building and Buildings on leasehold land valuation are given in note 14 on pages 83 to 85 to the Financial Statements.

The Directors are of the view that the carrying value of the properties stated in note 14.1 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 88 to 92.

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 43 to the financial statements.

19. IMPAIRMENT TESTING

All asset classes have been tested for impairment and the Group/ Company has made the provisioning where necessary, and disclosures have been made in the financial statements.

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 2024 are given in note 38 to the Financial Statements.

22. ENVIORNMENTAL PROTECTION

The Company makes every endeavour 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 40.

24. DIRECTORS

The Board of Directors of Ceylon Hotels Corporation PLC comprised 09 Directors during the year ended 31st March 2024, with wide commercial knowledge and experience and 03 of them serve as Independent Non-Executive Directors. The qualification and experience of the Directors are given on pages 06 to 07 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.

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

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 (demised)	Non Independent Executive Director
Mr. Sanjeev Gardiner (Appointed as the Chairman w.e.f 23/08/2024)	Non Independent Executive Director
Mr. Priyantha Maddumage	Non Independent Executive Director
Mr. Kuvera De Zoysa	Independent Non Executive Director
Mr. Mangala Boyagoda – Senior Independent Director	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

24.1 Directors to retire by rotation

In terms of Articles 30(1), 30(2) and 30(3) of the Articles of Association of the Company, shareholder approval is sought to re-elect Mr Sanjeev Gardiner and Mr. Priyantha Pushpakumara Maddumage who retire by rotation and being eligible to offer themselves for re-election. Further, in terms of Rule 9.7.2. of the Listing Rules of the Colombo Stock Exchange the Board has ensured that Mr Sanjeev Gardiner and Mr Priyantha Pushpakumara Maddumage, are fit and proper based on the "Fit and Proper Criteria" stipulated in the Listing Rules.

24.2 Re-appointment of Directors who are over seventy years of age

Mr Mangala Boyagoda Director who was over seventy years of age was re-appointed as a Director of the Company in terms of Section 210 of the Companies Act No.07 of 2007 at the AGM held on 26th September 2023 for one year commencing from the conclusion of the said AGM, i.e. till 26th September 2024.

Further, in terms of Rule 9.7.2 of the Listing Rules of the Colombo Stock Exchange, the Board has ensured that Mr Mangala Boyagoda is fit and proper based on the "Fit and Proper Criteria" stipulated in the Listing Rules.

Accordingly, Mr Mangala Boyagoda who is over seventy years of age to be re-appointed as a Director of the Company for a further period of one year from the conclusion of the Annual General Meeting and the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not be applicable to him.

The names of the Directors of Subsidiary Companies as at 31st March 2024 are given below.

Name of the Company	Name of the Directors
CHC Foods (Private) Limited	Mr. Athula Iddawala Mr. Lakshman Samarasinghe (demised) 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 (demised) Mr. Priyantha Maddumage Mr. Ranjith Gunatilleke Mr. Nahil Wijesuriya (resigned w.e.f. 16/8/2024) Mr. Chandra Mohotti Mr. Nilanga Dela

Name of the Company	Name of the Directors
United Hotels Company Limited	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe (demised) Mr. Priyantha Maddumage Mr. Kuvera De Zoysa Mr. Mangala Boyagoda Mr. Revantha Devasurendra Mr. Shalike Karunasena (Alternate Director Mr. Priyantha Maddumage)
Tissa Resort (Pvt) Limited	Mr. Lakshman Samarasinghe (demised) Mr. Priyantha Maddumage Mr. Shalike Karunasena (Alternate Director Mr. Priyantha Maddumage)
Ceylon Hotels Maldives (Pvt) Limited	Mr. Sanjeev Gardiner Mr. Lakshman Samarasinghe (demised) Mr. Priyantha Maddumage Mr. Shalike Karunasena

*Mr. Shalike Karunasena has been appointed as a Director of The Kandy Hotels Co. (1938) PLC with effect from 02nd August 2024.

The Company obtained an annual declaration from the Directors as per Rule 9.7.3. and 9.7.4 of the Listing Rules of the Colombo Stock Exchange (CSE) confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria set out in the Rules during the Financial year and as at the reporting date. Therefore, no Director was identified as a person who has failed to fulfil the required assessment criteria during the under review.

Each of the Independent Directors of the Company have submitted a signed declaration on Independence / Non-Independence as per Rule 9.8.5 of the Listing Rules of the Colombo Stock Exchange (CSE). The signed declarations were received from Directors, in order to enable the Board of Directors to determine the Independence / Non-Independence of the each of the Independent Directors, in terms of Rule 9.8.3. of the Listing Rules of the CSE.

1. Mr Kuvera De Zoysa served as a Director for over nine aggregate years and the Board has determined that since he does not exert control over the Company and is able to make unfettered judgements and act impartially, he is nevertheless independent.
2. Mr Mangala Boyagoda has served as a Director for over nine aggregate years and the Board has determined that since he does not exert control over the Company and is able to make unfettered judgements and act impartially, he is nevertheless independent.
3. Mr Kamantha Amarasekara has served as a Director for over nine aggregate years and the Board has determined that since he does not exert control over the Company and is able to make unfettered judgements and act impartially, he is nevertheless independent.

The names of the directors eligible for re-election are included in the Notice of the Annual general Meeting.

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 (demised)	1/1
Mr Sanjeev Gardiner	1/1
Mr Priyantha Maddumage	0/1
Mr Kuvera De Zoysa	0/1
Mr Mangala Boyagoda	1/1
Mr Kamantha Amarasekera	0/1
Mr Ajith Devasurendra	1/1
Mr Ranil Pathirana	1/1
Mr Shalike Karunasena	1/1

Due to the subdued level of activity of the company in the recent past, there was only one physical meeting. However, there were three meetings with Non-Executive Directors to discuss the progress of ongoing matters, along with the recoupment of industry trends. Circular resolutions were adopted as permitted by the Articles of Association.

26. BOARD SUBCOMMITTEES

The Board while assuming the highest level of responsibility and accountability for the management of the Company, has also appointed board sub-committees to ensure more effective control over certain affairs of the Company, conforming to the Corporate Governance Standards of the Listing Rules of the CSE and industry best practices.

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 34 to 40 of the corporate governance section of this Annual Report.

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

26.1 Audit Committee

The Audit Committee of the Company comprises the following members.

1. Mr. Kuvera De Zoysa (Chairman)
   – Independent Non-Executive
2. Mr. Mangala Boyagoda
   - Independent Non-Executive
3. Mr. Kamantha Amarasekara
   - Independent Non-Executive
4. Mr. Ranil Pathirana
   - Non Independent Non-Executive

Composition

The Audit Committee of the Company being the Parent Company of The Kandy Hotels Company (1938) PLC, also functions as the Audit Committee of KHC.

The report of the Audit Committee on pages 34 to 36 set out the manner of compliance by the Company in accordance with the requirements of Rule 9.13.5 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)
   – Independent Non-Executive
2. Mr. Mangala Boyagoda
   - Independent Non-Executive
3. Mr. Ranil Pathirana
   - Non-Independent Non-Executive

Composition

The Remuneration Committee of the Company being the Parent Company of The Kandy Hotels Company (1938) PLC, also functions as the Remuneration Committee of KHC.

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 39 to 40 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)
   – Independent Non-Executive
2. Mr. Mangala Boyagoda
   - Independent Non-Executive
3. Mr. Kamantha Amarasekara
   - Independent Non-Executive
4. Mr. Ranil Pathirana
   - Non Independent Non-Executive

Composition

The Related Party Transaction Review Committee (RPTRC) of the Company being the Parent Company of The Kandy Hotels Company (1938) PLC, also functions as RPTR Committee of KHC.

The committee met once in each quarter i.e four (04) times during the financial year 2023/2024.

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

The disclosure pertaining to non-recurrenet related party transaction was duly made in note 41 to the financial statements This was made as required by the Colombo Stock Exchange Listing Rule 9.14.8 (1) and the 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.

26.3.2 Recurrent Related Party Transactions

All the Recurrent Related Party transactions which in aggregate value exceeded 10% of the revenue of the Company as per audited financial statements of 31st March 2024 are disclosed under Note 41 on pages 112 to 114 to the Financial Statements, as required by Colombo Stock Exchange Listing Rule 9.14.8(2).

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 2024.

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	01/04/2023	31/03/2024
1.	Mr. Lakshman Samarasinghe (demised)	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

As at 31st March 2024, there were 7,862 registered ordinary shareholders. The number of ordinary shares held by the public as per the Colombo Stock Exchange rules as of 31st March 2024 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 41.2 to the financial statements on page 116.

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 41.4 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 31st March 2023 and 31st March 2024, are given in the section on "Investor Information" on pages 126 to 129.

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

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 02 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 126 to 129.

35. CONTRIBUTIONS TO CHARITY

The sum of contributions made to charities by the Group during the financial year ended 31 March 2024 is Rs. 111,406 (2023: Rs.137,008).

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. KPMG, Chartered Accountants 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 independence 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 2024 at 11.30 am via audio visual technology. The Notice of Meeting is given on page 133 of the Annual Report.

39.1 Amendments to articles of Association of the Company

The Board of Directors has proposed that the amendment of Articles of Association and the requisite Special Resolutions to give effect to the above be set out in the Notice Convening the Annual General Meeting.

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.)
Sanjeev Gardiner
Chairman

(Sgd.)
Mangala Boyagoda
Senior Independent Director

(Sgd.)
Deloitte Corporate Services (Pvt) Limited,
Company Secretaries

29th 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 29th August 2024 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 Board Audit Committee.

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

The Directors confirm that these Financial Statements for the year ended 31st March 2024, 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 of Section 158 of the Companies Act No. 07 of 2007 and in accordance with a resolution passed at the last Annual General Meeting, were provided with every opportunity to undertake the inspections they considered appropriate. They carried out reviews and sample checks on the system of internal controls as they considered appropriate and necessary for expressing their opinion on the Financial Statements and maintaining accounting records. They have examined the Financial Statements made available to them by the Board of Directors together with all the financial records, related data and minutes of shareholders' and Director's meetings and expressed their opinion which appears as reported by them on 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.

Statement of Directors' Responsibilities for the Preparation of Financial Statements

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 frauds 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 38 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

Deloitte Corporate Services (Private) Limited,
Secretaries to the Company

29th August 2024

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 the Securities and Exchange Commission
- The Inland Revenue Act No. 24 of 2017 and its amendments
- The Shop and Office Employees Act No. 19 of 1954 and its amendments
- All other applicable regulations

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 Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka

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 in 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

Corporate Governance

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, 2024, 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 (demised)
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	Senior Independent 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

There were no changes to the composition of the Board of Directors during the year under review, except for the mentioned below

* Mr. Lakshman Samarasinghe passed away on April 10, 2024.

** Mr. Sanjeev Gardiner has been appointed as the Chairperson on 23rd August 2024.

The following changes were made to the composition of the Board of Directors in accordance with the amended Listing Rules of the CSE.

- Mr. Mangala Boyagoda has been appointed as Senior Independent Director (SID) since November 21, 2023.
- Mr. Revantha Thashan Devasurendra ceased to be the Alternate Director to Mr. Ajith Devasurendra effective December 31, 2023.

The profiles of the Board of Directors are given on pages 06 to 07.

As of 31st March 2024, the Company's board comprised nine (09) Directors, of which five (05) function in a non-executive capacity. The (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 judgment 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.

The Board of Directors has determined that all the directors are satisfied with the 'Fit and Proper Assessment Criteria' set out in the amended corporate governance rules.

BOARD MEETINGS AND ATTENDANCE

The Board meets regularly to discuss the company's performance and evaluate its strategic direction. There were one (01) board meeting 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	01/01
Mr Lakshman Samarasinghe	01/01
Mr Priyantha Maddumage	0/01
Mr Mangala Boyagoda	01/01
Mr Kuvera De Zoysa	0/01
Mr Ajith Devasurendra	01/01
Mr Ranil Pathirana	01/01
Mr Kamantha Amarasekera	0/01
Mr Shalike Karunasena	01/01

Due to the subdued level of activity of the company in the recent past, there was only one physical meeting. However, there were three meetings with Non-Executive Directors to discuss the progress of ongoing matters, along with the recoupment of industry trends. Circular resolutions were adopted as permitted by the Articles of Association.

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.

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 operationalising the strategy. The board recognizes 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.

SENIOR INDEPENDENT DIRECTOR

The Board has appointed Mr. Mangala Boyagoda as the Senior Independent Director (SID) due to the Chairman holding an executive role, in accordance with the amended Corporate Governance Rules of the CSE. The justification for the Chairman's executive role was communicated to the CSE along with the SID appointment.

This position aims to enhance the independent element of the Board of Directors, ensuring that board members maintain independent judgment and objectivity in all deliberations and that decisions are made in the best interest of the company. The profile of the SID is provided on page 06, and the explanatory report by the SID demonstrating the effectiveness of his duties is on page 33.

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 Remuneration Committee.

Corporate Governance

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.chcresorts.lk 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 23 to 24.

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 13 to 14 of the annual report, and the Directors' Responsibilities for preparing financial statements are stated on pages 23 to 24.

The report of the Audit Committee is given on pages 34 to 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.

ENVIRONMENTAL, SOCIAL GOVERNANCE AND PROMOTING 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 18
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Page 15
(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	Pages 128 to 129
(iv)	The public holding percentage	Page 126
(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 126
(vi)	Information pertaining to material foreseeable risk factors of the Entity and details of material issues pertaining to employees and industrial relations.	Page 22
(vii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Pages 83 to 85 and 92
(viii)	Number of shares representing the Entity's stated capital	Page 97
(ix)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Page 126
(x)	Financial ratios and market price information	Page 127
(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 83 to 85
(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 25 to 32
(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 112 to 114

Corporate Governance

Statement of compliance under Section 9 of the listing rules of the Colombo Stock Exchange (CSE) on Corporate Governance

Rule No.	Subject	Criteria	Compliance Status	Details
9.1.3.	Applicability of Corporate Governance Rules	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity	Compliant	Please refer Pages 25 to 32
9.2	Policies	Policies	Not Applicable	Considering the effective date of 1st of October 2024, the Company is in the process of reviewing existing policies and establishing new policies to comply with the stipulated timeline
9.3	Board Committees	Board Committees	Compliant	Please refer pages 19 to 20
9.4.1.	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meeting with shareholders	Listed Entities shall maintain records of all resolutions and information pertaining to its adoption	Compliant	Company Secretaries maintain records of all resolutions and requisite information
9.4.2.	Communication in relation with shareholders and investors	Communication and in relation with shareholders and investors	Compliant	The Company Secretries maintained the communication in relation with shareholders
9.5	Policy on matters relating to the Board of Directors	Policy on matters relating to the Board of Directors	Compliant	Considering the effective date of 1st of October 2024, the Company is in the process of introducing policies to comply within the stipulated timeline
9.6.1.	Chairperson and CEO	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and the CEO shall not be held by the same individual	Compliant	Chairperson is an Executive Director and Senior Independent Director appointed w.e.f. 21/11/2023.
9.6.2.	Chairperson and CEO	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make Market Announcement	Compliant	Market Announcement made on 21st November 2023

Rule No.	Subject	Criteria	Compliance Status	Details
9.6.3. and 9.6.4	The Requirement for a SID	SID to be appointed in the following instances i.The position of the Chairperson and CEO are held by the same individual ii.The Chairperson is an Executive Director iii.The Chairperson and CEO Close Family Members or Related Parties	Compliant	Mr. Mangala Boyagoda appointed as Senior Independent Director
9.7	Fitness of Directors and CEO	Fitness of Directors and CEO	Compliant	The Company obtained an annual declaration from the Directors confirming that they have continuously satisfied the specified Fit and Proper Assessment Criteria. All Directors met the fit and proper assessment criteria stipulated in the Listing Rules of the CSE
9.8.1.	Board Composition	The Board of Directors of a Listed Entity shall, at a minimum, consist of (05) Directors	Compliant	The Board comprised of 9 Directors during the year ended March 31, 2024
9.8.2/ 9.8.3 and 9.8.5	Independent Directors	Minimum no. of Independent Directors / Criteria for defining independence and declaration & disclosures relating to the Directors	Compliant	Please refer Page 18
9.9	Alternate Director	Alternate Director	Compliant	No Alternate Director were appointed to the Board throughout the reporting period. The Company has set out Special Resolutions in the Notice of Meeting to change the Articles of Association of the Company to align with the Listing Rule requirement.
9.10.4(a) and 9.10.4(b)	Disclosure relating to Directors	Company shall publish a brief resume in the Annual Report including expertise in relevant functional areas of each Director	Compliant	Please refer the Profile of the Directors in pages 06 to 07
9.10.4.(c)	Disclosure relating to Directors	Whether either the Director or Close Family Members has any material business relationship with other Directors of the Listed Entity	Compliant	As at the conclusion of the last AGM and throughout the financial year, none of the Directors of Close Family Members have had any material business relationship with other Directors of the Company

Corporate Governance

Rule No.	Subject	Criteria	Compliance Status	Details
9.10.4(d), (e), (f), (g), and (h)	Disclosure relating to Directors	Disclosure relating to Directors	Compliant	Please refer to Pages 06 to 07 and 116
9.11	Nomination and Governance Committee	Nomination and Governance Committee	Compliant	This will be complied on or before 01/10/2024
9.12	Remuneration Committee	Remuneration Committee	Compliant	Please refer to Pages 39 to 40
9.13	Audit Committee	Audit Committee	Compliant	Please refer to Pages 34 to 36
9.14	Related Party Transaction Review Committee	Related Party Transaction Review Committee	Compliant	Please refer to Pages 37 to 38
9.16.(i)	Additional Disclosures	The Board of Directors should declare all material interest in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested	Compliant	Directors declared that they have no material interests in contracts with the Company and there were no matters in which they were materially interested.
9.16.(ii)	Additional Disclosures	The Board of Directors should conduct 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	Compliant	The Board, having reviewed the system of internal controls covering financial, operational and compliance controls and risk management, is satisfied with the Company's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.
9.16.(iii)	Additional Disclosure	The Board of Directors should make arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly of Listing Rules and applicable capital market provisions	Compliant	The Board of Directors have declared that the Company and the Board of Directors have complied with applicable laws, rules and regulations and also are aware of changes particularly to the Listing Rules of the Colombo Stock Exchange including the new rules on Corporate Governance initially issued in October 2023 and all other applicable capital market provisions.
9.16.(iv)	Additional Disclosure	The Board of Directors should disclose relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Compliant	The Board of Directors have no disclosures to be made of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Company has operations.

Statement by the Senior Independent Director

I am pleased to present my report as the Senior Independent Director of Ceylon Hotels Corporation PLC. I was appointed as the Senior Independent Director (SID) of Ceylon Hotels Corporation PLC, effective 21st November 2023, in accordance with Rule 9.6.3(ii) of the Listing Rules of Colombo Stock Exchange as a result of the Chairman of the Company being an Executive, Non-Independent Director. It has been a privilege to serve in this role, overseeing independent judgment and objectivity in the board's deliberations.

ROLE AND RESPONSIBILITIES

In my role as Senior Independent Director, I am responsible for:

- Providing an independent perspective on board matters and supporting the chairman in ensuring effective governance.
- Leading the board evaluation process, overseeing the development of the board and its committees, and providing leadership to the Board as needed.
- Acting as a point of contact for shareholders who have concerns that cannot be resolved through normal channels and gaining a balanced understanding of shareholder issues and concerns.

BOARD PERFORMANCE AND EFFECTIVENESS

Over the past few months, I have been engaged in the following activities:

Independence and Conflicts of Interest: I have monitored potential conflicts of interest and ensured that any issues were addressed promptly and transparently through the following actions:

- Ensured that all significant issues were addressed by the Board in a timely manner, considering the perspectives of Non-Executive Directors.
- Attended board discussions at Ceylon Hotels Corporation PLC to ensure that decisions made during this period were in the best interests of the Company.
- Engaged in confidential discussions and served as an intermediary for Non-Executive Directors when needed, while appropriately considering the perspectives of Executive Directors.

CONCLUSION

The Company adheres to all relevant mandatory requirements while embracing voluntary guidelines and best practices in governance, thereby building stakeholder trust and ensuring integrity across all decision-making.

I believe that I have effectively discharged the duties entrusted to the SID in accordance with the Corporate Governance guidelines.

(Sgd.)
Mangala Boyagoda
Senior Independent Director
Ceylon Hotels Corporation PLC

29th August 2024

Report of the Audit Committee

As allowed by the Listing Rules of the Colombo Stock Exchange, the Audi Committee of Ceylon Hotels Corporation PLC being the Parent Company of The Kandy Hotels Co.1938) PLC (KHC), also functions as the Audit Committee of KHC.

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 functions and composition of the Committee are defined by the provisions of Rule 9.13.3 and 9.13.4 of the Listing Rules of the Colombo Stock Exchange (the 'CSE Rules') and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

COMPOSITION

The composition of the - Audit Committee (AC) is as follows. The profiles of the members are given on pages 06 to 07.

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 04 times during the financial year. Details of the attendance of the members are set out below.

Directors Name	Membership status	Attendance (Attended/ Eligible to attend)
Mr. Kuvera De Zoysa	Chairman	03/04
Mr. Mangala Boyagoda	Member	04/04
Mr. Kamatha Amarasekara	Member	00/04
Mr. Ranil Pathirana	Member	03/04

The representatives of the Company's external auditors, Messer. KPMG participated in meetings by invitation. The Group's 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 and discussing the financial information of the Company with the management on behalf of the board of directors in order to monitor the integrity of its quarterly and annual financial statements, annual reports, and periodic reports prepared for disclosure requirements.
- Assessing the acceptability and appropriateness of accounting policies and the reasonableness of significant estimates and judgments
- Assessing the reasonableness of the underlying assumptions based on which estimates and judgments 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.

4. EXTERNAL AUDIT

Overseeing the appointment, compensation, resignation, and dismissal of external auditors is vested in the Committee. The functions include the review of the external audit function, its costs and effectiveness, and monitoring of 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 the 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 the 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 26th September 2023.

Activities for the year ended March 31, 2024

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.
- Obtained an assurance from the management that financial reports have been properly maintained and the financial statements provide true and fair view.
- Ensured that prudent accounting practices are applied to provide stakeholders with the most accurate and meaningful financial information.
- Reviewed the Financial statements together with the External auditors, Messrs. KPMG, prior to release to the regulators, shareholders, and the general public.
- Clarify the existing disclosures and level of compliance with financial reporting standards such as those specified under the Companies Act No. 7 of 2007 and any other relevant financial and governance reporting requirements.
- Reviewed the Letter of Representation issued to the External Auditors by the management.
- Concluded that the non-audit services obtained from the auditors do not impair the independence and objectivity of the auditors.
- 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, 2025, subject to the approval of the shareholders at the 58th Annual General Meeting.

Report of the Audit Committee

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

29th August 2024

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 9.14 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 (PRTRC) is as follows: The profiles of the members are given on pages 06 to 07.

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 04 times during the financial year. Details of the attendance of the members are set out below.

Directors Name	Membership status	Attendance (Attended/ Eligible to attend)
Mr. Kuvera De Zoysa	Chairman	03/04
Mr. Mangala Boyagoda	Member	04/04
Mr. Kamatha Amarasekara	Member	00/04
Mr. Ranil Pathirana	Member	03/04

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 the transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and make 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 interest 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 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, 2024, are disclosed under Note 41 on pages 112 to 114 to the Financial Statements as required in Section 9.14.8(2) of the listing rules.

NON-RECURRENT RELATED PARTY TRANSACTIONS

The Company has a non recurrent transaction during the year under review and the disclosure made in the note 41 on page 115 to the financial statements. The Committee has reviewed the related party transactions during the year and has communicated the comments and observations to the Board of Directors. This disclosure was made in accordance with Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange, all non-recurrent related party transactions entered into the Company where the aggregate value of the Non-Recurrent Related Party Transactions

Report of the Related Party Transactions Review Committee

exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per the audited financial statements as at 31st March 2024 which required additional disclosures under Colombo Stock Exchange listing Rule 9.16 and the 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.

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 Personnel (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 9.14.1 of the listing rules of the CSE pertaining to Related Party Transactions during the financial year ended 31st March 2024.

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.

The Committee is aware of the new Colombo Stock Exchange Listing Rules which were initially released in October 2023 and had several deliberations on same and on its impact to the Company. The Company is in the process of taking necessary steps to ensure compliance with Section 9.14 of the said Rules with effect from 1st of October 2024.

On behalf of the Related Party Transactions Review Committee

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

29th August 2024

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 9.12.6 of the Listing Rules of the Colombo Stock Exchange (the 'CSE Rules'). The profiles of the members are given on pages 06 to 07.

1) **Mr. Kuvera De Zoysa**
   Independent, Non-Executive Director

2) **Mr. Mangala Boyagoda**
   Independent, Non-Executive Director

3) **Mr. Ranil Pathirana**
   Non – Non-Independent, Non-Executive Director

MEETINGS

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.

Aggregate remuneration paid to the directors of the Company is disclosed in Note 41.2 to the financial statements in page 116 of the Annual Report

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.

- Formulating remuneration policies for Directors and Key Management Personnel (KMP) and evaluate their performance against predetermined targets and goals periodically.
- 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 the 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.
- Advise on major organizational changes 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

- Determined and recommended the annual salary increments, adjustments and the performance bonus payable
- Approval for appointment of Key Management Personnel
- Review of the Organization Structure
- Continued to oversee the succession planning process

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

29th August 2024

Financial Reports

Independent Auditors' Report

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
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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 2024, and the statement of profit and 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 material accounting policies and other explanatory information as set out on pages 46 to 125.

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 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis of 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 for professional Accountants 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 the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of investments in subsidiaries

Refer Accounting Policies Note 3.3 (g) and Note 17 to the Financial Statements

Risk Description	Our Response
The Company hold investments in subsidiaries amounting to Rs.2,038 Mn as at 31st March 2024. The carrying amount of each investment in subsidiary has been tested for impairment as individual Cash Generating Units. The carrying amount of these investments could be materially misstated if inappropriate judgments and estimates were used by the Directors in calculating the recoverable amount for each cash generating unit ('CGU') and recoverable amounts of the identified CGUs have been determined based on the value-in-use calculation. Investments which have not generated adequate returns may be an indication of impairment. Due to the investments being material it will have a significant impact on financial performance of the Company/ Group. We have identified the impairment assessment of investments in subsidiaries as a key audit matter since that is based on forecasting and discounting cash flows, which are inherently judgmental.	Our audit procedures included, • Obtaining an understanding of management's impairment process. • Assessing the impairment indications of investments made in subsidiaries and assessing the reasonableness of the discounted cash flow model (Value in use computations), key assumptions, principles, and accuracy of the forecasts. • Comparing the actual results of the current year with management's assumptions and estimates in the discounted cash flow forecast for the previous year to assess the historical accuracy of the management's forecasting process. • Evaluating the discounted cash flow forecast prepared by management of the Group by comparing with the relevant data, including forecast revenue, cost of sales and other operating expenses, contained in the financial budget of subsidiaries which was approved by management and taking into account our understanding, experience and knowledge. • Assessing the adequacy of disclosures in the financial statements.

Independent Auditors' Report

Revaluation of building on leasehold land	
Refer Accounting Policies Note 3.4 and Note 14 to the Financial Statements.	
Risk Description	**Our Response**
Building on Leasehold Land carries at the fair value and classified as Property, Plant and Equipment amounted to Rs. 1,974 Mn as at 31st March 2024. The Group has engaged an independent professional Valuer with appropriate expertise to determine the fair value of the buildings on leasehold land in accordance with recognized industry standards. We identified this as a key audit matter because of the magnitude of the amounts recognized in the financial statements and because the valuation can be inherently subjective and requires the exercise of significant judgments and estimation, in particular in determining the appropriate valuation methodology, capitalization rates and market rates, which increases the risk of error or potential management bias.	Our audit procedures included, • Assessing the objectivity, independence, competence and qualifications of the external Valuer. • Engage our internal valuation specialists to assessing the key assumptions applied and conclusions made in deriving the fair value of buildings on leasehold land. In addition to that, we have assessed the valuation methodologies with reference to recognized industry standards. • Reviewing the component auditor's working papers where it necessary. • Assessing the adequacy of disclosures in relation to fair value of buildings on leasehold land in the financial statements in accordance with the relevant accounting standards.

Other Information

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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
29th August 2024

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 March	Notes	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Revenue	7	1,382,590,241	877,861,629	2,198,740	7,043,164
Cost of sales		(412,261,190)	(293,421,208)	(2,007,847)	(6,916,990)
Gross profit		970,329,051	584,440,421	190,893	126,174
Other operating income	8	49,270,255	24,694,324	10,138,568	-
Distribution expenses		(73,605,976)	(47,593,157)	-	-
Administrative expenses		(942,244,856)	(749,136,528)	(24,188,923)	(16,318,961)
Other operating expenses	9	(4,199,035)	(8,102,594)	(388,594)	(4,136,943)
Loss from operations		(450,561)	(195,697,534)	(14,248,056)	(20,329,730)
Finance income	10.1	299,689,087	323,088,939	72,097,402	94,684,309
Finance costs	10.2	(272,951,371)	(294,240,894)	(1,149,876)	(111,349,528)
Net foreign exchange loss	10.3	(96,026,646)	(41,994,832)	-	-
Net finance (costs) / income	10	(69,288,930)	(13,146,787)	70,947,526	(16,665,219)
Share of profit/(loss) of equity accounted investees (net of tax)	17.4.1	35,702,719	(34,067,857)	-	-
Profit / (loss) before income tax	11	(34,036,772)	(242,912,178)	56,699,470	(36,994,949)
Income tax (expense)/ reversal	12	(9,947,911)	90,514,165	21,868,913	-
Profit / (loss) from continuing operations		(43,984,683)	(152,398,013)	78,568,383	(36,994,949)
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 from discontinuing operations		-	837,637,953	-	-
Profit / (loss) for the year		(43,984,683)	685,239,940	78,568,383	(36,994,949)

Figures in the brackets indicate deductions.

The accounting policies and notes set out on pages 54 to 125 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 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Profit / (loss) for the year		(43,984,683)	685,239,940	78,568,383	(36,994,949)
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of property, plant & equipment	14.1	(37,065,222)	-	-	-
Deferred tax on revaluation due to the rate change	12.3	-	(1,247,853,733)	-	-
Deferred tax on revaluation	12.3	11,119,566	-	-	-
Remeasurement loss of defined benefit plans	29	(5,091,980)	(1,742,720)	(1,608,200)	(366,305)
Deferred tax on defined benefit plans	12.3	1,527,595	273,401	482,460	-
Equity Accounted Investees - Share of other comprehensive income/(expense), net of tax	17.4.1	(27,075,876)	(730)	-	-
				-	
Items that are or may be reclassified to profit or loss in subsequently				-	
Reclassification of foreign currency differences on loss of significant influence		-	(78,841,180)	-	-
Total other comprehensive income/(expenses) for the year, net of tax		(56,585,917)	(1,328,164,962)	(1,125,740)	(366,305)
Total comprehensive income/(expenses) for the year, net of tax		(100,570,600)	(642,925,022)	77,442,643	(37,361,254)
Profit/(loss) attributable to:					
Equity holders of the company		1,244,125	543,886,474	78,568,383	(36,994,949)
Non controlling interests		(45,228,808)	141,353,466	-	-
Profit/ (loss) for the year		(43,984,683)	685,239,940	78,568,383	(36,994,949)
Total comprehensive income/ (expenses) attributable to :					
Equity holders of the company		(52,519,812)	(422,690,591)	77,442,643	(37,361,254)
Non controlling interests		(48,050,788)	(220,234,431)	-	-
Total comprehensive income / (expenses) for the year		(100,570,600)	(642,925,022)	77,442,643	(37,361,254)
Basic/ diluted earnings / (loss) per share	13	0.01	3.02	0.44	(0.21)

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 54 to 125 form an integral part of these financial statements.

Consolidated Statement of Financial Position

	Note	Group		Company		
		As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023 restated*	As at 1 April 2022 restated*
		Rs.	Rs.	Rs.	Rs.	
ASSETS						
Non-Current Assets						
Property, plant and equipment	14	10,697,195,625	10,346,505,044	2,201	8,567	15,084
Intangible assets	15	2,955,833	9,412,947	-	-	-
Right of use assets	16	108,936,035	108,505,697	-	-	-
Investments in subsidiaries	17	-	-	2,037,724,775	909,348,216	909,348,216
Investment in joint venture	17.4	135,158,183	126,531,340	125,330,153	125,330,153	125,330,153
Investment Property	18	-	193,963,000	-	-	-
Deferred tax assets	30.2	22,351,373	-	22,351,373	-	-
Total Non-Current Assets		10,966,597,049	10,784,918,028	2,185,408,502	1,034,686,936	1,034,693,453
Current Assets						
Inventories	19	113,424,967	74,867,595	-	-	-
Trade and other receivables	21	391,922,128	286,737,679	-	5,595,051	6,183,239
Amounts due from related companies	22	520,285,088	575,418,127	538,114,569	661,933,731	601,821,832
Income tax recoverable	23	-	2,180,159	-	-	-
Financial assets at fair value through profit or loss	20	26,337,500	36,825,500	26,337,500	36,825,500	-
Cash & cash equivalents	25	1,895,411,577	2,624,186,801	49,750	571,745	90,163
Total current assets		2,947,381,260	3,600,215,861	564,501,819	704,926,027	608,095,234
Total Assets		13,913,978,309	14,385,133,889	2,749,910,321	1,739,612,963	1,642,788,687
EQUITY AND LIABILITIES						
Equity						
Stated capital	26	362,610,821	362,610,821	362,610,821	362,610,821	362,610,821
Reserves	27	5,078,896,241	5,250,650,890	2,403,058,512	174,846,404	174,846,404
Retained earnings/ (Accumulated Loss)		1,629,566,717	1,886,323,260	(53,960,029)	(131,402,672)	(94,041,418)
Total equity attributable to equity holders of the company		7,071,073,779	7,499,584,971	2,711,709,304	406,054,553	443,415,807
Non controlling interest		2,603,047,719	2,275,144,627	-	-	-
Total Equity		9,674,121,498	9,774,729,598	2,711,709,304	406,054,553	443,415,807
Non-Current Liabilities						
Interest-bearing-borrowings	28	1,044,787,666	1,296,411,766	-	-	-
Employee benefit obligation	29	25,953,191	20,544,913	5,405,836	6,985,350	5,622,197
Deferred tax liabilities	30.1	2,044,063,667	2,042,291,206	-	-	-
Lease Liability	31	114,217,943	130,084,934	-	-	-
Total Non-Current Liabilities		3,229,022,467	3,489,332,819	5,405,836	6,985,350	5,622,197

	Note	Group		Company		
		As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023 restated*	As at 1 April 2022 restated*
		Rs.	Rs.	Rs.	Rs.	
Current Liabilities						
Trade and other payables	33	375,349,189	265,585,131	3,173,406	10,580,131	10,290,536
Contract Liabilities	34	7,248,877	5,436,821	-	-	-
Interest-bearing-borrowings	28	322,934,854	376,712,661	-	-	-
Lease Liability	31	21,199,309	25,524,738	-	-	-
Amounts due to related companies	35	53,509,523	23,688,683	29,333,158	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	4,195,257	4,366,626	-	13,303	13,303
Bank overdrafts	25	226,397,335	419,756,812	288,617	-	1,191,237
Total current liabilities		1,010,834,344	1,121,071,472	32,795,181	1,326,573,060	1,193,750,683
Total Equity & Liabilities		13,913,978,309	14,385,133,889	2,749,910,321	1,739,612,963	1,642,788,687
Net assets per share (Rs.)		39.28	41.66	15.06	2.26	2.46

*Refer note 37-changes in accounting policy

The accounting policies and notes set out on pages 54 to 125 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.

Sanjeev Gardiner
Chairman

Shalike Karunasena
Director

Colombo
29th August 2024

Statement of Changes in Equity

Group	Note	Attributable to Equity Holders of the Company							Non controlling Interest	Total Equity
		Stated Capital	Revaluation Reserve	Capital Reserve	General Reserve	Translation Reserve	Retained earnings	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 1 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 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)
Deferred tax on revaluation due to rate change		-	(886,265,836)	-	-	-	-	(886,265,836)	(361,587,897)	(1,247,853,733)
Equity-accounted investees share of other comprehensive income	17.4.1	-	-	-	-	-	(730)	(730)	-	(730)
Reclassification of foreign currency differences on loss of significant influence	11.2	-	-	-	-	(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
Balance at 1st April 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
Total comprehensive income										
Profit / (loss) for the year		-	-	-	-	-	1,244,125	1,244,125	(45,228,808)	(43,984,683)
Other comprehensive income										
Acturial gain /(loss) on retirement benefit obligation, net of tax		-	-	-	-	-	(3,023,322)	(3,023,322)	(541,063)	(3,564,385)
Loss on revaluation of property, plant and equipment, net of tax		-	(23,664,739)	-	-	-	-	(23,664,739)	(2,280,917)	(25,945,656)
Equity-accounted investees share of other comprehensive income	17.4.1	-	(26,503,802)	-	-	-	(572,074)	(27,075,876)	-	(27,075,876)
Total comprehensive income for the year		-	(50,168,541)	-	-	-	(2,351,271)	(52,519,812)	(48,050,788)	(100,570,600)
Transactions with owners of the company										
Effect of changes in interest while retaining control	17.3.1	-	(54,045,716)	-	-	-	(321,908,164)	(375,953,880)	375,953,880	-
Dividends-(15% Cumulative preference shares)		-	-	-	-	-	(37,500)	(37,500)	-	(37,500)
Transfer of excess depreciation on revaluation		-	(67,540,392)	-	-	-	67,540,392	-	-	-
Total transactions with owners of the company		-	(121,586,108)	-	-	-	(254,405,272)	(375,991,380)	375,953,880	(37,500)
Balance at 31 March 2024		362,610,821	4,903,688,570	8,128,011	167,079,660	-	1,629,566,717	7,071,073,779	2,603,047,719	9,674,121,498

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 54 to 125 form an integral part of these financial statements.

Company	Stated Capital	Capital Reserve	Equity Reserve - Acquisition under common control	Fair value through OCI Reserve	General Reserve	Retained earnings	Total equity
Balance at 1 April 2022	362,610,821	8,128,011		184,167,021	166,718,393	(94,041,418)	627,582,828
Impact of change in Accounting policy				(184,167,021)			(184,167,021)
Restated balance at 1 April 2022	362,610,821	8,128,011	-	-	166,718,393	(94,041,418)	443,415,807
Total comprehensive income							
Loss for the year	-	-	-	-	-	(36,994,949)	(36,994,949)
Other comprehensive income							
	-	-	-	-	-		-
Acturial loss 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	-	-	166,718,393	(131,402,672)	406,054,553
Balance at 1st April 2023	362,610,821	8,128,011			166,718,393	(131,402,672)	406,054,553
Total comprehensive income							
Profit for the year	-	-	-	-	-	78,568,383	78,568,383
Other comprehensive income							
Acturial loss on retirement benefit obligation, net of tax	-	-	-	-	-	(1,125,740)	(1,125,740)
Total comprehensive income / (expense) for the year	-	-	-	-	-	77,442,643	77,442,643
Acquisition under common control (Note 41.1.3)	-	-	2,228,212,108	-	-	-	2,228,212,108
Balance at 31 March 2024	362,610,821	8,128,011	2,228,212,108	-	166,718,393	(53,960,029)	2,711,709,304

Figures in brackets indicate deductions.

The Notes on pages 54 to 125 are an integral part of these Financial Statements.

Consolidated Statement of Cash Flow

For the Year Ended 31 March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Cash flows from operating activities					
Profit/(loss) before income tax from Continuing Operations		(34,036,772)	(242,912,178)	56,699,470	(36,994,949)
Profit/ (loss) before income tax from Discontinued Operations		-	858,866,989	-	-
Profit/ (loss) before income tax		(34,036,772)	615,954,811	56,699,470	(36,994,949)
Adjustment for:					
Depreciation on property, plant and equipment	14	140,446,966	159,006,943	6,366	6,517
Amortization of Intangible assets	15.1	7,892,114	4,888,835	-	-
Amortization of Right of use assets	16.1	5,357,710	4,550,073	-	-
Provision for employee benefit obligation	29	5,946,528	4,362,078	978,329	1,225,958
Provision for impairment - Trade receivables	21.1	1,278,595	1,190,658	-	-
Provision for impairment - Other receivables	21.2	5,196,438	1,115,252	5,196,437	1,115,252
Provision for Inventory	9	566,761	1,772,606	-	-
Provision for amounts due from related companies	22.1	3,632,274	1,431,463	388,594	4,136,943
Provision on Investment in Equity Accounted Investees	9	-	4,898,525	-	-
Dividend Income	8	(1,938,500)	-	(1,938,500)	-
Writeback of creditors and advances	8	(25,274,826)	(8,629,565)	(8,200,068)	-
(Gain) / loss on foreign currency transactions	28	(49,313,649)	44,893,965	-	-
Share of (Profit) / Loss of equity-accounted investee	17.4.1	(35,702,719)	34,067,857	-	-
Interest income	10.1	(295,900,558)	(323,088,939)	(68,308,873)	(94,684,309)
Interest expenses	10.2	271,838,172	294,132,334	36,677	111,240,968
Change in fair value of investment in shares	20	1,113,199	108,560	1,113,199	108,560
Change in fair value of investment property	18	-	(1,725,032)	-	-
Gain on disposal of investment in shares	20	(3,788,529)	-	(3,788,529)	-
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		(2,686,796)	(19,936,565)	(17,816,898)	(13,845,060)
(Increase)/decrease in inventories		(39,124,133)	(10,754,759)	-	-
(Increase)/decrease in trade and other receivables		(111,659,483)	(166,982,420)	398,614	(527,065)
(Increase)/decrease in amounts due from related companies		118,200,058	(105,707,256)	123,580,342	30,435,467
Increase/(decrease) in trade & other payables		128,291,741	53,981,129	780,038	289,595
Increase/(decrease) in contract liabilities		1,812,056	(6,355,239)	-	-
Increase/(decrease) in amounts due to related companies		29,820,840	8,306,099	(121,810,919)	67,879,265
Cash generated from/ (used in) operating activities		124,654,282	(247,449,011)	(14,868,823)	84,232,202

For the Year Ended 31 March	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Interest paid		(76,566,042)	(96,574,710)	(36,677)	(46,357)
Income taxes paid	36 / 11.2	(15,933,182)	(40,185,990)	-	-
Employee benefit obligations paid	29	(4,020,650)	(1,469,463)	(1,006,942)	(229,110)
Net cash generated from/ (used in) operating activities		28,134,409	(385,679,174)	(15,912,442)	83,956,735
Cash flows from investing activities					
Interest income received		227,591,685	323,088,939	-	-
Net disposal /(investment) of FVPTL investments	20	13,163,330	(36,934,060)	13,163,330	(36,934,060)
Acquisition of property, plant and equipment	14	(334,239,768)	(19,587,930)	-	-
Addition of Intangible assets	15.1	(1,435,000)	(1,004,816)	-	-
Investment in joint venture	17.4.1	-	(4,898,525)	-	-
Dividend received		1,938,500	-	1,938,500	
Proceeds from Disposal of Assets held for Sale	11.2	-	1,617,774,280	-	-
Net cash generated from/ (used in) investing activities		(92,981,253)	1,878,437,888	15,101,830	(36,934,060)
Cash flows from financing activities					
Proceeds from borrowings	28 / 35.1	-	6,447,464	-	(45,349,856)
Principal element of lease payments	31.1	(37,015,791)	(44,952,334)	-	-
Repayment of borrowings	28	(433,553,112)	(628,867,074)	-	-
Net cash generated from / (used in) financing activities		(470,568,903)	(667,371,944)	-	(45,349,856)
Net increase / (decrease) in cash & cash equivalents		(535,415,747)	825,386,770	(810,612)	1,672,819
Cash & cash equivalents at the beginning of the year		2,204,429,989	1,379,043,219	571,745	(1,101,074)
Cash & cash equivalents at the end of the year (Note A)		1,669,014,242	2,204,429,989	(238,867)	571,745
Note A					
Cash and cash equivalents at the end of the financial year consist of the following.					
Cash at banks and in hand	25	1,895,411,577	2,624,186,801	49,750	571,745
Bank overdraft	25	(226,397,335)	(419,756,812)	(288,617)	-
		1,669,014,242	2,204,429,989	(238,867)	571,745

Figures in brackets indicate deductions.

The accounting policies and notes set out on pages 54 to 125 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1. Reporting Entity

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 2024 comprise Ceylon Hotels Corporation PLC and all its subsidiaries (together referred to as "the Group") namely United Hotels Company (Private) Limited ('UHCL'), Tissa Resort (Private) Limited ('TRL'), CHC Foods (Private) Limited ('CHCF'), The Kandy Hotels Co. (1938) PLC ('KHC'), Suisse Hotels (Private) Limited ('SH'), Air Line Services (Private) Limited ('ALS'), Ceylon Hotels Maldives (Private) Limited ('CHML') and the Group's interest in equity accounted investees.

Ceylon Holidays Holdings (Private) Limited ('CHOH') and its fully owned subsidiary CHC Rest House (Private) Limited ('CHCRH') are the joint venturers 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 (Private) Limited and the ultimate parent Company and controlling party is the Galle Face Hotel Company Limited, 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 and the Company 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 financial statements of the Group and the Company for the year ended 31 March 2024 were authorized for issue in accordance with resolution of the Board of Directors on 29th August 2024.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Group and the Company which comprise of the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows have been prepared in accordance with Sri Lanka Accounting Standards 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
Financial Assets at FVTPL	Measured at fair value	20
Defined Benefit Obligations	Measured at the present value of the defined benefit obligation.	29
Lease Liability	Measured at amortised cost using effective interest method	31

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.

These financial statements are presented in Sri Lankan Rupees. All financial information presented has been rounded to the nearest rupee except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'.

2.4. 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.

2.5. 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.

Items that have a significant effect on Judgements, estimates and assumptions and the respective notes that they are included in are as follows,

Critical accounting assumptions and estimation uncertainties	Note
Revaluation of land and buildings	3.4 (a)
Useful lifetime of property, plant and equipment	3.4 (d)
Impairment of non-financial assets	3.3 (g)
Valuation of investment property	3.7
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)
Measurement of defined benefit obligation: key actuarial assumptions	29 (c)
Recognition of deferred tax assets	30
Measurement of contingent liabilities	38

Revaluation of land and buildings

The Company measures lands and buildings at revalued amounts with changes in fair value being recognised in Equity through Other Comprehensive Income (OCI). Valuations are performed every five years to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. The Company engages independent professional valuer to assess fair value of land and buildings in terms of Sri Lanka Accounting Standard on "Fair Value Measurement" (SLFRS13). Based on the valuation techniques and inputs used, lands and building were classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the land building, and sensitivity analysis are provided in Note 14.1.7 and 14.1.8.

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 income tax and/ or deferred income tax provisions in the period in which such determination is made.

Recognition of deferred tax assets

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 of 31 March 2024 amounting to Rs.1,569,900,216/- (2023-2,555,078,215/-).

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 cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 29 (c) for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 29.1.

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.

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 analyzed.

2.6. 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, 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 prevailing macroeconomic conditions, on the Group and the appropriateness of the use of the going concern basis. The 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 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 Financial Statements of the Group and the Company continued to be prepared on a going concern basis.

2.7. Changes in material accounting policies

2.7.1. Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022/2023: Significant accounting policies) in certain instances in line with the amendments.

2.7.2. Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 April 2023. 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. For leases, group is required to recognise the associated deferred tax assets and liabilities 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 Group applies the amendments to transactions that occur at or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 1 April 2023 as a result of the change. The key impact for the Group relates to the recognition of a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets as disclosed in Note 30.3.

2.7.3. Measurement of investment in Joint Venture

The Company elected to voluntarily change its accounting policy relating to the measurement of investment in joint venture in separate financial statements from fair value method to cost method in accordance with SLFRS 11 – "Joint Arrangements". Revised accounting policies on these changes are updated in note 3.1 (e) to these financial statements.

This change in accounting policy has been applied retrospectively in accordance with LKAS 8 – "Accounting policies, Change in accounting estimates and errors". As a result of change in accounting policy, the accumulated fair value gain amounting to Rs. 184,167,021/- has been derecognised. Refer Note 37.

3. MATERIAL 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 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 as incurred, except if related to the issue of debt or equity securities.

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

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

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

(b) Subsidiaries

Subsidiaries are those entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power 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 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 joint ventures were initially accounted for using the fair value method in the Company. However, the Company applies the cost method for the investment in joint venture with effect from 1st April 2023.

(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.

(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.

Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non- monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate at which the fair value was determined.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of 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.

3.3. Financial assets

(a) Recognition and initial measurement

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

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

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

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

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

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

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

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

Financial assets - Business model assessment:

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

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

Transfers of financial assets to third parties in transactions that do not qualify for derecognition 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.

(c) Financial assets - Subsequent measurement and gains and losses:

Financial assets at FVTPL

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

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(d) Financial liabilities - Classification, subsequent measurement gains and losses

Financial liabilities are classified as measured at amortised. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(e) Derecognition

Financial assets

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

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets.

In these cases, the transferred assets are not derecognised.

Financial liabilities

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

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

(f) Impairment

Non-derivative financial assets

Financial instruments and contract assets

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.

Loss allowance for debt instruments is measured at 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

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

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

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

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

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost 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 to 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.

(g) 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. Property, Plant & Equipment

(a) 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.

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.

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 building and building on leasehold land 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 building and building on leasehold land 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 Notes 14.1.7 & 14.1.8 to the financial statements.

(b) 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 comprehensive income during the reporting period in which they are incurred.

(c) 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.

(d) 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.

The estimated useful lives of property, plant and equipment have been revised with effect from 1st April 2023 and necessary adjustments to financial statements have been made prospectively.

Revised estimated useful lives of significant items of Property, Plant and Equipment are as follows:

	Estimated useful life (in years)	
	From 1st April 2023	Before 1st April 2023
Buildings on Leasehold Land	40	Over the unexpired lease period
Freehold Buildings	20	20
Plant & Machinery	20	10
Tools & Implements	10	10
Furniture & Office equipment	15	10
Freehold Motor Vehicles	10	10
Leasehold Motor Vehicles	10	10
Leasehold Equipment	10	10
Swimming pool	20	8
Computer Equipment	5	5
Other Equipment	8	5

As a result of the change in estimated useful lives of Property, Plant and Equipment, the decrease in the Group's depreciation expenses for the year 2023/2024 is Rs. 25.16 Mn.

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.

(e) 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.

(f) 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 if the related asset.

3.5. Intangible assets

3.5.1 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.

3.5.2 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.

Notes to the Financial Statements

3.5.3. 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.

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

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

3.6.1. As a lessee

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

(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.

3.6.2. 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. 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.

3.8 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

3.9 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.

Notes to the Financial Statements

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.

3.10 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.

3.11 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 removed 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.

3.11.1 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.

The 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.

3.12 Employee Benefits

(a) Defined contribution plans

A defined contribution plan is a post-employment plan under which the Group and the 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 for 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 (c) 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.

3.13 Liabilities and Provisions

3.13.1. 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 selected within 12 months after the reporting period, or
- It does not have a right at the reporting date to defer the statement 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 are non-current.

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

3.13.2. 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 anyone 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.

3.13.3. Contingent liabilities and contingent assets

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

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

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 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 based on the revenue recognition timing and major product /service line 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 recognizes during the period of stay of the customer. The transaction price is determined in the context of the contracts. Further, the Group recognize individual identified services offered to customers as separate performance obligation and the revenue is recognized at the point of satisfying the performance obligations.

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 parcel 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.

4.1.1. 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 Comprehensive Income Statement 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.

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

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

4.4. Income Tax Expenses

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

Deferred tax 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 outside profit or loss. 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.

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.

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%.

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. DETERMINATION OF FAIR VALUES

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

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 14.1.7
- Investment Property - Note 18.3
- 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 lands and buildings and Investments in 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 43.

6. 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.

6.1 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.

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those items.

6.2 Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

6.3 Other Accounting Standards

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

Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)

The amendment is intended to improve the requirements for sale and leaseback transactions in SLFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions. The amendment applies retrospectively to annual reporting periods beginning on or after 1 January 2024.

Lack of Exchangeability (Amendments to LKAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

6.4. SLFRS S 1 – Sustainability Disclosure Standard – General Requirements for Disclosure of Sustainability- related financial information

The objective of SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

An entity shall apply this standard in preparing and reporting sustainability related financial disclosures in accordance with SLFRS Sustainability Disclosure Standards.

An entity may apply SLFRS Sustainability Disclosure Standards irrespective of whether the entity's related general purpose financial statements (referred to as 'financial statements') are prepared in accordance with Sri Lanka Accounting Standards or other generally accepted accounting principles or practices (GAAP).

6.5. SLFRS Sustainability Disclosure Standard – Climate-related disclosures

The objective of SLFRS S2 Climate-related Disclosure is to require an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

The standard applies to:

- Climate-related risks to which the entity is exposed, which are:
- Climate-related physical risks; and
- Climate-related transition risks; and
- Climate-related opportunities available to the entity
- Climate-related risks and opportunities that could not reasonably be expected to affect an entity's prospects are outside the scope of this standard.

Notes to the Financial Statements

7 REVENUE

a) Revenue Streams

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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue from contracts with customers	1,344,123,054	838,918,681		
Other revenue	38,467,187	38,942,948	2,198,740	7,043,164
	1,382,590,241	877,861,629	2,198,740	7,043,164

b) Disaggregation of revenue from contract with customers

In the following table, revenue from contracts with customers is disaggregated by primary major products and service lines and timing of revenue recognition.

For the year ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Major products/service lines				
Room revenue	606,317,395	338,019,459	-	-
Food and Beverage revenue	737,805,659	500,899,222	-	-
Other revenue	38,467,187	38,942,948	2,198,740	7,043,164
Total Revenue	1,382,590,241	877,861,629	2,198,740	7,043,164

The Group and the Company derives revenue from provision of 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	776,272,846	539,842,170	2,198,740	7,043,164
Products & services transferred over time	606,317,395	338,019,459	-	-
Total revenue	1,382,590,241	877,861,629	2,198,740	7,043,164

8 OTHER OPERATING INCOME

Rent Income	51,955	3,874,832	-	-
Writeback of creditors and advances	25,274,826	8,629,565	8,200,068	-
Dividend income	1,938,500	-	1,938,500	-
Fair Value gain of Investment Property	-	1,725,032	-	-
Sundry income	22,004,974	10,464,895	-	-
	49,270,255	24,694,324	10,138,568	-

9 OTHER OPERATING EXPENSES

Provision for slow moving stocks	566,761	1,772,606	-	-
Impairment provision on amounts due from related companies	3,632,274	1,431,463	388,594	4,136,943
Impairment of Investment in Joint Venture	-	4,898,525	-	-
	4,199,035	8,102,594	388,594	4,136,943

10 NET FINANCE (COST)/INCOME

10.1 Finance income

For the Year Ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest income on				
Intercompany loan	95,753,931	94,684,309	68,308,873	94,684,309
Short term instrument	58,220,371	-	-	-
Fixed Deposits, Savings Accounts & etc.	141,926,256	228,404,630	-	-
Disposal Gain on sales of Quoted Equity Securities	3,788,529	-	3,788,529	-
	299,689,087	323,088,939	72,097,402	94,684,309

10.2 Finance Costs

Interest expense on				
Overdrafts	74,602,504	87,021,244	22	-
Lease	17,744,967	17,561,251	-	-
Loans	177,464,854	187,764,137	-	-
Intercompany loan	-	-	-	111,194,611
Loss on Fair Value - FVTPL	1,113,199	108,560	1,113,199	108,560
Bank charges	2,025,847	1,785,702	36,655	46,357
	272,951,371	294,240,894	1,149,876	111,349,528
10.3 Net loss on translation of foreign currencies	(96,026,646)	(41,994,832)	-	-
Net Finance (Cost)/Income	(69,288,930)	(13,146,787)	70,947,526	(16,665,219)

11 PROFIT / (LOSS) BEFORE INCOME TAX

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

Directors' emoluments	3,335,000	-	3,335,000	-
Auditors' remuneration				
Statutory audit	3,652,567	3,227,940	1,000,000	883,000
Non audit services	745,000	663,043	385,000	385,000
Depreciation on property, plant & equipment	140,446,966	159,006,943	6,366	6,517
Amortization of intangible assets	7,892,114	4,888,835	-	-
Amortization of Right-of-use assets	5,357,710	4,550,073	-	-
Provision for impairment of trade recievables	1,278,595	1,190,658	-	-
Provision for impairment of other recievables	5,196,438	1,115,252	5,196,437	1,115,252
Donations	111,406	137,008	-	-
Management fees	53,031,263	37,251,318	1,756,798	2,412,725
Professional fees & legal fee	14,166,786	6,851,121	255,048	2,374,948
Staff costs (Note 11.1)	301,314,132	226,292,546	2,580,804	1,981,194

11.1 Staff costs

Wages, salaries and staff expenses	205,259,486	154,476,695	1,263,286	618,754
Defined contribution plan cost- EPF & ETF	18,441,795	14,066,836	339,189	136,482
Defined benefit plan cost- Retiring gratuity	5,946,528	4,362,078	978,329	1,225,958
Other staff expenses	71,666,323	53,386,937	-	-
	301,314,132	226,292,546	2,580,804	1,981,194

Notes to the Financial Statements

11.2 Discontinued Operations

A - Results of Discontinued Operation

As at 31st March	Handuvaru Ocean Holidays - Joint Venture 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, net of tax	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, net of tax	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		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Current tax				
Income tax expense for the year (Note 12.4)	5,947,558	15,857,564	-	-
Under provision in respect of previous year	11,932,104	-	-	-
	17,879,662	15,857,564	-	-
Deferred tax				
Origination / (reversal) of temporary differences (Note 12.3)	(7,931,751)	(106,371,729)	(21,868,913)	-
Total income tax expense / (reversal) for the year	9,947,911	(90,514,165)	(21,868,913)	-

12.2 Amounts recognized in Other Comprehensive Income

Deferred tax				
Origination / (reversal) of temporary differences (Note 12.3)	12,647,161	1,247,580,332	(482,460)	-
	12,647,161	1,247,580,332	(482,460)	-

12.3 Deferred Tax Charged to;

Profit or loss	(7,931,751)	(106,371,729)	(21,868,913)	-
Other comprehensive income				
On revaluation (gain) / loss	(11,119,566)	1,247,853,733	-	-
On actuarial (gain) / loss	(1,527,595)	(273,401)	(482,460)	-
	(20,578,912)	1,141,208,603	(22,351,373)	-

Notes to the Financial Statements

12.4 Reconciliation between accounting profit and taxable income

For the Year Ended 31 March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting (loss)/ profit before income tax	(34,036,772)	(242,912,178)	56,699,470	(36,994,949)
Non business income	(106,078,406)	(204,672,229)	(68,308,873)	(93,445,894)
Adjustment on Disallowable Expenses	342,974,173	337,971,787	11,883,066	3,964,225
Adjustment on Allowable Expenses	(179,521,125)	(155,803,023)	(1,006,942)	(232,010)
Exempt Income	(204,783,964)	(314,123,998)	-	-
Tax profit/(loss) for the year	(181,446,094)	(579,539,641)	(733,279)	(126,708,628)
Tax loss incurred during the year	201,271,286	579,539,641	733,279	126,708,628
Taxable other income	68,856,748	205,289,769	68,308,873	93,445,894
Tax losses utilized during the year	(68,856,748)	(139,216,587)	(68,308,873)	(93,445,894)
Taxable Income	19,825,192	66,073,182	-	-
Income tax provision for the year is made up of the following.				
Statutory tax rate				
Income tax @ 24% /30%	-	15,857,564	-	-
Income tax @ 30%	5,947,558	-	-	-
Income tax on current year profits	5,947,558	15,857,564	-	-

12.5 Movement of brought forward tax losses

Tax Loss brought forward	2,555,078,215	2,127,671,774	723,713,499	690,450,765
Adjustments to brought forward balance	(38,944,437)	(11,441,941)	(3,892,868)	-
Losses expired /write-off during the year	(1,078,648,101)	(1,474,672)	(434,164,606)	-
Taxlosses utilized during the year	(68,856,748)	(139,216,587)	(68,308,873)	(93,445,894)
Loss incurred during the year	201,271,286	579,539,641	733,279	126,708,628
Tax losses carried forward	1,569,900,215	2,555,078,215	218,080,431	723,713,499

12.6 Applicable Income Tax Rates

(a). The income tax provision of Ceylon Hotels Corporation PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and Act No. 45 of 2022 and its amendments thereto.

(b). The Subsidiaries, being a Company engaged in the promotion of tourism is liable for tax at a standard rate of 30% in terms of the Inland Revenue Act No. Act No. 45 of 2022 and its amendments thereto.

(c). The income tax payable for the year of assessment 2022/23 is calculated separately for two periods at the rates of 14% & 24% up to 30 September 2022 and at a standard rate of 30% thereafter in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

13 EARNINGS/(LOSS) PER SHARE

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.

	Group		Company	
For the Year Ended 31 March	2024	2023	2024	2023
Profit / (loss) attributable to equity holders of the Company (Rs.)	1,244,125	543,886,474	78,568,383	(36,994,949)
Weighted average number of ordinary shares in issue	180,030,942	180,030,942	180,030,942	180,030,942
Profit / (loss) per share (Rs.)	0.01	3.02	0.44	(0.21)

13.2 Diluted Earnings/(loss) per share

Diluted earnings per share is calculated by dividing the net profit/(loss) 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 2024 & as at 31st March 2023 there were no dilutive potential ordinary shares. Hence diluted earnings/(loss) per share is same as basic earnings/(loss) 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	Motor vehicles	Equipment	Computers	Swimming pool	WIP	Total 2024	Total 2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost/ valuation												
As at 1st April 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
Additions during the year	-	2,584,230	125,595,879	103,546,827	34,034,842	-	38,738,019	7,040,764	4,069,225	18,629,982	334,239,768	19,587,930
Revaluations	-	-	(149,848,979)	-	-	-	-	-	-	-	(149,848,979)	-
Transfer from Investment Property during the year	-	-	193,963,000	-	-	-	-	-	-	-	193,963,000	-
Disposals during the year	-	-	(2,184,900)	(1,622,000)	(2,002,210)	-	(5,459,975)	(2,276,477)	(140,000)	-	(13,685,562)	-
As at 31st March 2024	6,235,000,000	2,172,684,230	1,974,075,000	234,419,900	245,817,119	22,649,000	235,438,469	52,598,362	36,445,780	18,779,982	11,227,907,842	10,863,239,615
Accumulated depreciation												
As at 1st April 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
Charge for the year	-	43,973,900	46,019,796	7,910,021	13,801,502	-	23,932,969	4,066,846	741,932	-	140,446,966	159,006,943
Depreciation on revaluation	-	-	(112,783,758)	-	-	-	-	-	-	-	(112,783,758)	-
Disposals/ transfer during the year	-	-	(2,184,900)	(1,622,000)	(2,002,210)	-	(5,459,975)	(2,276,477)	(140,000)	-	(13,685,562)	-
As at 31st March 2024	-	88,458,387	-	104,261,859	118,603,890	463,999	150,363,699	47,362,814	21,197,569	-	530,712,217	516,734,571
Net book value as at 31st March 2024	6,235,000,000	2,084,225,843	1,974,075,000	130,158,041	127,213,229	22,185,001	85,074,770	5,235,548	15,248,211	18,779,982	10,697,195,625	
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

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 2024.

14.1.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2022/23 - nil).

14.1.3 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2024.

14.1.4 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2024 other than disclosed in Note 28.1.

14.1.5 At 31 March 2024, property, plant and equipment includes fully depreciated assets that are still in use, the cost of which amounted to (2023/2024 - Rs. 190,713,272) and (2022/2023 - Rs. 170, 918,409) for the Group.

14.1.6 During the financial year, the Group acquired Property, Plant & Equipment to the aggregate value of Rs.334,239,768/- (2022/2023 - Rs.19,587,930/-) by means of cash.

14.1.7 Buildings on leasehold land of the Group were revalued by an independent professional valuer Mr. S. Sivaskantha, F.I.V. (Sri Lanka) of Perera Sivaskantha & Company, Incorporated valuers, on the basis of Market Approach as at 31st March 2024. There was no significant change in the value of freehold lands and buildings compared to the last revaluation.

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

As at 31 March 2024

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 Leasehold Land	31 March 2024	-	-	1,571,125,000	1,571,125,000
Tissa Resort (Pvt) Ltd	Buildings on Leasehold Land	31 March 2024	-	-	300,000,000	300,000,000
CHC Foods (Pvt) Ltd	Buildings on Leasehold Land	31 March 2024	-	-	102,950,000	102,950,000

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	2	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	2	Hotel Suisse at 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/- per sq.ft.	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
			Hotel Queens at 04, Dalada veediya , Kandy	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation, Incorporated valuer	Range Rs. 9,000/- - Rs.21,000/- per sq.ft.	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)

Notes to the Financial Statements

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	EKHO Lake house hotel Parakrama Samudraya Pedesa, Polonnaruwa	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.32,000 per sq. ft Depreciation rate - 42.5% Rate of Return - 13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
	Building	01	EKHO Surf at Beach Road, Bentota	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.8,500/= to Rs.32,000/= 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 Lake at Pothgul Pedesa, New Town, Polonnaruwa	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs.12,000/= to Rs.30,000/= per sq. ft depreciation rate - 45% Rate of Return -13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)
CHC Foods (Pvt) Ltd	Building	01	Hanwella Rest House Low Level Road, Hanwella	Investment Method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 4,500 - Rs. 8,250 per sq. ft Depreciation rate - 55%-70% Rate of Return - 13%	" The estimated fair value would increase / (decrease) if: • cost per square foot was higher / (lower) • depreciation rate (increase)/decrease • discount rate (increase)/decrease "
	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. 3,750 - Rs. 26,000 per sq. ft Depreciation rate - 40% Rate of Return - 13%	" The estimated fair value would increase / (decrease) if: • cost per square foot was higher / (lower) • depreciation rate (increase)/decrease • discount rate (increase)/decrease "
Tissa Resort (Pvt) Ltd	Building	01	EKHO Safari at Kataragama Road, Tissamaharama	Depreciated replacement cost method	S Sivaskantha, Fellow Member of Institute of Valuation of Sri Lanka, Incorporated valuer	Range Rs. 9,000 - Rs. 26,500 per sq. ft Depreciation rate - 47.5% Rate of Return - 17.5%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/ (decreases)

Open Market Value

The Open Market Value Method of valuation is a real estate appraisal approach used to determine the price a property would likely achieve if sold on the open market. 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 price of similar assets, making appropriate adjustments for difference in size, nature and location of the property. This method assumes that the property is sold under normal market conditions, where both the buyer and seller are motivated but not under any undue pressure to complete the transaction.

Depreciated replacement cost method

The Depreciation Replacement Cost Method of valuation is a real estate valuation approach used to estimate the value of a property based on the cost to replace or reproduce the property, minus depreciation. The Depreciated replacement cost method works on the basis that 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.

Investment Method (Income approach, Income capitalization approach)

The Investment Method of Valuation, also known as the Income Approach or Income Capitalization Approach, is a real estate valuation method that determines the value of a property based on its ability to generate income. This approach is commonly used for income-producing properties like rental buildings, office spaces, or commercial real estate.

14.1.8 Value of land and building ownership

Name of the Company	Location	Property	Ownership	Extent	Carrying value As at 31st March 2024
The Kandy Hotels (1938) PLC	Hotel Suisse - No 30, Sangaraja Mawatha, Kandy.	Land	Freehold	429.85 Perches	3,008,950,000
		Building	Freehold	80,861.5 Sq.ft	1,010,075,900
	Hotel Queen's - No 04, Dalada Vidiya, Kandy.	Land	Freehold	215.07 Perches	3,226,050,000
		Building	Freehold	114,885.5 Sq.ft	1,074,149,943
United Hotels Co. Ltd	EKHO Lake House Hotel, Parakrama Samudraya Pedesa, Polonnaruwa	Building	Leasehold	15,344 Sq ft	107,000,000
	The Lake at Pothgul Pedesa, New Town, Polonnaruwa	Building	Leasehold	31,533 Sq ft	172,125,000
	EKHO Surf Hotel, Beach Road, Bentota	Building	Leasehold	89,487 Sq ft	1,292,000,000
CHC Foods (Pvt) Ltd	Heritage Ambepussa & Avanhala Kandy road, Ambepussa Warakapola	Building	Leasehold	29,035 Sq ft	94,250,000
	Hawella Rest House Low Level Roard Hanwella	Building	Leasehold	9,531 Sq ft	8,700,000
Tissa Resort (Pvt) Ltd	EKHO Safari, Kataragama Road, Tissamaharama	Building	Leasehold	48,497.5 Sq ft	300,000,000

14.1.9 The carrying amount of revalued assets that would have been included in the Financial Statements, had the assets been carried at cost less accumulated depreciation is as follows:

As at 31st March	2024		
	Cost Rs.	Accumulated depreciation Rs.	Carrying value Rs.
Freehold land	1,956,262,500	-	1,956,262,500
Freehold buildings	642,309,252	386,777,876	255,531,376
Buildings on leasehold land	1,668,314,572	41,707,864	1,626,606,707
Total	4,266,886,324	428,485,740	3,838,400,583

Notes to the Financial Statements

14.2 Company

As at 31st March	Furniture fittings and fixtures Rs.	Computers Rs.	Total 2024 Rs.	Total 2023 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	30,353	11,751	42,104	35,587
Charge for the year	3,617	2,749	6,366	6,517
As at 31st March	33,970	14,500	48,470	42,104
Carrying Amount				
As at 31st March 2024	2,201	-	2,201	
As at 31st March 2023	5,818	2,749		8,567

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 2024.

14.2.2 There were no capitalized borrowing costs related to the acquisition of Property Plant and Equipment during the year (2022/23 - nil).

14.2.3 At 31 March 2024, property, plant and equipment includes fully depreciated assets that are still in use, the cost of which amounted to 2023/2024 - Rs. 14,500/- and (2022/2023 - Nil) .

15 INTANGIBLE ASSETS

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Computer Software (15.1)	2,503,974	8,961,088	-	-
Goodwill on Acquisition (15.2)	451,859	451,859	-	-
Total	2,955,833	9,412,947	-	-

15.1 Computer Software

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Cost				
At the beginning of the year	55,349,844	54,345,028	23,460	23,460
Acquired/ incurred during the year	1,435,000	1,004,816	-	-
At the end of the year	56,784,844	55,349,844	23,460	23,460
Amortization				
At the beginning of the year	46,388,756	41,499,921	23,460	23,460
Amortization for the year	7,892,114	4,888,835	-	-
At the end of the year	54,280,870	46,388,756	23,460	23,460
Net book Value as at 31st March	2,503,974	8,961,088	-	-

15.2 Goodwill

As at 31st March	2024 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 2024.

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 (2024 - 11% to 13%).

Terminal growth rate
Terminal growth reflects the management expectations on the growth potential in Sri Lanka for the forseeable future (2024 - 2.5%).

16 LEASES

16.1 Right of use assets

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	108,505,697	113,055,770	-	-
Remeasurement of Right of use asset	5,788,048	-	-	-
Amortization during the year	(5,357,710)	(4,550,073)	-	-
Balance at the end of the year	108,936,035	108,505,697	-	-

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

EKHO Surf – Bentota

EKHO Safari – Tissa

The Lake – Polonnaruwa

EKHO Lake House – Polonnaruwa

Hanwella - CHC Food

Ambepussa - CHC Food

Notes to the Financial Statements

17 INVESTMENTS IN SUBSIDIARIES

As at 31st March	Market Value	No. of shares Company		Effective Holding %		Company	
	2024	2024	2023	2024	2023	2024	2023
	Rs.					Rs.	Rs.
Direct - Subsidiaries							
Kandy Hotels Co. (1938) PLC.	4,282,154,124	528,661,003	401,567,250	70.09%	69.54%	1,902,724,765	1,402,654
United Hotels Co. Ltd.		-	30,374,967	-	78.71%	-	837,945,552
Air Line Services Ltd.		150,003	150,003	100.00%	100.00%	300,000	300,000
CHC Foods (Pvt) Ltd.		13,500,001	7,000,001	100.00%	100.00%	135,000,010	70,000,010
Sub - Subsidiaries							
United Hotels Co. Ltd.				70.09%	-	-	-
Tissa Resort (Pvt) Ltd.				70.09%	78.71%	-	-
Ceylon Hotel Maldives (Pvt) Ltd				70.09%	78.71%	-	-
Suisse Hotel (Pvt) Ltd				70.09%	69.54%	-	-
						2,038,024,775	909,648,216
Provision for impairment (17.1)						(300,000)	(300,000)
						2,037,724,775	909,348,216

17.1 Provision for Impairment

At the beginning of the year	300,000	300,000
At the end of the year	300,000	300,000

17.2 Principal Subsidiaries

The following disclosure except highlights the group composition and the proportion of ownership interests held by NCI as at 31st March 2024.

Company and Country of Incorporation/Operation	Principal Activities	Class of Shares Held	2024			2023		
			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	-	70.09%	29.91%	67.51%	78.71%	21.29%
Tissa Resort (Pvt) Ltd	Hotel Services	Ordinary	-	70.09%	29.91%	-	78.71%	21.29%
Kandy Hotels Co.(1938) PLC	Hotel Services	Ordinary	70.09%	70.09%	29.91%	69.54%	69.54%	30.46%
Suisse Hotel (Pvt) Ltd	Hotel Services	Ordinary	-	70.09%	29.91%	-	69.54%	30.46%
Ceylon Hotels Maldives (Pvt) Ltd	Hotel Services	Ordinary	-	70.09%	29.91%	-	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 2024	United Hotels Co.Ltd Rs.	Tissa Resort (Pvt) Ltd Rs.	Kandy Hotels Co. (1938) PLC Rs.	Suisse Hotel (Pvt) Ltd Rs.
NCI percentage	29.91%	29.91%	29.91%	29.91%
Total Assets	3,592,045,978	364,486,690	13,366,708,390	208,603,982
Total Liabilities	1,902,519,819	350,615,073	2,903,791,523	39,362,993
Net Assets	1,689,526,159	13,871,617	10,462,916,867	169,240,989
Net Assets attributable to NCI	505,337,274	4,149,001	3,129,458,435	50,619,980
Revenue	441,664,208	186,709,296	594,884,828	-
Profit/(loss) for the year	(131,414,819)	6,762,069	(62,789,055)	(192,122)
OCI	2,424,360	32,664	(997,737)	-
Total Comprehensive Income/ (expense)	(128,990,459)	6,794,733	(63,786,792)	(192,122)
Profit/(loss) attributable to NCI	(39,306,172)	2,022,535	(18,780,206)	(57,464)
OCI attributable to NCI	725,126	9,770	(298,423)	-
Cash flows from operating activities	429,852,495	103,039,034	159,684,885	112,000
Cash flows from/(used in) investment activities	(308,271,092)	(477,126)	(25,938,419)	-
Cash flows from/(used in) financing activities	(75,311,459)	(95,268,002)	(145,124,372)	-
Net increase/(decrease) in cash and cash equivalents	46,269,945	7,293,905	(11,377,905)	112,000
Dividends paid to NCI during the year	-	-	-	-

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) for the year	(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/(expense)	(213,661,613)	(82,022,272)	(964,403,316)	(5,084,596)
Profit/(loss) 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/(used in) 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/(used in) 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	-	-	-	-

Notes to the Financial Statements

17.3.1 Changes in Interest without a Change in Control

A) On 14 July 2023, Ceylon Hotels Corporation PLC (CHC PLC) transferred its investment in United Hotels Company Limited (UHCL) to Kandy Hotels Company (1938) PLC (KHC PLC). KHC PLC acquired 83.89% of the issued share capital of UHCL, an affiliate of KHC PLC, through a share issue to CHC PLC and Ceylon Hotels Investment (Pvt) Ltd (CHI). KHC has issued 176,809,253 no.of shares for a total consideration of Rs. 2,645,066,425/- [CHC PLC - Rs. 1,901,322,111 and CHI - Rs. 743,743,446]. The aforementioned restructure resulted in UHCL and its subsidiaries becoming fully owned subsidiaries of KHC since KHC PLC had 16.11% stake in UHCL classified as financial assets at fair value through other comprehensive income as of March 31, 2023. As a result of the said common control restructure, CHC PLC's non-controlling interest in KHC PLC has changed.

B) Due to the above restructure, the effective interest of the subsidiaries under KHC PLC has change. Impact of the said changes in interest is depicted below.

(A) Net change in NCI of KHC PLC

	Kandy Hotels Co. (1938) PLC (Rs.)
NCI % change	-0.55%
Change in Net Assets attributable to NCI	(747,431,899)
Increase in NCI due to the issuance of shares issued to CHI (Pvt.) Ltd.	743,743,446
Net change in NCI in KHC PLC (A)	(3,688,453)

(B) Net change in NCI of other subsidiaries

As a result of the above common control restructure, the Group's effective interests of the following subsidiaries have changed.

	Change in NCI Effective Holding %	Change in NCI (Rs.)
United Hotel Company Limited	8.62%	157,694,830
Tissa Resort (Pvt) Ltd	8.62%	650,108
Ceylon Hotels Maldives (Pvt) Ltd	8.62%	221,297,394
Net change in NCI in other subsidiaries (B)		379,642,332
Total effect of changes in interest while retaining control (A+B)		375,953,880

17.4 Investment in Equity Accounted Investees

17.4.1 Principal joint Venture

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	2024 Proportion of class held by the Company	2024 Group Interest (%)	2023 Proportion of class held by the Company	2023 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%

As at 31st March	Suisse Hotel Kandy (Pvt) Limited 2024 (Rs.)	Suisse Hotel Kandy (Pvt) Limited 2023 (Rs.)	Ceylon Holiday Holdings (Pvt) Limited 2024 (Rs.)	Ceylon Holiday Holdings (Pvt) Limited 2023 (Rs.)	Total 2024 (Rs.)	Total 2023 (Rs.)
No of Shares	161,961,962	161,961,962	198,800,129	198,800,129		
Effective rate %	50%	50%	50%	50%		
At the beginning of the year	-	-	126,531,340	160,599,927	126,531,340	160,599,927
During the year investment	-	4,898,525	-	-	-	4,898,525
Impairment provision	-	(4,898,525)	-	-	-	(4,898,525)
Share of Operating Profit / (Loss) for the year	-	-	35,702,719	(34,067,857)	35,702,719	(34,067,857)
Share of Other Comprehensive income/(expense), net of tax	-	-	(27,075,876)	(730)	(27,075,876)	(730)
At the end of the year	-	-	135,158,183	126,531,340	135,158,183	126,531,340
Summary financial information of Joint Ventures						
Current Asset	240,352,358	62,768,163	86,071,887	139,999,434	326,424,245	202,767,597
Non Current Asset	1,740,564,464	1,794,067,703	831,187,994	752,209,998	2,571,752,458	2,546,277,701
Current Liabilities	(581,410,412)	(241,268,913)	(392,734,486)	(385,289,306)	(974,144,898)	(626,558,219)
Non Current Liabilities	(2,789,506,053)	(2,756,744,845)	(254,209,029)	(253,857,447)	(3,043,715,082)	(3,010,602,292)
Net Assets (100%)	(1,389,999,643)	(1,141,177,892)	270,316,366	253,062,679	(1,119,683,277)	(888,115,213)
Group's share of net assets	(694,999,822)	(570,588,946)	135,158,183	126,531,340	(559,841,639)	(444,057,607)
(-) Total unallocated share of losses (Note 17.4.1.1)	694,999,822	575,487,471	-	-	694,999,822	575,487,471
(-) Provision for impairment	-	(4,898,525)	-	-	-	(4,898,525)
Share of net asset attributable to equity accounted investee	-	-	135,158,183	126,531,340	135,158,183	126,531,340
Summary financial information of Share of Joint Ventures						
Revenue	513,923,549	232,126,552	329,725,911	203,304,944	843,649,460	435,431,496
Losses before income tax	(248,821,750)	(528,344,324)	(10,521,521)	(72,309,735)	(259,343,271)	(600,654,059)
Income tax (expense) / reversal		45,613,983	(48,868,177)	4,783,317	(48,868,177)	50,397,300
Profit /(Loss) after tax	(248,821,750)	(482,730,341)	(59,389,698)	(67,526,418)	(308,211,448)	(550,256,759)
Other comprehensive income/(expense) net of tax	-	183,176,060	(13,375,978)	(1,459)	(13,375,978)	183,174,601
Total comprehensive income/(expense) for the year	(248,821,750)	(299,554,282)	(72,765,676)	(67,527,877)	(321,587,426)	(367,082,159)
Share of Profit /(Loss) after tax - During the year	(124,410,875)	(149,777,141)	(29,694,849)	(33,763,208)	(154,105,724)	(183,540,349)
Share of Profit /(Loss) after tax - Prior year net assets adjustments	-	-	65,397,568	(304,649)	65,397,568	(304,649)
Share of OCI - Prior year net assets adjustments			(20,387,887)		(20,387,887)	-
Share of OCI net of tax for the year	-	-	(6,687,989)	(730)	(6,687,989)	(730)
Unallocated share of losses (Note 17.4.1.1)	124,410,875	149,777,141	-	-	124,410,875	149,777,141
Share of Joint Venture's Total comprehensive income for the year	-	-	8,626,843	(34,068,587)	8,626,843	(34,068,587)

Notes to the Financial Statements

Summary of cash flow informations

As at 31st March	Suisse Hotel Kandy (Pvt) Limited		Ceylon Holiday Holdings (Pvt) Limited		Total	
	2024 (Rs.)	2023 (Rs.)	2024 (Rs.)	2023 (Rs.)	2024 (Rs.)	2023 (Rs.)
Cash flows from/ (used in) operating activities	41,369,949	(416,809,048)	66,596,265	22,972,903	107,966,214	(393,836,145)
Cash flows from/ (used in) investing activities	67,774	(63,914,991)	(47,726,668)	(1,340,831)	(47,658,894)	(65,255,822)
Cash flows from/ (used in) finance activities	(20,689,101)	464,006,059	(28,322,042)	(59,800,686)	(49,011,143)	404,205,373
Net increase/ (decrease) in cash and cash equivalents	20,748,622	(16,717,980)	(9,452,445)	(38,168,614)	11,296,177	(54,886,594)

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

		Company	
	As at 31 March 2024 Rs.	As at 31 March 2023 Rs. Restated*	As at 1 April 2022 Rs. Restated*
Ceylon Holiday Holdings (Pvt) Limited			
At the beginning of the year	125,330,153	125,330,153	125,330,153
At the end of the year	125,330,153	125,330,153	125,330,153

*Refer to Note 37 - changes in accounting policy

18 INVESTMENT PROPERTY

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	193,963,000	192,237,968	-	-
Transferred to PPE	(193,963,000)	-	-	-
Change in Fair Value	-	1,725,032	-	-
At the end of the year	-	193,963,000	-	-

Investment Property Details are as follows;

18.1 Rental Income earned from Investment Property by the Group is Nil (2022/23 Rs. 3,262,500/-)

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.

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.

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 -13%	Estimated fair value would increase/ (decrease) if ;- Price per square feet increases/(decreases)

18.4 Transfer to Property Plant and Equipment

In May 2023, the land and buildings of Lake Hotel, previously classified as investment property and measured at fair value, were reclassified as owner-occupied property. The owners have decided to repurpose the land and buildings for direct hotel operations.

Immediately before the transfer, the Company remeasured the investment property at fair value. The remeasurement concluded that there was no change in fair value since the last revaluation on 31st March 2023. The valuation technique and significant unobservable inputs used in determining this fair value are consistent with the note 18.3.

19 INVENTORIES

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Food	19,499,060	18,351,365	-	-
Beverages	12,925,362	6,258,009	-	-
Crockery, linen and glassware	70,302,427	52,586,105	-	-
Sundry stock	15,171,605	1,578,842	-	-
	117,898,454	78,774,321	-	-
Provision for obsolete and slow moving stocks	(4,473,487)	(3,906,726)	-	-
	113,424,967	74,867,595	-	-

20 INVESTMENT IN EQUITY SHARES

As at 31st March	Group/Company				
	No.Of shares	2024 Fair Value Rs.	2024 Cost Rs.	2023 Fair Value Rs.	2023 Cost Rs.
Commercial Bank of Ceylon PLC	55,000	-	-	2,975,500	3,058,880
Melstacorp PLC	500,000	-	-	27,450,000	27,808,000
Nations Trust Bank PLC	100,000	-	-	6,400,000	6,067,180
Expolanka Holdings PLC	175,000	26,337,500	27,450,699	-	-
		26,337,500	27,450,699	36,825,500	36,934,060

As at 31st March	Group/Company 2024 Rs.	Group/Company 2023 Rs.
Balance as at the beginning of the year	36,825,500	-
Investment/ (disposal) made during the year	(13,163,330)	36,934,060
Disposal gain on sales of equity securities	3,788,529	-
Fair value loss from remeasurement	(1,113,199)	(108,560)
Balance as at the end of the year	26,337,500	36,825,500

21 TRADE & OTHER RECEIVABLES

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Trade receivables (Note 21.1)	214,947,935	101,678,435	-	-
Other receivables (Note 21.2)	176,974,193	185,059,244	-	5,595,051
	391,922,128	286,737,679	-	5,595,051

21.1 Trade receivables

Trade receivable	222,388,853	107,840,758	-	-
ECL Provision for bad & doubtful debts (Note 21.3)	(7,440,918)	(6,162,323)	-	-
	214,947,935	101,678,435	-	-

21.2 Other receivables

Advances and deposits	55,860,778	33,791,639	-	-
Other receivables	132,670,721	157,628,473	6,311,689	6,710,303
Provision for bad & doubtful debts	(11,557,306)	(6,360,868)	(6,311,689)	(1,115,252)
	176,974,193	185,059,244	-	5,595,051

21.3 ECL provision for impairment of trade & other receivables

Balance as at the beginning of the year	12,523,191	10,217,281	1,115,252	-
Provision during the year	6,475,033	2,305,910	5,196,437	1,115,252
Balance as at the end of the year	18,998,224	12,523,191	6,311,689	1,115,252

Management has carried out an impairment provision based on the simplified approach of ECL method and impairment provision of Rs. 18,998,224 has been accounted for trade and other debtors as the ECL. (2022/2023 - Rs. 12,523,191)

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.

22 AMOUNTS DUE FROM RELATED COMPANIES

Name of the company	Relationship	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Studio clay (Pvt) Ltd	Affiliate	36,138	18,826	36,133	18,821
CHC Foods (Pvt) Ltd	Subsidiary	-	-	74,235,010	141,706,364
Tissa Resort (Pvt) Ltd	Subsidiary	-	-	2,146,388	79,758,935
CHC Rest Houses (Pvt) Ltd	Equity- accounted investees	43,355,659	28,087,228	29,351,412	28,087,228
The Kandy Hotels Company (1938) PLC	Subsidiary	-	-	69,779	-
Made in Italy (Pvt) Ltd	Affiliate	2,607	2,607		-
Galle Face Group (Pvt) Ltd	Affiliate	2,643,498	8,149,546	2,643,498	2,650,014
Gardiner Group (Pvt) Ltd	Affiliate	339,225	339,225	-	-
Ceylon Holiday Holdings (Pvt) Ltd	Equity- accounted investees	75,861,006	53,400,345	75,861,006	53,400,345
Galle Face Hotel 1994 (Pvt) Ltd	Affiliate	614,728	43,845	338,503	43,845
The Galle Face Hotel Co Ltd	Parent Company	13,992,916	8,641,780	13,992,916	8,560,892
GFH Management Co. Ltd.	Affiliate	982,841	1,407,125	-	-
Southerland Holdings (Pvt) Ltd	Affiliate	-	24,730	-	8,310
Suisse Hotel Kandy (Pvt) Ltd	Equity- accounted investees	33,373,726	4,000,000	-	-
Ceylon Hotel Holdings (Pvt) Ltd	Intermediate Parent Company	354,086,622	472,674,474	354,086,622	361,957,081
		525,288,966	576,789,731	552,761,267	676,191,835
Provision for amounts due from related companies (Note 22.1)		(5,003,878)	(1,371,604)	(14,646,698)	(14,258,104)
Total Amounts due from related companies		520,285,088	575,418,127	538,114,569	661,933,731

22.1 Provision for Expected credit loss

	Group 2024	Group 2023	Company 2024	Company 2023
Balance as at the beginning of the year	1,371,604	-	14,258,104	10,121,161
Provision for the year	3,632,274	1,431,463	388,594	4,136,943
Write-off during the year	-	(59,859)	-	-
Balance as at the end of the year	5,003,878	1,371,604	14,646,698	14,258,104

Notes to the Financial Statements

23 INCOME TAX RECOVERABLE

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	2,180,159	2,180,159	-	-
Under provision in respect of previous year	(1,043,513)	-	-	-
Transferred to Income tax payable (Note 36)	(1,136,646)	-	-	-
Balance at the end of the year	-	2,180,159	-	-

24 ASSETS HELD FOR SALE

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	-	837,748,471	-	-
Disposal during the year	-	(837,748,471)	-	-
Balance at the end of the year	-	-	-	-

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		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Favourable cash and bank balances				
Cash at banks	706,164,504	26,492,515	49,750	571,745
Fixed deposits	1,180,910,304	2,590,198,743	-	-
Cash in hand	8,336,769	7,495,543	-	-
	1,895,411,577	2,624,186,801	49,750	571,745
Unfavourable cash and bank balances				
Bank Overdrafts	(226,397,335)	(419,756,812)	(288,617)	-
Cash & cash equivalents for cash flow purpose	1,669,014,242	2,204,429,989	(238,867)	571,745

26 STATED CAPITAL

As at 31st March	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Ordinary shares (180,030,942)	360,210,821	360,210,821	360,210,821	360,210,821
6% Preference shares (1,200,000 Shares)	2,400,000	2,400,000	2,400,000	2,400,000
	362,610,821	362,610,821	362,610,821	362,610,821

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

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

27 RESERVES

As at 31st March	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Revaluation reserve	4,903,688,570	5,075,443,219	-	-
Capital reserve	8,128,011	8,128,011	8,128,011	8,128,011
Equity Reserve - Acquisition under common control (Note 41.1.3)	-	-	2,228,212,108	-
General reserve	167,079,660	167,079,660	166,718,393	166,718,393
	5,078,896,241	5,250,650,890	2,403,058,512	174,846,404

27.1 Revaluation reserve

The revaluation reserve relates to property plant and equipment which has been revalued by the Group.

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 Equity Reserve - Acquisition under common control

This was created in the Company reflecting the fair value gain from share swaps with UHCL and KHC. However, this does not impact the consolidated reserves, as the structural change took place within common control.

27.4 General reserve

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

28 INTEREST BEARING BORROWINGS

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Analysis of interest bearing borrowings				
Balance at the beginning of the year	1,673,124,427	2,061,500,104	-	-
Loans obtained during the year	-	6,447,464	-	-
Interest moratorium loan	-	161,736,358	-	-
Exchange (gain) / loss	(49,313,649)	44,893,965	-	-
Interest accrued during the year	177,464,854	26,027,779	-	-
Reclassification from other payables	-	1,385,831		
Repayments during the year	(433,553,112)	(628,867,074)	-	-
Balance at the end of the year	1,367,722,520	1,673,124,427	-	-
Payable after one year	1,044,787,666	1,296,411,766	-	-
Payable within one year	322,934,854	376,712,661	-	-

28.1 Interest bearing borrowing analysis

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2024 Rs.
Tissa Resort (Pvt) Ltd					
Commercial Bank PLC	In 35 Monthly equal installments of Rs.160,000/- each and final installment of Rs.197,000/- together with the interest	5,700,000/-	10% fixed	Corporate guarantee for Rs.216,500,000/-dated 25/11/2011 signed by Ceylon Hotel Corportion PLC , Primary mortgage bond No-1831 for Rs.216,500,000/- date 22/03/2012 executed over leasehold rights of katharagama road , Tissamahara Property owned by The Sri Lanka Tourism Development Authority	4,105,562
Commercial Bank PLC	First 12 months Rs.80,000*12, Next 12 Months 250,000*12, Next 24 Months 400,000*24, Next 11 Months Rs.410,000*11 and Final installment of Rs.430,000/-	18,500,000/-	15% fixed		17,700,000
					21,805,562

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2024 Rs.
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	56,590,000
Commercial Bank of Ceylon PLC (Term Loan)	"Rs. 60,000 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%	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. 3.75 Mn from Ceylon Hotels Corporation PLC	18,460,000
Commercial Bank of Ceylon PLC (Interest Moratorium Loan)	35 Equal Installements of Rs. 1,150,000 and Balance by final installement of Rs.1,750,000 (commencing from June 2023)	40,312,585	Fixed 10%		32,129,879
Cargills Bank PLC	(Capital USD 6,081.72 + Interest) x 12 months, (Capital USD 16,617 + Interest)x 12 months, (Capital USD 299,100.95 + Interset) x 12 months, (Capital USD 319,041.01 + Interest)x 12 months, (Capital USD 338,981.08 + Interest)x 12 months, (Capital USD 358,921.14 + Interest)x 12 Months, (Capital USD 405,580.90 + Interest)x 12 Months	US$.1,994,006	10% Fixed	Existing Primary Mortgage Bond for USD 1.5Mn , Secondary Mortgage Bond for Rs.50Mn , Corporate Guarantee by Ceylon Hotel Corporation PLC for USD 120,000 , Corporate Guarantee from Ceylon Hotel Corporation PLC for Rs.52,000,000 , Corporate Guarantee from Ceylon Hotel Corporation PLC for Rs.30,000,000 , Corporate Guarantee from Ceylon Hotel Corporation PLC for Rs.60,000,000 , Letter of Comfort/ Awareness from Galle Face Company Ltd.	573,459,629
Cargills Bank Limited - USD Interest Morotorium (Accrued Interest)					6,652,786
					687,292,294

Notes to the Financial Statements

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2024 Rs.
The Kandy Hotels Co (1938) PLC					
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	17,000,000	Fixed 12% for a period of 12 months commencing from 26-06-2022 thereafter AWPLR +1%		467,200,000
Sampath Bank PLC	Capital and interest grace period received from April 2020 to March 2021 under Covid-19 Relief Package offered by Central Bank of Sri Lanka. Capital to be repaid in 37 monthly installments of Rs 1.7 Mn and a final installment of Rs 2.23 Mn together with interest.	61,130,959	10% p.a (fixed)	Corporate guarantee of Ceylon Hotels Corporation PLC for Rs.719,630,000/-, Mortgage over shares of United Hotels Company Limited for Rs.600,000,000/ owned by The Kandy Hotels Company (1938) PLC, Negative pledge over immovable properties of the company	34,531,142
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)		31,022,886

<table>
<tr><th>Financial institution</th><th>Repayment terms</th><th>Principal (Rs.)</th><th>Rate</th><th>Security</th><th>Closing balance as at 31st March 2024 Rs.</th></tr>
<tr><td>Commercial bank of Ceylon PLC</td><td>In 35 months intatllments of Rs.1,860,000.00 & final installment of Rs.1,900,000.</td><td></td><td>10% p.a</td><td rowspan="2">Corporate Guarantee of Rs.100,000,000/- dated 06/09/2017 signed by Ceylon Hotel Corporation PLC. , Corporate Guarantee of Rs.14,000,000/- dated 09/08/2019 signed by Ceylon Hotel Corporation PLC., Corporate Guarantee of Rs.50,000,000/- dated 23/12/2019 signed by Ceylon Hotel Corporation PLC. ,Primary floating mortgage bond No.4110 for Rs.50,000,000/- dated 10/02/2020 executed over debit & credit card sales of the total operations at Queens Hotel, Suisse Hotel and any other future locations routed through Commercial Bank's card center.</td><td>50,609,824</td></tr>
<tr><td>Commercial Bank of Ceylon PLC</td><td>Capital Repayments to be made from June 2023 for a period of 60 months as follows.
First 12 months = Rs. 200,000/- X 12 = Rs. 2.400,000/-
Next 12 months = Rs. 600,000/- X 12 = Rs. 7,200,000/-
Next 12 months = Rs.1,000,000/-X 12= Rs.12,000,000/-
Next 12 months = Rs.1,000,000/-X 12= Rs.12,000,000/-
Next 11 months = Rs.1,280,000/-X 11= Rs.14,080,000/-
Final Installment= Rs.1,320,000/- = Rs. 1,320,000/-</td><td></td><td>15% p.a</td><td>47,200,000</td></tr>
<tr><td>Interest Morotorium (Accrued Interest)</td><td></td><td></td><td></td><td></td><td>18,330,282</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>648,894,134</td></tr>
</table>

Notes to the Financial Statements

Financial institution	Repayment terms	Principal (Rs.)	Rate	Security	Closing balance as at 31st March 2024 Rs.
CHC Foods Pvt Ltd					
People's Bank PLC	Loan to be repaid in 54 monthly installments of Rs. 92,592.59 after initial grace period of 6 months	5,000,000	AWPLR+3.5% (Weekly)	Corporate guarantee issued by Ceylon Hotels Corporation PLC	2,777,776
					2,777,776
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/-	3,926,484
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/-	1,368,400
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/-	1,611,870
Accrued Interest					46,000
					6,952,754
Total Group					1,367,722,520
AWPLR - Average Weighted Primary Lending Rate					469,977,776
FR - Fixed Interest Rate					897,744,744
Total Group					1,367,722,520

29 EMPLOYEE BENEFIT OBLIGATIONS

As at 31st March	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Balance at the beginning of the year	20,544,913	15,909,578	6,985,350	5,622,197
Current service cost (b)	2,159,460	2,105,350	213,079	382,628
Interest cost (b)	3,787,068	2,256,728	765,250	843,330
Transferred to related company	(1,609,580)	-	(3,159,101)	-
Employee benefit obligations paid	(4,020,650)	(1,469,463)	(1,006,942)	(229,110)
Actuarial losses (b)	5,091,980	1,742,720	1,608,200	366,305
Balance at the end of the year	25,953,191	20,544,913	5,405,836	6,985,350
(a) **The amounts recognised in the Balance Sheet are as follows.**				
Present value of the unfunded obligations	25,953,191	20,544,913	5,405,836	6,985,350
Recognised liability for defined benefit obligations	25,953,191	20,544,913	5,405,836	6,985,350

(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		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Total amount recognised in Profit or Loss				
Current Service Cost	2,159,460	2,105,350	213,079	382,628
Interest Cost	3,787,068	2,256,728	765,250	843,330
	5,946,528	4,362,078	978,329	1,225,958
Total amount recognised in Other Comprehensive Income				
Actuarial losses on obligations	5,091,980	1,742,720	1,608,200	366,305
	5,091,980	1,742,720	1,608,200	366,305
Net Benefit Expense	11,038,508	6,104,798	2,586,529	1,592,263

Notes to the Financial Statements

(c) An actuarial valuation of the provision for defined benefit plan was carried out as at 31 March 2024 by Actuarial & Management Consultants (Private) Limited. The valuation method used by the actuaries to value the employee benefits obligation is the ''Projected Unit Credit (PUC) method'', the method recommended by the Sri Lanka Accounting Standard (LKAS 19) '' Employee Benefits''.

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	
	2024	2023	2024	2023
Financial assumptions				
a) Discount Rate	11%	20%	11%	20%
b) Salary Increase	15%	17%	15%	17%
Demographic assumptions				
c) Staff salary turnover rate	24% - 43%	30% - 40%	25%	16%
d) Retirement age	60 Years	60 years	60 Years	60 Years
e) Expected average future working life of the active participants	1.9 - 3.8	2.0 - 3.0	3.8	4.06

The Liability is not externally funded.

In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "A 1967/70 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 11% p.a. (2022/2023 – 20% p.a.) has been used to discount future liabilities considering yield available on government bonds with a tenure equivalent to the average future working life of the employees.

29.1 Sensitivity Analysis

The defined benefit obligation's sensitivity to changes in key assumptions as at 31 March 2024 and 2023 are shown below.

As at 31st March	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Discount Rate - (1% Increase)	(751,010)	(509,457)	(197,863)	(260,413)
Discount Rate - (1% decrease)	800,761	540,926	212,451	280,514
Salary Increment Rate - (1% Increase)	850,650	618,979	222,848	310,197
Salary Increment Rate - (1% decrease)	(812,640)	(591,604)	(211,228)	(291,898)

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 2024 Rs.	Company 2024 Rs.
With in 1 year or equal to 1 year	7,326,692	870,545
Over 1 year and less than or equal to 2 years	3,891,154	706,087
Over 2 years and less than or equal to 5 years	8,446,518	1,780,311
Over 5 years and less than or equal to 10 years	5,333,539	1,688,185
Over 10 years	955,288	360,708
	25,953,191	5,405,836

30 DEFERRED TAXATION

30.1 Deferred tax liabilities

As at 31st March	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	2,042,291,206	901,082,603	-	-
Rate change impact on revaluation - recognised in OCI	-	1,247,853,733		
Origination/(reversal) of temporary differences				
Recognised in income statement	13,937,162	(106,371,729)	-	-
Recognised in other comprehensive income	(12,164,701)	(273,401)	-	-
Balance at the end of the year	2,044,063,667	2,042,291,206	-	-

30.2 Deferred tax Asset

	As at 31st March	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
	Balance at the beginning of the year	-	-	-	-
	Origination of temporary differences	-	-	-	-
	Recognised in income statement	21,868,913	-	21,868,913	-
	Recognised in other comprehensive income	482,460	-	482,460	-
	Balance at the end of the year	22,351,373	-	22,351,373	-
a)	Total amount recognised in income statement	(7,931,751)	(106,371,729)	(21,868,913)	-
b)	Total amount recognised in other comprehensive income	(12,647,161)	1,247,580,332	(482,460)	-

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.

30.3 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		Group / Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
	Net deferred tax liability		Net deferred tax assest	
Temporary Differences				
On Property, Plant and Equipment	7,997,167,845	8,051,127,036	2,201	-
On Right of use assets	108,936,034	108,505,697		
On Inventories	(4,473,487)	(3,906,726)	-	-
On Trade & other receivables	(4,587,964)	(8,157,072)	(5,196,437)	-
On Amounts due from related companies	(6,193,942)	(9,392,469)	-	-
On Retirement Benefit Obligation	(20,547,354)	(13,559,563)	(5,405,836)	-
On Carried Forward Tax Losses	(1,121,338,329)	(1,161,444,106)	(63,904,506)	-
On Leases	(135,417,250)	(155,535,437)		
	6,813,545,553	6,807,637,359	(74,504,578)	-
Net deferred tax liability/(assets)	2,044,063,667	2,042,291,206	(22,351,373)	-

30.4 **Unrecognized deferred tax assets**

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.

Company	Group				Company			
	2024		2023		2024		2023	
	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	-	-	6,985,350	2,095,605
On Carried Forward Tax Losses	448,561,886	134,568,566	1,393,634,109	418,090,234	154,175,925	46,252,777	723,713,499	217,114,050
	448,561,886	134,568,566	1,400,619,459	420,185,839	154,175,925	46,252,777	730,698,849	219,209,655

Deferred Tax Asset amounting to Rs.134,568,566/- (2022/23 - Rs. 420,185,839) 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 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Balance at the beginning of the year	155,609,672	183,000,755	-	-
Remeasurement during the year	5,788,048	-	-	-
Interest expense	17,744,967	17,561,251	-	-
Payments made during the year	(37,015,791)	(44,952,334)	-	-
Transferred to other payables	(6,709,644)	-	-	-
Balance at the end of the year	135,417,252	155,609,672	-	-
Lease liabilities included in the statement of financial position				
Payable within one year	21,199,309	25,524,738	-	-
Payable after one year	114,217,943	130,084,934	-	-
	135,417,252	155,609,672	-	-

31.1 Amounts Recognised in Statement of Profit or Loss

Interest expense	17,744,967	17,561,251	-	-

31.2 Amounts Recognised in Statement of Cash Flows

Total cash outflow for leases	(37,015,791)	(44,952,334)	-	-

31.3 Maturity Analysis - Contractual Undiscounted Cash Flows

Less than one year	20,969,891	21,204,166	-	-
One to five years	112,334,680	122,005,656	-	-
More than five years	298,634,855	313,618,549	-	-
	431,939,426	456,828,371	-	-

32 GOVERNMENT GRANTS

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Balance at the beginning of the year	-	7,767,764		
Setoff against interest expenses during the year	-	(7,767,764)	-	-
Balance at the end of the year	-	-	-	-

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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade payable	169,488,635	83,308,316	-	98,316
Accrued expenses	31,314,871	43,840,290	2,948,938	2,645,425
Other payables	174,545,683	138,436,525	224,468	7,836,390
	375,349,189	265,585,131	3,173,406	10,580,131

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 Group 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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance at the beginning of the year	5,436,821	11,792,060	-	-
Advance received during the year	32,905,090	-	-	-
Refunds due to cancellation of bookings	(266,614)	-	-	-
Utilized during the year	(30,826,420)	(6,355,239)	-	-
Balance at the end of the year	7,248,877	5,436,821	-	-

35 AMOUNTS DUE TO RELATED COMPANIES

As at 31st March	Relationship	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
GFH Management Co (Pvt) Ltd	Affiliate	8,148,881	2,628,768	1,165,284	137,297
The Galle Face Hotel Co Ltd	Ultimate Parent	42,221,270	17,021,270	-	-
Finance Land & General (Pvt) Ltd	Affiliate	1,100,000	1,000,000	1,100,000	1,000,000
Galle Face Group (Pvt) Ltd.	Affiliate	610,130	1,441,332	-	-
United Hotels Co. Ltd	Subsidiary	-	-	26,942,053	77,321,823
Airline Services (Pvt) Ltd	Subsidiary	-	-	125,821	261,446
Ceylon Hotel Holdings (Pvt) Ltd	Parent Company	163,620	-	-	-
Galle Face Hotel 1994 (Pvt) Ltd	Affiliate	1,115,560	-	-	-
CHC Rest House (Pvt) Ltd	Equity- accounted investees	83,936	74,495	-	-
The Kandy Hotels Co. (1938) PLC	Subsidiary	-	-	-	72,258,853
Gardiner Group (Pvt) Ltd.	Affiliate	-	1,358,160	-	-
Studio Clay (Pvt) Ltd	Affiliate	66,126	-	-	-
Unionco Ltd	Affiliate	-	164,658	-	164,658
		53,509,523	23,688,683	29,333,158	151,144,077

35.1 Related Party Interest-bearing-borrowings

Kandy Hotels Co. (1938) PLC Loan	Subsidiary	-	-	-	1,164,835,549
		-	-	-	1,164,835,549

35.2 Refer to note no 41.1.3 for interest rates and terms.

36 INCOME TAX PAYABLE

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Balance at the beginning of the year	4,366,626	7,466,016	13,303	13,303
Transferred from Income tax receivable (Note 23)	(1,136,646)	-	-	-
Provision for the year	5,947,558	15,857,564	-	-
Under provision of previous year	10,950,901	-	(13,303)	
Payment made during the year	(15,933,182)	(18,956,954)		-
Balance at the end of the year	4,195,257	4,366,626	-	13,303

37 RESTATEMENT

The Company elected to voluntarily change its accounting policy relating to the measurement of investment in Joint venture in separate financial statements from fair value to cost method in accordance with SLFRS 11 - "Joint Arrangement" from 1 April 2023.

The Company changed its accounting policy relating to the measurement of investment in joint venture in order to improve the presentation of the overall financial statements and comply with the Group accounting policy.

Notes to the Financial Statements

37.1 Statement of financial position

1 April 2022	Impact of accounting policy change		
	As previously reported	Adjustment	As restated
Investment in Joint Venture	309,497,174	(184,167,021)	125,330,153
Other assets	1,517,458,534	-	1,517,458,534
Total Assets	1,826,955,708	(184,167,021)	1,642,788,687
Stated capital	362,610,821	-	362,610,821
Fair value through OCI reserve	184,167,021	(184,167,021)	-
Other reserves	80,804,986	-	80,804,986
Total Equity	627,582,828	(184,167,021)	443,415,807
Total liabilities	1,199,372,880	-	1,199,372,880

31 March 2023	Impact of accounting policy change		
	As previously reported	Adjustment	As restated
Investment in Joint Venture	309,497,174	(184,167,021)	125,330,153
Other assets	1,614,282,810	-	1,614,282,810
Total Assets	1,923,779,984	(184,167,021)	1,739,612,963
Stated capital	362,610,821	-	362,610,821
Fair value through OCI reserve	184,167,021	(184,167,021)	-
Other reserves	43,443,732	-	43,443,732
Total Equity	590,221,574	(184,167,021)	406,054,553
Total liabilities	1,333,558,410	-	1,333,558,410

37.2 Statement of Other Comprehensive Income

There is no impact on the Statement of Other Comprehensive Income for the year ended 31 March 2023.

There is no material impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the year ended 31 March 2023.

38 CONTINGENT LIABILITIES

38.1 Company

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

Name	Nature	Case No.
A.M. Jayathilleke	Money recovery	DMR 3389/15 (District court of Colombo)

38.2 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 Group 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 2024.

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

Name	Nature	Case No.
M.W.H. Waheed of Tourist Shopping Centre	Tenant	DMR 02743/19
H. M Dingiri Menike	Tenant	RE/2645
Pledge Holidays (Pvt) Ltd	Tenant	DMR 972/21
Labour department	Unpaid budgetary relief allowance	App/07/22 - HC Kandy
Labour department	Unpaid budgetary relief allowance	App/73/2022 - HC Kandy

38.2.2 Pending litigations - CHC Foods (Pvt) Ltd

Name	Nature	Case No.
Labour Department	Unpaid budgetary relief allowance	HC/Kegalle/6337 (Appeal of Warakapola MC Case No.2854/LT)
S.A.Indika Kumara	Matter filed by ex-employee of the company alleging unlawful termination.	KE/42/07/2022 - Labour Tribunal, Kegalle

38.2.3 Pending litigations - Tissa Resort (Pvt) Ltd.

Name	Nature	Case No.
Labour Department	Unpaid budgetary relief allowance	SC/SPL/LA/286/2023 - Supreme Court
Labour Department	Unpaid budgetary relief allowance	SC/SPL/LA/287/2023 - Supreme Court

38.2.4 Pending litigations - United Hotels Company Ltd.

Name	Nature	Case No.
Bentota Pradeshiya Sabha	Operating a SLTDA approved Hotel, without a valid License	25263/MC Balapitiya
Bentota Pradeshiya Sabha	Operating a SLTDA approved Hotel, without a valid License	34452/MC Balapitiya
Bentota Pradeshiya Sabha	Operating a SLTDA approved Hotel, without a valid License	43335/MC Balapitiya
Bentota Pradeshiya Sabha	Operating a SLTDA approved Hotel, without a valid License	51834/MC Balapitiya
Senura Entertainment (Pvt) Ltd	Action filled by the company due to Senura entertainment (Pvt) Ltd not handling over vacant position of the lake hotel , Polonnaruwa upon the termination of the operations agreement between the parties.	633/23/SPL/DC Nugegoda

39 COMMITMENTS

There were no capital commitments approved by the Board of Directors, but not yet contracted as at the reporting date (2022/23- Nil).

Notes to the Financial Statements

40 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

41 RELATED PARTY TRANSACTIONS

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

41.1 Recurrent Related party transactions

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Nature of Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
Kandy Hotels Company (1938) PLC	141%	Subsidiary	Mr. Sanjeev Gardiner	Expenses paid by CHC on behalf of KHC	315,960	730,524
			Mr. Lakshman Samarasinghe (demised)	Settlement of intercompany loans against the consideration receivable from KHC at UHCL merger	1,164,835,549	-
			Mr. Priyantha Maddumage	**Intercompany borrowings:**		
				- Net settlement of temporary advances to KHC	72,190,553	38,206,362
				- Interest expenses on loan given from KHC	-	(111,194,611)
				- Settlement of Expenses paid by CHC on behalf of KHC	(247,659)	-
United Hotels Company Ltd	0%	Subsidiary	Mr. Sanjeev Gardiner	Net Expenses paid by CHC on behalf of UHCL	-	1,273,370
			Mr. Priyantha Maddumage	Settlement of oustanding balance	(3,801,850)	(1,709,617)
			Mr. Mangala Boyagoda	Temporary advance to UHCL	54,923,873	(60,253,710)
			Mr. Lakshman Samarasinghe (demised)	Gratuity Transfer from CHC to UHCL	(742,253)	-
			Mr .Kuwera De Soysa			
CHC Foods (Pvt) Ltd	-0.19%	Subsidiary	Mr. Priyantha Maddumage	Net Expenses paid by CHC on behalf of CHC	367,584	2,118,575
			Mr. Lakshman Samarasinghe (demised)	Temporary advance to CHC	6,322,332	1,600,000
				Settlement of related party balance	(8,354,000)	(2,270,485)
				Issued of shares	(65,000,000)	-
				Gratuity Transfer from CHC to CHCF	(807,270)	-
Tissa Resort (Pvt) Ltd	-8.841%	Subsidiary	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of TRL	888,766	2,872,412
			Mr. Lakshman Samarasinghe (demised)	Net Settlement of related party balance	(171,802)	(734,814)
				Temporary advance to TRL	(78,329,511)	53,000,000

Company Name	Aggregate value of Related Party Transactions as a % of Revenue	Nature of Relationship	Name of the Director	Nature of Transaction	Year ended 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
CHC Rest Houses (Pvt) Ltd	0.327%	Joint Venture	Mr. Priyantha Maddumage	Expenses paid by CHC on behalf of CHCRH	403,954	4,085,716
			Mr. Lakshman Samarasinghe (demised)	Settlement of Related Party Balance	2,469,808	(4,088,159)
				Gratuity Transfer from CHC to CHCRH	(1,609,578)	-
Ceylon Holiday Holdings (Pvt) Ltd	2.56%	Joint Venture	Mr. Lakshman Samarasinghe (demised)	Temporary advance	12,750,000	-
			Mr. Priyantha Maddumage	Expenses paid by CHC behalf of CHOH	-	463,190
				Interest Income on loan given to CHOH	9,710,661	10,793,208
Ceylon Hotels Holdings (Pvt) Ltd.	7%	Affiliate	Mr. Sanjeev Gardiner	Net Temporary advance	-	-
			Mr. Lakshman Samarasinghe (demised)	Interest Income on loan given to CHH	58,598,212	83,891,101
			Mr. Priyantha Maddumage	Settlement of Related Party Balance	(66,468,671)	(95,890,000)
			Mr. Shalike Karunasena			
			Mr. Ajith Lasantha Devasurendra			
Airline Services (Pvt) Ltd	0.02%	Subsidiary	Mr. Lakshman Samarasinghe (demised)	Expenses paid by CHC on be half of ALS	135,625	110,960
Galle Face Group	0.00%	Affiliate	Mr. Lakshman Samarasinghe (demised)	Expenses paid by CHC on behalf of GFG	16,816	94,845
				Settlement of Expenses paid by GFG on behalf of CHC	(23,331)	(107,371)
GFH Management Co (Pvt) Ltd	-0.12%	Affiliate	Mr. Sanjeev Gardiner	Service obtained during the year	(2,810,455)	(1,112,048)
			Mr. Lakshman Samarasinghe (demised)	Settlement of oustanding balance	1,782,468	1,224,754
			Mr Priyantha Maddumage			
			Mr. Shalike Karunasena			
			Mr. Sanjeev Gardiner			
Galle Face Hoterl Co. Ltd	0.62%	Ultimate Parent	Mr. Lalith Rodrigo	Net Temporary advance	43,000,000	71,529,039
			Mr. Lakshman Samarasinghe (demised)	Settlement of Related Party Balance	(37,567,976)	(62,968,147)
Finance land & General (Pvt) Ltd	-0.01%	Affiliate	Mr. Sanjeev Gardiner			
			Mr. Lakshman Samarasinghe (demised)	Vehicle rent expense	2,580,000	1,000,000
			Mr Priyantha Maddumage	Settlement of Expenses paid by CHC on behalf of FLG	(2,680,000)	-
			Mr. Lalith Rodrigo			

41.1.1 This note should be read in conjunction with the note 22 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	KHC
GFH Management Company (Pvt) Ltd	GFHM
CHC Rest Houses (Pvt) Ltd.	CHC RH
Tissa Resort (Pvt) Ltd.	TRL
CHC Foods (Pvt) Ltd	CHCF
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 Repaymen

Company	Party	Repayment
Ceylon Hotels Corporation PLC	Borrower	AWPLR + 2% for Rs 100 Mn and AWDR + 1% for the remaining
Ceylon Hotel Corporation PLC	Lender	AWPLR + 1.5%
Ceylon Hotel Holdings (Pvt) Ltd	Borrower	

41.1.2 Recurrent transactions with related parties

There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31st March 2024 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.

41.1.3 Non- recurrent transactions with related parties

Please refer to the below for the non recurrent transaction occurred during the year ended 31st March 2024.

Effect of changes in composition of the Group

Disposal of Holding in United Hotels Company Limited to The Kandy Hotels Company (1938) PLC (Transaction under common control)

Ceylon Hotels Corporation PLC (CHC PLC) has disposed of 67.51% of its holding in United Hotels Company Limited (UHCL), a direct subsidiary of CHC PLC, to The Kandy Hotels Company (1938) PLC (KHC), another direct subsidiary of CHC PLC as at 14 July 2023. The transaction was completed for a consideration of Rs. 3,066,157,660/-. Of this amount, Rs. 1,901,322,111/- was settled by The Kandy Hotels Company (1938) PLC (KHC) issuing ordinary shares to CHC PLC, while the remaining Rs. 1,164,835,549/- was settled through an interest-bearing intercompany loan provided by KHC.

Following the approval of the Board of Directors, the proposed allotment and share transfer were completed on 14 July 2023. The newly issued shares were listed on the Colombo Stock Exchange (CSE) on 20 July 2023. The Kandy Hotels Company (1938) PLC (KHC) issued 127,093,724 ordinary shares to Ceylon Hotels Corporation PLC (CHC PLC) for a total consideration of Rs. 1,901,322,111/-. As a result of this transaction, the holding percentage of Ceylon Hotels Corporation PLC (CHC PLC) in The Kandy Hotels Company (1938) PLC (KHC) increased to 70.09%.

Additionally, The Kandy Hotels Company (1938) PLC (KHC) issued 49,715,529 ordinary shares to the other shareholders of United Hotels Company Limited (UHCL) for a total consideration of Rs. 743,744,314/-, thereby acquiring the remaining shareholding percentage of UHCL.

The restructuring resulted in United Hotels Company Limited (UHCL) and its subsidiaries becoming wholly owned subsidiaries of The Kandy Hotels Company (1938) PLC (KHC) from 14 July 2023 onwards.

An equity reserve, termed "Acquisition under Common Control," amounting to Rs. 2,228,212,108/- (Purchase consideration of Rs. 3,066,157,660/- less UHCL investment of Rs. 837,945,552/-) was created in the Company, reflecting the fair value gain from share swaps with United Hotels Company Limited (UHCL) and The Kandy Hotels Company (1938) PLC (KHC). However, this does not impact the consolidated reserves, as the structural change occurred within common control transaction according to the “Statement of Recommended Practice for Merger Accounting for Common Control Combinations".

Name of the related party	Relationship	Value of the related party transactions entered into during the financial year	Value as a % of equity	Value as a % of total assets	Terms and conditions	Rationale for entering into the transaction
Kandy Hotels Company (1938) PLC	Subsidiary	1,164,835,549	12%	8%	Note A	Settlement of loan as a part of restructuring explained above

Note A

The company had a related party loan receivable balance as at 14 July 2024 and interest was accrued based on following terms and conditions.

Borrower	Repayment	Interest rates
Kandy Hotels Company (1938) PLC	On Demand	AWPLR + 2% for Rs 100 Mn
		AWDR + 1% for the remaining

The transactions were carried out in the ordinery course of business and were at arm's length price.

At the time of UHCL acquisition,related party loan receivable from CHC was set off for the amount payable by CHC as described above.

41.2 Compensation paid to key management personne

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. Directors' emoluments paid during the year is Rs. 3,335,000 /- (2022/23 - Nil) .

41.3 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.

41.4 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.

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management framework

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

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

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

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

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

42.1 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.

42.1.1 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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade receivables	214,947,935	101,678,435	-	-
Other Receivables	121,113,415	151,267,605	-	5,595,051
Amount due from related parties	520,285,088	575,418,127	538,114,569	661,933,731
Cash & cash equivalents				
- Cash at banks	706,164,504	26,492,515	49,750	571,745
- Fixed Deposits	1,180,910,304	2,590,198,743	-	-
	2,743,421,246	3,445,055,425	538,164,319	668,100,527

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

Institute	Instrument	2024		2023	
		Credit Rating	Total Investment LKR	Credit Rating	Total Investment LKR
Hatton National Bank PLC	Fixed Deposit-USD	A (lka)	1,180,910,304	AA-	2,590,198,743

42.1.2 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.

Notes to the Financial Statements

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

Group

As at 31st March	2024 Gross Trade Receivables Rs.	2024 Impairment provision Rs.	2023 Gross Trade Receivables Rs.	2023 Impairment provision Rs.
Neither past due nor impaired				
Past due				
01–29 days	120,,699	-	57,494,196	-
30–60 days	46,988,138	-	34,886,015	-
61–90 days	24,934,385	2,779,279	6,896,957	2,140,564
91–120 days	16,565,725	1,846,477	6,330,905	1,964,883
121–180 days	11,363,345	1,266,601	253,580	77,771
> 356 days	1,548,561	1,548,561	1,979,105	1,979,105
	222,388,853	7,440,918	107,840,758	6,162,323
Impaired				
Gross carrying value	222,388,853		107,840,758	
Impairment provision	(7,440,918)		(6,162,323)	
Total	214,947,935		101,678,435	

42.1.3 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. 706 Mn as at 31 March 2024 (2023 - Rs. 26 Mn). The cash at bank with counterparties, which are reted A/AA, based on fitch ratings.

42.2 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.

42.2.1 Net (debt)/cash

As at 31st March	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Cash in hand and at bank	1,895,411,577	2,624,186,801	49,750	571,745
Total liquid assets	1,895,411,577	2,624,186,801	49,750	571,745
Interest bearing loans and borrowings	1,367,722,520	1,673,124,427	-	-
Lease liability	135,417,252	155,609,672	-	-
Bank overdrafts	226,397,335	419,756,812	288,617	-
Total liabilities	1,729,537,107	2,248,490,911	288,617	-
Net (debt)/cash	165,874,470	375,695,890	(238,867)	571,745

42.2.2 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.

Maturity analysis

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2024 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	1,367,722,520	1,510,389,276	356,358,611	1,154,030,665	-	1,510,389,276
Trade and other payables	344,034,318	344,034,318	344,034,318	-	-	344,034,318
Amounts due to related parties	53,509,523	53,509,523	53,509,523	-	-	53,509,523
Lease liability	135,417,252	431,939,426	20,969,891	112,334,680	298,634,855	431,939,426
Bank overdrafts	226,397,335	226,397,335	226,397,335	-	-	226,397,335
	2,127,080,948	2,556,269,878	1,001,269,678	1,266,365,345	298,634,855	2,556,269,878

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	224,468	224,468	224,468	-	-	224,468
Amounts due to related parties	29,333,158	29,333,158	29,333,158	-		29,333,158
Bank overdrafts	288,617	288,617	288,617	-	-	288,617
	29,846,243	29,846,243	29,846,243	-	-	29,846,243

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 some of the currently available information that will enable the Group to meet its contractual obligations are as follows.

- 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.

42.3 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 risk comprise three types of risk:

- Interest rate risk
- Currency risk
- Price risk

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

42.3.1 Interest rate risk

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

The Group has borrowings with variable interest rates such as AWPLR would expose the Group to cashflow/ profits as the amount of interest paid would be changed depending on market interest rates.

The interest rates have decreased during the year, bringing positive impact on the reported 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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Variable rate instruments				
Interest-bearing-borrowings	1,367,722,520	1,673,124,427	-	-
Related Party Interest-bearing-borrowings	-	-	-	1,164,835,549
Bank overdrafts	226,397,335	419,756,812	288,617	-
	1,594,119,855	2,092,881,239	288,617	1,164,835,549

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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Variable rate instruments				
1% Increase in interest rate	(15,941,199)	(20,928,812)	(2,886)	(11,648,355)
1% Decrease in interest rate	15,941,199	20,928,812	2,886	11,648,355

Notes to the Financial Statements

42.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on mainly borrowings and net investments in foreign subsidiaries that are denominated in a currency other than the respective functional currencies of the Group. These currencies primarily are in US Dollars (USD).

The Sri Lankan Rupee saw a sharp appreciation in 2023 due to a market-based exchange rate policy, supported by a more flexible exchange rate system that allowed market forces to play a greater role and the gradual easing of restrictions on foreign exchange transactions. Significant improvements were observed in the external sector in 2023, supported by increased foreign exchange inflows and a better balance of payments. The current account achieved a surplus, driven by a reduced trade deficit, higher tourism revenue, and increased workers' remittances. By the end of 2023, reserves had more than doubled, due to net foreign exchange purchases by the Central Bank, funds from the IMF's Extended Fund Facility (EFF), and financing from the World Bank and ADB.

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	2024		2023	
	Amount in USD	Amount in LKR	Amount in USD	Amount in LKR
Financial Assets				
Fixed Deposit	3,920,897	1,180,910,304	7,914,182	2,590,198,743
	3,920,897	1,180,910,304	7,914,182	2,590,198,743
Financial Liability				
Interest-bearing-borrowings	1,922,472	579,017,236	1,926,992	630,676,867
	1,922,472	579,017,236	1,926,992	630,676,867
Net Finance assets exposure	1,998,425	601,893,068	5,987,190	1,959,521,876

Closing exchange rate as at 31st March 2024 is Rs.301.1837/- (2022/2023 - Rs.327.29/-).

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.

Currency	Increase decrease in exchange rate	Effect on profit before tax
USD	1%	6,018,931
	-1%	(6,018,931)

Management of Foreign exchange risk

- The Treasury officer analyses the market condition of foreign exchange rate 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.

42.4 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	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest-bearing-borrowings	1,367,722,520	1,673,124,427	-	-
Bank Overdraft	226,397,335	419,756,812	288,617	-
Cash in hand and bank	(1,895,411,577)	(2,624,186,801)	(49,750)	(571,745)
Net debt	(301,291,722)	(531,305,562)	238,867	(571,745)
Total equity	9,674,121,498	9,774,729,598	2,711,709,304	406,054,553
Debt to Equity ratio (Times)	(0.03)	(0.05)	0.00	(0.00)

43 FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

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

Group

As at 31 March 2024	Fair Value through Profit or Loss	Amortized cost	Total
Financial assets measured at fair value			
Financial Assets at Fair Value through Profit or Loss	26,337,500	-	26,337,500
Financial assets not measured at fair value			
Trade and other receivables	-	336,061,350	336,061,350
Amounts due from related companies	-	520,285,088	520,285,088
Cash and cash equivalents	-	1,895,411,577	1,895,411,577
	26,337,500	2,751,758,015	2,778,095,515

Group

As at 31 March 2024	Fair Value through Profit or Loss	Amortized cost	Total
Financial liabilities not measured at fair value			
Bank overdrafts	-	226,397,335	226,397,335
Trade payables	-	169,488,635	169,488,635
Lease Liability	-	135,417,252	135,417,252
Interest bearing borrowings	-	1,367,722,520	1,367,722,520
Amounts due to related companies	-	53,509,523	53,509,523
	-	1,952,535,265	1,952,535,265

Year ended 31 March 2023	Fair Value through Profit or Loss	Amortized cost	Total
Financial assets measured at fair value			
Financial Assets at Fair Value through Profit or Loss	36,825,500	-	36,825,500
Financial assets not measured at fair value			
Trade and other receivables	-	252,946,040	252,946,040
Amounts due from related companies	-	575,418,127	575,418,127
Cash and cash equivalents	-	2,624,186,801	2,624,186,801
	36,825,500	3,452,550,968	3,489,376,468
Financial liabilities not measured at fair value			
Bank overdrafts	-	419,756,812	419,756,812
Trade payables	-	83,308,316	83,308,316
Interest bearing borrowings	-	1,673,124,427	1,673,124,427
Lease Liability	-	155,609,672	155,609,672
Amounts due to related companies	-	23,688,683	23,688,683
	-	2,355,487,910	2,355,487,910

Company

As at 31 March 2024	Fair Value through Profit or Loss	Amortized cost	Total
Financial assets measured at fair value			
Financial Assets at Fair Value through Profit or Loss	26,337,500	-	26,337,500
Financial assets not measured at fair value			
Amounts due from related companies	-	538,114,569	538,114,569
Cash and cash equivalents	-	49,750	49,750
	26,337,500	538,164,319	564,501,819
Financial liabilities not measured at fair value			
Bank overdraft	-	288,617	288,617
Amounts due to related companies	-	29,333,158	29,333,158
	-	29,621,775	29,621,775

Year ended 31 March 2023	Fair Value through Profit or Loss	Amortized cost	Total
Financial assets measured at fair value			
Financial Assets at Fair Value through Profit or Loss	36,825,500	-	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	668,100,527	668,100,527
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

Financial Assets classified under Fair Value Through Profit or Loss (FVTPL) are categorised as "Level 1" within the fair value hierarchy. The fair value of these assets, which consist primarily of investments in quoted equity shares, is determined based on active market prices.

44 COMPARATIVE INFORMATION

Reclassification of bank charges

The Company's and Group's bank charges were previously classified under administrative expenses in the statement of profit or loss. However, management considers it more relevant for bank charges to be presented as finance costs in the statement of profit or loss. Prior period comparatives have been restated by reclassifying Rs. 46,357/- and Rs. 652,620/- from administrative expenses for the Company and the Group, respectively.

45 NUMBER OF EMPLOYEES

The total number of employees of the company as at 31st March 2024 was 529. (31st March 2023 - 398)

Investor Information

SUMMARY OF SHAREHOLDING AS AT 31ST MARCH 2024

	Share Range			No. of Shareholders	No. of Shares	Holding %
1	1	-	1000	6,585	1,048,575	0.58%
2	1001	-	10000	995	3,380,087	1.88%
3	10001	-	100000	253	7,448,431	4.14%
4	100001	-	1000000	21	3,607,921	2.00%
5	1000001	-	& Above	8	164,545,928	91.40%
	Totals			7,862	180,030,942	100.000%

INFORMATION FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024

a) Directors Shareholding in the company

Name of Director	31st March 2024	31st March 2023
Mr. Lakshman Samarasinghe (demised)	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

PUBLIC SHAREHOLDING AS AT 31ST MARCH 2024

b) Public Shareholding - 40,891,429 (2023 -40,891,429)

c) Percentage of the ordinary shares held by public - 22.71% (2023 - 22.71%)

d) No. of Public shareholders - 7,852 (2023 - 7,687)

e) Related Companies

Name of Company	Number of Shares
National Development Bank / Ceylon Hotel 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 2023 to 31st March 2024

Period	Year ended 31st March 2024
Date High	24/08/2023
High - Rs.	25.00
Date Low	30/05/2023
Low - Rs.	16.50
Close - Rs.	19.00
Trade Vol	10,177
Share Vol	15,920,009
Turnover - Rs.	339,211,504.50
Last Traded date	3/28/24
Days Traded	235

MARKET PRICE PER SHARE FOR THE PERIOD FROM 01/04/2023 TO 31/03/2024

Name of Director	2023-24		2022-23	
	Date	Share Price (Rs.)	Date	Share Price (Rs.)
Highest Market Price	24/08/2023	25.00	9/14/22	28.60
Lowest Market Price	30/05/2023	16.50	4/27/22	6.00
Last Traded Price	3/28/24	19.00	3/31/23	22.50

As the float- adjusted market capitalization 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.

Investor Information

20 LARGEST ORDINARY SHAREHOLDERS (VOTING) OF THE COMPANY AS AT 31ST MARCH 2024

	Shareholder Name	No. of Ordinary Voting Shares	Holding %
1	National Development Bank PLC/ Ceylon Hotel Holdings (Pvt) Ltd	60,245,919	33.46%
2	Ceylon Hotel Holdings (Pvt) Ltd	37,994,096	21.10%
3	Employees Provident Fund	21,519,334	11.95%
4	Rosewood (Pvt) Limited- Account No. 1	18,343,901	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	Hotel International (Pvt) Ltd	1,048,230	0.58%
9	Sithlanka (Private) Limited	447,706	0.25%
10	Dr. G.S.Perera	307,012	0.17%
11	Senkadagala Finance PLC/ Mr. S. Gobinath	270,000	0.15%
12	Seylan Bank Plc/Arrc Capital (Pvt) Ltd	267,178	0.15%
13	Mr. K.N. Karunarathne	217,500	0.12%
14	Mr. S.A Jayathilake	202,277	0.11%
15	Mr. I.D.Bandarigodage	200,000	0.11%
16	Mr.S.Abishek	148,572	0.08%
17	Mr.L.S.W. Abharana Dewage	143,900	0.08%
18	Mr. S.M. Hassan Mohamed (Deceased)	139,146	0.08%
19	Dr.A.A.M. Dharmadasa	127,731	0.07%
20	Miss. C.P. Gomez	125,000	0.07%
21	PMF Finance PLC/ N.R.Waidyasekara	124,289	0.07%
22	Cocoshell Activated Carbon Company (Pvt) Limited	123,000	0.07%
	Sub Total	167,389,239	92.98%
	Balance Held by Others	12,641,703	7.02%
	Total	180,030,942	100.00%

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 Hotel Holdings (Pvt) Ltd	60,245,919	33.46%
2	Ceylon Hotel Holdings (Pvt) Ltd	37,994,096	21.10%
3	Employees Provident Fund	21,519,334	11.95%
4	Rosewood (Pvt) Limited- Account No. 1	18,343,901	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%

Five Year Summary

Year ended 31st March	2024		2023		2022		2021		2020	
	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000 Restated*	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000	Group Rs.'000	Company Rs.'000
Trading Results										
Turnover Net of Tax	1,382,590	2,199	877,862	7,043	561,936	6,887	423,572	6,435	1,023,144	8,326
Operating profit/(Loss) before net interest expenses and other income	(49,721)	(24,387)	(220,392)	(20,330)	(172,984)	(11,635)	(237,842)	(11,343)	(240,399)	(18,970)
Profit/(Loss) before Taxation	(34,037)	56,699	(242,912)	(36,995)	(34,978)	(55,357)	(432,063)	(73,431)	(436,898)	(74,275)
Taxation Provision	(9,948)	21,869	90,514	-	(10,878)	-	46,837	-	23,022	-
Profit /(Loss) from continuing operations	(43,985)	78,568	(152,398)	(36,995)	(45,856)	(55,357)	(385,226)	(73,431)	(413,875)	(74,275)
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 & Acquisition Under Common Control Reserves	4,911,817	2,236,340	5,083,571	8,128	6,123,642	192,295	5,268,766	192,295	5,349,572	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)	1,629,567	(53,960)	1,886,323	(131,403)	1,269,037	(94,041)	1,229,398	(39,458)	1,448,391	34,345
Total equity attributable to equity holders	7,071,074	2,711,709	7,499,585	406,055	7,922,369	627,583	7,027,856	682,166	7,327,653	775,970
Assets Employed										
Current Assets	2,947,381	564,502	3,600,216	704,926	3,042,946	608,095	1,602,366	580,787	1,538,148	478,805
Current Liabilities	1,010,834	32,795	1,121,071	1,326,573	1,178,638	1,193,751	769,619	1,110,145	(436,297)	(934,808)
Working Capital	1,936,547	531,707	2,479,144	(621,647)	1,864,308	(585,655)	832,747	(529,358)	1,101,851	(456,003)
Property, Plant and Equipment	10,697,196	2	10,346,505	9	10,485,924	15	9,195,325	22	9,552,201	28
Non-Current Liabilities	3,229,022	5,406	3,489,333	6,985	2,411,674	5,622	2,262,955	7,343	2,459,596	6,901
Ratio & Statistics										
Current Ratio (Times)	2.92	17.21	3.21	0.53	2.58	0.51	2.1	0.5	3.53	0.51
Market Price per share	-	19.00	0.00	22.50	0.00	9.10	0.00	10.60	0.00	8.50
Earning/(Losses) per Share	0.01	0.44	3.02	(0.21)	(0.22)	(0.31)	(1.73)	(0.41)	(1.94)	(0.41)
Net Assets Per Ordinary Share	39.28	15.06	41.66	2.26	44.01	3.49	39.04	3.79	40.70	4.31

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 2024 at 11.30 am 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 2024 and the Report of the Auditors thereon.

2) To re-elect Mr Sanjeev Gardiner 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 Priyantha Pushpakumara Maddumage 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 Mangala Boyagoda as a Director of the Company who is over seventy years of age and to consider and pass the following resolution if deemed fit.

   "IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr Mangala Boyagoda who has reached the age of 73 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.

5) To re-appoint Messrs. KPMG, Chartered Accountants, and the retiring Auditors for the ensuing Financial Year and authorize the Directors to fix their remuneration.

6) To authorize the Directors to determine donations for 2024/2025 and up to the next Annual General Meeting date.

7) To consider and if thought fit to pass the following Special Resolutions to amend the Articles of Association of the Company in line with and to comply with the Listing Rules of the Colombo Stock Exchange that are currently in force.

   Special Resolution (1)
   That the existing Article 16 be amended by adding the following paragraph

   "By means of audio or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting."

   Special Resolution (2)
   That the existing Article 19 be amended by adding the new Article 19 (5) and the existing articles 19 (5), (6) and (7) re-named as 19 (6), (7), and (8)

   "19(5) In the case of a meeting of shareholders held under Article 19 (4), unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by voice or by any electronic means."

   Special Resolution (3)
   That the existing Article 28 (4), (5), (6), (7), (8) and (9) be deleted and replaced with the following Article;

   "28(4) Alternate directors shall only be appointed in exceptional circumstances as determined by the Board. Any director who wishes to appoint one of his co-directors or any other person as an alternate director to act in his place shall obtain the prior approval of the Board and appoint such alternate director by notice in Writing left at the Office.

   The provisions contained in the following sub- Articles shall apply to any such alternate director"

   28 (5) An alternate director shall be appointed for a maximum period of one (01) year unless provided otherwise in the Listing Rules of the Colombo Stock Exchange, but he shall ipso facto cease to be an alternate director in any one of the following events prior to completion of his term:-

   28 (6) If an alternate director is appointed for a Non-Executive Director such alternate should not be an executive of the Company.

28 (7) If an alternate director is appointed by an Independent Director, the person so appointed should meet the criteria for independence specified in any applicable rules of the Company including the Listing Rules of the Colombo Stock Exchange and shall satisfy the requirements relating to the minimum number of Independent Directors specified therein. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.

28 (8) The Company shall make an immediate Market Announcement regarding the appointment of an alternate director. Such Market Announcement shall include the following:- a) the exceptional circumstances leading to such appointment; b) the information on the capacity in which such alternate director is appointed, i.e. whether as an Executive Director, Non-Executive Director or Independent Director; c) the time period for which he is appointed, which shall not exceed one (01) year from the date of appointment; and d) a statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.

28 (9) The attendance of any alternate director at any meeting, including a board committee meeting shall be counted for the purpose of quorum. The words "Executive Director", "Independent Director", "Non-Executive Director", "Market Announcement" and "Nominations and Governance Committee" shall have the meanings and definitions applicable to them in the Listing Rules of the Colombo Stock Exchange."

By Order of the Board of
CEYLON HOTELS CORPORATION PLC

Deloitte Corporate Services (Pvt) Limited
Company Secretaries
Colombo, this 29th August 2024

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 Deloitte Corporate Services (Pvt) 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 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 2024 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 2024 and the Report of the Auditors thereon.		
2.	To re-elect Mr Sanjeev Gardiner 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 Priyantha Pushpakumara 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 Mangala Boyagoda who is over seventy years of age as a Director of the Company		
5.	To re-appoint Messrs, KPMG the retiring Auditors and authorize the Directors to fix their remuneration.		
6.	To authorize the Directors to determine donations for the Year 2024/2025 and up to the date of the next Annual General Meeting		
7.	To pass the following special resolutions to amend the Articles of Association of the Company as set out in the notice		
	Special resolution 1		
	Special resolution 2		
	Special resolution 3		

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

....
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 Deloitte Corporate Services (Private) Limited, Level 03, No:11, Castle Lane, Colombo 4, not less than forty-eight hours before the time fixed for the meeting

4) If you wish to appoint a person other than the Chairman or a Director of the Company, please insert the relevant details in 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. Sanjeev Gardiner - Chairman*

Mr. Priyantha Maddumage

Mr. Kuvera De Zoysa

Mr. Mangala Boyagoda – Senior Independent Director

Mr. Kamantha Amarasekara

Mr. Ajith Devasurendra

Mr. Ranil Pathirana

Mr. Shalike Karunasena

*Appointed with effect from 23rd August 2024.

REGISTERED OFFICE
No.327, Union Place, Colombo 02.

Tel : 011 7657900, 011 2421847

Email : Corporateoffice@ceylonhotels.net

Corporate website: www.chcplc.com

SECRETARIES
Deloitte Corporate Services (Private) Limited (Formerly known as Accounting Systems Secretarial Services (Pvt) Limited)

Level 3, No.11, Castle Lane, Colombo 04.

Tel : 011 2505152/011 5444425

REGISTRARS
Deloitte Corporate Services (Private) Limited (Formerly known as 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: 0117765555

Email : reservations@ceylonhotels.net

Website: https://www.chcplc.com

WEBSITES
www.chcplc.com - corporate website

www.ekhohotels.com

www.queenshotel.lk

www.hotelsuisse.lk

Designed & produced by
emagewise

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