

# Royal Palms Beach Hotels PLC

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Annual Report  
2022/2023

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# Financial Highlights

Year ended 31st March Rs.'000	2023 Rs.' 000	2022 Rs.' 000	% Change
<b>Results for the year</b>			
Gross Revenue	670,853	336,870	99.14
Cost of sales	(228,705)	(108,315)	111.15
Operating Profit before Interest & Tax	(63,160)	(43,597)	44.87
Finance Income	71,700	27,569	160.07
Interest expense	(2,942)	(1,749)	68.21
Profit/(Loss) before tax	5,598	(17,776)	(131.49)
Income tax expense	(112,622)	(4,514)	2,395.05
Profit/(Loss) after tax	(107,024)	(22,290)	380.14
Profit/(Loss) attributable to shareholders	(107,024)	(22,290)	380.14
Dividend paid	-	-	-
<b>Financial Position at the end of the year</b>			
Shareholders' funds (Stated Capital & Reserves)	2,343,160	2,699,089	(13.19)
Total Assets	3,246,760	3,166,475	2.53
Number of Share in Issue (Millions)	50	50	-
<b>Information per Ordinary share</b>			
Earnings per share (Rs.)	(2.14)	(0.45)	(375.56)
Dividend per share (Rs.)	-	-	-
Net Asset per share (Rs.)	46.86	53.98	(13.19)
<b>Ratios</b>			
Return on shareholders' funds (%)	(4.57)	(0.83)	(3.74)
Return on total assets (%)	(3.30)	(0.70)	(2.59)
Year on year EPS Growth (%)	(375.56)	(82.56)	(293)
Interest cover (Times)	2.90	(9.17)	131.62
Dividend cover (Times)	-	-	-
Equity : Assets (%)	72.17	85.24	(13.07)
Current Ratio (Times)	4.42	6.95	(36.40)
Gearing Ratio (%)	0.09	1.48	(1.39)
<b>Market Shareholder Information</b>			
Market price of a share as at 31st March (Rs.)	26.30	16.30	61.35
Market Capitalisation (Rs.' 000)	1,315,000	815,000	61.35
Price Earnings Ratio (Times)	(12.29)	(36.22)	(66.07)

# Chairperson's Review

## A YEAR OF STRONG RECOVERY

Royal Palms Beach Hotel record a strong performance compared to other hotels in this same category. We have a very keen awareness of the ongoing external challenges that continue to face the business and wider sector. However, the strength of our teams and senior leadership remains the backbone of ROYAL PALMS BEACH HOTEL's ability to bounce back after difficult periods. Our team members have continued to work extremely hard to adapt to changing circumstances, helping to ensure the longer-term success of the business. I have great gratitude for everything that they continue to do. As a result of this resilience, and the strength of the Group's business model and customer proposition, ROYAL PALMS BEACH HOTEL has achieved significant recoveries across its key markets over the course of the last year, whenever and wherever restrictions were lifted. It was clear that there had been significant pent-up demand for both leisure and, increasingly, business related travel over the last two years, and our well-invested in hotels and appealing brands welcomed visitors back in their paths as soon as it was possible and safe.

### Sri Lanka Economy

In 2022, the Sri Lankan economy registered its deepest economic contraction since independence, mainly driven by the ripple effects of the unprecedented economic crisis amidst the domestic and global headwinds that reversed the post-pandemic recovery. Longstanding macroeconomic weaknesses, characterized by deeply entrenched twin deficits, due to persistent budget deficits and external current account deficits, worsened during 2022, reflecting the impact of policy delays in addressing these imbalances over the years, particularly in recent years, amidst ill-timed and ill-equipped reforms

in taxation and agricultural policies, among others. Acute fuel shortages due to the dearth of foreign exchange caused a significant drag on activities, as a result of hampered supply chains, prolonged power outages, scarcity of raw materials amidst imports compression, and a surge in the cost of production. Further, significant upward revisions in major utility prices amidst soaring global energy prices and the depreciation of the exchange rate exacerbated supply side pressures, while accelerated inflation and tax hikes affected the disposable income of households.

### Sri Lanka Tourism

Earnings from tourism in 2022 recorded a significant increase, compared to 2021. Earnings from tourism amounted to US dollars 1,136 million, compared to US dollars 507 million in 2021, recording an impressive annual growth of 124.2 per cent. However, earnings from tourism were far below the US dollars 4.4 billion level achieved in 2018. Meanwhile, the average duration of stay by a tourist was estimated at 9.3 days in 2022, in comparison to 15.1 days in 2021.

Tourist arrivals recorded a significant increase during 2022 to 719,978 from 194,495 in 2021. However, Sri Lanka has witnessed over 2 million tourist arrivals per year on average prior to the outbreak of the COVID-19 pandemic. This implies that Sri Lanka's tourism industry must recover faster to reach its maximum potential.

### Global Tourism

Border restrictions around the world have continued to loosen and lift, giving people everywhere renewed opportunities to go abroad. This is a big factor behind the predicted 30% rise in global tourism. Along with this influx comes changing tourist behaviors. Many are using travel

as a way to make up for lost time during the pandemic. Tourists are increasingly interested in visiting exciting international locations, and they are deviating from their once-consistent travel patterns to get there. Tourists' post-pandemic patterns are challenging previous industry norms across global travel, payments, and transit. Being aware of these trends can help hoteliers to prepare for potential increases in customers.

Those who are not exploring the Asia-Pacific region are traveling to high-end shopping destinations to reenter the luxury goods pool. Milan, London, and Paris offer the elite shopping experiences that some Chinese tourists have been missing since the border closures. In these regions, complementary businesses, like fine dining establishments, will likely see a tangential increase in traffic and should also be considering how to adapt to both payment and cultural trends.

One of the biggest forces impacting the travel industry this year is the economy. Global inflation rates are expected to remain higher than usual, and fears of an impending recession and cost-of-living crisis are already affecting people in many countries in Europe and the Americas. This means that most customers are pulling back on the amount of money they would normally spend, and price-driven travel is likely to be the most significant trend in 2023.

### Operational and Marketing Strategy

We need to focus on both our operations and marketing strategies to stay competitive and adapt to changing customer demands. Here are some key considerations for our hotel.

- » Promoting the train service to domestic tourism and offering free transfers from the Kalutara station to the hotel during weekends.
- » We scheduled a paid campaign for 25% off discount, targeting all weekends.
- » Also we ran aggressive social media campaigns on all our platforms daily (Instagram/Facebook/LinkedIn)
- » Special budgets were allocated for all E-commerce campaigns
- » Launching special credit card promotions.
- » Flash deal 20% continued from 2022 -2023
- » Social media reach -target market Tiktok video /live cookery demo Food /Yoga activities.
- » Live Facebook promotion -like and share activities Instagram/Weekend high tea promo with action
- » Early check in /Late check out -on availability

We started the creation of our new web by Antyra Solutions and also launched the exclusive Booking Engine & Payment gateway for the hotel, powered by STAAH software.

- » Special strategies for OTAs and hotel booking engine was introduced (Removing Non refundable policy)
- » Visiting / calling travel agents since travel advisories have been relaxed to increase foreign bookings.
- » OTA Cancellation policy, rates and the Promotion, and Booking .com Genius Program.
- » STAAH rates and promotion
- » Industry support scheme together with the SLTPB to drive more foreign bookings.
- » German market – Last minute SPO and Promo done

Recognition of our services and quality:

- » ISO22000, certificate for all the ways of solving food safety issues in day-to-day operations the hotel was awarded the ISO 22000.
- » Travelife Gold 2022-2024 For best sustainable tourism
- » South Asian Travel Awards 2022: Leading Eco-friendly City Hotel : Royal Palms Beach Hotel was able to win Gold Award for South Asia's Leading Eco-friendly City Hotel for the 2nd time

By the start of winter November 2022 our German Tour Operator were showing promise with the travel advisories easing specially to such as TUI Germany Schauenland-reisen / FTI / Dertouristik Brands to name a few.

The hotel participated at the World Travel Mart in London and Royal Palms Beach Hotel also won the Best Hotel award from Schauenland-reisen for 2022 which was handed over to Chairperson by Ms Corinna Zenk, Product & Contracting Manager, Spain Mainland/ Bulgaria/ Sri Lanka/ U.A.E. at the ITB Trade Fair in Berlin Germany 2023.

### Financial Review

The Company turnover increased during the year under review by 99.1%, recording Rs. 670.8 Million compared to Rs. 336.8 Million of the previous year. This increase is mainly due to increase in occupancy level from 30% to 34%, which is an increase by 13.34%. The Net loss after tax of the Company for the year under review was Rs. 107.5 Million as against Rs. 22.2 Million loss in the previous year. This is due to the increase in overheads and deferred tax charge Rs.108 Million due to increased income tax rate

from 14% to 30%. The Company's Earnings per Share (EPS) in the period under review was Rs. 2.15 negative as against Rs. 0.45 negative in 2021/2022.

### Conclusion

I would like to thank our Shareholders, Senior Management and Employees for their trust and support during these challenging times. The travel and leisure industry will continue to grow significantly worldwide in the coming years and we at Royal Palms Beach is well positioned and more resilient to fully benefit from this future industry growth. We are also convinced that the 'Sri Lankan Lifestyle' offers so much to attract holiday travelers, long stay visitors. This makes me very confident in the future of Royal Palms for our shareholders, employees and community. So, with kindness, love and thoughtfulness, let's radiate the Magic of Sri Lanka.



A.M. Ondaatjie  
Chairperson

21st August 2023

## Board of Directors



**Ms. A M Ondaatjie**  
*Chairperson*

Ms. Angeline Ondaatjie was appointed to the Board in 1994 and appointed as Chairperson and Managing Director on 13th May 2019. She resigned from the post of Managing Director with effect from 30th June 2022. She has over 20 years' experience in the tourism, financial services and manufacturing sectors. She holds a Masters Degree from the University of Texas in Austin, USA and a BSc Degree from the Massachusetts Institute of Technology (MIT) USA. She is presently the Chairperson Tangerine Tours (Pvt) Ltd and Tangerine Beach Hotels PLC. She holds directorship in several other companies including Mercantile Investments and Finance PLC, The Nuwara Eliya Hotels Co. PLC (Grand Hotel), Nilaveli Beach Hotels (Pvt) Ltd., Fair View Hotel (Pvt) Ltd and Lighthouse Hotel PLC. She is a former Director of Sri Lanka Tourism Promotion Bureau and presently the Vice President Tourist Hotels Association, Country Advisor Princeton in Asia and serves on the Education Council of MIT.



**Mr. G G Ondaatjie**  
*Non-Executive Director*

Mr. Gerard Ondaatjie was appointed to the Board in 1994. He has over 20 years' experience in the tourism, financial services and trading sectors. He holds a BSc Degree in Accountancy from the Arizona State University, USA. He is presently the Managing Director of Mercantile Investments and Finance PLC, Chairman of several companies including Fair View Hotel (Pvt) Ltd and Mercantile Fortunes (Pvt) Ltd He is also the Deputy Chairman of The Nuwara Eliya Hotels Co. PLC (Grand Hotel) and a Director of Tangerine Beach Hotels PLC and Nilvaeli Beach Hotels (Pvt) Ltd. He is a former Member of the Commission on the Simplification of Existing Laws and Regulations in the Interest of the people and former Member of the Colombo Port City Economic Commission.



**Mr. T J Ondaatjie**  
*Non-Executive Director*

Mr. Travice Ondaatjie was appointed to the Board in 1998. He has over 20 years' experience in the tourism and the financial services sectors. He holds a BSc Degree from the Arizona State University USA. He is presently the Chairman of Nilaveli Beach Hotels (Pvt) Ltd and a Director of several other companies which include Mercantile Investments and Finance PLC, Tangerine Beach Hotels PLC, The Nuwara Eliya Hotels Co. PLC (Grand Hotel) and Fair View Hotel (Pvt) Ltd.



**Mr. N H V Perera**  
*Non Executive Independent Director*

Mr. Hasantha Perera was appointed to the Board on 25th November 1999. He is and has been attached to Lucian Perera Associates, a legal firm, for over a period of ten years. He is a Director of several companies including Tangerine Beach Hotels PLC, Blue Oceanic Beach Hotels Limited, Yala Safari Beach Hotels Limited, Koggala Beach Hotel (Private) Limited, Tisara Hotels ( Private ) Limited, Sugar & Spice (Private) Limited and The Coastal Village (Private) Limited.

Mr. Hasantha Perera is a Non-Executive Director of Tangerine Beach Hotels PLC which is a group company and has been a Director of the company for a period of over nine years. The Board taking account of all the circumstances is of the opinion that he should be considered as a Non-Executive Independent Director.



**Mr. M Keerthiratne**  
*Non Executive Independent Director*

Mr. Mihindu Keerthiratne was appointed to the Board in 1994. He is a Chartered Architect by profession and the Chairman & Managing Director of Mihindu Keerthiratne Associates (Chartered Architects, Engineers & Urban Planners). He is a holder of a Bachelor's Degree in Architecture from the University of Hongkong and is an Honorary Fellow of the Sri Lanka Institute of Architects and has also served twice as the President of the Sri Lanka Institute of Architects. He is an Associate of the Indian Institute of Interior Designers, Associate of the Royal Institute of British Architects (RIBA) and a Member of the American Institute of Architects (AIA). He is the founder Chairman of South Asian Association for Regional Co-operation of Architects (SAARCH). Mr. Keerthiratne was awarded the prestigious gold medal, of the Sri Lanka Institute of Architects, by His Excellency the President in February 2014 for his achievements. Mr. Keerthiratne is the founder of MIKE group of Companies and is the Chairman and Managing Director of several affiliated companies.

Mr. Keerthiratne has been a Director of the Company for a period of over nine years and the Board taking account of all the circumstances is of the opinion that he should be considered as a Non-Executive Independent Director.



**Mr. M U Maniku**  
*Non Executive Independent Director*

Mr Maniku was appointed to the Board in 1994. He holds a Masters Degree in Agriculture from the University of Bangladesh. He is the Chairman of Universal Enterprises (Pvt) Ltd a company that owns and operates eight tourist resorts in the Maldives and La-breeze Seychelles. Mr. Maniku is the Chairman of the Maldives Association of Tourism Industry of the Republic of Maldives. He has over 35 years experience in the Hospitality Industry and is being considered as the pioneer in the development of tourism in the Maldives.

Mr. Maniku has been a Director of the company for a period of over nine years and the Board taking account of all the circumstances is of the opinion that he should be considered as a Non Executive Independent Director.



**Mr. M J Fernando**  
*Non-Executive Independent Director*

Appointed to the Board in 1997, Mr. Merrill J Fernando is the Chairman of MJF Holdings (Private) Limited and one of Sri Lanka's first tea tasters in the then British-dominated trade. He is the founder of "DILMAH TEA" brand name which re-launched, redefined and re-established the quality of Ceylon tea. DILMAH is a well-known global brand, renowned for its quality and the philosophy of caring and sharing behind the brand. Having established the brand on the unique philosophy of making business a matter of human service, Mr. Merrill J Fernando's 'MJF Charitable Foundation' and Dilmah Conservation fulfil this pledge by diverting a minimum of 15% of pre-tax profits from the sale of Dilmah Tea towards direct humanitarian and environmental interventions.

He was honoured for his service towards humanity with the Oslo Business for Peace Award in 2015 by The Committee of Nobel Peace laureates, he received the First Award for Responsible Capitalism in 2016 and in 2019 with an Honorary Doctorate by New Zealand's Massey University. In 2019 he was honoured by the government of Sri Lanka with the National Honour of Deshamanya.

\* Deceased on 20th July 2023.

## Board of Directors



**Mr. A de Zoysa**  
*Non Executive Independent Director*

Mr. Ajita de Zoysa was appointed to the Board in 1999. He is the Chairman of Associated Electrical Corporation Ltd. Mr. de Zoysa has held a series of leadership roles in the field of manufacturing, Trading, and Financial services. He was the former Chairman of AMW Group of Companies, Sathosa Motors PLC and Union Bank of Colombo PLC. He is a Director of Trelleborg Lanka (Pvt) Ltd., and Trelleborg Tyres Lanka (Pvt) Ltd.

Mr. de Zoysa has been a Director of the company for a period of over nine years and the Board taking account of all the circumstances is of the opinion that he should be considered as a Non-Executive Independent Director.



**Mr. J D Vaz**  
*Non-Executive Director*

Mr. J D Vaz was appointed to the Board on 20th December 2007. He has over 45 years' experience in the Finance & Administration field in the tourism sector. He is the Executive Director at Nilaveli Beach Hotels (Pvt) Ltd and former Finance & Administration Manager at Tangerine Beach Hotel and Royal Palms Beach Hotel.



**Mr. P S R Casie Chitty**  
*Non Executive Independent Director*

Mr. Rajiv Casie Chitty was appointed to the Board of Royal Palms Beach Hotels PLC on 05th February 2013. He is presently the Chief Operating Officer of the Commercial Credit and Finance PLC. He is also a Non-Executive Independent Director at ACL Cables PLC, Tangerine Beach Hotels PLC and in some companies of the Ceylon Printers Group. Mr. Casie Chitty is a former Past President of the Association of Chartered Certified Accountants (ACCA) Sri Lanka Branch.

Mr. Cassie Chitty who holds a Master in Economics, University of Colombo and a Master in Computer Science from the University of Staffordshire, UK, is also a Fellow of the Association of Chartered Certified Accountants (ACCA) UK, an Associate Member of the Chartered Institute of Management Accountants (CIMA) UK, and is a Chartered Financial Analyst, USA.

Mr. Casie Chitty is a Non-Executive Director of Tangerine Beach Hotels PLC which is a group company and has been a Director of the company for a period of over nine years. The Board taking account of all the circumstances is of the opinion that he should be considered as a Non-Executive Independent Director.



# Management Discussion & Analysis

## SRI LANKA TOURISM

Tourist arrivals in Sri Lanka recorded a steady recovery in 2022 despite significant headwinds due to unprecedented disruptions amidst heightened social tensions, fuel shortages and power outages, and travel advisories, among others. This recovery was supported mainly by high global vaccination rates, increased air connectivity, along with the lifting of travel restrictions issued by major source countries. The notable exchange rate depreciation and tourism promotion campaigns also helped position Sri Lanka as an attractive destination for travel. Tourist arrivals, which started to gather momentum from late 2021, peaked in March 2022, before being hampered by heightened social tensions, shortage of fuel for domestic travel, and resultant negative publicity and travel advisories issued by major source markets. In addition to domestic factors, the Russia-Ukraine war that caused spillovers to European countries and the outward travel ban in China also negatively impacted the recovery in tourist arrivals.

## Achievements Operational Performance

This year starts with many challenges with the unprecedented disruptions amidst heightened social tensions, fuel shortages and power outages, In addition to domestic factors, the Russia-Ukraine war that caused market instabilities and travel restrictions issued by major source countries and its became a negative impact for the tourism industry not only among the local tourism but also the international arrivals. In spite of many challenges with this crisis period we manage to survive during this turbulent time to recover the business with higher confident.

In spite of turbulent times we managed to keep our business with low negative impact as well as service excellence.

## PERFORMANCE

### Human Capital:

We have maintained a minimum staff cadre for operations. Having monitored our operations closely and also increased the productivity level of all categories including the introduction of multi-skill in certain areas and also maintains a proper balance of age groups which helped us to increase the productivity levels in all categories and to maintain 60% skilled and 40% unskilled / semi-skilled. 60/40 balance will always benefit the organization ensuring fast growth of unskilled staff to semi-skilled, semi-skilled staff to skilled level in a very short period. Hence we paid the highest service charge ever in the history.

### Staff Accommodation

Our initial staff accommodation project was to come up at a newly acquired land next to the hotel was stalled due to pandemic since the investment was more than 75Mn. Subsequently, we renovated the old accommodation of Tangerine Beach Hotel with an investment of 12Mn and moved all our staff with comprehensive facilities for the next 4 to 5 years. Staff accommodation has its own staff welfare shop, Common room, TV room, car park and separate sections for each department.

### Staff Trainings

Improved employee performance and employees who receive the necessary training (First Aid Training, Food Allergy Training, Chemical Training, Staff Motivational and Skill Training, Department Training, Energy Training, Outbound Training, ISO Awareness Programs, Guest lecture Programs, Waste

Management Programs, Service Standards, Grievances & Disciplinary procedures awareness programs) is more able to perform in their job with more effectively. Training programs allow you to strengthen those skills that each employee needs to improve.

## SUSTAINABILITY:

### Nature and Wildlife

Although the Royal Palms Beach Hotel is located in the coastal region, it maintains a relatively high vegetation cover. Quantitatively more than 45% of the total land area is covered by variety of plants species. To enhance the guest and staff awareness of biodiversity; up to now the hotel identified and labeled more than 80 floral species covering both natural and ornamental plants within the hotel boundary.

Out of all plants, Pandanus sp. (Seashore Pandan), Dillenia suffruticosa (Simpoh Ayer), Barringtonia asiatica (Box Fruit), Roystonea regia (Royal Palm) and Cocos nucifera (coconut), Terminalia catappa (country-almond) and Azadirachta indica (Kohomba) are prominent.

Also, the hotel environment provides the habitats and feeding grounds for various avifauna species and several butterflies, mammals and reptiles. (36 recorded bird species of it 3 endemic bird species were recorded. viz; Psittacula calthrapae (Layard's parakeet), Megalaima rubricapillus (Crimson-fronted barbet), and Megalaima flavifrons (Yellow-fronted barbet).

Furthermore, the hotel beach area provides a nesting beach ground for two turtle species (Green turtles and Olive Ridley Sea turtles) out of five recorded species in Sri Lanka.

## Management Discussion & Analysis

Not only inside the hotel premises but also outside the hotel, we do several actions to protect nature and wildlife. We promote the opportunity to experience the natural destinations and culture to the guests.

### **Turtle eggs protection and Rescuing & rehabilitating of injured turtles programmes:**

We successfully protected turtle eggs and released baby olive ridley turtles into the ocean after a 55-day incubation period, involving our in-house guests in this meaningful conservation effort. Occasionally, injured turtles are reported on the beach adjacent to our hotel. In collaboration with the Wildlife Department, we actively participate in rescuing and rehabilitating these turtles.

### **Tree Planting and Tree transplanting Programmes:**

Several tree plantation and transplantation programs are conducting with involving guests and hotel staff to reduce the C foot print.

### **Introduction of snake plants to guest rooms:**

We were able to introduce a special resilient succulent plant to guest rooms which is known as Sansevieria Trifasciata 'Hahnii' (Bird's Nest Snake Plant). What's unique about this particular plant is that it's one of the few plants that can convert carbon dioxide (CO<sub>2</sub>) into oxygen at night. since it can help regulate healthy airflow. In addition to that, snake plants help to filter indoor air, contribution to eliminating toxic air pollutants, absorb cancer-causing pollutants, remove harmful toxins and by releasing oxygen and adding moisture to the air, and act as an effective defense against airborne allergies.

### **Beach cleanup programs and other cleaning programmes:**

Every day hotel adjacent beach is been cleaned by the garden staff of the Royal Palms Beach Hotel. Other than that, several beach cleaning sessions were organized, involving with all departmental staff members. We believe to protecting our nature is the responsibility of all of us. As a nature-loving hotel, Royal Palms Beach Hotel has cleaned the entire Thudugala waterfall area as an Environmental CSR project, which is a popular bathing place for locals and an attraction waterfall for foreigners within Kalutara District.

### **Promise Project: "Prevention of Marine litter in the Lakshadweep Sea (PROMISE)"**

The European Union has initiated a project on "Prevention of Marine litter in the Lakshadweep Sea (PROMISE)". This project is funded by the European Union under the Switch Asia programme and is being implemented in 3 countries viz. Sri Lanka, India and Maldives by a consortium of 6 partners from Asia and Europe. It was a pleasure, that Royal Palms Beach hotel was selected to collaborate with the PROMISE project. This project seeks to promote solutions to reduce marine littering along the Lakshadweep shorelines in Maldives, Sri Lanka and India. As part of achieving this goal, the project focuses on enterprises allied to the tourism sector to support them in Resource Efficiency and thereby waste minimization avoiding further deterioration of marine ecosystems and improving people's living conditions.

### **Cleaner Energy Production:**

Based on the Environmental policy and Energy policy, Royal Palms identified Solar power is the best natural cleaner renewable energy source that can generate the electricity being as a tropical

country. Thus, several massive projects were conducted with using solar power. Such as executive staff accommodation with solar power, use of Solar Hot Water system, has enabled a considerable reduction of diesel consumption. Furthermore, we were able to increase the number of solar lights in the hotel garden premises which help us to reduce C foot print significantly. New Staff accommodations including all the necessary facilities under solar power utilizing project is to be come in recent future.

### **Making compost and maintaining an organic garden:**

Own compost making by hotels in Sri Lanka is carried out still only by very few Hotels only. Thus Royal Palms can be proud, because we treat best to our hotel garden waste and gained the maximum benefits from the waste and by products. Also that compost is utilizing to maintain the entire hotel garden and to maintain an organic garden and the harvest is utilizing by the hotel staff and the executive of the hotel.

### **Single use plastic free Guest experience:**

Royal Palms Beach Hotel takes several actions to treat single-use plastics which are disposable items that are used only once and then discarded. We have already taken steps individually to be plastic-free and are advancing towards a 100% single-use plastic-free objective. Such as, the hotel is using paper straws and paper cups instead of plastic straws and plastic cups, using glass stirrers in restaurants at guest rooms, guest linen is collected to linen laundry bags instead of using non-degradable polythene bags, also, instead of utilizing plastic water bottles we provide two complementary glass water bottles for guest use, use cardboard/ degradable materials for takeaway

packaging (Ex: cardboard takeaway boxes, use compostable takeaway containers with more recyclable materials, paper cups, and straws, etc.), for guest table decorations and room decorations always use degradable natural decorations (natural flowers, rice artworks, etc.).

Moreover, in guest rooms, we utilize recycled papers as guest room amenities. Also, shampoo, conditions, shower jell, etc. are refilled to the ceramic bottles, instead of using single-use plastic bottles. All guest room amenities are made out of eco-friendly materials even razors, tooth brushes and cotton buds are made of wooden. In the hotel gift shop, we do not sell or promote any plastic items. During VIP/ repeater welcome we use natural flowers and seashell garlands; in there we never use non-degradable environmental unfriendly materials. It is a pleasure we were able to eliminate all single-use plastic items in guestrooms, meeting areas, and restaurant areas.

#### **Waste Management:**

We follow the 7R waste management concept to find further alternatives to plastic and reduce environmental impacts is to positively change common mindsets globally by adopting the 7R logic: Recycle, Refuse, Reduce, Re-use, Repair, Re-gift, and recover. The hotel was able to treat the clinical waste in a responsible manner. Licensed having Sisili Hanaro Encare (pvt) Ltd is engaging with this.

Also, we do follow an environmental and sustainable purchasing policy. During the purchasing process, Royal Palms Beach Hotel consider the environmental, social, and economic consequences of design, non-renewable material use, manufacture and production methods, logistics, service delivery,

use, operation, maintenance, reuse, recycling options, disposal; and Suppliers' capabilities to address these issues throughout the supply chain.

An efficient recycling program will ensure that plastics and other waste materials are correctly identified, sorted, and collected to be delivered to the appropriately licensed waste collectors to recycle. Also, the staff also trained and motivated to onsite waste segregation and to refuse plastic and polythene usage.

#### **Linen Reusing Programs**

As part of our responsible practices, we have implemented a linen reuse program with our valued guests. This initiative encourages the reuse of towels and bed linens during their stay, significantly reducing the usage of water, electricity, and chemicals associated with frequent laundering. By encouraging our guests to participate in this program, we collectively contribute to conserving valuable natural resources and lowering our carbon footprint.

#### **Sustainable Knowledge-sharing Programs**

Royal Palms Beach Hotel conducts sustainable knowledge-sharing programs for in-house guests and interested visitors, showcasing our best environmental practices, including energy conservation and waste management. Through these efforts, we aim to raise awareness, inspire eco-conscious behaviors, and foster a culture of environmental responsibility. Our commitment to sustainability is integral to our vision of responsible tourism and making a positive impact on the world.

#### **Corporate Social Responsibility to communities**

We recognize and strive to integrate our business values and operations to meet the expectations of our

communities. We acknowledge our responsibility to work in partnership with the communities in which we operate, aiming to enhance our presence for the betterment of the community. Our goal is to safeguard their respect and offer maximum support in uplifting their living standards, preserving their cultures, and respecting their religious practices. We actively participate in open dialogues to ensure that we fulfill the requirements outlined within this policy.

Communication plays a vital role in our commitment to sustainable development. We are committed to being open and honest in communicating our strategies, targets, performance, and governance to our communities.

Royal Palms Beach Hotel is responsible for implementing this policy and will allocate the necessary resources to fulfill our corporate responsibilities. All employees throughout the company are responsible for upholding and contributing to the goals outlined in this policy.

Our CSR efforts at Royal Palms Beach Hotel are focused on Children and Community. We recognize the importance of nurturing the well-being of children, supporting and uplifting our local community. Through our initiatives and partnerships, we aim to make a positive and meaningful impact in these areas, creating a better future for generations to come.

**CSR For Children:** Uniforms distribution to the Learning Tree Preschool students

**Voluntary support and transportation services:** Royal Palms Beach Hotel demonstrates its commitment to the local community by providing voluntary

## Management Discussion & Analysis

support and transportation services to GCE O/L students during their exams from 23rd May 2022 to 1st June 2022

Distribution of dry rations to 26 identified families: To celebrate the 26th anniversary of the Royal Palms Beach Hotel, we embraced the spirit of sharing and caring by distributing dry rations to 26 identified families during the Christmas season.

### Awards

#### Presidential Environment Gold Award – Hotel sector

The hotel was honored with the prestigious Presidential Environment Gold Award for the second time (2018, 2021-2022), organized by the Central Environment Authority (CEA) was held on 28 April 2023 under the Excellency of President Ranil Wickremasinghe.

#### Travelife Gold Award 2022-2024

Royal Palms Beach Hotel has achieved the prestigious Travelife Gold certification, an internationally recognized award scheme for hotels and other tourism-related businesses that have attained high standards of environmental management. This award acknowledges the hotel's fulfillment of numerous criteria and measures, including environmental purchasing policies, recycling practices, energy and water management, and the implementation of corporate social responsibility towards employees and the local community in which they operate.

#### South Asian Travel Awards SATA 2022 (Leading Eco-Friendly City Hotel – Gold Award)

Royal Palms Beach Hotel proudly received the South Asian Travel Awards' prestigious "Leading Eco-Friendly City Hotel – Gold Award" for its outstanding sustainable practices. This recognition showcases the hotel's commitment to environmental stewardship and responsible tourism, making it a shining example of excellence in sustainable hospitality in the South Asian region.→

ISO 14001: 2015, ISO 45001: 2018, ISO 22000: 2018, HACCP  
ISO certification enabled our company to streamline our productivity positively, resource procurement and grows internationally

### Conclusion

Presently we are looking at methods to control all costs due to the drop in the business trends. However we are also addressing some of the issues such as the up keep of the premises and any areas that could pose a threat of the normal running of the hotel. All measures are been taken to evaluate same and to get the management approvals in order to carry out the major necessary repairs whilst keeping in mind the present financial situation.

# Corporate Governance

## GOVERNANCE STRUCTURE

The “Royal Palms Beach Hotel” commitment towards Corporate Governance has been a key element for consistent organizational performance over the years, sustainability as well as in enhancing corporate image and stakeholder confidence. At Royal Palms Beach Hotel., our system of Corporate Governance provides the basis for effective, accountable, transparent and performance-oriented management, control and direction which is aimed towards sustainable value creation. With the guidance and direction of the highest decision making body, the Board; Company is equipped with a strong structure, processes and diligent practices of corporate governance which is imperative to stimulate organizational performance, inspire stakeholder confidence, and reduce opportunity for fraud thus creating a stable and robust organizational environment. We intend to commit considerable resources for continuous improvement of our Corporate Governance system and practices, recognizing our stewardship responsibilities towards the investors, employees, guests and the public at large; facilitating positive relationships between Company’s management, its Board, its shareholders and other stakeholders by aligning the interests of different stakeholders, while concentrating on risk management in achievement of the organizational objectives.

The Company is compliant with the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka, and the Securities and Exchange Commission of Sri Lanka, as well as the rules on Corporate Governance published by the Colombo Stock Exchange.

This report sets out the Company’s Corporate Governance practices and processes for the financial year 2022/23 and the extent of compliance.

## Governance Framework

The Corporate Governance framework of Royal Palms Beach Hotels PLC consists of a governance structure that promotes corporate fairness, transparency and accountability. The framework sets out the board committees and management committees, while demonstrating the communications among board committees, auditors, and our shareholders facilitated by a regulatory framework and an audit, assurance and certification process in a logical arrangement that is in line with the Code of Best Practice and rules on Corporate Governance.

### Governance Structure

Components embedded within the Company that is aligned to the Code of Best Practice in order to execute governance related initiatives, systems and processes.

### Assurance

Supervisory element of the Corporate Governance Framework, that assures the compliance with laws, regulations and best practices.

### Regulatory Framework

Regulatory structure within which the Company operates towards conforming to established governance related laws, regulations and best practices.

## Committees

Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
<ul style="list-style-type: none"> <li>» reviews and monitors full year and interim results;</li> <li>» monitors internal financial controls;</li> <li>» oversees external audit relationship; and</li> <li>» Oversees risk management.</li> </ul>	<ul style="list-style-type: none"> <li>» sets remuneration policy;</li> <li>» sets executive director remuneration and incentives;</li> <li>» approves annual performance objectives; and</li> <li>» approves granting of long-term incentives</li> </ul>	<ul style="list-style-type: none"> <li>» review Related Party Transactions of the Company;</li> <li>» ensuring the compliance rules and other requirements with regard to the Related Party Transactions;</li> <li>» overseeing existing policies and making recommendations with regard to Related Party Transactions.</li> </ul>

## Corporate Governance

### A. DIRECTORS (11 PRINCIPALS)

#### Principal A.1: The Board

Royal Palms Beach Hotels PLC is headed by an effective board, which is responsible for the Leadership, Stewardship and Governance of the Company. The Board of Directors comprises of,

- » Six Non-Executive Independent Directors (NED/ID)
- » Four Non-Executive Non Independent Director (NED) - includes the Chairperson

#### Directors Attendance

Name of Director	Attendance at board Meetings			
	30-Mar-23	21-Oct-22	Meetings Attended	Percentage Attended
<b>Non-Executive Independent Directors</b>				
Mr. N.H.V Perera	x	✓	1/2	100%
Mr. M. Keerthiratne	✓	x	1/2	50%
Mr.M.U.Maniku (Alternate Mr.W.P.Hettiaratchi)	x	x	0/2	-
Mr.Ajita De Zoyza	✓	✓	2/2	100%
Mr. M J Fernando(Alternate Mr. D C Fernando )	x	x	0/2	-
Mr. P.S.R.Casie Chitty	✓	✓	2/2	100%
<b>Non-Executive Non Independent Directors</b>				
Ms. A M Ondaatjie **	✓	✓	2/2	100%
Mr. T J Ondaatjie **	✓	✓	2/2	100%
Mr. G G Ondaatjie	✓	✓	2/2	100%
Mr. J D Vaz	✓	✓	2/2	100%

\* Mr. M J Fernando Deceased on 20th July 2023.

\*\* Non-Executive Director w.e.f 30.06.2022

### Directors' Independence

The objectivity and independent judgment in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances.

Name of Director/Capacity	Significant Shareholding	Management	Material Business Relationship	Employee of the Company	Financially dependent Family Member is a Director	Nine years of continuous Service
<b>Non Executive Independent Directors</b>						
Mr. N.H.V Perera	No	No	No	No	No	Yes
Mr. M. Keerthiratne	No	No	No	No	No	Yes
Mr.M.U.Maniku (Alternate Mr.W.P.Hettiaratchi)	Yes	No	No	No	No	Yes
Mr.Ajita De Zoyza	No	No	No	No	No	Yes
Mr. M J Fernando (Alternate Mr. D C Fernando)	Yes	No	No	No	No	Yes
Mr. P.S.R.Casie Chitty	No	No	No	No	No	Yes
<b>Non Executive Non Independent Directors</b>						
Mrs. A M Ondaatjie **	No	No	No	No	No	Yes
Mr. G G Ondaatjie	No	No	No	No	No	Yes
Mr. T J Ondaatjie **	No	No	No	No	No	Yes
Mr. J D Vaz	No	No	No	No	No	Yes

\* Mr. M J Fernando Deceased on 20th July 2023.

- » Shareholding carrying not less than 5% of the voting rights of the Company.
- » Persons having authority and responsibility for key management decisions of the entity.
- » Relationships that result in income/non-cash benefits equivalent to 10% of director's annual income.
- » Close family member or any person who is financially dependent on such director.

\*\* No-Executive Director w.e.f 30.06.2022

Composition of the Board as at 31st March 2023 was as follows.

No. of Members	Executive	Non - Executive	Independent	Non - Independent	Gender Representation		Age Distribution				
					Male	Female	Below 50	51-60	61-70	71-80	Above 81
10	0	10	06	04	9	01	01	04	01	02	02

### A.5.3, A.5.4 & A.5.5 Independence of Non-Executive Directors – Compliant

The presence of Non-executive Independent Directors enables independent judgment. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31st March 2023 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on pages 04 to 06 of this report.

### Principal A.7: Appointments to the Board – Compliant

Royal Palms Beach Hotels PLC has a formal and transparent procedure for the appointment of Directors to the Board.

## Corporate Governance

### A.10: Disclosure of information in respect of Directors – Compliant

Information in respect of Directors is specified in the below sections of this Annual Report, in line with requirements of the Code of Best Practice:

Information	Section	Page number
Name & brief Profile	Board of Directors	04 - 06
Expertise in functional areas	Board of Directors	04 - 06
Material Business Relationships	A.5.3, A.5.4 & A.5.5	13
Executive, Non-executive & independence	A.1 & A.5	12 - 13
Other directorships	Board of Directors	04 - 06
Attendance at Board meetings	A.9	12
Sub-committee representation	Audit /Remuneration/Related Party Transactions Committee	28 - 30

### B. DIRECTORS REMUNERATION (03 PRINCIPALS)

#### Principal B.1: Remuneration Procedure – Compliant

##### B.1.1, B.1.2, B.1.3 & B.1.5 Remuneration Committee, its composition and access to professional advice on determining the remuneration of Executive Directors – Compliant

Royal Palms Beach Hotels PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board.

The Remuneration Committee of the Company consists of Two Non-executive Directors namely:

Mr. N H V Perera - (NED / ID) - Chairman  
Mr. P S R Casie Chitty (NED /ID)

The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors.

The Remuneration Committee met once during the financial year.

Attendance at Remuneration Committee Meeting				
Name of Director	Position	09 –Feb -2023	Meetings Attended	Percentage Attended
Mr. N H V Perera	Chairman	✓	1/1	100%
Mr. P S R Casie Chitty	Member	✓	1/1	100%

##### B.1.4 Remuneration of Non-executive Directors – Compliant

The Board as a whole determines the remuneration of the Non-executive Directors, including the members of the Remuneration Committee, based on the Articles of Association of the Company.

#### B.2: The level and make up of remuneration – Compliant

##### B.2.5 Executive Share Options – Not Applicable

This section is not applicable to the Company as, there were no share option schemes in effect during the financial period under review.

##### B.2.6 Remuneration Policy – Compliant

The design of the remuneration scheme, components of Directors' remuneration and the details of the amendments done to the existing remuneration have been set out in the Remuneration Committee Report on page 29.



**B.2.7 & B.2.8 Compensation on early termination – Compliant**

Compensation paid on early termination of Directors will be determined based on the initial contract/Articles of Association of the company, where the initial contract does not provide directions for compensation commitments.

**B.2.9 Levels of remuneration for Non-executive Directors – Compliant**

The Non-executive Directors will be paid a fee for attendance at the Board meetings and the Audit Committee meetings. The fee will be determined by the Board on an annual basis.

**B.3: Disclosure of Remuneration – Compliant**

The aggregate remuneration paid to Directors is disclosed on page 51 under the note 5 as a part of the financial statements of this report.

**C. RELATIONS WITH SHAREHOLDERS (03 PRINCIPALS)****Principal C.1: Constructive use of the AGM and General Meetings – Compliant****Principal C.1.1 – C.1.5 Constructive use of the AGM and General Meetings – Compliant**

The Company uses the AGM to effectively communicate and enhance the relationship with shareholders. The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes.

Separate resolutions shall be proposed for each substantially separate issue, including a resolution for the adoption of the report and the accounts.

The Chairman of the Audit and Remuneration Committee will be present to clarify and provide explanations for the questions raised by the shareholders.

**Principal C.2: Communication with Shareholders****Principal C.2.1 – C.2.7 Communication with Shareholders – Compliant**

Mercantile Investments & Finance Plc. functions as Secretaries of the Company, and the shareholders are provided a channel to communicate with the Board/individual Directors effectively via the Company Secretaries.

All matters in relation to shareholders should be communicated to the Company Secretary and in absence; such matter can be referred to the chairperson.

The Company Secretary shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.

**Principal C.3: Major and Material Transactions – Compliant**

There were no major transactions during the period under review that would materially affect the Company net asset base.

**D. ACCOUNTABILITY AND AUDIT (05 PRINCIPALS)****Principal D.1: Financial Reporting****D.1.1 Balanced presentation of Financial Statements – Compliant**

The Board is responsible for the preparation of Financial Statements that gives a true and fair assessment of the Company's financial, position, performance and prospects, in accordance with the Companies Act No. 07 of 2007, Sri Lanka Financial Reporting Standards (SLFRS)/Sri Lanka Accounting Standards (LKAS) and listing rules of the Colombo Stock Exchange.

## Corporate Governance

The Board is conscious of its responsibility to the Shareholders, the Government and the Society at large, in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board, through the Company's Administrative and Finance Divisions, strives to ensure that the businesses of the Company and its subsidiary comply with the laws and regulations of the country.

### **D.1.2 Annual Report of the Directors – Compliant**

The Annual Report of the Board of Directors sets out the,

- » Compliance with laws and regulations
- » Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007.
- » Equitable treatment to shareholders.
- » Appropriateness of the going concern assumption.
- » Appropriateness of the Company's Internal Control system.

### **D.1.3 Directors' responsibility for preparation and presentation of Financial Statements – Compliant**

The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Financial Statements of the company were audited by Messrs Ernst and Young, Chartered Accountants.

### **D.1.4 "Management Discussion and Analysis" – Compliant**

The Integrated Management Discussion and Analysis is set out on pages 07 to 10.

### **D.1.5 Going Concern of the business – Compliant**

Directors have declared the appropriateness of the using going concern basis with supporting assumptions on pages 25 to 26 of the Annual Report of the Board of Directors section.

### **D.1.6 Serious loss of capital – Not Applicable**

This principal is not applicable as the net assets of the Company remained higher than 50% of the value of the Company's shareholders' funds during the period under review.

### **D.1.7 Disclosure of Related Party Transactions – Compliant**

The Related Party Transactions Review Committee, which is a sub-committee of the Board, is responsible for review and disclosure of Related Party Transactions.

#### **Related Party Transactions Review Committee**

The Related Party Transactions Review Committee consists of two Non-executive Independent Directors and one Non-Executive Director, namely:

- Mr. N H V Perera – Chairman (NID)
- Mr. P S R Casie Chitty (NID)
- Mr. J D Vaz (NED)

The Group Financial Controller assists the committee by providing the relevant information and participating in the analysis and deliberations.

The objective of the Related Party Transactions Review Committee is to be consistent with the Code of Best Practices on Related Party transactions issued by the Securities & Exchange Commission.

A report of the Related Party Transactions Review Committee is given on page 30.

The Related Party Transactions Review Committee met four (4) times during the financial year.

Attendance at Related Party Transactions Review Committee Meeting							
Name of Director	Position	09-Feb-2023	10-Nov-2022	09-Aug -2022	25-May-2022	Meetings Attended	Percentage Attended
Mr. N H V Perera	Chairman	✓	✓	✓	✓	4/4	100%
Mr.J D Vaz	Member	✗	✓	✓	✗	2/4	50%
Mr. P S R Casie Chitty	Member	✓	✓	✓	✓	4/4	100%

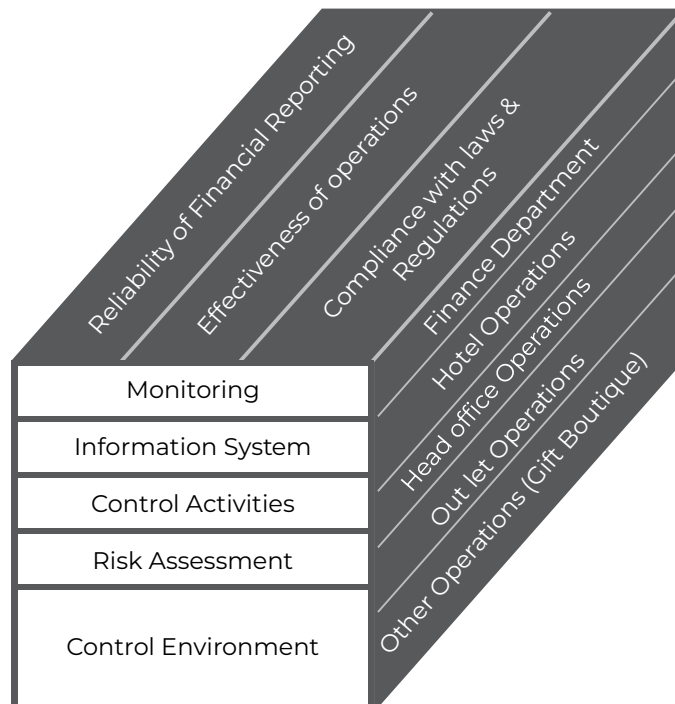
The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007. Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 – (LKAS 24) – Related Party Transactions are disclosed under note No. 26 to the Financial Statements.

**Principal D.2: Internal Controls**

**D.2.1 Effective System of Internal Controls & Risk Review – Compliant**

The Board is responsible for the formulation of appropriate systems of internal controls for the Company and ensuring its effectiveness. The Board acknowledges its responsibilities for the system of internal control to facilitate the identification, assessment and management of risk, the protection of shareholders' investments and the Company's assets. The Directors recognize that they are responsible for providing return to shareholders, which is consistent with the responsible assessment and mitigation of risk. The Board is aware that any internal control systems contains inherent limitations and no system of internal control can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human errors, loss, frauds or other irregularities. Therefore, the Board takes appropriate action to minimize such situations.

There is an on-going process for identifying, evaluating and managing the significant risks faced by the Company which has been in place during the financial year and up to the date of approval of the Annual Report and Accounts. The Board regularly reviews this process. Internal Control process of the Company can be demonstrated in detail as below,



## Corporate Governance

The three main objectives of Internal Controls of the company are,

1. Ensuring the reliability of Financial Reporting
2. Improving the effectiveness and the efficiency of hotel operations.
3. Compliance with the laws and regulations.

In achieving the above objectives Company has organized its Internal Controls system as follows,

### Control Environment

Management, with the oversight of the Board, has created and maintained a “culture of honesty” and promotes ethical behavior, which provides the foundation for the other components of the Internal Control system.

### Risk Assessment

Company regularly assesses the risk associated with the business and a detailed explanation of the risk assessment has been provided under the Risk Management section of this report on pages 23 to 24.

### Control Activities

Control Activities consists of the set of Internal Controls designed and implemented by the Company to manage risk associated with the business, including

- » Segregation of duties
- » Authorizations
- » Performance review
- » IT general controls and application controls
- » Other physical controls

### Information System

Information System consist of the infrastructure, software, people, procedures and data that facilitates financial reporting and other hotel operations such as front office reservation system

### Monitoring & Review

This aspect of the Internal Control system involves in evaluating whether the Internal Controls which have been designed and implemented are operating effectively, taking corrective action whenever there are inefficiencies and ensuring that the Internal Control system is sound and effective to minimize the risks faced by the Company.

### Departments / Business Units

Internal Controls are designed and implemented over different departments/units of the Company, such as the finance, hotel operations, head office functions, outlet operations, gift boutique operations and other operations in achieving the three main objectives aforementioned.

The Company may be exposed to certain external and internal risks and recognizes the importance of controlling these risks and minimizing the possibility of any negative impact to the Company. The control systems are designed to safeguard the Company's assets and maintain proper accounting records. Further Internal Audit Reports are reviewed and discussed at management level and thereafter forwarded to the Audit committee. Internal Audit Reports are structured in a way that it facilitates the resolution of the concerns highlighted and follow up action is monitored by the Board on an ongoing basis.

### D.2.2 & D.2.3 Internal Audit Function & Audit Committee review of Internal Control System – Compliant

The Audit Committee oversees the Internal Audit Function of the Company by agreeing on an annual work plan, reviewing its performance and ensuring that the internal audit function has sufficient and appropriate resources to perform their duties effectively and efficiently in maintenance of a sound risk management process and internal control system.

**D.2.4 Responsibilities of the Directors in maintaining a sound system of Internal Controls – Compliant**

The “Statement of Directors Responsibility” on page xx provides the declaration made by Directors accepting the responsibility to ensure that the Company is equipped with a sound system of internal controls.

**Principal D.3: Audit Committee****D.3.1, D.3.2 & D.3.3 Composition and the Duties of the Audit Committee – Compliant**

The Audit Committee comprises of Independent Non-executive Director and a Consultant (Chartered Accountant).

The members of the Audit Committee are as follows:

Mr. N H V Perera - Chairman

Mr. P S R Casie Chitty

As prescribed in the listing rules of the Colombo Stock Exchange one member of the Audit Committee is member of a professional accounting body. Mr. P S R Casie Chitty is a fellow member of the Association of Chartered Certified Accountants of (ACCA) UK. The External Auditors, the General Manager and Group Financial Controller attend the Audit Committee meetings by invitation.

The Audit committee focuses principally in assisting the Board to fulfill its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. The committee is responsible for the consideration and recommendation of External Auditors. A report of the Audit Committee is given on pages 28.

The Audit Committee met four (4) times during the year, holding one meeting per quarter according to a predetermined agenda.

Attendance at Audit Committee Meetings							
Name of Member	Position	09-Feb-2023	10-Nov-2022	09-Aug - 2022	25-May-2022	Meetings Attended	Percentage Attended
Mr. N H V Perera	Chairman	✓	✓	✓	✓	4/4	100%
Mr. P S R Casie Chitty	Member	✓	✓	✓	✓	4/4	100%

**D.3.4 Disclosure of the names of the Audit Committee and the Audit Committee Report – Compliant**

The names of Directors in the Audit Committee are disclosed in the D.3.1 section and the manner of compliance with the Code of Best Practice by the Company is set out in the Audit Committee Report on page 28 of the annual report.

**Principal D.4: Code of Business Conduct & Ethics****D.4.1 & D.4.2 Adoption of Code of Business Conduct & Ethics and Chairman’s affirmation –**

Adoption of a Code of Business Conduct and Ethics for Directors and members of senior management team is yet to be complied by the Company.

**Principal D.5: Corporate Governance Disclosure – Compliant**

The Corporate Governance section of the annual report from pages 11 to 22 sets out the manner and extent to which the company has adopted the principals and provisions of the Code of Best Practice on Corporate Governance.

The Company ensures that all shareholder rights are properly observed. Permanent procedures are carried out in line with the rules and regulations of the Colombo Stock Exchange, as well as the related laws.

The Company is committed to create long-term growth and returns to the shareholders and to conduct its business in a transparent manner.

## Corporate Governance

### E. INSTITUTIONAL INVESTORS

#### Principal E.1: Shareholder voting

##### E.1.1 Structured dialogue with shareholders – Compliant

A regular and structured dialogue shall be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman.

#### Principal E.2: Evaluation of governance disclosures by institutional investors – Compliant

Institutional investors are being encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition.

### F. OTHER INVESTORS

#### Principal F.1: Investing/Divesting Decision – Compliant

Individual shareholders are encouraged to carry out adequate analysis and seek professional advice when making their investment / divestment decisions.

#### Principal F.2: Shareholder Voting – Compliant

Individual shareholders are encouraged to participate and exercise their voting rights.

Levels of compliance with the CSE's New Listing Rules- Section 7.10, Rules on Corporate Governance are given in the following table.

Reference to SEC & ICASL Code CSE Listing Rules No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.1 (a)	Non-Executive Directors	Two or at least one third of the total number of Directors should be Non-Executive Directors	Compliant	Corporate Governance
7.10.2 (a)	Independent Directors	Two or one third of Non- Executive Directors, whichever is higher should be Independent	Compliant	Corporate Governance
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/non independence in the prescribed format	Compliant	Available with the Secretaries for review
7.10.3 (a)	Disclosure relating to Directors	» The Board shall annually make a determination as to the independence or otherwise of the Non-Executive Directors » Names of Independent Directors should be disclosed in the Annual Report	Compliant	Corporate Governance Corporate Governance/ Board of Directors' - Profile
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director is independent, if criteria specified for independence is not met.	Compliant	Corporate Governance
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including the areas of Expertise	Compliant	Board of Directors' - Profile
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (a),(b) and (c) to the Exchange	Not Applicable	No new Directors were appointed during the period
7.10.4 (a-h)	Determination of Independence	Requirements of meeting criteria	Compliant	Corporate Governance

Reference to SEC & ICASL Code CSE Listing Rules No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of Non-Executive Directors, a majority of whom will be independent	Compliant	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee	The Remuneration Committee shall recommend the remuneration of the Executive Directors	Compliant	Corporate Governance
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	<ul style="list-style-type: none"> <li>» Names of Directors comprising the Remuneration Committee</li> <li>» Statement of Remuneration Policy</li> <li>» Aggregated Remuneration paid to Directors</li> </ul>	Compliant Compliant Compliant	Corporate Governance Corporate Governance Notes to the Financial Statements
7.10.6	Audit Committee	The Company shall have an Audit Committee	Compliant	Corporate Governance and The Audit Committee Report
7.10.6 (a)	Composition of Audit Committee	<ul style="list-style-type: none"> <li>» Shall comprise of Non- Executive Directors a majority of whom will be independent</li> <li>» A Non-Executive Director shall be appointed as the Chairman of the Committee</li> <li>» CEO (Managing Director) &amp; Chief Financial Officer shall attend Audit Committee Meetings</li> <li>» The Chairman of the Audit Committee or one member should be a member of a professional accounting body</li> </ul>	Compliant Compliant Compliant Compliant	Corporate Governance And The Audit Committee Report Corporate Governance And The Audit Committee Report Corporate Governance And The Audit Committee Report Corporate Governance And The Audit Committee Report

## Corporate Governance

Reference to SEC & ICASL Code CSE Listing Rules No.	Subject	Applicable requirement	Compliance Status	Applicable Section in the Annual Report
7.10.6 (b)	Audit Committee Functions	<p>Functions shall include:</p> <p>Overseeing of the –</p> <ul style="list-style-type: none"> <li>» Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Financial Reporting Standards</li> <li>» Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements</li> <li>» Processes to ensure that the Internal Controls and Risk Management are adequate to meet the requirements of the Sri Lanka Auditing Standards</li> <li>» Assessment of the independence and performance of the External Auditors</li> <li>» Make recommendations to the Board pertaining to appointment, re – appointment and removal of External Auditors, and approve the remuneration and terms of engagement of the External Auditors</li> </ul>	Compliant	Corporate Governance and The Audit Committee Report
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	» Names of Directors comprising the Audit Committee	Compliant	Corporate Governance and The Audit Committee Report
		» The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Compliant	Corporate Governance and The Audit Committee Report
		» The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions	Compliant	Corporate Governance and The Audit Committee Report
D.1.7	Related party Transactions.	Disclosure of Related Party Transactions	Compliant	Notes to the Financial Statements



# Risk Management

Risk management is the process of identifying, quantifying, and managing the risks that an organisation faces. As the outcomes of business activities are uncertain, they are said to have some element of risk.

It is important that they properly understand and manage the risks that they are willing to accept in the context of the overall corporate strategy.

Royal Palms Beach Hotels PLC effectively manage both risk and reward. The hotel believes that in order to ensure reward, risk needs to be managed effectively. The risk framework involves risk identification, risk assessment and risk mitigation.

Risk is the probability of an undesirable outcome occurring due to a chosen activity or action.

The process of identifying potential risks and developing strategies to mitigate those risks is known as Risk Management.

The benefit of identifying, managing and mitigating risks is immense for the diverse hospitality industry in which Royal Palms Beach Hotel operates.

Listed below are some of the risks and risk mitigation strategies used by Royal Palms Beach Hotels PLC:

**Business Risk** results from the adverse impact on the Company's revenue and profitability. If business risk is not effectively managed, the revenues and cash flows will reduce. As a result, Royal Palms Beach Hotel may not be able to achieve its business objectives and grow as it will lose its competitiveness within the industry.

## Control Measures

- » Royal Palms Beach Hotel manages its business risk by strategizing on increasing its market share and constantly seeking to tap emerging markets. The Company boasts of an impressive foreign clientele consisting of Russian, Ukraine, Germany and UK clients apart from its local market.
- » The business also utilizes the aid of various booking engines such as Agoda.com and Booking.com to increase its revenue and market position worldwide.
- » Internal measures are taken by the Company as well to constantly review and streamline its costs and expenditure. This internal exercise helps the Company to revise rates and increase profitability while maintaining its competitive position.

**Economic Risk** emerges from changes in economic variables such as inflation rates and interest rates which may distort the Company's growth as a result. Higher inflation rates may cause costs to increase and lower profitability for the Company. On the other hand, an increase in interest rates may increase finance costs and result in inability to repay debt.

## Control Measures

- » Royal Palms Beach Hotel exercises regular cost reviews and places strict cost controls while maintaining quality concurrently. Maintaining high quality and improving its impressive brand image enables the hotel to maintain its rates in a competent manner enabling any adverse effects of inflation to even out.
- » Though higher interest rates are detrimental to the finance costs payable by the Company, Royal Palms Beach Hotel uses these

increased rates to invest its excess funds. Thus, the Company benefits from matching payments against receipts.

- » The hotel is cautious in investing its funds or entering into loans and takes into account both reliability and the most beneficial rates. The hotel manages to do this effectively using the strength of its associate company Mercantile Investments and Finance PLC.

**Foreign Exchange Risk** disrupts revenue due to exposure to fluctuations in foreign currency. Royal Palms Beach Hotel deals with a wide foreign clientele. Volatility in foreign exchange rates can cause a fall in revenue for the Company when translating its foreign currency payments to rupees.

## Control Measures

- » The hotel seeks to denominate most of its foreign sales contracts in the stable US Dollar & Euro which are considered safe currencies. The recent hike in the US Dollar due to the devaluation of the rupee was immensely beneficial with regard to foreign currency receipts.
- » The Company is also able to monitor Foreign Exchange movements through its head office treasury function. The treasury function enables the Company to review and convert foreign currency at the best rates and thereby maximize gains.

## Risk Management

**Natural Disaster Risk** is the damage any natural hazards could cause to the business. Several examples of natural disasters that could affect the hotel include fire, tsunami and floods.

### Control Measures

- » The Company has taken numerous measures to transfer the risk to third parties in the form of insurance policies. These insurance policies cover the risk of the Company's assets being damaged due to natural hazards.
- » The hotel has invested in physical security and contingency measures in the hotel premises such as emergency exits, fire hoses, fire extinguishers and fire alarms to safeguard the assets of the company.

**Legal & Statutory Risk** is borne through litigation by the Government, customers and business partners as a result of the Company being unable to comply with legal and statutory requirements. This could result in losses arising from non-compliance with statutes and flawed contracts.

### Control Measures

- » The Company obtains assistance from the centralized legal division in all legal proceedings. The division provides guidance, direction and advice to the hotel upon entering business contracts and signing agreements. Hence, the hotel is safeguarded from incurring unexpected losses as a result
- » Statutory compliance is given high priority and is regularly monitored and reviewed by the management. The quarterly internal audit program scopes in statutory compliance. A compliance certification is handed over to the Audit Committee for review by the management.

**Operational Risk** results through slack in internal controls, inefficient business processes, fraud, undue care and system breakdowns. The Company would face several implications in the form of disrupted operations, losses and ineffective use of resources.

### Control Measures

- » The hotel has laid down clear systems and procedures with regard to ensuring compliance with its internal controls. The hotel uses a formal process where internal auditors are appointed to help detect the above mentioned operational risks by means of quarterly internal audits.
- » The auditors review the processes for its efficiency and effectiveness. More stringent internal controls are placed if deemed necessary. This process promotes transparency and minimizes the risks associated with the Company operations.
- » Further, there are CCTV cameras attached to key locations in the hotel premises to detect fraud and negligence.

**Health and Safety Risk** is caused by unhealthy and dangerous work practices. This could be of two fold, health and safety of customers and health and safety of the workers in the Company.

### Control Measures

- » The Company does constant maintenance to its chillers, elevators and the other assets it owns to ensure safe use. The hotel also carries out constant refurbishment of its premises to ensure safety for both its customers and workers.
- » The hotel has taken contingency measures and have ensured the availability of emergency exits and safety warnings.

**Competition Risk** results through strong competitive actions from new entrants and existing players in the market. The risk of competition involves the threat of new entrants as well.

### Control Measures

- » Royal Palms Beach Hotels PLC places significant emphasis on maintaining its competitive position in the market. The excellent brand quality, unique interior and superlative service by the staff remain exclusive to the hotel, hence giving Royal Palms Beach a competitive edge over new and existing players in the market.
- » To take further advantage of its attractive brand, Royal Palms enhances its brand standard through regular refurbishment of the hotel property and upgrading of the facilities being offered. This helps the hotel to remain consumer focused and blend in innovative changes to suit the various tastes of its guests and make their visits memorable and repeated.
- » Another measure the Hotel takes to maintain its competitive position is through support from its associate travel arm Tangerine Tours (Pvt) Ltd. Besides this, long term affable relationships with other major tour operators are maintained to ensure successful business relationships. The hotel also maintains constant monitoring of its main competitors in the market as this enables them to respond faster to competitive strategies.

# Annual Report of the Board of Directors

The Directors have pleasure in submitting their report, together with the Audited Accounts for the financial year ended 31st March 2023.

## Review of the year

The Chairman's Report on page 02-03 contains a review of the operations during the financial year.

## Principal Activity

The principal activity of the Company, which is hotelliering, remained unchanged.

## Corporate Governance

The Board of Directors of the Company is responsible for the governance of the company, which include setting out strategic aims, providing leadership and supervising the management. The corporate governance practices of the Company are given on Pages 11 - 22.

## Turnover

The net turnover for the year was Rs. 670,852,891/- (2021/2022 Rs. 336,870,358/-)

## Profit & Loss Account

	31.03.2023	31.03.2022
Net Profit/(Loss) for the year amounts to	5,597,731	(17,776,267)
Less: Provision for Taxation	(112,622,188)	(4,513,818)
Net Profit/(Loss) for the year	(107,024,457)	(22,290,085)
Inappropriate profit brought forward	724,385,805	745,235,511
Actuarial Gain/(Loss)	2,927,399	1,674,859
Income tax effect on Actuarial Gain/(Loss)	(878,220)	(234,480)
Transfer to retained earnings from Revaluation reserve	-	-
Profit Available for Appropriation	619,410,527	724,385,805

## Dividends

The Directors do not recommend a dividend for this financial year.

## Capital Expenditure

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 19,277,490/- (2022 Rs. 9,714,595/-) details of which are given in note 09 to the financial statements

## Property Plant & Equipment

The details of property, plant & equipment of the Company are shown in note 09 to the financial statements.

## Reserves

The movements during the year of Capital and Revenue Reserves are shown in the statement of changes in equity on page 39.

## Donations

During the year donations amounting to Rs. 56,250/- (2022- Rs.9,241/-) were made to various charities by the Company.

## Post Balance Sheet Events

No Circumstances have arisen since the Balance Sheet date, which would require adjustment to or disclosure in the Accounts.

## Directors

The names of the Directors are shown on Pages 04 - 06.

In terms of Section 88(i) of the Articles of Association, Mr. J D Vaz retires by rotation and being eligible offers himself for re-election.

Special notice has been given of the intention to propose ordinary resolutions as set out in the notice of meeting to re-elect Mr. M J Fernando, Mr. M Keerthiratne, Mr. A de Zoysa and Mr. M U Maniku as Directors of the company in terms of Section 211 of the Companies Act No. 07 of 2007.

## Board Committees

The following members of the Board serve on the Audit Committee.

Mr. N H V Perera  
Mr. P S R Casie Chitty

The report of the audit committee is given on page 28 of this report

The following members of the Board serve on the Remuneration Committee.

Mr. N H V Perera  
Mr. P S R Casie Chitty

The following members of the Board serve on the Related Party Transactions Review Committee

Mr. N H V Perera  
Mr. P S R Casie Chitty  
Mr. J D Vaz

The Board affirms that the Company has complied with the requirements of the listing rules of the Colombo Stock Exchange on Related Party Transactions.

# Annual Report of the Board of Directors

## Directors' Interests Register

The Company maintains an Interest Register in compliance with the Companies Act No.07 of 2007.

## Directors Interest in Contracts

The Directors of the Company have made the general disclosures provided for in Section 192(2) of the Companies Act No.07 of 2007. The related party disclosures and the Directors of each of those related parties are given on page 27.

## Directors Remuneration

The aggregate emoluments paid to the Directors during year, amounted to Rs. 150,000/-

## Directors Shareholdings

As at 31st March	2023	2022
Ms. A M Ondaatjie	1,126,733	1,126,733
Mr. G G Ondaatjie	1,081,734	1,081,734
Mr. T J Ondaatjie	1,414,233	1,414,233
Mr. M Keerthiratne	220,000	220,000
Mr. M U Maniku	2,552,823	2,552,823
Mr. M J Fernando **	3,649,403	3,649,403
Mr. A de Zoysa	625	625
Mr. N H V Perera	265,795	265,795
Mr. J D Vaz	33	33
Mr. P S R Casie Chitty	-	-

\* Mr. M J Fernando Deceased on 20th July 2023.

Mr. Ravi Kurukulasooriya serves as General Manager and does not hold any shares in the Company.

## Public Holding

The number of Ordinary Shares held by the public as at 31st March 2023 was 6,990,461 shares (2022- 6,990,461), which amounted to 13.98% (2022-13.98%) of the issued ordinary shares of the Company.

The number of public shareholders as at 31st March 2023 - 1,626

Float adjusted Market Capitalisation as at 31st March 2023 - Rs. 183,837,000.00

The Company is compliant with the minimum public holding requirement under option 2 of 7.14.1 (i)(b)

Number of shares representing the Stated Capital is 50,000,000

## Auditors

Messrs. Ernst & Young Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No.7 of 2007 as the Auditors of the Company. A resolution proposing the Directors be authorized to determine the remuneration of the Auditors will be submitted to the Annual General Meeting.

The Auditors Messrs. Ernst & Young were paid Rs. 516,595/- as audit fees. Fees for non-audit services of Rs. 261,519/- also incurred by the Company.

As far as the Directors are aware, the Auditor does not have any relationship (other than that of an auditor) with the company other than those disclosed above. The Auditors also do not have any interests in the Company.

For and behalf of the Board



A.M.Ondaatjie  
Chairperson



T.J.Ondaatjie  
Director

Mercantile Investments and Finance  
PLC

Secretaries

21st August 2023

# Statement of the Directors' Responsibilities in Relation to the Financial Statements

The responsibilities of the Directors, in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on pages 32 - 35

As per the provisions of the Companies Act No 7 of 2007 the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the results of its operations for the financial year.

The Directors consider that, in preparing these Financial Statements set out through pages 32 to 76 appropriate Accounting Policies have been selected and applied in a consistent manner, supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and to ensure that the Financial Statements presented comply with the Companies Act No. 7 of 2007.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems to prevent and detect fraud and other irregularities.

The Directors are confident that they have discharged their responsibilities as set out in the statement. The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company as at the Reporting date have been paid or where relevant, provided for.

By Order of the Board

Mercantile Investments & Finance PLC  
*Secretaries*

Colombo  
21st August 2023

# Audit Committee Report

## Functions

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its overall responsibilities. The Audit Committee functions include the review of Financial Statements, internal control procedures, compliance with accounting standards and statutory compliance. The Audit Committee assists the Board of Directors in discharging their duties. Where necessary the Audit Committee makes suggestions and recommendations to the Board in areas within its purview.

## Members of the Audit Committee

The Audit Committee consists of two Non-Executive Independent Directors namely Mr. Hasantha Perera and Mr.P.S.R Casie Chitty

## Meetings

The Audit Committee held four meetings during the year under review. The Statutory Auditors, the Group Financial Controller, Financial Controller, Chief Accountant and the General Manager also attend these meetings on invitation.

Attendance at Audit Committee Meetings							
Name of Member	Position	09-Feb-2023	10-Nov-2022	09-Aug - 2022	25-May-2022	Meetings Attended	Percentage Attended
Mr. N H V Perera	Chairman	✓	✓	✓	✓	4/4	100%
Mr. P S R Casie Chitty	Member	✓	✓	✓	✓	4/4	100%

## Internal Audit Function

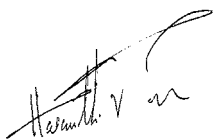
The Committee reviews the internal audit reports to ensure that the Company's systems and procedures are effective and that the internal controls provide reasonable assurance to the Directors that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation. The Internal Audit function has been outsourced to SJMS Associates Chartered Accountants - Deloitte. Generally, the audits are carried out on a quarterly basis. Based on the audit findings and recommendations of the Internal Auditors, the Audit Committee after discussing with the management, recommends the implementation of those recommendations that are considered to be practical and necessary.

## Financial Statements

The Audit Committee assists the Board in assuring the integrity of the Financial Statements and disclosures. The Committee discusses matters relating to the Financial Statements with the External Auditors before recommending to the Board the adoption of the Financial Statements.

## External Auditors

The Audit Committee has determined that Messrs Ernst & Young, Auditors are independent on the basis that they do not carry out any management related functions of the Company. The Audit Committee has recommended the Board of Directors the re-appointment of Messrs Ernst & Young (Chartered Accountants) for the financial year ending 31st March 2023, subject to the approval of the shareholders at the Annual General Meeting.



N H V Perera  
Chairman - Audit Committee

21st August 2023

# Remuneration Committee Report

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two Non-executives independent Directors N.H.V. Perera, and P.S.R. Casie Chitty. The Committee is chaired by Mr N.H.V Perera.

## Roles and Responsibility

Reviewing and making recommendations to the Board on remuneration packages and policies applicable to the Directors and Key Management Personnel.

## Purpose of the Committee

The Remuneration Committee is a sub-committee of the Board, which is responsible for reviewing, making recommendations to the Board and approving the remuneration packages and policies applicable to the Directors and Key Management Personnel.

## Duties of Committee

Attracting, retaining and motivating Directors of appropriate caliber and experience are essential to the Company's future success and therefore it is the primary objective of the Committee. The other objectives of the remuneration policy are to:

- » Ensure the integrity of the Company's remuneration strategy is maintained and that the shareholder and employee interests are aligned;
- » Pay a base salary, benefits and other perks which compares with other companies of comparable size and complexity in accordance with the remuneration policy;
- » Use short-term and long-term increments to encourage Executive Directors to out-perform targets, thereby linking their rewards to the interests of

shareholders and other stakeholders and giving them the opportunity to increase their earnings;

- » Overseeing the compliance with statutory responsibilities relating to remuneration;
- » Reviewing Executive and Non-Executive Director termination payments;

## Remuneration Policy

Remuneration policies and practices are designed to support strategy and promote long-term sustainable success of the Company;

- » Executive remuneration is aligned to the Company's purpose and values, and is clearly linked to the successful delivery of the Company's long-term strategy;
- » Determine the remuneration of senior management.
- » Executive EPF & ETF contributions are in line with those available to the rest of the workforce; and provide enhanced reporting in the Company's annual report and accounts.

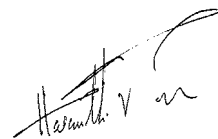
## Meetings

The Committee met once during the financial year. The Group Financial Controller assists the committee by providing relevant information required by the committee.

Attendance at Remuneration Committee Meetings			
Name of Director	Position	09/02/2023	Meeting Attendance
N H V Perera	Chairman	✓	1/1
P.S.R.Casie Chitty	Member	✓	1/1

## Conclusion

During the year, the Committee conducted a review of all elements of the remuneration packages of Directors and performance-related elements. This report describes how the Board has applied the principles relating to Directors' remuneration in the Combined Code on Corporate Governance, and the corresponding requirements as per Companies Act 2007 through the remuneration committee



N.H.V. Perera  
Chairman - Remuneration Committee

21st August 2023

# Related Party Transaction Committee Report

## Introduction

The Board established the Related Party Transactions Review Committee in terms of the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (the "Code") and section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules")

## Composition of the Committee.

Name	Membership Status	Directorship Status/ Position held in the company
Mr. N H V Perera	Chairman	Non- Executive Independent Director
Mr. P S R Casie Chitty	Member	Non- Executive Independent Director
Mr. J D Vaz	Member	Non-Executive Director

The mandate of the Committee includes:

### 1) The Purpose:

The Committee is an entity under the Board of Directors, and was established to enhance corporate transparency and promote fair transactions. The committee is responsible for reviewing related party transactions.

### (2) Composition:

The Related Party Transactions Committee shall comprise of two Non-executive Independent Directors and one Non-Executive Director. Currently, the committee consists of three Directors. The head of the committee is Mr. N.H.V.Perera – Independent Director.

### (3) Operation:

The Related Party Transactions Committee held four meetings during the last financial year ending 31st March 2023. The Committee reviewed the Related Party Transactions quarterly

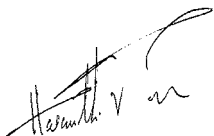
Attendance at Related Party Transaction Review Committee Meetings						
Name of Director	Position	09th Feb 2023	10th Nov 2022	09th Aug 2022	25th May 2022	Meeting Attendance
N H V Perera	Chairman	✓	✓	✓	✓	4/4
P.S.R. Casie Chitty	Member	✓	✓	✓	✓	4/4
J D Vaz	Member	✗	✓	✓	✗	2/4

### (4) Responsibilities:

- » To seek and receive reports on Related Party Transactions between the Company and its Affiliates.
- » To review related Party Transactions.
- » To recommend corrective measures.

## Policies and procedures

The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007. Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 – (LKAS 24) – Related Party Transactions are disclosed under Note No. 26 to the Financial Statements.



N H V Perera

Chairman - Related Party Transactions Review Committee

21st August 2023



# Financial Reports

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# Independent Auditors' Report



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Chartered Accountants  
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CAY/KE/DM

## INDEPENDENT AUDITORS' REPORT

To the Shareholders of Royal Palms Beach Hotels PLC

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Royal Palms Beach Hotels PLC ("the Company"), which comprise the Statement of Financial Position as at 31 March 2023, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. K R M Fernando FCA ACMA, Ms. P V K N Sajeewani FCA, A A J R Perera ACA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (5p)

A member firm of Ernst & Young Global Limited

Key Audit Matter 01	How our audit addressed the key audit matter
<p><b>Recognition of revenue</b></p> <p>The Company derives its revenue of Rs. 671 million by providing food, beverage, lodging and other hospitality industry related services as disclosed in Note 2.3.2 and 3 to the financial statements</p> <p>Revenue was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>» The materiality of reported revenues coupled with the significant increase (99%) in revenue recorded by the Company during the year</li> </ul>	<p>Our audit procedures included the followings;</p> <ul style="list-style-type: none"> <li>» Performed appropriate analytical procedures to understand and assess the reasonableness of reported revenues;</li> <li>» Tested the appropriateness of revenue recognized during the year, by testing revenue transactions to sales invoices and other supporting documents</li> <li>» We also assessed adequacy of disclosures made in relation to the recognition of revenue in Notes 2.3.2 and 3 to the financial statements.</li> </ul>

Key Audit Matter 02	How our audit addressed the key audit matter
<p><b>Assessment of impairment of Property, Plant and Equipment</b></p> <p>As of 31 March 2023, Property Plant and Equipment amount to Rs. 2,452 million and represent 76% of the Company's total assets.</p> <p>Assessment of impairment of the Property, Plant and Equipment was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>» Materiality of the amounts reported.</li> <li>» The degree of assumptions, judgements and estimation uncertainties associated with deriving the estimated future cashflows used in Value In Use (VIU) calculations such as discount rate, anticipated occupancy rate and average room rate as disclosed in Note 2.3.13 to the financial statements.</li> </ul>	<p>Our audit procedures included the followings;</p> <ul style="list-style-type: none"> <li>» Obtained an understanding of how management has developed its estimation of future cashflows.</li> <li>» Checked the arithmetical accuracy of the discounted future cash flows. We also tested the completeness and accuracy of underlying accounting records used by Management to relevant data.</li> <li>» Based on the best available information up to the date of our report, we assessed the reasonableness of the significant judgements, estimates and assumptions used by Management such as discount rate, anticipated occupancy rate and average room rate.</li> <li>» We also assessed the adequacy of the disclosures in Note 2.3.13 made in the financial statements.</li> </ul>

### Other information included in the 2023 Annual Report of the company

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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.

## Independent Auditors' Report

### **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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

### **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:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company to cease to continue as a going concern.
5. 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.

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

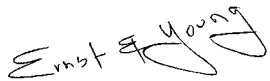
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and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

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

#### **Report on Other Legal and Regulatory Requirements**

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 7752.



21 August 2023  
Colombo

# Statement of Financial Position

As at 31 March 2023

ASSETS	Note	2023 Rs.	2022 Rs.
<b>Non-Current Assets</b>			
Property, Plant & Equipments	9	2,452,381,146	2,500,349,203
Intangible Assets	10	49,834	316,678
Other Financial Assets	15.1	18,352,764	18,127,276
Right - of - Use Assets	13	14,927,082	5,353,051
		2,485,710,826	2,524,146,208
<b>Current Assets</b>			
Inventories	11	37,647,554	21,990,140
Trade and Other Receivables	12	208,244,784	111,335,706
Other Non Financial Assets	14	31,114,251	24,146,866
Income Tax Receivable		4,748,009	3,546,837
Amounts Due from Related Parties- Other Financial Assets	15.3	16,256,293	4,339,326
Short Term Investments - Other Financial Assets	15.2	346,408,931	322,808,942
Cash and Bank Balances	16	116,629,842	154,161,052
		761,049,664	642,328,868
<b>Total Assets</b>		<b>3,246,760,490</b>	<b>3,166,475,076</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserve</b>			
Stated Capital	17	521,583,448	521,583,448
Revaluation Reserve	18	1,201,893,360	1,453,004,904
Fair value Reserve of Financials Assets at FVOCI	18.1	272,390	114,548
Retained Earnings		619,410,527	724,385,805
<b>Total Equity</b>		<b>2,343,159,725</b>	<b>2,699,088,705</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans & Borrowings	22	-	7,993,999
Deferred Tax Liabilities	8.2	679,585,208	322,076,268
Lease Liabilities	24	12,445,391	4,907,337
Post Employment Benefit Liability	21	39,431,150	39,962,145
		731,461,749	374,939,749
<b>Current Liabilities</b>			
Trade and Other Payables	19	113,303,136	56,205,646
Amounts Due to Related Parties	20	6,916,666	3,616,875
Lease Liability	24	2,739,553	788,442
Interest Bearing Loans and Borrowings	22	49,179,661	31,835,660
		172,139,015	92,446,622
<b>Total Equity and Liabilities</b>		<b>3,246,760,490</b>	<b>3,166,475,076</b>

These Financial Statements are in Compliance with the Requirements of the Companies Act No :07 of 2007.



M.I. Shahabdeen  
Group Financial Controller

The Board of Directors is Responsible for these Financial Statements. Approved and Signed for and on Behalf of the Board;



A.M. Ondaatjie  
Chairperson



T.J. Ondaatjie  
Director

The Accounting Policies and Notes on Pages 41 Through 74 form an Integral Part of the Financial Statements.

21 August 2023  
Colombo

## Statement of Profit or Loss

Year ended 31 March 2023

	Note	2023 Rs.	2022 Rs.
Revenue	3	670,852,891	336,870,358
Cost of Sales		(228,704,520)	(108,314,580)
Gross Profit		442,148,372	228,555,778
Other Income & Gains	4	9,297,738	50,997,629
Selling and Distribution Expenses		(21,604,297)	(6,789,522)
Administrative Expenses		(491,723,562)	(315,759,077)
Other Expenses		(1,278,284)	(601,900)
Finance Income	6	71,700,091	27,569,369
Finance Costs	6	(2,942,329)	(1,748,544)
Profit Before Taxation	5	5,597,731	(17,776,267)
Income Tax Expense	8	(112,622,188)	(4,513,818)
Profit For the Year		(107,024,457)	(22,290,085)
Earnings Per Share - Basic	7	(2.14)	(0.45)

The Accounting Policies and Notes on Pages 41 Through 74 form an Integral Part of the Financial Statements.

## Statement of Comprehensive Income

Year ended 31 March 2023

	Note	2023 Rs.	2022 Rs.
Profit/(Loss) For the Year		(107,024,457)	(22,290,085)
Other Comprehensive Income			
Other Comprehensive Income to be Reclassified to Statement of Profit or Loss in Subsequent Periods (Net of Tax):	-	-	
Other Comprehensive Income not to be Reclassified to Statement of Profit or Loss in Subsequent Periods (Net of Tax):			
Actuarial Gains/(Losses) on Post Employment Benefit Liability	21.1	2,927,399	1,674,859
Income Tax Effect on Actuarial Gains / (Losses) on Post employment Benefit Liability	8.2	(878,220)	(234,480)
Revaluation of Land & Buildings	18	-	41,258,187
Income Tax Effect on Revaluation of Land and Buildings	18	(251,111,544)	(55,207,644)
Gain on Fair Value Through Other Comprehensive Income Financial Instruments	18.2	225,488	127,276
Income Tax Effect on Gain on Fair Value Through Other Comprehensive Income Financial Instruments	-	(67,646)	(12,728)
Other Comprehensive Income/(Loss) for the Year		(248,904,523)	357,605,470
Total Comprehensive Income for the Year		355,928,980	335,315,385

The Accounting Policies and Notes on Pages 41 Through 74 form an Integral Part of the Financial Statements.



# Statement of Changes in Equity

Year ended 31 March 2023

	Stated Capital	Revaluation Reserve	Retained Earnings	Fair value Reserve of Financial Assets at FVOCI	Total Equity
	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 2021	521,583,448	1,096,954,361	745,235,511		2,363,773,320
Net Profit/(Loss) for the Year	-	-	(22,290,085)	-	(22,290,085)
Other Comprehensive Income	-	356,050,543	1,440,379	114,548	357,605,470
Total Comprehensive Income	-	356,050,543	(20,849,706)	114,548	335,315,385
As at 31 March 2022	521,583,448	1,453,004,904	724,385,805	114,548	2,699,088,705
Net Profit/ (Loss) for the Year	-	-	(107,024,457)	-	(107,024,457)
Other Comprehensive Income	-	(251,111,544)	2,049,179	157,842	(248,904,523)
Total Comprehensive Income	-	(251,111,544)	(104,975,278)	157,842	(355,928,980)
As at 31 March 2023	521,583,448	1,201,893,360	619,410,527	272,390	2,343,159,725

The Accounting Policies and Notes on Pages 41 Through 74 form an Integral Part of the Financial Statements.

# Statement of Cash Flow

Year ended 31 March 2023

	Note	2023 Rs.	2022 Rs.
<b>Cash Flows From Operating Activities</b>			
Profit / (Loss) Before Taxation		5,597,731	(17,776,267)
<b>Adjustments for :</b>			
Depreciation	9 /13	68,895,984	64,337,265
Amortisation of Intangible Assets	10.2	266,844	278,518
Finance Income	6	(71,700,091)	(27,569,369)
Finance Costs	6	1,218,136	916,426
Interest Expenses on Lease	6	1,724,192	832,118
(Gain) / Loss on Disposal of Property, Plant and Equipments		168,605	56,466
Provision for Retirement Benefit Obligations	21	8,639,893	4,615,672
Operating Profit / (Loss) Before Working Capital Changes		14,811,294	25,690,830
(Increase)/ Decrease in Inventories	11	(15,657,414)	(9,375,774)
(Increase)/ Decrease in Trade and Other Receivables	12	(103,134,690)	(142,330,642)
(Increase)/ Decrease in Other Non Financial Assets	14	(6,967,386)	(12,303,542)
(Increase)/ Decrease in Amounts Due from Related Parties	15.3	(11,916,967)	(2,241,808)
Increase / (Decrease) in Trade and Other Payables	19	57,097,491	11,791,854
Increase / (Decrease) in Amounts Due to Related Parties	20	3,299,791	1,403,912
Cash Generated from Operations		(62,467,880)	(127,365,170)
Income Tax Paid		(8,371,830)	(6,834,688)
Finance Costs Paid		(1,218,136)	(916,426)
Retirement Benefit Costs Paid	21	(6,243,489)	(3,653,695)
Net Cash From/(Used in) Operating Activities		(78,301,335)	(138,769,980)
<b>Cash Flows from /(Used in) Investing Activities</b>			
Acquisition of Property, Plant & Equipments	9	(19,277,490)	(9,714,595)
Acquisition of Intangible Assets	10.1	-	(65,000)
Investments (Made)/Withdrawal in Fixed Deposits		11,813,785	114,515,978
Interest Received		36,286,317	31,049,139
Proceeds on disposal of Property, Plant & Equipments		11,900	45,200
Net Cash Flows Used in Investing Activities		28,834,512	135,830,722
<b>Cash Flows from / (Used in) Financing Activities</b>			
Repayment of Interest Bearing Loans & Borrowings	22.1	(4,002,000)	(5,000,001)
Lease Rent Payments	24.1	(3,640,000)	(1,560,000)
Net Cash Flows from / (Used in) Financing Activities		(7,642,000)	(6,560,001)
Net Increase/(Decrease) in Cash and Cash Equivalents		(57,108,823)	(9,499,259)
Effect of Exchange Rate Changes on Cash and Cash Equivalents		6,225,612	38,370,398
Cash and Cash Equivalents at the Beginning of the Year	16	134,331,392	105,460,253
Cash and Cash Equivalents at the End of the Year	16	83,448,181	134,331,392

The Accounting Policies and Notes on Pages 41 Through 74 form an Integral Part of the Financial Statements.

# Notes to the Financial Statement

## 1. CORPORATE INFORMATION

### 1.1 General

Royal Palms Beach Hotels PLC ("Company") is a PLC limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 236 Galle Road, Colombo 03, and the principal place of business is situated at St. Abrew's Drive Road, Waskaduwa, Kalutara North.

### 1.2 Principal Activities and Nature of Operations

During the year, the principal activity of the Company was hoteliering.

### 1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company does not have an identifiable parent of its own.

### 1.4 Date of Authorization for Issue

The financial statements of Royal Palms Beach Hotels PLC for the year ended 31 March 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 21 August 2023.

## 2. STATEMENT OF COMPLIANCE

The Financial Statements which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Cash Flows statement, together with the accounting policies and notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

## 2.1 Basis of Preparation

### 2.1.1 Basis of Measurement

The Financial Statements have been prepared on a historical cost basis except for Freehold Land and building and Financial Instruments at amortized cost that has been measured at fair value. The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

### 2.1.2 Materiality and Aggregation

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

## 2.2 Significant Accounting Judgments, Estimates and Assumptions

### Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Financial Statements.

### Going Concern

The directors have made an assessment of the company's ability to continue in business for the foreseeable future. Therefore the financial statements are continued to be prepared in a Going Concern Basis.

### Impairment of Trade Debtors:

The Company reviews at each reporting date all receivables to assess whether an allowance should be recorded in the statement of profit or loss. The Management uses judgment in estimating such amounts in the light of the duration of outstanding and any other factors management is aware of, that indicate uncertainty in recovery. Further details are given in Note 12.

### Critical Accounting Estimates and Assumptions

The financial statements are sensitive to assumptions and estimates made in measuring certain carrying amounts represented in the Statement of Financial Position and amounts charged to the Statement of profit or loss. These could result in a significant risk of causing material adjustments to the carrying amounts of assets and liabilities which are disclosed in the relevant Notes to the Financial Statements.

### Fair Value of Property, Plant & Equipment:

The Land and Building of the Company are reflected at fair value. When current market prices of similar assets are available, such evidences are considered in estimating fair values of these assets. In the absence of such information the Company determines within reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of an independent valuer. Further details are given in note 9.4.

### Components of Buildings:

In determining the depreciation expense, the Company with the assistance of an independent professional valuer determined the components of buildings that have varying useful lives. Approximation techniques and appropriate groupings were used in such determination as well as in the assessment of the useful lives of each component.

### De-recognition of Property Plant & Equipments subject to refurbishments:

In order to comply with the LKAS 16 - Property Plant & Equipment, the Company determined the cost of derecognised assets based on the quantity surveyor's valuation.

## Notes to the Financial Statement

### Defined Benefit Plans:

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. Actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates etc. Due to the long term nature of such obligations these estimates are subject to significant uncertainty. Further details are given in Note 24.

### Useful lives of Property, Plant & Equipment:

The company reviews the residual values, useful lives and methods of depreciation of Property, Plant & Equipment at each reporting date. Judgement of the management is exercised estimation of these values, rates, methods and hence they are subject to uncertainty.

### Useful life of Intangible Asset:

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

### Leases – Estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

## 2.3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.3.1 Foreign currencies

The Financial Statements are presented in Sri Lanka Rupees, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Differences arising on settlement or translation of monetary items are recognised in the profit and loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

### 2.3.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

#### a) Room Revenue

Revenue is recognized on the rooms occupied on daily basis.

#### b) Food & Beverage Revenue

Food & Beverage Revenue is accounted at the time of sale.

#### c) Other Hotel Related Revenue

Other Hotel Related Revenue is accounted when such service is rendered.

#### d) Interest

Interest Income is recognised by using the Effective Interest Rate method.

#### e) Others

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment has been accounted for in the Statement of profit or loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

#### f) SLFRS 15 Revenue from

##### Contracts with Customers

SLFRS 15 established a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. SLFRS 15 required the Company to exercise judgement,

taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company carried out an impact analysis of the possible impact from adoption of the SLFRS 15 across all the services offered by the Hotel. The key aspects covered are as follows.

Identified all the goods or services, or contract deliverables, which have been promised within usual course of carrying out services of the Hotel. In determining this, the management looked at implicitly or explicitly promised services including customary business practices or policies of the hotel. Having considered the same, hotel then determined that in all principle services rendered, there was one distinct performance obligation rather than many.

In connection with contracts with travel agents, tour operators, on-line travel agents, corporate customers and free-individual-travelers, the company identified certain principal vs agent considerations. In recognising revenue from these transactions, the company considered whether the nature of its promise is a performance obligation to provide the hotel services itself (acting as a principal) or to arrange for the other party to provide those such services (acting as an agent). In particular, certain on-line travel agent agreements had terms indicative that the Hotel was in fact the principal, while in certain other circumstances, considerations that were suggestive of agency considerations were present. The company does not have any outsourced other hotel related services. Accordingly, this aspect of principal versus agent did not result

in material changes to the reported figures, despite the analysis and effort carried out by the Company.

### 2.3.3 Expenditure Recognition

- a) Expenses are recognised in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to income in arriving at the profit for the year.
- b) For the purpose of presentation of income statement the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performances, hence such presentation method is adopted.

### 2.3.4 Taxation

- a) **Current Income Taxes**  
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

### b) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

### c) IFRIC 23 Uncertainty over income tax treatments

The IFRIC 23 interpretation on Uncertainty over income tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes specifically determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgement in identifying uncertainties over income tax treatments.

### d) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are

## Notes to the Financial Statement

recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been 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. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.3.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost methods:

Food and Beverage - At purchase cost on weighted average basis.  
Other Inventories - At purchase cost on weighted average basis.  
Uniforms - At purchase cost

### 2.3.6 Cash and Short-term Deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with a maturity of three months or less.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

### 2.3.7 Property, Plant and Equipment

Property, Plant and Equipment (except for land & Building) is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the Property, Plant and Equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Land and building is measured at fair value less accumulated depreciation and impairment losses recognized after the date of revaluation. Valuations are performed with sufficient frequency (Once in 3 Years) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in the statement of other comprehensive income and credited to the revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Income Statement, in which case the increase is recognised in the Income Statement. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the

same asset recognised in the asset revaluation reserve. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income Statement when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight line basis over the useful lives of the assets.

The useful lives of the assets are estimated as follows;

	2023	2022
Buildings and building integrals	20 – 70 years	20 – 70 years
Motor Vehicles	5- 10 Years	5- 10 Years
Kitchen Equipment	20 Years	20 Years
Furniture and Fittings	20 Years	20 Years
Office Equipment	20 Years	20 Years
Recreational Equipment	10 Years	10 Years
Hotel Equipment	5-20 Years	5-20 Years
Air Condition and Ventilation	10 Years	10 Years
Computer Equipment	5 Years	5 Years
Linen & Furnishing	1-3 Years	1-3 Years
Cutlery, Crockery & Glassware	1-3 Years	1-3 Years
Solar Water Heater System	10 Years	10 Years

Depreciation of an asset begin when it is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

**2.3.8 Financial Assets and Liabilities**

**Initial recognition of Financial Assets and Financial Liabilities**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- » Financial assets at amortised cost (debt instruments)
- » Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- » Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- » Financial assets at fair value through profit or loss

**Financial assets at amortised cost (debt instruments)**

The Company measures financial assets at amortised cost if both of the following conditions are met:

The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- » The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

## Notes to the Financial Statement

The company's financial assets at amortised cost includes following,

Trade receivables and other current financial assets are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost.

Equity investments in non-listed companies are classified and measured as Equity instruments designated at fair value through OCI. The Company elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as equity instrument fair value through OCI, since it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

### Debt instrument at Fair Value through OCI

A debt instrument is measured at FVOCI only if it meets both of the following conditions:

- » The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;

And

- » The contractual terms of the financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

FVOCI debt instruments are subsequently measured at fair value with gains or losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses and

ECL and reversals are recognised in profit or loss. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

### Derecognition of financial assets

A financial asset is primarily derecognised when:

- » The rights to receive cash flows from the asset have expired

Or

- » The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### Impairment of Financial Assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss which includes trade receivables.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The company 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.

### Financial Liabilities Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The financial liabilities of the Company include loans and borrowings, Trade and other payables and Amount due to related parties.

### Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- » Financial liabilities at fair value through profit or loss
- » Financial liabilities at amortised cost (loans and borrowings)

The Company does not have any Financial liabilities at fair value through profit or loss.

### Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses



are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

#### Derecognition of financial liabilities

The Company may remove a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished—i.e. when the obligation specified in the contract is discharged or cancelled or expires.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss.

A gain or loss on a financial liability that is measured at amortised cost and is not part of a hedging relationship be recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

#### 2.3.9 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, except capitalized development costs, are not capitalized and expenditure is recognized in the income statement when it is incurred.

The Company's intangible assets include the value of computer software. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software 5 years

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### 2.3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

#### 2.3.11 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the company are disclosed in Note No. 23 & 25.

#### 2.3.12 Retirement Benefit Obligations

##### a) Defined Benefit Plans – Gratuity

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

The Company measures the present value of the promised retirement benefits of gratuity, which is a defined benefit plan with the advice of an independent professional actuary once in every year using the Projected Unit Credit method. Actuarial gains and losses are recognized in full in the period in which they occur in Other Comprehensive Income and current service cost and interest costs at the income statement.

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

## Notes to the Financial Statement

assumptions used in determining the defined retirement benefit obligation are given in Note 21. Any changes in these assumptions will impact the carrying amount of defined benefit obligation.

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 on "Employee benefits". However, under the payment of gratuity act no 12 of 1983, the liability to an employee rises only on completion of 5 years of continued service.

The gratuity liability is not externally funded.

### b) Defined Contribution Plans – Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

### 2.3.13 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. Where the carrying amount of an asset

exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount,

in which case the reversal is treated as a revaluation increase.

### 2.3.14 Leases

At inception of a contract, the Company 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.

The Company recognises a right-of-use asset representing the right to use the underlying asset and a lease liability at the lease commencement date.

#### 2.3.14.1 Right-of-use Asset

The right-of-use asset is initially measured at cost. This comprises of 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. After the commencement date, Company measures the right-of-use asset on cost model.

#### 2.3.14.2 Depreciation

Right of use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the underlying asset.

If the ownership of the leased asset transfers to the Company at the end of the lease term, or the cost of the right of use asset reflects the exercise a purchase option, the asset is depreciated over the useful life of the underlying asset.

The right of use assets are subject to impairment.

**2.3.14.3 Lease Liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, on initial application the Company used the incremental borrowing rate as the discount rate to determine the lease liability.

The Company 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.

The lease liability is measured at amortised cost using the effective interest method. After the commencement date, the Company measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**2.3.14.4 Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

**2.3.14.5 Presentation in the Statement of Financial Position**

The Company presents right-of-use assets separately from other assets and lease liabilities separately from other liabilities in its 'statement of financial position'.

**2.4 Standards Issued but not yet Effective**

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below.

**Definition of Accounting Estimates - Amendments to LKAS 8**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

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

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes

to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

**Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2**

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- » Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- » Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

## Notes to the Financial Statement

Classification of Liabilities as Current or Noncurrent - Amendments to LKAS 1  
Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify –

- » What is meant by a right to defer settlement
- » That a right to defer must exist at the end of the reporting period
- » That classification is unaffected by the likelihood that an entity will exercise its deferral right
- » That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- » Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Year ended 31 March 2023

**3. REVENUE**

	2023 Rs.	2022 Rs.
Room Revenue	299,781,897	116,785,758
Food and Beverage Revenue	345,282,364	209,212,052
Other Hotel Related Revenue	25,788,630	10,872,548
	<b>670,852,891</b>	<b>336,870,358</b>

**4. OTHER INCOME & GAINS**

	2023 Rs.	2022 Rs.
Exchange Gain	9,150,446	50,933,389
Income from Staff Meals	147,293	64,240
	<b>9,297,738</b>	<b>50,997,629</b>

**5. PROFIT BEFORE TAXATION**

Stated After Charging / (Crediting)	2023 Rs.	2022 Rs.
Depreciation	67,065,042	63,266,655
Amortisation of Intangible Assets	266,844	278,518
Auditors' Remuneration (Fees & Expenses)	531,530	462,200
Operation and Marketing Fee - Related Party	24,416,256	10,884,933
Staff Costs		
-Wages and Salaries	128,132,257	102,609,182
-Cost of Meals	31,512,013	14,933,477
-Defined Benefit Plan Costs - Gratuity	8,639,893	4,615,672
-Defined Contribution Plan Costs - EPF & ETF	16,124,874	12,794,143
Donations / CSR	56,250	9,241
Directors' Fee	150,000	570,000
Marketing and Promotional Fee	10,067,867	1,009,529
Power and Energy Expenditures	97,536,493	37,139,183
Repair and Maintenance Expenditures	52,141,880	32,259,847
(Profit) / Loss on Disposal of Property, Plant & Equipments	168,605	56,466

## Notes to the Financial Statement

Year ended 31 March 2023

**6. NET FINANCE INCOME/(EXPENSES)**

	2023 Rs.	2022 Rs.
<b>6.1</b> Interest Income - Related Party	63,606,760	24,878,305
Interest Income - Other	8,093,331	2,691,064
	71,700,091	27,569,369
<b>6.2</b> Interest on Bank Overdrafts	(430,855)	(32,591)
Interest Expense on Term Loans	(787,281)	(883,836)
Interest Charge on Lease Liabilities	(1,724,192)	(832,118)
	(2,942,329)	(1,748,544)
	68,757,763	25,820,825

**7. EARNINGS PER SHARE**

Basic Earnings Per Share is Calculated by Dividing the Net Profit for the Year Attributable to Ordinary Shareholders by the Weighted Average Number of Ordinary Shares Outstanding During the Year. The Weighted Average Number of Ordinary Shares Outstanding During the Year and the Previous Year are Adjusted for Events that have Changed the Number of Ordinary Shares Outstanding.

The Following Reflects the Income and Share Data Used in the Basic Earnings Per Share Computations.

Amount Used as the Numerator:	2023 Rs.	2022 Rs.
Net Profit for the Period	(107,024,457)	(22,290,085)
Net Profit Attributable to Ordinary Shareholders for Basic Earnings Per Share	(107,024,457)	(22,290,085)
Number of Ordinary Shares Used as Denominator	Number	Number
Weighted Average Number of Ordinary Shares Applicable to Basic Earnings Per Share	50,000,000	50,000,000
Earnings Per Share	(2.14)	(0.45)

**8. INCOME TAX**

The Major Components of Income Tax Expense for the Year Ended 31 March are as Follows :

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19th December 2022, (with retrospective effect from 01st October 2022) for income and deferred taxation. Accordingly, income tax rates of, 14% for hotel business profits and 24% for other income have been used for the first six months and a standard rate of 30% has been used for profits of all segments for the second six months. The Rate of 30% has been used for Deferred Tax. The resultant impact has been recognised in the Statement of Profit or Loss and Other Comprehensive Income. Income tax rates used in 2022 was 14% for hotel business profits and 24% for other income.

Income Statement	2023 Rs.	2022 Rs.
Current Income Tax		
Current Income Tax charge	7,170,658	6,503,190
Under/(Over) Provision of Current Taxes in Respect of Prior Years	-	(382,030)
	7,170,658	6,121,160
Deferred Income Tax		
Deferred Taxation Charge/(Reversal) (Note 8.2)		
Recognition of Deferred Tax on Temporary Differences	(262,635,633)	(1,607,342)
Recognition of Deferred Tax on Income Tax Rate Change	368,087,163	-
Income Tax Expense Reported in the Income Statement	112,622,188	4,513,818
Statement of Changes in Equity		
Deferred Income Tax Related to Items Charged or Credited Directly to Equity :		
Recognition of Deferred Tax on Temporary Differences	(878,220)	(55,454,852)
Recognition of Deferred Tax on Income Tax Rate Change	(251,179,190)	-
Income Tax Expense Reported in Equity	(252,057,410)	(55,454,852)

**8.1** A Reconciliation Between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate is as Follows:

	2023 Rs.	2022 Rs.
Accounting Profit /(Loss) Before Tax	5,597,731	(17,776,267)
Disallowable Expenses	81,671,682	69,951,937
Allowable Expenses	(133,145,047)	(110,431,461)
	(45,875,634)	(58,255,791)
Assessable Income From Investment	29,877,743	27,096,627
Applicable Tax Rate	24%	24%
Current Tax Charge	7,170,658	6,503,190

**8.2** Deferred Tax Assets, Liabilities

	2023 Rs.	2022 Rs.
Deferred Tax Liabilities	693,284,594	328,915,482
Deferred Tax Assets	(13,699,386)	(6,839,214)
Net Deferred Tax Liabilities	679,585,208	322,076,268

## Notes to the Financial Statement

Year ended 31 March 2023

**8.2 Deferred Tax Assets, Liabilities contd.**

Deferred Taxation Charge/(Reversal) - Statement of Profit or Loss /Other Comprehensive Income

	Statement of Financial Position		Income Statement		Statement of Other Comprehensive Income	
	2023	2022	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Deferred Tax Liabilities</b>						
Revalued Land and Buildings	640,589,374	302,845,070	86,632,760	76,772,443	251,111,544	55,207,644
Capital allowances for Tax Purposes	52,614,846	26,057,684	26,557,162	(77,829,073)	-	-
Investment in Unquoted Investment	80,374	12,728	-	-	67,646	12,728
	693,284,594	328,915,482	113,189,922	(1,056,630)	251,179,190	55,220,372
<b>Deferred Tax Assets</b>						
Defined Benefit Plans - Recognised through Income Statement	(11,829,345)	(5,594,700)	(7,112,865)	(618,530)	878,220	234,480
Right of Use Assets - Recognised through Income Statement	(77,359)	(47,982)	(29,377)	(47,982)	-	-
<b>General Provisions -</b>						
Allowances for Doubtful Receivables	(1,062,205)	(751,662)	(310,543)	93,581	-	-
Allowances for Obsolete Inventories	(730,477)	(444,870)	(285,607)	22,219	-	-
	(13,699,386)	(6,839,214)	(7,738,392)	(550,712)	878,220	234,480
<b>Deferred Tax Charge to the Income Statement</b>			105,451,530	(1,607,342)		
<b>Deferred Tax Charge to Other Comprehensive Income</b>					252,057,410	55,454,852
<b>Deferred Tax Assets/ Liability</b>	679,585,208	322,076,268				



## 9. PROPERTY, PLANT AND EQUIPMENTS

### 9.1 Gross Carrying Amounts

	Balance As At 01.04.2022 Rs.	Additions Rs.	Disposals / Transfers Rs.	Balance As At 31.03.2023 Rs.
At Cost or Valuation				
Freehold Land	717,965,000	-	-	717,965,000
Buildings on Freehold Land	1,562,214,999	-	-	1,562,214,999
Motor Vehicles	29,550,823	-	-	29,550,823
Kitchen Equipments	54,377,642	2,377,820		56,755,462
Furniture and Fittings	125,409,951	587,520	(425,237)	125,572,234
Office Equipments	2,073,442	-	-	2,073,442
Recreational Equipments	7,729,871	-	-	7,729,871
Hotel Equipments	177,654,693	5,667,449	(315,252)	183,006,890
Air Condition & Ventilation Systems	54,711,205	265,000	-	54,976,205
Solar Water Heater Systems	4,262,028	-	-	4,262,028
Computer Equipments	12,293,652	1,384,246	-	13,677,898
Linen & Furnishing	30,175,691	8,016,238	(2,152,864)	36,039,065
Cutlery, Crockery & Glasswares	8,453,077	979,217	(791,157)	8,641,137
Gross Carrying Amounts	2,786,872,074	19,277,490	(3,684,510)	2,802,465,054

### 9.2 Depreciation

	Balance As At 01.04.2022 Rs.	Charge For the Year Rs.	Disposals Rs.	Balance As at 31.03.2023 Rs.
At Cost or Valuation				
Buildings on freehold land	-	39,506,930	-	39,506,930
Motor Vehicles	22,256,319	3,689,100	-	25,945,419
Kitchen Equipments	27,848,478	2,425,198	-	30,273,676
Furniture and Fittings	63,015,731	5,928,999	(320,625)	68,624,105
Office Equipments	1,016,215	82,716	-	1,098,931
Recreational Equipments	6,930,803	200,748	-	7,131,551
Hotel Equipments	75,384,792	8,898,069	(239,359)	84,043,502
Air Condition & Ventilation Systems	43,186,545	2,337,879	-	45,524,424
Solar Water Heater Systems	2,486,185	426,204	-	2,912,389
Computer Equipments	11,012,895	655,426	-	11,668,321
Linen & Furnishing	26,912,178	1,883,235	(2,152,864)	26,642,549
Cutlery, Crockery & Glasswares	6,472,730	1,030,538	(791,157)	6,712,111
Total Depreciation	286,522,871	67,065,042	(3,504,005)	350,083,908

## Notes to the Financial Statement

Year ended 31 March 2023

## 9.3 Net Book Values

At Cost or Valuation	2023 Rs.	2022 Rs.
Freehold Land	717,965,000	717,965,000
Buildings on Freehold Land	1,522,708,069	1,562,215,000
Motor Vehicles	3,605,404	7,294,504
Kitchen Equipments	26,481,786	26,529,164
Furniture and Fittings	56,948,129	62,394,220
Office Equipments	974,511	1,057,227
Recreational Equipments	598,320	799,068
Hotel Equipments	98,963,388	102,269,901
Air Condition & Ventilation Systems	9,451,781	11,524,660
Solar Water Heater Systems	1,349,639	1,775,843
Computer Equipments	2,009,577	1,280,757
Linen & Furnishing	9,396,516	3,263,513
Cutlery, Crockery & Glasswares	1,929,026	1,980,347
<b>Total Net Carrying Amount of Property, Plant &amp; Equipments</b>	<b>2,452,381,146</b>	<b>2,500,349,204</b>

## 9.4

- a) The Fair Value of Land and Buildings was Determined by Means of a Revaluation During the Financial Year 2021/2022 by Messrs. P.P.T. Mohideen an Independent Valuer with Reference to Market Based Evidence. The Results of Such Evaluation had been Incorporated in the Financial Statements from its Effective Date Which is 31 March 2022. The Surplus Arising from the Revaluation had also been Transferred to a Revaluation Reserve as at that Date.
- b) The Carrying Amount of Revalued Assets that Would have been Included in the Financial Statements had the Assets been Carried at Cost less Depreciation, is as Follows:

Class of Asset	Cost Rs.	Cumulative Depreciation If Assets were at Cost Rs.	Net Carrying Amount 2023 Rs.	Net Carrying Amount 2022 Rs.
Freehold Land	72,204,611	-	72,204,611	72,204,611
Buildings on Freehold Land	779,508,439	201,653,884	577,854,555	593,170,909
	851,713,050	201,653,884	650,059,166	665,375,520

9.5 During the Financial Year, the Company Acquired Property, Plant & Equipment to the Aggregate Value of Rs.19,277,490/- (2022 - Rs. 9,714,595/-) for cash consideration.

9.6 Property, Plant & Equipment includes fully depreciated assets which are still in use having a gross carrying amount of Rs 112,785,324/- (2022- Rs.80,564,368/-).

**9.7** With Effect from 1 April 2012, the Company Reviewed the Useful Life of Each Significant Component of Buildings. In the Review Process, the Company has taken the assistance of an Independent Professional Valuer. Accordingly, Depreciation was Calculated for the year ended 31 March 2023 using a Straight Line Method for each Individual Significant Component of Building.

Components Included in Buildings and Building Integrals:

» Buildings Superstructure	70 Years
» Bathroom Fittings	25 Years
» Roof	40 Years
» Flooring	25 Years
» Elevators	20 Years
» Gazebo Hut	50 Years

## 10. INTANGIBLE ASSETS

	Computer Software	
	2023 Rs.	2022 Rs.
<b>10.1 Cost</b>		
As at the Beginning of the Year	6,366,406	6,301,406
Incurred During the Year	-	65,000
As at the End of the Year	6,366,406	6,366,406
<b>10.2 Amortisation</b>		
As at the Beginning of the Year	6,049,728	5,771,210
Amortised During the Year	266,844	278,518
As at the End of the Year	6,316,572	6,049,728
<b>10.3 Net Book Value</b>		
As at the Beginning of the Year	316,678	530,196
As at the End of the Year	49,834	316,678

## 11. INVENTORIES

	2023 Rs.	2022 Rs.
Food and Beverage Inventories	19,233,220	14,019,545
Housekeeping and General Inventories	5,056,078	2,254,018
Uniforms	4,175,886	3,192,506
Others Consumables	11,617,293	4,518,032
Gift Boutique Inventories	-	1,183,680
	40,082,477	25,167,781
Less: Allowances for Obsolete Inventories	(2,434,923)	(3,177,641)
	37,647,554	21,990,140

## Notes to the Financial Statement

Year ended 31 March 2023

## 12. TRADE AND OTHER RECEIVABLES

	2023 Rs.	2022 Rs.
Trade Receivables - Related Party (Note 12.1)	63,496,949	27,596,432
- Other	145,256,066	86,518,410
Less : Allowances for Doubtful Trade Receivables (Note 12.2)	(3,540,683)	(5,369,012)
	205,212,332	108,745,830
Other Receivables	2,186,326	2,196,216
Loans to Company Officers	846,126	393,659
	208,244,784	111,335,706

## 12.1 Trade Due From Related Parties

Name of the Company	Relationship	2023 Rs.	2022 Rs.
Tangerine Tours (Pvt) Limited	Other Related Party	63,496,949	27,596,432
		63,496,949	27,596,432

## 12.2 Total Allowance for Impairment on Trade Debtors

	2023 Rs.	2022 Rs.
Balance as at Beginning of the Year	5,369,012	4,375,922
Charge/(Reversal) for the Year	(1,828,329)	993,090
Balance as at the End of the Year	3,540,683	5,369,012

## 13. RIGHT-OF-USE ASSETS

	Right-of-Use Buildings	
	2023 Rs.	2022 Rs.
Movement During the Year		
Cost		
Balance as at Beginning of the Year	9,189,791	13,472,232
Recognition / ( Derecognition ) of Operating Leases Under SLFRS 16	11,404,973	(4,282,441)
Balance as at the End of the Year	20,594,764	9,189,791
Accumulated Depreciation / Impairment		
Balance as at Beginning of the year	3,836,740	2,766,130
Charge for the Year	1,830,942	1,070,610
Balance as at the End of the Year	5,667,682	3,836,740
Net Book Value		
As at the Beginning of the Year	5,353,051	10,706,102
As at the End of the Year	14,927,082	5,353,051

## Details of Right-of-Use Asset Relating to Leased Property

Nature of the Leasing Activity	Location of the Leased Property	Unexpired lease period as at 31.03.2023
Building - 898.44 Sq.Ft.	Colombo 03	5 Year
Building - 1975.25 Sq.Ft.	Kalutara	5 Year

## 13.1 Sensitivity of Right-of-Use Assets / Lease Liability to Key Assumption

Sensitivity to Discount Rate/ Incremental Borrowing Rates	ROU Asset Rs.	Lease Liability Rs.
Increased 1%	(166,640)	(413,861)
Decreased -1%	171,526	433,297

## 14. OTHER NON FINANCIAL ASSETS

	2023 Rs.	2022 Rs.
Prepayments and Advances	16,227,603	9,704,185
Input VAT Receivable	13,731,677	13,731,677
Other Receivables	1,154,971	711,005
	31,114,251	24,146,866

## 15. OTHER FINANCIAL ASSETS

## 15.1 Measured at Fair value through OCI

	No. of Shares		Cost Directors Valuation **		Cost Directors Valuation **	
	2023 Rs.	2022 Rs.	2023 Rs.	2023 Rs.	2022 Rs.	2022 Rs.
Non Quoted Equity Securities with Related Parties						
Fair View Hotel (Pvt) Ltd.- Related Party	1,800,000	1,800,000	18,000,000	18,352,764	18,000,000	18,127,276
Gross Carrying Value of Investments			18,000,000	18,352,764	18,000,000	18,127,276
Total Current Non Quoted Equity Securities				18,352,764		18,127,276

15.1.1 The Company held 3% (2022 - 3%) Shareholding in Fair View Hotel (Pvt) Ltd. The Fair Value of above Unquoted Equity Securities was Determined using Discounted Cash Flow (DCF) Valuation technique, where Significant inputs were not Based on Observable Market Data (Level 3). There were no Share Sales or Purchases During the year. Valuation techniques, Key assumption and the Sensitivity of the Significant inputs to the Fair Value of the Investment are as follows:

Financial Assets Measured at Fair Value through OCI  
Investment in Equity Securities- Non-Quoted:

	2023 Rs.	2022 Rs.
Fair View Hotel (Pvt) Ltd.- Related Party		
Fair Value at the Beginning of the Year	18,127,276	18,000,000
Gain Recognised in the Other Comprehensive Income Note 18.2	225,488	127,276
Fair Value at the Beginning of the Year	18,352,764	18,127,276

## Notes to the Financial Statement

Year ended 31 March 2023

**15.2 Measured at Amortized Cost**

## Short Term Investments - Fixed Deposits

Institute	Relationship	2023 Rs.	2022 Rs.
Fixed Deposits	Mercantile Investments and Finance PLC Other Related Party	315,139,354	293,735,387
Fixed Deposits	Commercial Bank of Ceylon PLC	31,269,577	29,073,555
		346,408,931	322,808,942

**15.3 Measured at Amortized cost**

## Other Receivable due from Related Parties

Name of the Company	Relationship	2023 Rs.	2022 Rs.
Tangerine Beach Hotels PLC	Significant Investor	15,804,673	3,758,232
The Nuwara Eliya Hotels Co. PLC	Other Related Party	451,619	581,094
		16,256,293	4,339,326

**16. CASH AND BANK BALANCES**

	2023 Rs.	2022 Rs.
Cash at Bank and Cash in Hand	116,629,842	154,161,052
	116,629,842	154,161,052

For the Purposes of the Cash Flow Statement, the Year End Cash and Cash Equivalents Comprise the Following:

Cash and Bank Balances	116,629,842	154,161,052
Bank Overdraft (Note 22)	(33,181,662)	(19,829,660)
	83,448,181	134,331,392

**17. STATED CAPITAL**

	Number of Shares	Ordinary Shares Rs.
At 31 March 2022	50,000,000	521,583,448
At 31 March 2023	50,000,000	521,583,448

**Ordinary Shares**

The Holders of Ordinary Shares are Entitled to Receive Dividends as Declared from time to time on the Residue of Profits and are Eligible to Participate in any Surplus Assets in a Winding Up. They are also Entitled to One Vote per Share at Meetings of the Company. There are no other preferences or restrictions on Ordinary Shares.

**18. RESERVE****18.1 Revaluation Reserve**

	2023 Rs.	2022 Rs.
As at the Beginning of the Year	1,453,004,904	1,096,954,361
Revaluations During the Year	-	411,258,187
Transfer to Retained Earning*	-	-
Tax Effect on Surplus on Revaluation	(251,111,544)	(55,207,644)
Deferred Tax on Transfers to Retained Earnings	-	-
As at the End of the Year	1,201,893,360	1,453,004,904

**18.2 Fair Value Reserve**

## Fair Value Reserve of Financial Assets at FVTOCI

	2023 Rs.	2022 Rs.
As at 1st April	114,548	-
Gain/(Loss) on Financial Assets at FVOCI (Note 15.1)	225,488	127,276
Deferred Tax Impact	(67,646)	(12,728)
As at 31st March	272,390	114,548

**19. TRADE AND OTHER PAYABLES**

	2023 Rs.	2022 Rs.
Financial Liabilities (Note 19.1)	65,280,417	30,844,126
Non Financial Liabilities (Note 19.2)	48,022,719	25,361,520
	113,303,136	56,205,646

**19.1 Financial Liabilities**

	2023 Rs.	2022 Rs.
Trade Payables	50,481,935	18,694,690
Service Charge Payable	9,015,304	6,090,553
Other Payables	5,783,178	6,058,884
	65,280,417	30,844,126

## Notes to the Financial Statement

Year ended 31 March 2023

## 19.2 Non Financial Liabilities

	2023 Rs.	2022 Rs.
Advanced Received for Reservation	10,922,075	11,122,760
Accrued Expenses	7,585,762	2,261,775
VAT Payable	12,270,719	-
SSCL Payable	1,558,183	-
EPF & ETF Payable	2,120,085	1,870,055
TDL Payable	3,061,265	1,829,326
Refundable Deposits	500,000	500,000
Other Payables	10,004,630	7,777,603
	48,022,719	25,361,520

## 20. AMOUNTS DUE TO RELATED PARTIES

Name of the Related Party	Relationship	2023 Rs.	2022 Rs.
Security Ceylon (Pvt) Ltd.	Other Related Party	760,986	502,041
Tangerine Tours(Pvt.) Ltd.	Other Related Party	6,155,680	3,114,834
		6,916,666	3,616,875

## 21. EMPLOYEE BENEFIT LIABILITY

	2023 Rs.	2022 Rs.
Balance as at the Beginning of the Year	39,962,145	40,675,027
Charge for the Year (Note 21.1)	5,712,494	2,940,813
Payments During the Year	(6,243,489)	(3,653,695)
Balance as at the End of the Year	39,431,150	39,962,145

## 21.1 Expenses on Defined Benefit Plan

	2023 Rs.	2022 Rs.
Current Service Cost for the year	3,045,193	2,934,367
Actuarial (Gain) / Loss	(2,927,399)	(1,674,859)
Interest Cost for the Year	5,594,700	3,050,627
Past Service Cost	-	(1,369,322)
	5,712,494	2,940,813



## 21.2 Actuarial Assumptions

	2023	2022
Discount Rate	20%	14%
Salary Increment	15%	12%
Mortality - A 1967/70 Mortality Table issued by the Institute of Actuaries London		
Retirement Age	60 years.	60 years.
Disability Rate	Simple disability rate	

### Staff Turnover

The Staff Turn Over Rate Used in the Valuation:

CAT 1 : 14.00% up to age 54 and thereafter zero

CAT 2 : 12.00% up to age 54 and thereafter zero

An Actuarial Valuation of the Gratuity was Carried Out as at 31 March 2023 by Actuarial and Management Consultants (Pvt) Limited, a Firm of Professional Actuaries. The Valuation Method Used by the Actuaries is the "Projected Unit Credit Method", Recommended by LKAS 19 Employee Benefits.

## 21.3 Sensitivity of Assumptions Employed in Actuary Valuation

The Following Table Demonstrates the Sensitivity to a Reasonably Possible Change in the Key Assumptions Employed with all Other Variables held Constant in the Employment Benefit Liability Measures.

The Sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the Effect of the Assumed Changes in Discount Rate & Salary Increment Rate on the Profit or Loss & Employment Benefit Obligation for the Year.

31st March 2023	Sensitivity Effect on Comprehensive Income Statement Increase / (Reduction) in Results for the year	Sensitivity Effect on Employee Benefit Obligation Increase / (Reduction) in the Liability
Increase/ (Decrease) in Salary Increment		
1%	1,403,543	(1,403,543)
-1%	(1,513,716)	1,513,716
Increase/ (Decrease) in Salary Increment		
1%	(1,721,138)	1,721,138
-1%	1,616,591	(1,616,591)
31st March 2022	Sensitivity Effect on Comprehensive Income Statement Increase / (Reduction) in Results for the year	Sensitivity Effect on Employee Benefit Obligation Increase / (Reduction) in the Liability
Increase/ (Decrease) in Discount Rate		
1%	1,976,551	(1,976,551)
-1%	(2,181,300)	2,181,300
Increase/ (Decrease) in Salary Increment		
1%	(2,362,004)	2,362,004
-1%	2,171,660	(2,171,660)

## Notes to the Financial Statement

Year ended 31 March 2023

## 21.4 Maturity Profile

	2023 Rs.	2022 Rs.
Distribution of Defined Benefit Obligation Over the Future Working Life Time		
Less than or Equal 1 Year	10,394,193	7,623,290
Over 1 Year and Less than or Equal 2 Years	8,830,217	8,408,810
Over 2 Years and Less than or Equal 5 Years	8,540,632	8,399,202
Over 5 Years and Less than or Equal 10 Years	9,332,623	9,048,419
Over 10 years	2,333,485	6,482,424
<b>Total</b>	<b>39,431,150</b>	<b>39,962,145</b>

## 22. INTEREST BEARING LOANS AND BORROWINGS

	2023 Rs.	2022 Rs.
<b>Current</b>		
Bank Overdraft	33,181,662	19,829,660
Term Loan - Saubagya Covid 19 Loan	15,997,999	12,006,000
	49,179,661	31,835,660
<b>Non-Current</b>		
Term Loan - Saubagya Covid 19 Loan	-	7,993,999
	-	7,993,999
	49,179,661	39,829,659

## 22.1 Term Loan - Saubagya Covid 19 Loan

	2023 Rs.	2022 Rs.
Balance as at Beginning of the Year	19,999,999	25,000,000
Obtained During the Year	-	-
Repayment During the Year	(4,002,000)	(5,000,001)
<b>Balance as at the End of the Year</b>	<b>15,997,999</b>	<b>19,999,999</b>

## 22.2 Details of Loan - Terms and Conditions

Purpose	To Finance 02 months Working Capital Requirement of the Company.
Loan Amount	Rs 25,000,000/- (Rupees Twenty Five Million only)
Commencement Date	09th of September 2020
Grace Period	09 months Grace period
Repayment of Loan	Capital to be Repaid 14 equal Monthly Installments of Rs. 1,666,667/- and the Final Installment of Rs.1,666,662/- together with Interest, After the Grace Period.*
	* Loan Reschedule in Feb 2022 and grant another grace period for 11 months and Capital to be repaid 14 equal monthly installments of Rs. 1,334,000/- and the final installment of Rs. 1,323,999/-
Interest Rate	4%
Term	02 Years
Security	Company had pledged Fixed Deposit of Rs. 28,000,000 as security.

## 23. COMMITMENTS

### 23.1 Financial Guarantees

There are no Financial Guarantees Given by the Company as at the Reporting Date.

### 23.2 Capital Expenditure Commitments

There are no Capital Expenditure Commitments as at the Reporting Date.

## 24. LEASE LIABILITIES

### 24.1 Movement of Lease Liabilities

	2023 Rs.	2022 Rs.
Balance as at the Beginning of the Year	5,695,779	10,706,102
Recognition of Operating Lease Liability Under SLFRS 16 (Note 13)	11,404,973	-
Payment of Lease Liabilities	(3,640,000)	(1,560,000)
Derecognition of Operating Lease Liability (Note 13)	-	(4,282,441)
Interest Expense	1,724,192	832,118
Balance as at the End of the Year	15,184,944	5,695,779
<b>Current Portion of Lease Liabilities</b>		
2023/24 FY Lease Payments	4,680,000	1,560,000
2023/24 FY Lease Interest	(1,940,447)	(771,558)
	2,739,553	788,442
<b>Non Current Portion of Lease Liabilities</b>	12,445,391	4,907,337

\*\* The Company use 8.47% as Incremental Borrowing Rate

### 24.2 The Following are the Amount Recognized in Profit or Loss:

	2023 Rs.	2022 Rs.
Depreciation Expenses of Right of Use Assets	1,830,942	1,070,610
Interest Expense on Lease Liability	1,724,192	832,118
Total Amount Recognized in Profit and Loss	3,555,134	1,902,728

### 24.3 Following is the Maturity Lease Liability for Future Periods with Interest Cost

	0-3 Months Rs.	3-12 Months Rs.	1 to 5 Years Rs.	Total Rs.
Lease Liability	1,170,000	3,510,000	13,520,000	18,200,000

## 25. CONTINGENCIES

There are no Significant Contingencies as at the Reporting Date.

# Notes to the Financial Statement

Year ended 31 March 2023

## 26. RELATED PARTY DISCLOSURES

Details of Significant Related Party Disclosures are as Follows:

The Following Table Provides the Significant Amount of Transactions, Which have been Entered into With Related Parties for the Relevant Financial Year.

### 26.1 Transactions with Related Parties

Transaction with Entities Having Significant Influence Over the Company- Recurring Transactions

Tangerine Beach Hotels PLC - Significant Investor

Nature of Transactions	Terms of Transaction	Amount		Balance as at 31st March	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Staff Quarters Rent	Market Terms	(2,080,000)	(550,000)	15,804,673	3,758,232
Swerage Treatment Plant rent	Market Terms	(3,116,706)	(2,482,919)		
Staff Meals	Market Terms	-	(30,632)		
Laundry Charges	Market Terms	18,080,305	6,223,449		
Water Bottles	Market Terms	(231,142)	-		
Goods Transfer	At Cost	16,392,762	-		
Staff Quarters Advance		9,592,958	-		
Reimbursement of Expenses - (Net)		3,047,910	3,925,386		
Funds Transfers for Settlements		(29,018,460)	(4,860,106)		

### 26.2 Transactions with Key Management Personnel

Key Management Personnel (KMPs) are Defined as Those Persons having Authority and Responsibility for Planning, Directing and Controlling the Activities of the Company. The Key Management Personnel of the Company are the Board of Directors of the Company and Personnel Holding the Designation General Manager and Above. Transactions with Key Management Personnel and Transactions with the Close Family Members (CFMs) of the KMPs, if any, also have been taken into Consideration in the Following Disclosure.

a) Key Management Personnel Compensation	2023 Rs.	2022 Rs.
Short-Term Post Employment Benefits	13,846,000	11,817,150

### 26.3 Transaction with Other Related Parties - Recurring Transactions

Transactions with entities that are significantly influenced by Key Management Personnel of the Company: Some Key Management Personnel of the Company and their Members of the Families Collectively have control Directly or Indirectly in Certain Entities with which the Company Entered into the Transactions, Summarised as Follows:

The Company Carries out Transactions with KMPs & their Close Family Members in the Ordinary Course of its Business on Standard Commercial Terms.

Name of the Related Party	Relationship	Nature of Transactions	Terms of Transactions	Amount		Balance as at 31st March	
				2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Security Ceylon (Pvt) Ltd.	Other Related Company	Security Services	As per Agreement	(14,392,270)	(10,317,685)	(760,986)	(502,041)
		Security Staff Meals	Market Terms	3,488,961	1,349,040	-	-
		Settlements		12,337,853	9,069,083	-	-
Tangerine Tours (Pvt) Ltd	Other Related Company	Tour Operation	As per Agreement	131,727,912	39,690,376	57,341,269	24,481,598
		Operation & Marketing Fee	As per Agreement	(24,416,256)	(10,884,933)	-	-
		Reimbursement of Expenses		(3,755,682)	(3,694,089)	-	-
		Settlements- Net		(70,696,302)	(3,134,614)	-	-
Mercantile Investments & Finance PLC	Other Related Company	Repairs & Services to Motor Vehicles	Market Terms	(1,712,457)	(1,403,066)	-	-
		Head Office Rent	As per Agreement	(1,560,000)	(1,560,000)	-	-
		Reimbursement of Expenses		(870,500)	(961,125)	-	-
		Settlements- Net		4,142,956	4,054,094	-	-
		Net Movement of Fixed Deposits Investments	Market Terms	(12,700,567)	(114,805,546)	315,139,354	293,735,387
The Nuwara Eliya Hotels Co. PLC	Other Related Company	Reimbursement of Expenses	-	4,824,933	3,647,564	451,619	581,094
		Settlements	-	(4,954,409)	(3,630,932)	-	-

## 27. GOING CONCERN

The Directors, After Making necessary Inquiries and Reviews including Reviews of the Hotel Budgets for the Ensuing Year. Capital Expenditure Requirements, Future prospects along with Risks, Cash Flows and Borrowing Facilities have a Reasonable Expectation that the Company has adequate Resources to continue in Operational Existence for the Foreseeable Future. Therefore, the Going Concern Basis has been Adopted in the Preparation of the Financial Statements. In Determining the Basis of Preparing the Financial Statements for the Year Ended 31 March 2023, Based on available Information, the Management has Assessed the Existing and anticipated Effects of Current Economic situation on the Company.

## Notes to the Financial Statement

Year ended 31 March 2023

## 28. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

## 28.1 Carrying amounts and Fair Values of Financial Instruments

Financial Instruments of the Company comprise of Financial Assets and Financial 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 Information Presented herein represents the Determination of Fair Values as at the Reporting Date.

Fair Values of Financial Assets and Financial Liabilities, together with the Carrying amounts in the Statement of Financial position, are as follows:

	Amortized Cost	Fair value through Profit & Loss	Fair value through Other Comprehensive Income	Total Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>31st March 2023</b>					
<b>Financial Assets</b>					
<b>Current Assets</b>					
Trade & Other Receivables	208,244,784	-	-	208,244,784	208,244,784
Cash and Short-Term Deposits	463,038,773	-	-	463,038,773	463,038,773
Amounts Due from Related Parties	16,256,293	-	-	16,256,293	16,256,293
	687,539,850	-	-	687,539,850	687,539,850
<b>Non-Current Assets</b>					
Investments	-	-	18,352,764	18,352,764	18,352,764
	-	-	18,352,764	18,352,764	18,352,764
<b>Financial Liabilities</b>					
<b>Current Liabilities</b>					
Trade and Other Payables	113,303,136	-	-	113,303,136	113,303,136
Amounts Due to Related Parties	6,916,666	-	-	6,916,666	6,916,666
Bank Overdrafts	33,181,662	-	-	33,181,662	33,181,662
Interest-bearing Loans and Borrowings	15,997,999	-	-	15,997,999	15,997,999
	169,399,462	-	-	169,399,462	169,399,462
<b>Non-Current Liabilities</b>					
Interest-bearing Loans and Borrowings	-	-	-	-	-
	-	-	-	-	-

	Amortized Cost	Fair value through Profit & Loss	Fair value through Other Comprehensive Income	Total Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>31st March 2022</b>					
<b>Financial Assets</b>					
<b>Current Assets</b>					
Trade & Other Receivables	111,335,706	-	-	111,335,706	111,335,706
Cash and Short-Term Deposits	476,969,994	-	-	476,969,994	476,969,994
Amounts Due From Related Parties	4,339,326	-	-	4,339,326	4,339,326
	592,645,026	-	-	592,645,026	592,645,026
<b>Non-Current Assets</b>					
Investments	-	-	18,127,276	18,127,276	18,127,276
	-	-	18,127,276	18,127,276	18,127,276
<b>Financial Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other Payables	56,205,646	-	-	56,205,646	56,205,646
Amounts due to Related Parties	3,616,875	-	-	3,616,875	3,616,875
Bank Overdrafts	19,829,660	-	-	19,829,660	19,829,660
Interest-Bearing Loans and Borrowings	12,006,000	-	-	12,006,000	12,006,000
	91,658,180	-	-	91,658,180	91,658,180
<b>Non-Current Liabilities</b>					
Interest-Bearing Loans and Borrowings	7,993,999	-	-	7,993,999	7,993,999
	7,993,999	-	-	7,993,999	7,993,999

## 28.2 Determination of Fair value and Fair Value Hierarchy

The Company uses the Following hierarchy for Determining and Disclosing the Fair Value of Financial Instruments by Valuation Technique:

Level 1: Quoted (unadjusted) Prices in active Markets for Identical Assets or Liabilities

Level 2: Other Techniques for which all Inputs which have a Significant Effect on the Disclosed Fair Value are Observable, either Directly or Indirectly

Level 3: Techniques Which use Inputs that have a Significant Effect on the Disclosed Fair Value that are not Based on Observable Market Data

## Notes to the Financial Statement

Year ended 31 March 2023

**28.3 Financial Instruments not Carried at Fair Value**

Given Below is a Comparison, by class, of the Carrying amounts and Fair Values of the Company's Financial Instruments that are not carried at Fair value in the Financial Statements. This Table does not Include the Fair Values of Non-Financial Assets and Non-Financial Liabilities.

	2023		2022	
	Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
<b>Current Assets</b>				
Trade and Other Receivables	208,244,784	208,244,784	111,335,706	111,335,706
Amounts Due from Related Parties	16,256,293	16,256,293	4,339,326	4,339,326
Short-Term Deposits	346,408,931	346,408,931	322,808,942	322,808,942
Cash at Bank and Cash in Hand	116,629,842	116,629,842	154,161,052	154,161,052
	<b>687,539,850</b>	<b>687,539,850</b>	<b>592,645,026</b>	<b>592,645,026</b>
<b>Current Liabilities</b>				
Trade and Other Payables	113,303,136	113,303,136	56,205,647	56,205,647
Amounts Due to Related Parties	6,916,666	6,916,666	3,616,875	3,616,875
	<b>120,219,802</b>	<b>120,219,802</b>	<b>59,822,521</b>	<b>59,822,521</b>

The Following describes the Methodologies and Assumptions used to Determine Fair Values for those Financial Instruments which are not Recorded at Fair value in the Financial Statements:

For Financial Assets and Financial Liabilities that have a Short Term Maturity (Less than Three Months) it is Assumed that the Carrying amounts Approximate their Fair Value. This Assumption is also applied to Trade and Other Receivables, Amounts due from/to Related Parties, Cash and Bank & Trade and Other Payables without a Specific Maturity.

**Interest-Bearing Loans and Borrowings**

The Fair Value of Financial Liabilities Does not Significantly vary From the Value Based on the Amortised Cost Methodology

	Level	2023		2022	
		Carrying Value Rs.	Fair Value Rs.	Carrying Value Rs.	Fair Value Rs.
<b>Financial Liabilities</b>					
Interest-Bearing Loans and Borrowings (Note 22)	Level 2	49,179,661	49,179,661	39,829,659	39,829,659
		<b>49,179,661</b>	<b>49,179,661</b>	<b>39,829,659</b>	<b>39,829,659</b>

The Following Describes the Methodologies and Assumptions used to Determine Fair values for those Financial Instruments which are not Recorded at Fair value in the Financial Statements:

For Financial Assets and Financial Liabilities that have a Short Term Maturity (Less than Three Months) it is Assumed that the Carrying Amounts Approximate their Fair Value. This Assumption is also applied to Trade and Other Receivables, Cash and Bank, Interest Bearing Loans and Borrowings & Trade and Other Payables without a Specific Maturity.



**28.4 Non Financial Assets Disclosed at Fair value**

	Method	Date of valuation	Level **	Value	Unobservable Inputs	Average Price Per Perch/Sq.ft
<b>2023</b>						
Free hold land	Market Approach	31.03.2022	03	717,965,000	Estimated Price per Perch	690,000 / 650,000 / 600,000
Buildings	Market Approach	31.03.2022	03	1,522,708,069	Estimated Price per Sq.ft	13,750 / 5,000 / 6,250
<b>2022</b>						
Free hold land	Market Approach	31.03.2022	03	717,965,000	Estimated Price per Perch	690,000 / 650,000 / 600,000
Buildings	Market Approach	31.03.2022	03	1,562,215,000	Estimated Price per Sq.ft	13,750 / 5,000 / 6,250

\*\* Fair Value Measurement Sensitivity to Unobservable Inputs - Positive Impact to the Fair Value

The valuation was Carried out by a Professionally Qualified Independent Valuer in Compliance with Sri Lanka Accounting Standard - SLFRS 13 (Fair Value Measurement).

**29. RISK MANAGEMENT****29.1 Introduction**

The Company has Exposure to the Following Risks From its Use of Financial Instruments;

1. Credit Risk
2. Liquidity Risk
3. Market Risk

The Board of Directors has the Overall responsibility for the Establishment and Oversight of the Company's Risk Management Framework, which includes Developing and Monitoring the Company's Risk Management Policies.

The Audit Committee Oversees how Management Monitors Compliance with the Risk Management Policies and Procedures, and Reviews the Adequacy of the Risk Management Framework in Relation to the Risks Faced by it.

**29.2 Credit Risk****(a) Introduction**

Credit Risk is the Risk of Financial Loss to the Company if a Customer or Counterparty to a Financial Instrument Fails to Meet its Contractual Obligations, and Arises Principally from the Company's Receivables from Customers.

The Maximum Exposure to Credit Risk is Represented by the Carrying Value of Each Financial Asset on the Reporting Date.

**(b) The Maximum Exposure to Credit Risk at the Reporting Date**

	Note	2023 Rs.	2022 Rs.
Cash and Cash Equivalents	16	116,629,842	154,161,052
Trade and Other Receivables	12	208,244,784	111,335,706
Fixed Deposits	15.2	346,408,931	322,808,942
Amounts Due from Related Parties	15.3	16,256,293	4,339,326
		687,539,850	592,645,026

## Notes to the Financial Statement

Year ended 31 March 2023

**29.2 Credit Risk contd.****Expected Credit Loss Assessment**

The Company adopted Expected Credit Loss (ECL) approach to Impairment of its Financial Assets. This Enables Better Credit Risk reporting of the Financial Instruments by Carrying reasonably Quantified default Risk adjusted Value of Assets in the Balance Sheet and Minimising the Timing difference in Recognition of Future Default Loss.

The ECL Measurement approach that is best suited for each Class of Asset is Determined Based on the Underlying Risk Characteristics of the Asset. Subsequent to Selection between General and Simplified approaches to Measurement, the Company assesses Financial Assets using Data that is Determined to be Predictive of default Risk, including but not Limited to External Ratings, Historical payment patterns, Audited Financial statements and Cash Flow Projections.

The Company Re-Evaluated its approach to the Measurement of ECL, as the Consequent Unexpected Deterioration in the Credit Quality of Loan Portfolios (Financial Institutions) and Trade Receivables (Non-Financial Institutions), will have a Significant Impact on the ECL measurement. The Company Considered all Reasonable and Supportable Information Available without Undue Cost or Effort at the Reporting Date as Well as Practical Expedients made Available. Economic Factor Adjustment (EFA) Updated to Reflect in Measuring ECL while Information used for Probability of Default (PD) and Loss Given Default (LGD) were used without Modification Due to Insufficiency of Updated Information relating to Borrowers repayment ability, Resource constraints and various Government relief measures as a result of the Outbreak.

The Company also Assessed its Financial Instruments for Significant Increase in Credit Risk (SICR) with available, Reasonable and supportable Information including Economic support and Relief Measures provided to Counterparties.

**(c) The Ageing of the Trade Receivable as at the Reporting Date**

	2023 Rs.	2022 Rs.
<b>Gross Receivable</b>		
Not Past Due	23,521,754	27,595,765
Past Due 0-30 Days	94,826,181	45,717,440
Past Due 31-60 Days	55,208,141	28,055,932
Past Due 61-90 Days	19,035,771	5,689,308
Past Due 90-120 Days	11,000,114	1,603,345
Past Due 120-180 Days	4,135,357	1,175,719
More than 180 Days	1,025,697	4,277,333
<b>Total Gross Receivable</b>	<b>208,753,015</b>	<b>114,114,842</b>
<b>Impairment Allowance*</b>		
Allowance for Impairment	(3,540,683)	(5,369,012)
<b>Carrying Value</b>	<b>205,212,332</b>	<b>108,745,830</b>
<b>Movement in the Impairment Allowance*</b>		
	2023 Rs.	2022 Rs.
Balances at 1 April	5,369,012	4,375,922
Impairment Recognised	(1,828,329)	993,090
<b>Balances at 31 March</b>	<b>3,540,683</b>	<b>5,369,012</b>

### 29.3 Liquidity Risk

#### (a) Introduction

Liquidity Risk is the Risk that the Company will not be able to meet its Financial Obligations as they Fall due. The Company'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 Company's Reputation.

(b) The Following Summarises the Maturity Profile of the Company's Financial Liabilities based on Contractual undiscounted Payments:

	Contractual Maturities of Financial Liabilities				
	Total	Up to	3-12	1 - 5	More than
	Rs.	3 Months	Months	Years	5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>31 March 2023</b>					
Financial Liabilities	65,280,417	65,280,417	-	-	-
Bank Overdraft	33,181,662	33,181,662	-	-	-
Amounts Due to Related Parties	6,916,666	6,916,666	-	-	-
Interest-Bearing Loans and Borrowings	49,526,041	37,331,506	12,194,535	-	-
	154,904,785	142,710,250	12,194,535	-	-
<b>31 March 2022</b>					
Financial Liabilities	30,844,127	30,844,127	-	-	-
Bank Overdraft	19,829,660	19,829,660	-	-	-
Amounts Due to Related Parties	3,616,875	3,616,875	-	-	-
Interest-Bearing Loans and Borrowings	40,562,954	20,031,303	12,445,884	8,085,767	-
	94,853,615	74,321,964	12,445,884	8,085,767	-

#### (c) Undrawn Committed Borrowing Facilities

There are no Undrawn Borrowing Facilities available to the Company as at the Reporting Date.

### 30.4 Market Risk

#### (a) Introduction

Market Risk is the Risk that the Fair value of Future cash flows of Financial Instruments will Fluctuate due to the Changes in Market Prices. Mainly the Changes in Market Prices, such as Foreign Exchange Rates and Interest Rates will affect the Company's Income or the Value of its holdings of Financial Instruments.

#### (b) Foreign Currency Risk

The Company is exposed to Foreign Currency risk on Revenue and Receivables and Cash Deposits Denominated in Currencies Other than the Functional Currency of the Company. The Currencies giving rise to this Risk are Primarily US Dollars, Sterling Pounds and Euro. The Company Finance team Closely monitors the Exchange Rate Movement, for necessary action.

The Sri Lankan Rupee is fluctuating against the US Dollar in March 2023 on the back of economic turmoil in global, regional and local markets. The Company exposed to foreign currency denominated payments with local currency revenues are adversely impacted to undue fluctuations in exchange rates.

# Notes to the Financial Statement

Year ended 31 March 2023

## 30.4 Market Risk contd.

If market rate appreciate or depreciate by 20% the effect of the same to the exchange gain/(loss) would be:

Currency	Sensitivity Effect on Comprehensive Income increase/(decrease) in Results for the Year	
	20%	-20%
Euro (€)	29,260,411	(29,260,411)
Dollar (\$)	9,028,958	(9,028,958)
Sterling Pound (£)	2,281,412	(2,281,412)
	40,570,781	(40,570,781)

### (c) Interest Rate Risk

Interest Rate Risk is the Risk that the Fair Value or Future Cash Flows of a Financial Instrument will Fluctuate because of Changes in Market Interest Rates. The Company's Borrowing Portfolio Consist with Fixed Rate Borrowings thus Company does not have an Interest Rate Risk as at the reporting Date.

## 30. CAPITAL MANAGEMENT

The Company's Capital Structure Comprising Share Capital, Reserves and Retained Earnings, as Disclosed in the Statement of Changes in Equity. The Board's Intention is to Maintain a Strong Capital base so as to Maintain Investor, Creditor and Market Confidence and to Sustain future Development of the Business. The Company's Objective for Managing its Capital is to Ensure that Company will be able to Continue as a Going Concern while Maximizing the Return to Shareholders, as well as Sustaining the Future Development of its Business. In order to Maintain or Adjust the Capital Structure, the Company may alter the total amount of Dividends paid to Shareholders, issue New Shares, and Draw down additional Debt.

## 31. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no Material Events Occurring After the Reporting Date that Require Adjustments to or Disclosure in the Financial Statements.

## Investor Information

	No.of Members	Shareholding	%
1 - 1000	1286	209,314	0.42%
1001 - 10000	242	930,484	1.86%
10001 - 100000	90	2,657,660	5.32%
100001 - 1000000	24	6,881,841	13.76%
Over 1000000	9	39,320,701	78.64%
	1651	50,000,000	100.00%

Category	As at 31 March 2023		As at 31 March 2022	
	Shareholding	%	Shareholding	%
Resident	47,332,044	94.66%	47,337,575	94.68%
Non Resident	2,667,956	5.34%	2,662,425	5.32%
	50,000,000	100.00%	50,000,000	100.00%

Category	As at 31 March 2023		As at 31 March 2022	
	Shareholding	%	Shareholding	%
Individuals	15,178,696	30.36%	15,241,046	30.48%
Corporate	34,821,304	69.64%	34,758,954	69.52%
	50,000,000	100.00%	50,000,000	100.00%

Shareholding	2023 Rs.	2022 Rs.
Market Value Per Share as at 31st March	26.30	16.30
Highest Market Value Per Share	26.80	32.50
Lowest Market Value Per Share	20.50	16.00
Public Holding		
No. of Ordinary Shares	6,990,461	6,990,461
Percentage	13.98%	13.98%

## Investor Information

20 Largest Shareholders	2023		2022	
	No. of Shares held	%	No. of Shares held	%
Tangerine Beach Hotels PLC	14,202,786	28.41%	14,202,786	28.41%
Mercantile Investments and Finance PLC	8,576,700	17.15%	8,576,700	17.15%
Tangerine Tours (Pvt) Ltd	3,966,289	7.93%	3,966,289	7.93%
Mr. M J Fernando	3,649,403	7.30%	3,649,403	7.30%
The Nuwara Eliya Hotels Co. PLC	2,750,000	5.50%	2,750,000	5.50%
Mr. M U Maniku	2,552,823	5.11%	2,552,823	5.11%
Mr. T J Ondaatjie	1,414,233	2.83%	1,414,233	2.83%
Ms. A M Ondaatjie	1,126,733	2.25%	1,126,733	2.25%
Mr. G G Ondaatjie	1,081,734	2.16%	1,081,734	2.16%
Mercantile Fortunes (Pvt) Ltd	829,870	1.66%	829,870	1.66%
Nilaveli Beach Hotels (Pvt) Ltd	707,375	1.41%	707,375	1.41%
Security Ceylon (Pvt) Ltd	650,000	1.30%	650,000	1.30%
City Properties (Pvt) Ltd	558,428	1.12%	558,428	1.12%
Mrs. K M N Perera	414,542	0.83%	414,542	0.83%
N Vaitilingam & Co. (Pvt) Ltd	362,498	0.72%	362,498	0.72%
Mr. J A S S Adhietty	299,050	0.60%	299,050	0.60%
Mr. N H V Perera	265,795	0.53%	265,795	0.53%
Mr. D C Fernando	250,000	0.50%	250,000	0.50%
Ceylon Galvernizing Industries Ltd	249,998	0.50%	249,998	0.50%
Renuka Consultants & Services Limited	239,547	0.48%	239,547	0.48%

# Ten Years Summary

Year ended 31st March	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
<b>Trading Results</b>										
Turnover Net of Tax	670,853	336,870	150,953	617,604	754,840	656,686	582,319	637,372	527,742	640,908
Operating profit/(Loss) before interest exp. and other income	(72,458)	(94,595)	(180,939)	42,399	128,426	85,520	69,723	144,464	19,327	91,003
Profit/(Loss) before Taxation	5,598	(17,776)	(119,921)	97,006	162,991	133,335	96,744	173,764	23,565	118,865
Taxation provision	(112,622)	(4,514)	(8,937)	(27,894)	(36,067)	(45,562)	(10,005)	(25,246)	(1,214)	(19,514)
Profit after taxation on Ordinary activities	(107,024)	(22,290)	(128,857)	69,111	126,924	87,773	86,739	148,517	22,351	99,351
<b>Share Capital &amp; Reserve</b>										
Issued Share Capital	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583	521,583
Revaluation Reserve	1,201,893	1,453,005	1,096,954	1,113,515	1,130,327	962,802	1,034,216	1,032,667	694,331	705,172
Revenue Reserve	619,411	724,386	745,247	856,087	821,090	736,090	691,284	646,207	519,981	485,335
Fair value Reserve of Financials Assets at FVOCI	272	115								
<b>Total Equity</b>	<b>2,343,160</b>	<b>2,699,089</b>	<b>2,363,785</b>	<b>2,491,186</b>	<b>2,464,001</b>	<b>2,220,475</b>	<b>2,247,084</b>	<b>2,200,457</b>	<b>1,735,895</b>	<b>1,712,091</b>
<b>Assets Employed</b>										
Current Assets	761,050	642,329	593,314	695,190	668,997	551,747	465,598	464,102	280,095	334,754
Current Liabilities	(172,139)	(92,447)	(73,472)	(93,738)	(104,558)	(89,009)	(89,176)	(94,313)	(75,386)	(108,003)
Working Capital	588,911	549,882	519,842	601,452	564,419	462,738	376,423	369,789	204,710	226,751
Non Current Assets	2,485,711	2,524,146	2,171,981	2,197,113	2,198,865	2,018,120	2,034,656	1,992,090	1,659,293	1,613,933
Non- Current Liabilities	(731,462)	(374,940)	(328,038)	(307,379)	(299,283)	(260,382)	(163,994)	(161,421)	(128,107)	(128,593)
	2,343,160	2,699,089	2,363,785	2,491,186	2,464,001	2,220,476	2,247,084	2,200,457	1,735,895	1,712,091
<b>Ratio &amp; Statistics</b>										
Gearing Ratio (Times)	0.09	1.48	1.49	0.90	0.92	0.50	0.33	0.00	0.00	0.00
Current ratio (Times)	4.42	6.95	8.08	7.42	6.40	6.20	5.22	4.92	3.72	3.10
Market Price per Share	26.30	16.30	14.30	12.70	16.10	18.00	21.90	30.50	36.00	30.00
Earnings per Share	(2.14)	(0.45)	(2.58)	1.38	2.54	1.76	1.73	2.97	0.45	1.99
Net assets per Share	46.86	53.98	47.28	49.82	49.28	44.41	44.94	44.01	34.72	34.24
Interest Cover (Times)	2.90	(9.17)	(189.48)	302.86	6,101.65	1,081.76	365.13	482.34	49.39	203.54
Return on Shareholder's Funds (%)	(4.57)	(0.83)	(5.45)	2.77	5.15	3.95	3.86	6.75	1.29	5.80
Return on Total Assets(%)	(3.30)	(0.70)	(4.66)	2.39	4.43	3.42	3.47	6.05	1.15	5.10
Price Earning Ratio	(12.29)	(36.22)	5.55	9.19	6.34	10.25	12.62	10.27	80.53	15.10

## Value Added Statement

For the Year ended 31st March	2023	2022
Turnover	670,852,891	336,870,358
Less- Cost Of Sales	(594,032,174)	(236,845,178)
Value added	76,820,717	100,025,179
Other Income	80,997,829	78,566,998
<b>Total Investment Created</b>	<b>157,818,546</b>	<b>178,592,177</b>
Value Added to Employees	172,672,761	126,756,989
Providers of Capital	-	-
To Government	23,274,258	10,580,100
	195,947,019	137,337,089
For Expansion & Growth		
Retained Earnings	(107,024,457)	(22,290,085)
Depreciation	68,895,984	63,545,173
	(38,128,473)	41,255,088
	157,818,546	178,592,177



## Real Estate Portfolio

Company & Location	Building in ( Sq.Ft.)		No. of Buildings		Land in Acres		Net Book Value	
	2022/23	2021/22	2022/23	2021/22	Free hold Property		Rs.'000	Rs.'000
					2022/23	2021/22	2022/23	2021/22
Royal Palms Beach Hotels PLC, No. 35, OFF. De Abrew Drive, Kalutara North, Maha Waskaduwa, Kalutara	184,563	184,563	11	11	6.55	6.55	2,240,806	2,280,180

# Notice of Meeting

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of Royal Palms Beach Hotels PLC. will be held as a virtual meeting on 26th September 2023 at 12.30 p.m. assembled at 236, Galle Road, Colombo 3, to transact the following business.

1. To receive and adopt the Report of the Directors and the Statements of Accounts for the year ended 31st March 2023, with the Report of the Auditors thereon.
2. To elect Mr. J D Vaz who retires in terms of Article 88 (i) of the Articles of Association of the Company.
3. To elect Mr. Mihindu Keerthiratne, in terms of Section 211 of the Companies Act No.07 of 2007. The Company has received special notice of intention to pass the following resolutions as ordinary resolutions.  
"Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. Mihindu Keerthiratne who is 82 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act."
4. To elect Mr. Ajita de Zoysa, in terms of Section 211 of the Companies Act No.07 of 2007. The Company has received special notice of intention to pass the following resolutions as ordinary resolutions.  
"Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. Ajita de Zoysa who is 79 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act."
5. To elect Mr. Mohamed Umar Maniku, in terms of Section 211 of the Companies Act No.07 of 2007. The Company has received special notice of intention to pass the following resolutions as ordinary resolutions.  
"Resolved that the age limit of 70 years referred to in Sections 210 of the Companies Act No.07 of 2007 shall not be applicable to Mr. Mohamed Umar Maniku who is 76 years of age and whose appointment as a Director of the Company be and is hereby approved and who is elected a Director of the Company notwithstanding the provisions of the said Section 210 of the Companies Act."
6. To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the Company in terms of Section 158 of the Companies Act No.7 of 2007 and to authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine payments for charitable and other purposes for year 2023/24.
8. To consider and if thought fit passing the following resolution as a special resolution.

THAT the Articles of Association of the Company to be amended in the following manner,

To delete Article 59 and substitute same with the following,

- 59.1. A quorum for a meeting of shareholders is present if the shareholders or their proxies are present who are between them able to exercise a majority of the votes to be cast on the business to be transacted by the meeting
- 59.2. A meeting of shareholders may be held either by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other (and speak – when required) throughout the meeting.

By Order of the Board,  
Mercantile Investments and Finance PLC  
*Secretaries*

Colombo  
15th August 2023

## Notes:

A member entitled to attend and vote at the meeting is entitled to appoint a proxy (whether a member or not) to attend and vote instead of him. A form of proxy is enclosed with the Report for this purpose and Shareholders who are unable to attend the meeting in person are requested to kindly complete and return such form of proxy in due time, in accordance with the instructions noted on the form of proxy.

For information on how to participate by virtual means in the above meeting please refer the supplementary notice to shareholders.

# Supplimentary Notice to Shareholders

## ROYAL PALMS BEACH HOTELS PLC 31st Annual General Meeting

Dear Shareholder,

The Board of Directors of the Company, having taken into consideration the guidelines issued by Colombo Stock Exchange ("CSE") on holding virtual shareholder meetings through audio/visual means, have decided to hold the Annual General Meeting ("AGM") of the Company as a virtual meeting through audio/visual means using an online platform on 26th September 2023 as per the Notice of Meeting of the AGM.

Please note the following procedure to be adopted in terms of same.

1. Notice of Meeting, Form of Proxy and Form of Registration are enclosed herewith.
2. The AGM will be held in compliance with the principals set out in the Guidelines issued by CSE for hosting of virtual Annual General Meeting.
3. Only the key officials who are essential for the administration of the formalities of the meeting will be physically present at the venue. All shareholders will participate via online meeting platform.
4. Shareholders who wish to participate in AGM through audio visual means should forward the duly perfected Registration Form (Annexure 1) to Mercantile Investments and Finance PLC, Secretaries, 236, Galle Road, Colombo 3 or by email to [mercantile@mi.com.lk](mailto:mercantile@mi.com.lk) at least 48 hours before the time fixed for the meeting.
5. Adequate arrangements will be made for Shareholders who wish to participate in the AGM via the online meeting platform with log in information being forwarded to shareholders in advance of the meeting upon verification of registration details. Only Shareholders or their duly appointed proxyholders are requested to log in to the virtual meeting platform. It is recommended that Shareholders/Proxy Holders join the AGM at least 15 minutes before the start of the AGM. The digital Platform will be active 30 minutes before the start of the AGM. The Company will not be responsible or liable for misuse and/or unauthorized use of the login information.
6. Shareholders will be given the opportunity to raise any questions or comments on the matters listed on the Agenda for the meeting or forward the questions in advance to the email [mercantile@mi.com.lk](mailto:mercantile@mi.com.lk)
7. Voting on items listed on the Agenda will be registered using an online platform. Shareholders/Proxyholders will be briefed on the procedure for voting prior to the commencement of the AGM.

In the event the Company is required to take any further action in relation to the Meeting and/or other communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange and/or publication on the Company website [www.tangerinehotels.com](http://www.tangerinehotels.com)

The Board wishes to thank the Shareholders of the Company for their corporation and support to ensure a smooth and uninterrupted process at the Annual General Meeting of the Company and look forward to their virtual attendance.

By Order of The Board  
ROYAL PALMS BEACH HOTELS PLC  
Mercantile Investments And Finance PLC  
*Secretaries*

15th August 2023  
Colombo

# Registration Form

ANNEXURE 1

ROYAL PALMS BEACH HOTELS PLC  
31st Annual General Meeting

To: Mercantile Investments and Finance PLC  
*Secretaries*  
Royal Palms Beach Hotels PLC  
236, Galle Road,  
Colombo 3

Full Name of Shareholder .....

Address of Shareholder .....

Shareholder's NIC No/Passport No/Co. Reg No .....

Membership No/ CDS Account No .....

Shareholder's Contact Nos. Residence ..... Mobile .....

Shareholder's e-mail address ..... (Please type clearly, mandatory)

**If Proxy is Appointed**

Full Name of Proxy .....

Proxy Holder's NIC No/Passport No. ....

Telephone No. Residence ..... Mobile .....

e-mail Address ..... (Please type clearly, mandatory)

.....  
Shareholder's Signature/Date

.....  
1st Joint holder's Signature/date

.....  
2nd Joint holder's Signature/date

**Notes:**

Instructions as to completion are noted on the reverse hereof.

#### INSTRUCTIONS AS TO COMPLETION

1. Shareholders are advised to complete the form legibly in order to facilitate their participation through the online platform
2. The "Web Link" for participation at the AGM through the online platform will be forwarded to the Shareholder's above noted email address.
3. In the case of a Company/Corporation, the registration form must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. If the registration form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
5. The completed registration form should be deposited at the Secretaries office at No.236, Galle Road, Colombo 3 or emailed to [mercantile@mi.com.lk](mailto:mercantile@mi.com.lk) 48 hours before the time appointed for the meeting.

# Form of Request

FOR A PRINTED COPY OF THE ANNUAL REPORT 2022/23 OF ROYAL PALMS BEACH HOTELS PLC

I would like to receive the printed version of the Annual Report 2022/23 of Royal Palms Beach Hotels PLC

Shareholders Details	
Full name of Shareholder	
Shareholder's NIC/Passport/ Company Registration No.	
Contact Number	
Signature	Date

Notes:

- 1) Please complete the Form of Request by filling in legibly the required information /Date and signing in the space provided.
- 2) In the event the shareholder is a Company, the Form of Request should be signed under its Common Seal or by a duly authorised officer of the Company in accordance with its Article of Association.
- 3) Please forward the completed Form of Request to the Secretaries in one of the following methods-  
By post / Delivered by Hand- Secretaries  
Royal Palms Beach Hotels PLC  
236, Galle Road, Colombo 03  
By Fax- 0112434524 By email - mercantile@mi.com.lk



Notes

A series of horizontal dotted lines for writing notes.



# Form of Proxy

I/We .....

of .....

being a member/members of ROYAL PALMS BEACH HOTELS PLC, do hereby appoint;

.....

of ..... or failing him/her

Angeline Myrese Ondaatjie	or failing her
Gerard George Ondaatjie	or failing him
Travice John Ondaatjie	or failing him
Nawagamuwage Hasantha Viraj Perera	or failing him
Mohamed Umar Maniku	or failing him
Ajita de Zoysa	or failing him
Mihindu Keerthiratne	or failing him
John Damasene Vaz	or failing him
Prasanna Senani Rajiv Casie Chitty	

as my/our proxy to represent me/us and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 26th September 2023 at 12.30 p.m. as a virtual meeting assembled at 236, Galle Road, Colombo 3 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

		For	Against
1)	To receive and adopt the Report of Directors and the Statement of Accounts for the year ended 31st March 2023, with the Report of the Auditors there on.	<input type="checkbox"/>	<input type="checkbox"/>
2)	To elect Mr. J D Vaz retiring in terms of Article 88(i) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3)	To elect Mr. M Keerthiratne in terms of Section 211 of the Companies Act No.7 of 2007	<input type="checkbox"/>	<input type="checkbox"/>
4)	To elect Mr. A de Zoysa in terms of Section 211 of the Companies Act No.7 of 2007	<input type="checkbox"/>	<input type="checkbox"/>
5)	To elect Mr. M U Maniku in terms of Section 211 of the Companies Act No.7 of 2007	<input type="checkbox"/>	<input type="checkbox"/>
6)	To re-appoint Messrs. Ernst & Young who are deemed to be re-appointed as Auditors of the Company in terms of Section 158 of the Companies Act No.7 of 2007 and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
7)	To authorize the Directors to determine payments for charitable and other purposes for the year 2023/24.	<input type="checkbox"/>	<input type="checkbox"/>
8)	To pass the special resolution as set out in the Notice of Meeting	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/our hand this ..... day of ..... 2023

.....  
Signature of Shareholder/s

## Note:

Please delete the inappropriate words.

(Instructions as to completion are noted on the reverse hereof)

## Form of Proxy

**INSTRUCTIONS AS TO COMPLETION**

1. Kindly perfect the form of proxy, after filling legibly your full name and address and by signing in the space provided and please fill in the date of signature.
2. If the proxy form is signed by an Attorney, the relative Power of Attorney should also accompany the proxy form for registration, if such Power of Attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
4. The completed form of proxy should be deposited at the Registered Office of the Company at No.236, Galle Road, Colombo 3, 48 hours before the time appointed for the meeting.

# Corporate Information

## Name of the Company

Royal Palms Beach Hotels PLC.

## Status & Legal Form

Public quoted company with limited liability  
Incorporated in Sri Lanka on 20th May 1992.

## Company Registration Number

PQ 167

## Tax Payer Identification Number

114092118

## VAT Registration Number

114092118 7000

## Communication Registered Office

236, Galle Road, Colombo 03,  
Sri Lanka  
P.O. Box 195, Colombo  
Tel : 2343720-7  
Fax : 2434524, 2448279  
E-mail : Salesandmarketing@tangerinehotels.com  
Reservations@tangerinehotels.com  
Website: www.tangerinehotels.com

## Hotel

Royal Palms Beach Hotel, St.Abrew's Road,  
Nagashandiya, Waskaduwa.  
Tel : 034-2228113-7  
Fax : 034-2228112  
E-mail : info@royalpams.lk

## Secretaries

Mercantile Investments & Finance PLC

## Remuneration Committee

Chairman – N.H.V.Perera  
P S R Casie Chitty

## Audit Committee

Chairman – N.H.V.Perera  
P S R Casie Chitty

## External Auditors

Ernst & Young.  
CHARTERED ACCOUNTANTS

## Internal Auditors

SJMS Associates - Deloitte  
Chartered Accountants

## Bankers

Hatton National Bank PLC  
Commercial Bank of Ceylon PLC

## Board of Directors

A.M. Ondaatjie - *Chairperson*  
G.G.Ondaatjie  
T.J. Ondaatjie  
N.H.V.Perera  
M.Keerthiratne  
M.U.Maniku  
M.J.Fernando \*\*  
A.De.Zoysa  
P S R Casie Chitty  
J.D.Vaz

\* *Mr. M J Fernando Deceased on 20th July 2023.*

## Corporate Management

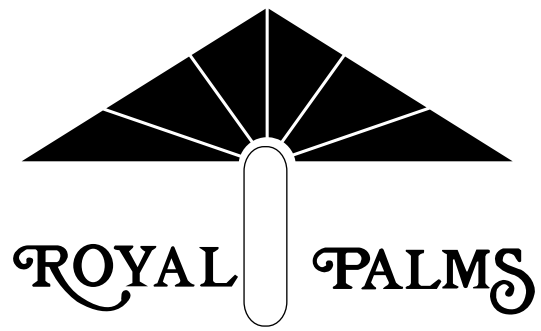
Ravi Kurukulasooriya	General Manager
M.I. Shahabdeen	Group Financial Controller
Manil Galagoda	Group Consultant for Engineering
Ravi Fernando	Group Accountant
Nelson Mayadunnage	Financial Controller
Menaka Fernando	Chief Accountant

## Management Team

Ravi Kurukulasooriya	General Manager
Nelson Mayadunnage	Financial Controller
Menaka Fernando	Chief Accountant
Y.D.K.Chandrasiri	Maintenance Engineer
Anjana Gunawardene	Front Office Manager (Resigned w.e.f.08.12.2022)
Bandula Priyantha	Executive Chef
Janatha Kumara	Executive Housekeeper
Praboth Jayaweera	Credit Manager
Priyanka Liyanage	Cluster Cost Controller (Resigned w.e.f.22.09.2022)
Ravindra Pahuruthota	Executive Housekeeper
Kumudu Priyantha	Food & Beverage Cost Executive (w.e.f. 01.01.2023)
Jayampath Thabrew	Cluster Chief Engineer (w.e.f. 05.01.2023)
Dharani Namasivayam	Front Office Manager (w.e.f. 01.07.2023)

Concept & Designed by





[www.tangerinehotels.com](http://www.tangerinehotels.com)