



# **Tangerine Beach Hotels PLC**

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Annual Report  
2022/2023

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# Financial Highlights

Year ended 31st March	2023 Rs.' 000	2022 Rs.' 000	% Change
<b>Results for the year</b>			
Gross Revenue	569,189	321,332	77.13
Cost of Sales	243,242	113,920	113.52
Operating Profit before Interest & Tax	(171,024)	(132,435)	29.14
Interest Expense	1579	1717	-8.04
Profit /(Loss) before Tax	(119,435)	(94,935)	25.81
Income Tax Expense	(81,326)	(5,975)	1,261
Profit /(Loss) after Tax	(200,761)	(100,910)	99
Profit /(Loss) attributable to Shareholders	(200,761)	(100,910)	99
<b>Financial Position at the end of the year</b>			
Shareholders' Funds (Stated Capital & Reserves)	2,895,105	3,457,223	(16.26)
Total Assets	3,813,283	3,938,124	(3)
Number of Shares in Issue (Millions)	20	20	-
Cash & cash equivalent	32,625	95,514	(65.84)
<b>Ratios</b>			
Return on Shareholders' Funds (%)	(6.93)	(2.92)	138
Return on Total Assets (%)	(5.26)	(2.56)	105
Year on Year EPS increase / decrease	(79.00)	51.82	(252)
Interest Cover (Times)	(55.36)	(50.59)	9
Equity / Assets (%)	75.92	87.79	(13.52)
Current Ratio (Times)	(2.97)	5.36	(155)
Gearing Ratio (Times)	0.027	0.014	88
<b>Information per Ordinary share</b>			
Earnings per Share (Rs.)	(10.04)	(5.05)	99
Net Asset per Share (Rs.)	144.76	172.86	(16)
<b>Market Shareholder Information</b>			
Market Value per Share as at 31st March (Rs.)	55	44.1	25
Market Capitalisation (Rs.' 000)	1,100,000	882,000	24.72
Price Earnings Ratio (Times)	(5.48)	(8.74)	(37)

# Chairperson's message

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## Better recovery than expected

The past couple of years have without a doubt been one of the toughest periods of our history of tourism industry. These highly trying times have, however, demonstrated our resilience. Through the strong leadership of our management and the teams that rallied together to ensure our survival, we have come out fitter and leaner. The pandemic did get us down in more ways than one, but we remained focused and steered the Company with a new vigor and a direction.

Many sacrifices were made along the way, but also a lot of hard work with a much-detailed approach was accomplished to ensure that we bounce back in the most optimal way. This can certainly be seen in the returning financial performance of the company. This period also allowed for the time to rethink, adjust, and reposition our approach.

### Our 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 economic 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

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 to 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. 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.

### Global Tourism

Tourism is vital for the success of many economies around the world. There are several benefits of tourism on host destinations. Tourism boosts the revenue of the economy,

creates thousands of jobs, develops the infrastructures of a country, and plants a sense of cultural exchange between foreigners and citizens.

The start of the year has shown again tourism's unique ability to bounce back. In many places, we are close to or even above pre-pandemic levels of arrivals. However, we must remain alert to challenges ranging from geopolitical insecurity, staffing shortages, and the potential impact of the cost-of-living crisis on tourism, and we must ensure tourism's return delivers on its responsibilities as a solution to the climate emergency and as a driver of inclusive development. International tourism receipts grew back to hit the USD 1 trillion mark in 2022, growing 50% in real terms compared to 2021, driven by the important rebound in international travel. International visitor spending reached 64% of pre-pandemic levels.

### Marketing and Operations financial year under review

Tangerine Beach Hotel had a positive start to the financial year mainly from the domestic market. Although the hotel and tourism sector faced severe difficulties due to the political and economic unrest which led to shortages which had a grave impact to the domestic and foreign tourist arrivals, during the summer 2022 season, the hotel achieved 21% occupancy which was a 6% increase from the previous financial year.

Due to the travel advisories issued by most of the European and Middle Eastern countries due to the crisis in Sri Lanka, the foreign arrivals were drastically and the marketing team together with heads of departments of the Hotel, formulated the following aggressive strategies to tackle the fuel and other issues targeting the Sri Lankan market.

- 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.
- Further 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.

### Tourism Trends 2023: Changes in Traveler Demographics

In 2022, we saw the rise of “revenge travel,” where people made up for not being able to go on a vacation for a few years, causing everything from airfares to hotel rates to skyrocket. Tourism trends in 2023 point more toward a shift to conscious travel, where tourists look at their trips in a more holistic way. This includes traveling during off-peak seasons or to emerging destinations, making informed decisions about the businesses they support while traveling, and finding sustainable transportation methods.

The digital nomads and remote workers who helped support struggling tourism industry in destinations around the world during the COVID pandemic will continue to demand longer-term accommodations. This trend is expected to continue in the coming years as people continue to enjoy the benefits of remote work and countries around the world begin to offer digital nomad visas. Meanwhile, the number of young, affluent travelers seeking unique experiences and embracing luxury as a lifestyle is expected to increase, as is the number of “solo and self-focused” travelers seeking experiences centered on wellness and mental health. Many of these solo travelers are women over the age of 55, and a large percentage

of them choose to join a tour when traveling to countries they don’t feel comfortable visiting on their own.

SLTDA statistics, as of 31st July 2022, show that 458,670 international tourists had visited Sri Lanka with the largest source markets during the month of July being the United Kingdom, India, and Germany, followed by France and Canada so our aim was to focus all our strategies on securing more foreign bookings and increase the dollar infusion to our revenue.

- Special strategies for OTAs and hotel booking engine was introduced.
- Removing the “Non refundable” policy.
- Visiting and 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.

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

The hotel participated at the World Travel Mart in London and Tangerine beach hotel also won the Best Hotel award from Schauinsland-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.

### Financial Review for the year

The revenue of Tangerine Beach Hotels PLC during the current financial year was Rs.569.1 Mn compared to Rs.321. 3 Mn achieved

in the previous year. This increase in revenue was mainly due to increase in tourist inflow an appreciation of the foreign currencies during the year. Company recorded 31 % occupancy compared with last year. Revenue from sale of rooms contributed to 50% of the total revenue whilst F&B revenue contributed 45 % and other revenue contributed 5 %. The Loss for the year increased to Rs. 119.4 Mn compared to previous year Loss of Rs. 94. 9 Mn.

### Looking ahead with Confidence

Despite the external challenges that are ongoing, our confidence in the future is stronger than ever. The Company’s development progress has been significant, and we have a strong relationship with the Travel agents. This includes our expanded long-standing relationship with Tangerine Beach Hotels PLC, which will help bring further and new opportunities for enhanced value both to the business and, as a result, our shareholders. While uncertainties undoubtedly remain, our well experienced management teams continue to adapt and perform at the top of their game, doing everything they can to drive the business forward and help to secure its future.

### Conclusion

I take great pride in the successful turnaround of the hotel and what we have achieved by restructuring and returning it to profitability. But for now, I am grateful to the entire Tangerine Beach Hotel team and for all the support we have received from the staff, our financial partners and to you for ensuring the legacy of this company continues. We have shown that we can continue to build in the face of the worst possible threats. We can only thrive from here on!



**A. M. Ondaatjie**  
Chairperson

21st August 2023

## Board of Directors

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

Ms. Angeline Ondaatjie was appointed to the Board on 14th August 1992 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 25 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 of Tangerine Tours (Pvt) Ltd and Royal Palms Beach Hotels PLC. She holds directorship in several 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, Lighthouse Hotel PLC. She is a former Director of Sri Lanka Tourism Promotion Bureau and presently the Vice President Tourist Hotels Association, Safety Advisor Princeton in Asia and serves on the Education Council of MIT.



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

Mr. Gerard Ondaatjie was appointed to the Board on 04th December 1993. He has over 25 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 Deputy Chairman of The Nuwara Eliya Hotels Co. PLC (Grand Hotel) and a Director of Royal Palms Beach Hotels PLC and Nilaveli 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



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

Mr. Travice Ondaatjie was appointed to the Board on 20th July 1995. He has over 25 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 companies which include Mercantile Investments and Finance PLC, Royal Palms Beach Hotels PLC, The Nuwara Eliya Hotels Co. PLC (Grand Hotel) and Fair View Hotel (Pvt) Ltd.



**Mrs. C. A. Ondaatjie**  
*Non Executive Director*

Mrs. Christabel Ondaatjie has been a Director of the Company since its inception. She has over 30 years experience in the tourism and trading sector. She is a Director of Nilaveli Beach Hotels (Pvt) Ltd. and Mercantile Fortunes (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 Royal Palms 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 Royal Palms 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. L. H. Jayasinghe**  
*Executive Director*

Mr. Lakal Jayasinghe was appointed to the Board on 20th December 2007 and is presently the Director/General Manager of Tangerine Beach Hotels PLC. He has over 40 years' experience in the tourism sector which he gained in Sri Lanka as well as overseas. He is a Fellow of the Ceylon Hotel School Graduates Association and holds a Diploma in Hotel Management.



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

Mr. Rajiv Casie Chitty was appointed to the Board of Tangerine 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, Royal Palms Beach Hotels PLC and in some companies of the Ceylon Printers Group. Mr. Casie Chitty is immediate 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 Royal Palms 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.

# Corporate Governance

Corporate Governance is the system by which the company is directed and controlled. A good Corporate Governance structure encourages companies to create value through entrepreneurship, innovation and establishes accountability and transparency commensurate with the inherent risks and opportunities available to the Company. It influences how the objectives of the Company are set and achieved, risks identified and managed and organizational performance optimized. Tangerine Beach Hotels PLC uses the CSE listing rules as a guideline in their Corporate Governance framework. The Board of Directors is strictly committed towards achieving commendable Corporate Governance principles.

## Board Composition

The Board comprises of 07 Directors including the Chairperson.. This includes 02 Independent Non-Executive Directors, 01 Executive Director and 04 Non-Executive Directors.

## Role and Function of the Board of Directors

The Board has overall control and oversight of the activities, the strategic direction and the governance of the Company. Its role includes control and oversight of the company's businesses, risk management and compliance, the performance of management; approving and monitoring financial and other reports; and capital expenditure and reporting to shareholders.

The Board meets as a practice as and when required. Agendas and papers are circulated in advance to enable informed deliberation at meetings and decisions are made by consensus.

## Board Independence

None of the Independent Directors have held executive responsibilities in their capacity as Independent

Directors and had 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 Responsibilities of the Board

The Board of Directors is responsible for;

- Formulating of business strategies taking into consideration the Company's strengths, competencies and risks
- Implementing and monitoring of such strategies
- Reviewing and ratifying systems in operation relating to risk management, internal control, codes of conduct and compliance with the laws, statutes and regulations
- Reviewing, monitoring and ratifying all capital expenditure, acquisitions and divestitures
- Monitoring Senior Management performance
- Ensuring that effective information and audit systems are in place
- Ensuring that due attention is given to annual and interim financial statements prior to Publication
- Determining the quantum of the final dividend
- Approving and monitoring financial and other reporting.

## Regular Re-election of Directors

Directors retire at the Annual General Meeting in accordance to the Articles of Association of the Company. A retiring director is eligible for re-election.

## Compliance with Legal Requirements

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 comply with the laws and regulations of the country. The Board of Directors ensures that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards and conform to the requirements of the Colombo Stock Exchange.

Attendance at Board Meetings			
Name of Director	30/03/2023	21/10/2022	Meeting Attendance
<b>Non - Executive Directors</b>			
A M Ondaatjie	✓	✓	2/2
G G Ondaatjie	✓	✓	2/2
T J Ondaatjie	✓	✓	2/2
C.A. Ondaatjie	-	-	
<b>Non - Executive Independent Directors</b>			
N H V Perera	✓	✓	2/2
P.S.R.Casie Chitty	✓	✓	2/2
<b>Executive Director</b>			
L.H.Jayasinghe	✓	✓	2/2



### Audit Committee

The Audit Committee comprises of Two Independent Non-Executive Directors.

The members of the Audit Committee are as follows:

Mr. N.H.V.Perera - Chairman

Mr. P.S.R.Casie Chitty

The Group Financial Controller, Financial Controller and the General Manager attend the Audit Committee meetings by invitation. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. A report of the Audit Committee is given on page 20.

The Audit Committee met Four times during the year according to a predetermined agenda.

Name of Director	Position	Attendance at Audit Committee Meetings				Meeting Attendance
		09/02/2023	10/11/2022	09/08/2022	25/05/2022	
N H V Perera	Chairman	✓	✓	✓	✓	4/4
P.S.R.Casie Chitty	Member	✓	✓	✓	✓	4/4

### Remuneration Committee

The Remuneration Committee consists of 02 Independent Non-Executive Directors. The Committee is chaired by the Non-Executive Director, N.H.V.Perera. The Group Financial Controller assists the committee by providing the relevant information and participating in the analysis and deliberations.

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.

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

### Related Party Transactions Review Committee

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

Mr. N H V Perera - Chairman

Mr. P S R Casie Chitty

Mr. L H Jayasinghe

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 22.

The Related Party Transactions Review Committee met Four times during the financial year.

Name of Director	Position	Attendance at Related Party Transactions Review Committee				Meeting Attendance
		09/02/2023	10/11/2022	09/08/2022	25/05/2022	
N H V Perera	Chairman	✓	✓	✓	✓	4/4
P.S.R.Casie Chitty	Member	✓	✓	✓	✓	4/4
Lakal Jayasinghe	Member	✓	✓	✓	✓	4/4

# Corporate Governance

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## Relationship with Stakeholders

The Board of Directors ensured that the top management team possesses right skills to deliver their best contribution towards the company. The Board has empowered such employees to make operational decisions and also encourage them to make recommendations to the Board on areas of strategic importance. The vision, goals and objectives of the company have been formulated and all the employees have been briefed clearly of their specific job to achieve overall results for the company.

The company maintains sound relationship with regulatory authorities. 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 such meetings, and 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 at least 15 working days prior to the date of the meeting.

## The Company Secretary

The role of the company secretary comprises of advising the Board and ensuring that all requirements relating to the Companies Act, Board procedures and other related rules and regulations are adhered to and followed. All directors have access to the company secretary. The removal of the company secretary requires a board resolution to be passed as specified in the Company's Articles of Association.

## Accountability

The Board of Directors' and the Audit Committee review the quarterly and annual audited Financial Statements and the accounts to ensure that a true, balanced and a fair view of the Company's performance is presented to the shareholders.

## Disclosure

The Board's policy is to disclose all relevant information to stakeholders, within the bounds of prudent commercial judgment, in addition to preparing the financial statements in accordance with Sri Lanka Accounting Standards, the Companies Act No.07 of 2007 and in conformity with Stock Exchange disclosure requirements.

## Going Concern

The Board of Directors after reviewing the financial position and cash flow of the company is confident that the company has adequate resources to continue in operation for the foreseeable future. Accordingly, the "Going Concern Basis" has been adopted in the preparation of the Financial Statements.

## Compliance Report

The Directors confirm that to the best of their knowledge all taxes and duties payable by the Company and all contribution levies and taxes payable on behalf of and in respect of the employees of the company and all other known statutory dues payable as at the Balance Sheet date have been paid or are provided for in the accounts.

## Auditors

The auditors Ernst & Young were re-appointed at the Annual General Meeting held on the 28th of September 2022 and the Directors' authorized their remuneration.

The auditors conduct the annual audit with the objective of providing credence to the accounting records, policies and Financial Statements of the Company.

## Management Committee

The executive directors and senior managers have been assigned and delegated to achieve Company objectives.

## Internal Audits

SJMS Associates - Deloitte are appointed as the internal auditors of Tangerine Beach Hotels PLC. The internal audit function operates unconstrained to the external audit. Quarterly internal audits are conducted to identify any exposure to risk and any such vulnerability are reported to the management in order to facilitate early action.

## Other Information

The Annual Report contains statements from the Board including the responsibilities of the Directors for the preparation of the Financial Statements and the Directors are of the view that they have discharged their responsibilities as set out in this statement. The performance of the company during the year under review and the future prospects of the company are covered in the Chairman's review of operations.

Reference to SEC & ICASL Code CSE Listing Rules	Subject	Applicable requirement	Compliance Status	Details
7.10.1( a)	Non-Executive Directors	At least one third of the total number of Directors should be Non-Executive Directors	Compliant	Six out of the Seven Directors are Non-Executive Directors
7.10.2( a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher should be Independent	Compliant	Two out of the Six Non-Executive Directors are Independent
7.10.2 ( b)	Independent Directors	Each Non-Executive Director should submit a declaration of independence/ non independence in the prescribed format	Compliant	Non-Executive Directors have submitted the declaration
7.10.3( a)	Disclosure relating to Directors	The Board shall annually make a determination as to the independence or other wise of the Non-Executive Directors and names of Independent Directors should be disclosed in the Annual Report	Compliant	Please refer 'Board of Directors' on from 4 to 5

Reference to SEC & ICASL Code CSE Listing Rules	Subject	Applicable requirement	Compliance Status	Details
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	Please refer 'Board of Directors' on From 4 to 5
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	Compliant	No new directors appointed during the period.
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee	Compliant	Remuneration Committee consist of Two Non-Executive Directors.
7.10.5 ( C)	Disclosure in the Annual Report relating to Remuneration Committee.	*Name Of Directors comprising of the Remuneration Committee	Compliant	Corporate Governance
		*Statement of Remuneration Policy	Compliant	Corporate Governance
		*Aggregated Remuneration paid to Director	Compliant	Notes to the Financial Statements
D.1.7	Related party Transactions.	Disclosure of Related Party Transactions	Compliant	Notes to the Financial Statements
7.10.6	Audit Committee	The company shall have an Audit Committee	Compliant	Names of the members of the Audit Committee are stated on 20
7.10 .6 ( a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors a majority of whom will be independent	Compliant	Audit Committee consists of Two Independent Non Executive Directors.

# Corporate Governance

Reference to SEC & ICASL Code CSE Listing Rules	Subject	Applicable requirement	Compliance Status	Details
7.10.6( a)	Audit Committee Functions	A Non-Executive Director shall be appointed as the Chairman of the Committee	Compliant	Chairman of the Audit Committee is an Independent Non-Executive Director
		CEO & Chief Financial Officer shall attend Audit Committee Meetings	Compliant	The General Manager and Group Financial Controller attended meetings by Invitation.
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Compliant	One member of the Audit Committee is a Chartered Management Accountant
7.10.6( b)	Audit Committee Functions	<p>Functions shall include:</p> <p>Overseeing of the preparation, presentation and adequacy of disclosures in the financial Statements in accordance with Sri Lanka Accounting Standards.</p> <p>Overseeing of the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements</p> <p>Overseeing the processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.</p> <p>Assessment of the independence and Performance of the external auditors. □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.</p>	Compliant	Corporate Governance and Audit Committee Report
7.10.6( c)	Disclosure in the Annual Report relating to Audit Committee	a) Names of Directors comprising the Audit Committee	Compliant	Please Page 20
		b)The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination	Compliant	Please refer Audit Committee Report Page 20
		c)The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions	Compliant	Please refer Audit Committee Report Page 20

# Management Discussion and Analysis

## Sri Lanka Tourism

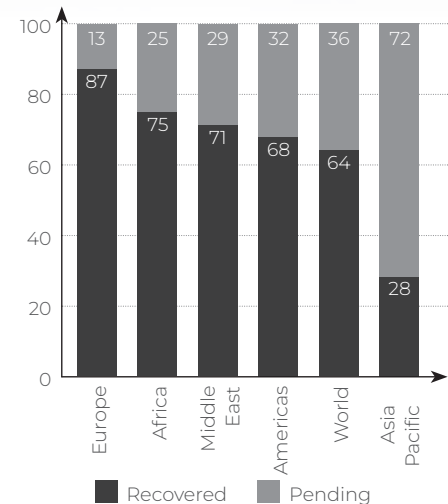
Tourist arrivals in Sri Lanka recorded a steady recovery in 2022 despite significant headwinds due to unprecedented disruptions amidst heightened social tensions, fuel shortages and power outages, and travel advisories, among others. This recovery was supported mainly by high global vaccination rates, 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.

## Global Tourism

While few industries have been spared by the impact of Covid-19 pandemic globally in the last two years, even fewer industries have been hit as hard as the Tourism sector. Prior to the coronavirus outbreak, the global tourism sector had seen almost uninterrupted growth for decades. Since 1980, the number of international arrivals skyrocketed from 277 million to nearly 1.5 billion in 2019. Two of the largest crises of the past decades, the SARS epidemic of 2003 and the global financial crisis of 2009 were minor bumps in the road compared to the Covid-19 pandemic.

However the resilience of Tourism has weathered the storm and the darkest era for International travel in the recent past can see a light at the end of the Tunnel with the beginning of year 2022. International tourism receipts grew back to hit the USD1 trillion mark in 2022, growing 50% in real terms compared to 2021, driven by the important rebound in international travel. International visitor spending reached 64% of pre-pandemic levels (-36% compared to 2019, measured in real terms). By regions, Europe enjoyed the best results in 2022 with nearly USD 550 billion in tourism receipts (EUR 520 billion), or 87% of pre-pandemic levels. Africa recovered 75% of its pre-pandemic receipts, the Middle East 70% and the Americas 68%. Due to prolonged border shutdowns, Asian destinations earned about 28%.

**International tourism receipts: Percentage of 2019 Levels recovered in 2022(%)\***



## The Sri Lankan Tourism Industry

Sri Lanka received over 1,000,000 tourists for the financial year of 2022/23 despite the ongoing economic and political situation in the island nation which is recovering from the worst economic crisis in decades. This marks a significant increase from the pandemic hit year 2021/22 as shown in below table.

Month	2021	2022	2023	% Change
April	4,168	62,980		1,411
May	1,497	30,207		1,918
June	1,614	32,856		1,936
July	2,429	47,293		1,847
August	5,040	37,760		649
September	13,547	29,802		120
October	22,771	42,026		85
November	44,294	59,759		35
December	89,506	91,961		3
Total	184,866	434,644		135
January		82,327	102,545	25
February		96,507	107,639	12
March		106,500	125,495	18
Total		285,334	335,679	18

Source - SLTDA Annual Statistics



# Management Discussion and Analysis

The growth in arrivals was attributed to factors such as advances in vaccination, ease of travel, lifted restrictions and increased consumer confidence. However, the spread of the Omicron variant, Russian invasion of Ukraine, challenging economic conditions, rising inflation, and stagflation had a negative impact on tourist arrivals. Additionally, improved air accessibility to Sri Lanka and resumption of cruise tourism also played a positive role in the growth of arrivals.

According to SLTDA following are some of the key figures related to year 2022/23 in Sri Lanka

- Annual Occupancy rate ( Graded Hotels) - 30%
- Receipt per tourist per day - USD 164.4
- Total Revenue - USD 1.1 Billion
- Average Duration of stay - 9.3 days

## Business Trends at Tangerine

The financial year of 2022 started with a positive note at Tangerine in month of April with domestic travelers returned to their travel habits during Holiday season. However due to lack of foreign reservations the pickup did not sustain for longer periods of time. During summer (1st April to 31st October 2022) Tangerine Beach Hotel (TBH) managed to achieve 21% occupancy despite it was the time of the beginning of a severe political and financial crisis of the country. This was 6% increase in occupancy from previous financial year summer performance.

During winter (November 2022 to March 2023) TBH did well to achieve 43% occupancy despite it was time where country went in to bankruptcy increasing the inflation and cost of living which adversely effected the tourists as well. This was a 6% increase in occupancy from previous year winter performance.

Despite all the external and internal challenges TBH managed to achieve 31% occupancy for the financial year of 2022/23 which is the average occupancy for the entire country in graded hotels according to SLTDA. With net revenue of Sri Lankan rupees 580 million TBH managed to increase the revenue by 45% comparing with previous financial year.

Following are some of the Key Performance indicators for the last 3 financial years.

Revenue Center	2022/23		2021/22		2020/21	
	Amount LKR	%	Amount LKR	%	Amount LKR	%
Room + Meal Plan	446,866,826.02	76.98	247,207,869.32	77.4	88,459,561.04	67.22
Banquets	48,923,654.20	8.43	31,249,272.77	9.78	26,054,711.07	19.8
Food & Beverages	59,667,417.15	10.28	30,963,944.71	9.7	14,332,904.39	10.89
Ayurveda & Spa	13,842,216.21	2.38	4,080,367.59	1.28	375,686.30	0.29
Room Supplementary	3,784,317.20	0.65	1,217,397.10	0.38	1,217,397.10	0.93
Food + Bev Supp	954,413.90	0.16	119,299.80	0.04	33,083.48	0.03
Gift Boutique	2,225,532.00	0.38	465,733.00	0.15	465,733	0.35
Laundry	464,376.50	0.08	25,392.74	0.01	25,392.74	0.02
Sports + Swimming Pool	260,069.91	0.04	42,665.46	0.01	68,272.66	0.05
Other	3,526,527.33	0.61	3,998,170.98	1.25	571,414.47	0.43
Net Revenue	580,515,350.42		319,370,113.47		131,604,156.25	
Occupancy YTD	31.42%		25.41%		11.67%	

### Operational Strategies

Due to travel restrictions imposed by various source markets contribution from the foreign tourists were minimal towards revenue generation. Therefore it was important to implement certain operational strategies to minimize the cost. Following areas were specially looked in to and TBH managed to minimize the cost wherever possible.

- Food cost
- Labor cost
- Energy cost
- Annual contracts such as PABX , WIFI, TV Channels
- Departmental operational cost (Uniforms, Stationary etc..)
- Hiring a Social Media Executive to operate all Social Media needs of the hotel and carry out promotional campaigns.
- Launch of a new Website with a Booking Engine facility for guests to make reservations directly with the hotel. This is will minimize the 3rd party commissions need to be paid for Online Travel agents.
- Tailor made packages created for MICE market and for Sri Lankan Banquet segment to recapture lost market share.

### Human Resource Strategies

TBH believes Human capital is the most important aspect of its operations. Hence most of the staff was retained despite incurring major revenue losses throughout first 6 months of the financial year. However Management decided to upgrade the current staff quarters with better standards keeping in mind with SLTDA classification requirements. It has a separate area for Outside chauffer's with

added facilities such as twin sharing accommodation, Pantry with utensils to prepare Tea / Coffee and cable TV. Project was completed by December 2022.

Furthermore a Cluster Engineer was recruited from January 2023 keeping in mind future improvements and projects. In addition a regular on the job training done by the Training consultant and respective Head of the departments.

### Corporate Social Responsibilities (CSR)

Due to financial constrains TBH could not carry out the regular CSR engagements. However following programs were done.

- Regular beach cleaning is carried out TBH staff in order to maintain the area to the highest standards.
- Training program of Table Etiquette was carried out for Police training school and Health Officials in the area.
- Donated Bed Linen to Teaching Hospital in Kalutara
- Assisted the Sukitha Lama Niwasa (Home for the retarded children) and repaired their electrical wiring and certain electrical equipment.

### Sustainable Initiatives

TBH believes Sustainability improves the quality of our lives, protects our ecosystem and preserves natural resources for future generations. In the corporate world, sustainability is associated with an organization's holistic approach, taking into account everything, from manufacturing to logistics to customer service. Hence following initiatives are taken.

### Economic Initiatives

- Cost saving by introducing Solar panels to Generate Electricity to most part of the Hotel building.
- Discussions and research in progress for implementing a fully operational Solar system to generate Power and energy.
- Micro farming in the hotel premises and use the produce for serve guests and staff in order to reduce carbon emission and purchasing cost.

### Environmental Initiatives

- Obtained ISO14001 Environmental Management Certification from SGS.
- Purified water is filled in to glass bottles from our own bottling plant for guest usage in rooms & various outlets to eradicate to usage of plastic. Further we have done away with the plastic straws and instead we have introduced disposable paper straws.
- The recycled water generated from our sewerage treatment plant is reused to water & maintain our garden.
- Wet garbage is donated to a home which maintains a piggery in the area. All dry garbage is segregated and handed over to registered byers accordingly.
- LED bulbs are used for lighting of the entire property and the water consumption is closely monitored through water meters. Further solar energy is used to generate hot water to the entire property.
- Place tent card in the rooms requesting the guests to change their linen if needed only. This enables to reduce the usage of water.
- TBH also established a designated cubical to store plastic waste in order to facilitate recycling in collaboration with an organization kwon as Eco Spindles located in Wadduwa Kalutara district.

# Management Discussion and Analysis

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## Community Initiatives

- More than 50% of our food purchases are done through local suppliers in order to improve their economic and social wellbeing.
- Awareness programs for the local suppliers from the community related to various standards Ex: ISO 22000:2018
- Participation of the local community is encouraged for various events in the hotel. Example: Annual Religious Programs, Annual Staff Events.
- The Hotel Management had permitted and allocated a separate space within the property for the Disaster Management Centre to install the Tsunami tower for the benefit of the entire community.
- The storm water generated from the village is channeled through the property in order to avoid any flooding situations in the village during the rainy season.

## Infrastructure Management

Despite several challenges faced by the TBH management, priority is given to manage and upgrade the infrastructure of the hotel.

- Guest room balcony wooden frames are changed in to more durable UPVC frames. All rooms at TBH are now fitted with UPVC frames. Presenting a better look for the rooms and easy to maintain and clean.
- Staff accommodation complex is upgraded and completed by December 2022. Conditions for the staff had increased to match any higher graded hotel facility.
- Grand Ball room roof and ceiling repair - Completed by March 2023.

## External Challenges

Beach Erosion - Since 2017 the TBH management has been facing a daunting task as the beach erosion had got aggravated and despite spending a colossal amount of money in order to prevent damages to the property and the buildings the beach seems to be vanishing (beach is available on a periodic basis) at crucial times and there by proving a negative impact to the reputation of the Hotel as a beach Property. Hence this would be the most challenging and the soul task for the management of the TBH and to ensure that the Government authorities take a serious note of the matter and to implement the rectification measures in order to resurrect the beach to its past glory.

## 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. Management had identified that the main roof of a certain section of the hotel is in a very bad condition and could pause a threat of collapse if not addressed correctly. Hence 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.

# Risk Management

Tangerine Beach Hotels PLC identifies that operating a business involves 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 Tangerine Beach Hotel operates.

Listed below are some of the risks and risk mitigation strategies used by Tangerine 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, Tangerine Beach Hotel may not be able to achieve its business objectives and grow as it will lose its competitiveness within the industry.

## Control Measures

- Tangerine 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

- Tangerine 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, Tangerine 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. Tangerine 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 which is considered a safe currency. 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 revenue.

**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.

# Risk Management

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## 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. Statutory Compliance is included in the scope of Quarterly Internal Audit program to ensure continuity of the business. A compliance certification is handed over to the Audit Committee for review.

**Operational Risk** results through slack in internal controls, inefficient business processes, fraud, and 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 has 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

- Tangerine Beach Hotel 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 Tangerine Beach a competitive edge over new and existing players in the market.
- To take further advantage of its attractive brand, Tangerine Beach 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 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 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 Review on From 2 to 3 contains a review of 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 From 6 to 10.

## Turnover

The net revenue of the Company for the year was Rs. 569,189,297/- (2022 Rs 321,332,797/-) Segmental Analysis of revenue is given in Note to the financial statements.

## Results for the Year

	31.03.2023	31.03.2022
Net profit /Loss for the year amounts to	119,435,296	(94,935,674)
Less: Provision for Taxation	81,326,198	(5,974,431)
Profit/ Loss for the year	200,761,494	(100,910,106)
Unappropriated profit brought forward	1,080,818,273	1,182,112,447
Profit available for appropriation	82,416,031	1,080,818,273

## 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. 78,403,659 (2022 - Rs 10,900,571/- ) details of which are given in Note 10 to the Financial Statements.

## Commitments & Contingencies

The Company does not have significant capital commitments as at the reporting date

## Property Plant & Equipment

The details of property, plant & equipment of the Company are shown in Note 10 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 30.

## Donations

During the year donations to Rs.Zero (2022- Rs Zero) were made to various charities by the Company.

## Post Balance Sheet Events

There have been no material events occurring after the Balance Sheet date that require adjustments to or disclosure in the Financial Statements.

## Directors

The names of the Directors are shown on From 4 to 5.

In terms of Section 88(i) of the Articles of Association, Mr. G G Ondaatjie 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 Mrs. C A Ondaatjie as a Director 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 page 20 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. L. H. Jayasinghe

# Annual Report of Board of Directors

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

## Directors Interest 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 59.

## Directors' Remuneration

The aggregate emoluments paid to the Directors during the year, amounted to Rs. 7,005,625/-.

## Directors Shareholdings

As at 31st March	2023 Shares	2022 Shares
Ms. A M Ondaatjie	569,982	569,982
Mrs. C A Ondaatjie	259,854	259,854
Mr. G G Ondaatjie	538,028	538,028
Mr. T J Ondaatjie	582,220	582,220
Mr. N H V Perera	202,236	202,236
Mr. L H Jayasinghe	-	-
P S R Casie Chitty	-	-

Mr. L H Jayasinghe serves as Director/General Manager.

## Public Holding

The number of ordinary shares held by the public as at 31st March 2023 was 7,253,886 shares (2022- 7,253,886), which amounted to 36.27% (2022- 36.27%) of the issued ordinary shares of the Company.

The number of public shareholders as at 31st March 2023 – 1,513.

Float adjusted Market Capitalisation as at 31st March 2023- Rs. 398,970,000.00

The Company is compliant with the minimum public holding requirement under option 5 of 7.14.1(i)(a)

Number of shares representing the Stated Capital is 20,000,000

## 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. 650,000/- as audit fees. Fees for non-audit services of Rs. 153,542/- 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 Directors Responsibilities

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**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 Independent Auditors' Report on pages From 24 to 26.

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 page 27 to 67 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 Balance Sheet date have been paid or where relevant, provided for.

By Order of the Board

**Mercantile Investments and Finance PLC**  
*Secretaries*

21st August 2023  
Colombo.

# 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 P.S.R.Casie Chitty.

## Meetings

The Audit Committee held 04 meetings during the year under review. The Statutory Auditors, the Group Financial Controller, Financial Controller and the General Manager also attend these meetings on invitation.

Name of Director	Position	Attendance at Audit Committee Meetings				Meeting Attendance
		09/02/2023	10/11/2022	09/08/2022	25/05/2022	
N. H. V. Perera	Chairman	✓	✓	✓	✓	4/4
P. S. R. Casie Chitty	Member	✓	✓	✓	✓	4/4

## 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 Messrs 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.

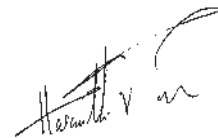
## Meetings

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

Name of Director	Attendance at Remuneration Committee Meetings		
	Position	09/02/2022	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 Transactions Review 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. L H Jayasinghe	Member	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 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

Name of Director	Position	Attendance at Related Party Transaction Review Committee Meetings				Meeting Attendance
		09/02/2023	10/11/2022	09/08/2022	25/05/2022	
N H V Perera	Chairman	✓	✓	✓	✓	4/4
P.S.R.Casie Chitty	Member	✓	✓	✓	✓	4/4
Lakal Jayasinghe	Member	✓	✓	✓	✓	4/4

### (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. 29 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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## TO THE SHAREHOLDERS OF TANGERINE BEACH HOTELS PLC

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Tangerine 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 gives 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 FCCA FCMA 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 (Sp)

A member firm of Ernst & Young Global Limited

Key Audit Matter	How our audit addressed the key audit matter
<p><b>Recognition of revenue</b></p> <p>The Company derives its revenue of Rs. 569 million by providing food, beverage, room 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 (77%) in revenue recorded by the Company during the year</li> </ul>	<p><b>Our audit procedures included the followings;</b></p> <ul style="list-style-type: none"> <li>■ Understood the implementation of key controls over recognition of revenue.</li> <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	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.2,535 million and represent 66% 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 2.3.15 to the financial statements.</li> </ul>	<p><b>Our audit procedures included the followings;</b></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 2.3.15 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.

### 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.

# Independent Auditors' Report

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## 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.

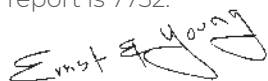
We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and 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	Note	2023 Rs.	2022 Rs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	10	2,535,433,964	2,529,792,331
Intangible Assets	11	273,426	605,859
Investments in Associate	12.1	713,277,178	814,396,602
Right-of-use assets	14	4,282,441	5,353,051
		3,253,267,009	3,350,147,843
<b>Current Assets</b>			
Inventories	13	33,834,518	20,177,297
Trade and Other Receivables	15	104,324,595	41,197,680
Other Non Financial Assets	16	24,302,227	29,044,070
Amounts Due from Related Parties- Other Financial Assets	17.3	147,489	148,086
Short Term Investments - Other Financial Assets	17.2	364,826,583	401,895,280
Cash at Bank and In Hand	18	32,625,481	95,514,401
		560,060,893	587,976,815
<b>Total Assets</b>		<b>3,813,327,902</b>	<b>3,938,124,658</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	19	244,800,000	244,800,000
Revaluation Reserve	20.1	1,767,856,665	2,131,572,172
Fair Value Reserve	20.4	77,386	32,543
Retained Earnings		882,416,031	1,080,818,272
<b>Total Equity</b>		<b>2,895,150,082</b>	<b>3,457,222,987</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	23	-	7,994,000
Deferred Tax Liabilities	9.2	697,869,104	331,038,287
Post Employment Benefit Liability	24	27,597,592	27,168,227
Lease Liability	25	4,052,841	4,907,337
		729,519,537	371,107,851
<b>Current Liabilities</b>			
Trade and Other Payables	21	91,596,145	60,353,111
Amounts Due to Related Parties	22	18,643,427	5,254,843
Income Tax Payable		169,148	2,308,126
Current Portion of Lease Liability	25	854,040	788,442
Current Portion of Interest Bearing Loans and Borrowings	23	77,395,523	41,089,298
		188,658,283	109,793,820
<b>Total Equity and Liabilities</b>		<b>3,813,327,902</b>	<b>3,938,124,658</b>

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

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by;



M. I. Shahabdeen  
Group Financial Controller



A. M. Ondaatjie  
Chairperson



T. J. Ondaatjie  
Director

The Accounting Policies and Notes on pages 32 through 67 form an integral part of the Financial Statements.

21st August 2023  
Colombo

## Statement of Profit or Loss

Year ended 31 March 2023	Note	2023 Rs.	2022 Rs.
Revenue	3	569,189,297	321,332,797
Cost of Sales		(243,242,080)	(113,920,838)
<b>Gross Profit</b>		<b>325,947,217</b>	<b>207,411,959</b>
Other Income & Gains	4	10,483,797	18,145,821
Selling and Distribution Expenses		(18,576,219)	(5,826,473)
Administrative Expenses		(477,609,640)	(333,570,559)
Other Expenses	7	(785,142)	(450,560)
Profit / (Loss) From Operations		(160,539,988)	(114,289,812)
Finance Income	6.1	73,090,049	27,404,046
Finance Expenses	6.2	(1,579,709)	(1,717,296)
Share of Associate Company's Profit	12.3	(30,405,648)	(6,332,613)
<b>Profit /(Loss) Before Tax</b>	5	<b>(119,435,296)</b>	<b>(94,935,675)</b>
Income Tax Expenses	9	(81,326,198)	(5,974,431)
<b>Profit /(Loss) for the Year</b>		<b>(200,761,494)</b>	<b>(100,910,106)</b>
<b>Earnings Per Share</b>	8	<b>(10.04)</b>	<b>(5.05)</b>

The Accounting Policies and Notes on pages 32 through 67 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		(200,761,494)	(100,910,106)
<b>Other Comprehensive Income</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>		-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Actuarial Gains/(Losses) on Post Employment Benefit Liability	24.1	2,538,687	(922,420)
Income Tax Effect on Actuarial Gains/(Losses) on Post Employment Benefit Liability	9.2	(761,606)	129,139
Revaluation of Land & Building	20.2	-	211,778,950
Deferred Tax Effect on Revaluation of Land & Building	20.2	(292,374,717)	(26,901,869)
		(290,597,636)	184,083,800
Actuarial Gains/(Losses) on Post Employment Benefit Liability - Associate	12.2	831,674	475,827
Deferred Tax Effect on Actuarial Gains/(Losses) on Post Employment Benefit Liability -Associate	12.2	(249,502)	(66,616)
Revaluation of Land & Building -Associate	20.3	-	116,838,451
Deferred Tax Effect on Revaluation of Land & Building - Associate	20.3	(71,340,790)	(15,684,492)
Gain on Fair Value Through Other Comprehensive Income Financial Instruments		64,061	36,159
Deferred Tax Effect on Gain on Fair Value Through OCI Financial Instruments		(19,218)	(3,616)
		(70,713,775)	101,595,713
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(361,311,411)	285,679,513
<b>Other Comprehensive Income for the Year</b>		(361,311,411)	285,679,513
<b>Total Comprehensive Income for the Year</b>		<b>(562,072,904)</b>	<b>184,769,407</b>

The Accounting Policies and Notes on pages 32 through 67 form an integral part of the Financial Statements.

# Statement of Changes in Equity

Year ended 31 March 2023	Stated Capital	Revaluation Reserve	Revaluation Reserve of Associate Company	Fair value Reserve of Financial Assets at FVOCI	Retained Earnings	Total Equity
	Rs.	Rs. (Note 20.1)	Rs. (Note 20.1)	Rs. (Note 20.4)	Rs.	Rs.
As at 1 April 2021	244,800,000	1,533,896,435	311,644,697	-	1,182,112,448	3,272,453,580
Profit/(Loss) for the Year	-	-	-	-	(100,910,106)	(100,910,106)
Other Comprehensive Income	-	184,877,081	101,153,959	32,543	(384,070)	285,679,513
<b>Total Comprehensive Income</b>	-	184,877,081	101,153,959	32,543	(101,294,176)	184,769,407
<b>Balance as at 1 April 2022</b>	244,800,000	1,718,773,516	412,798,656	32,543	1,080,818,272	3,457,222,987
Profit/(Loss) for the year	-	-	-	-	(200,761,494)	(200,761,494)
Other Comprehensive Income	-	(292,374,717)	(71,340,790)	44,843	2,359,253	(361,311,411)
<b>Total Comprehensive Income</b>	-	(292,374,717)	(71,340,790)	44,843	(198,402,241)	(562,072,904)
<b>Balance as at 31 March 2023</b>	244,800,000	1,426,398,799	341,457,866	77,386	882,416,031	2,895,150,082

The Accounting Policies and Notes on pages 32 through 67 form an integral part of the Financial Statements.

# Statement of Cash Flows

Year ended 31 March 2023	Note	2023 Rs.	2022 Rs.
<b>Operating Activities</b>			
Profit before tax		(119,435,296)	(94,935,675)
<b>Adjustments for:</b>			
Depreciation on property, plant and equipment	10.2	72,762,026	71,687,305
Allowance for Inventory		(1,555,837)	153,877
Amortisation of intangible assets	11	332,433	401,434
Depreciation of Right of Use Asset	14	1,070,610	1,070,610
Provision for bad and doubtful debts	15.2	440,328	(1,696,255)
Interest income	6.1	(73,090,049)	(27,404,046)
Interest expense	6.2	1,579,709	1,717,296
(Profit)/Loss on disposal of property, plant and equipment	4	-	(2,733,463)
Post employment benefit plans	24.1	6,230,568	3,400,766
Share of Associate Profit	12.3	30,405,648	6,332,613
		(81,259,859)	(42,005,538)
<b>Changes in working capital:</b>			
Receivable and prepayments	15/16/17	(58,741,852)	(42,320,551)
Inventories	13	(12,101,384)	(6,271,024)
Trade and Other Payables	21/22	44,631,618	10,905,464
Cash Generated from Operations		(107,471,479)	(79,691,650)
Finance Costs Paid	6.2	(808,607)	(885,178)
Retirement Benefit Cost Paid	24	(3,262,516)	(2,133,253)
Income Tax Paid		(9,770,677)	(6,092,958)
Net Cash Flows From/(Used in) Operating Activities		(121,313,278)	(88,803,039)
<b>Cash Flows from/(Used in) Investing Activities</b>			
Acquisition of Property, Plant & Equipment	10.1	(78,403,659)	(10,900,571)
Proceeds from Disposal of Property, Plant & Equipment		-	3,662,422
Investments (Made) / withdrawals in Fixed Deposit		52,123,756	101,320,870
Interest Received		58,034,984	26,769,646
Net Cash Flows from/(Used in) Investing Activities		31,755,081	120,852,367
<b>Cash Flows from/(Used in) Financing Activities</b>			
(Repayment)/Proceed of Interest bearing Loans and Borrowings	23.1	(4,002,000)	(5,000,000)
Lease rental paid	25.1	(1,560,000)	(1,560,000)
Net Cash Flows from/(Used in) Financing Activities		(5,562,000)	(6,560,000)
<b>Net increase/(Decrease) in Cash and Cash Equivalents</b>		(95,120,197)	25,489,328
<b>Effect of exchange rate changes on cash and cash equivalents</b>		(82,946)	12,751,644
<b>Cash and Cash Equivalents at the beginning of the year</b>	18	66,431,102	28,190,130
<b>Cash and Cash Equivalents at the end of the year</b>		(28,772,042)	66,431,102

The Accounting Policies and Notes on pages 32 through 67 form an integral part of the Financial Statements.

# Notes to the Financial Statements

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## 1. CORPORATE INFORMATION

### 1.1 General

Tangerine 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

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 Authorisation for Issue

The financial statements of Tangerine 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 21st 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 the Statement of Cash Flows, 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 Buildings and Financial Instruments at amortized cost that have been measured at fair value. The preparation and presentation of these Financial Statements is in compliance with the Companies Act No. 07 of 2007.

### 2.1.2 Comparative Information

The presentation and classification of the financial statements of the previous year has been amended, where relevant for better presentation and to be comparable with those of the current year.

### 2.1.3 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 judgements, 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 income. 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 information is given in Note 15.

### 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 income. 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 10.

### 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 & Equipment 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.

**Defined Benefit Plans:**

The Defined Benefit Obligation and the related charge for the year are determined using actuarial valuations. The 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.

**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 recognized on a time proportion basis that takes in to account the effective yield.

**e) Others**

Other income is recognized 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 income, 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.

**2.3.3 Expenditure Recognition**

a) Expenses are recognized in the statement of income 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 statement of income 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.

# Notes to the Financial Statements

## 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

Revenue, 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) 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 recognized for all taxable temporary differences.

Deferred tax assets are recognized 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 utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized 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 realized 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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 realizable value, after making due allowances for obsolete and slow moving items. Net realizable 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.

## 2.3.6 Cash and Short-term Deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on 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 Investment in Associates

The company's investment in its associates is accounted for under the equity method of accounting in separate financial statements (amendments to LKAS 27). An associate is an entity in which the company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in an associate is carried in the financial position at cost

plus post acquisition changes in the company's share of net assets of the associate. Goodwill relating to an associates included in the carrying amount of the investment is not amortised. The statement of income reflects the share of the result of operation of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognized its share of any such change and discloses this, when applicable, in the statement of changing in equity.

The reporting dates of the associate and the company are identical and the associate's accounting policies confirm to those used by the company for like transactions and events in similar circumstance.

### 2.3.8 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 recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major refurbishment is performed, its cost is recognized 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 recognized in the profit or loss as incurred.

Land and Building is measured at fair value less accumulated depreciation on building, less impairment losses. 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 recognized in 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 recognized in the Statement of income, in which case the increase is recognized in the Statement of income. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

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

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost.

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

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	3.66-70 Years	3.66-70 Years
Motor Vehicles	6-16 Years	6-16 Years
Kitchen Equipment	6-12 Years	6-12 Years
Furniture and Fittings	10-20 Years	10-20 Years
Office Equipment	6-15 Years	6-15 Years
Recreational Equipment	3-8 Years	3-8 Years
Hotel Equipment	3-12 Years	3-12 Years
Computer Equipment	3-5 Years	3-5 Years
Linen & Furnishing	3 Years	3 Years
Cutlery, Crockery & Glassware	3 Years	3 Years
Plant & Machinery	10-20 Years	10-20 Years
Solar Heater System	10 Years	10 Years
Telephone System	8- 10Years	8- 10Years
Air Conditioning System	10-16 Years	10-16 Years
Wooden House	3 Years	3 Years
Gym Equipment	10-15 Years	10-15 years
Solar Power System	15 Years	15 Years

# Notes to the Financial Statements

Depreciation of an asset begins 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.

## Capital Work-in-Progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery, awaiting capitalisation.

## 2.3.9 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.

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.

#### 2.3.10 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



# Notes to the Financial Statements

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-travellers, 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. 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.

## 2.3.11 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 statement of income 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 assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with finite useful lives are 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of income when the asset is derecognized.

## 2.3.12 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 recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of income net of any reimbursement.

## 2.3.13 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the company are disclosed in Note 26.

## 2.3.14 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.



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 assumptions used in determining the defined retirement benefit obligation are given in Note 24. 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.

#### 2.3.15 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 Companies 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 Statement of income 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the Statement of profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

#### 2.3.16 Dividend Distributions

The Company recognizes a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in income as a separate line in statement of comprehensive income.

#### 2.4 Changes In Accounting Policies

The accounting policies adopted by the Company are consistent with those of the previous financial year except for the following;

##### New and amended standards and interpretations

The following are the new significant accounting policies applied by the company in preparing its Financial Statements. Several other amendments and interpretations apply for the first time in financial year 2018/19, but do not have an impact on the financial statements of the company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

# Notes to the Financial Statements

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## I. SLFRS 16 - Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company applied SLFRS 16 – Leases using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 01st April 2019. Accordingly, the comparative information for 2018/19 is presented as previously reported, under LKAS 17 – Leases and related interpretations. Furthermore, the disclosure requirements in SLFRS 16 – Leases is not provided for comparative information. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of SLFRS 16, the Company applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Company recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## Policy applicable after 01st April 2019

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.

### 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.

### 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.

## 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.

### 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.

### 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'.

### Policy applicable before 01st April 2019

Accounting policies under LKAS 17 – "Leases" and IFRIC 4 – "Determining Whether an Arrangement Contains a Lease".

#### Finance Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership were classified as finance leases. On initial recognition, the leased assets under property, plant and equipment, were measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the assets were classified as operating leases. Payments under operating leases were recognised as an expense in the income statement 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.

The initial cost of acquiring a leasehold property treated as an operating lease was recognised as a non-current asset and was amortised over the period of the lease in accordance with the pattern of benefits expected to be derived from the lease. The carrying amount of leasehold property was tested for impairment annually.

### II. IFRIC 23 Uncertainty over income tax treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. 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 Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

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.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company determined, based on its tax compliance and transfer pricing study that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

### 2.5 Standards Issued But Not Yet Effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

#### SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

# Notes to the Financial Statements

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2025, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17

## 2.5.1 Amendments to LKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 01 January 2023.

## 2.5.2 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.

## 2.5.3 Amendments to LKAS 1: Classification of Liabilities as Current or Noncurrent

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 01 January 2023.

## 2.5.4 Amendments to LKAS 8: Definition of Accounting Estimates

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.

**3. REVENUE**

Year ended 31 March 2023	2023 Rs.	2022 Rs.
Segmentation of the Revenue		
Room Sales	282,850,226	120,332,220
Food and Beverage Sales	256,173,229	187,203,260
Other Hotel Related Revenue	30,165,841	13,797,317
	<b>569,189,297</b>	<b>321,332,797</b>

**4. OTHER INCOME & GAINS**

	2023 Rs.	2022 Rs.
Exchange Gain	10,475,426	15,411,641
Profit/(Loss) on Property Plant & Equipment	-	2,733,463
Scrap Sales	8,371	718
	<b>10,483,797</b>	<b>18,145,821</b>

**5. PROFIT BEFORE TAXATION**

	2023 Rs.	2022 Rs.
Stated after Charging/(Crediting)		
Depreciation	72,762,026	71,687,305
Amortisation of intangible Assets	332,433	401,434
Auditors' Remuneration	747,500	650,500
Allowances for Inventory	(1,555,837)	153,877
Salaries & Wages	125,720,588	100,132,992
Cost of meals	35,854,067	19,164,075
Defined contribution plans	15,522,795	12,734,660
Post employment benefit plans	6,230,568	3,400,766
Directors' Emoluments	150,000	490,200
Operation and Marketing Fees- Payable to a Related Party	20,922,568	10,496,378
Repair and maintenance expenditure	42,694,822	26,948,692
Power and energy expenditure	63,775,504	32,435,748
Exchange Gain/(Loss)	10,475,426	15,411,641
Profit/(Loss) on Disposal of Assets	-	2,733,463
Sales Promotional and advertising	9,677,017	1,218,779

# Notes to the Financial Statements

## 6. NET FINANCE INCOME/(EXPENSES)

	2023 Rs.	2022 Rs.
<b>6.1 Finance Income</b>		
Interest Income on Foreign Currency Deposit	246,974	263,647
Interest Income on Fixed Deposit	70,090,817	25,981,018
Interest Income on Money Market	2,752,258	1,159,382
	73,090,049	27,404,046
<b>6.2 Finance Expenses</b>		
Interest Expenses on Loans & Overdrafts	(808,607)	(885,178)
Interest Expenses on Lease	(771,102)	(832,118)
	(1,579,709)	(1,717,296)
	71,510,340	25,686,750

## 7. OTHER EXPENSES

	2023 Rs.	2022 Rs.
Bank Charges	785,142	450,560
	785,142	450,560

## 8. 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.

	2023 Rs.	2022 Rs.
<b>Amount Used as the Numerator:</b>		
Net loss for the period	(200,761,494)	(100,910,106)
Net loss attributable to Ordinary Shareholders for Basic Earnings Per Share	(200,761,494)	(100,910,106)
<b>Number of Ordinary Shares Used as Denominator</b>	<b>Number</b>	<b>Number</b>
Weighted average number of Ordinary Shares Applicable to Basic Earnings Per Share	20,000,000	20,000,000
Earnings Per Share	(10.04)	(5.05)



## 9. INCOME TAX

The major components of income tax expense for the years 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.

	2023 Rs.	2022 Rs.
<b>Statement of profit or loss</b>		
<b>Current Income Tax</b>		
Current Income Tax charge	7,551,382	7,403,616
Under/(Over) Provision of current taxes in respect of prior years	80,322	(14,942)
	7,631,704	7,388,674
<b>Deferred Income Tax</b>		
Deferred Taxation Charge/(Reversal) (Note 9.2)		
Recognition of Deferred Tax on Temporary Differences	(304,634,977)	(1,414,243)
Recognition of Deferred Tax on Income Tax Rate Change	378,329,471	-
	73,694,494	(1,414,243)
<b>Income tax expense reported in the Statement of profit or loss</b>	<b>81,326,198</b>	<b>5,974,431</b>
<b>Statement of Changes in Equity</b>		
<b>Deferred Income Tax related to items charged or credited through OCI to equity :</b>		
Recognition of Deferred Tax on Temporary Differences	(761,606)	(26,772,730)
Recognition of Deferred Tax on Income Tax Rate Change	(292,374,717)	-
<b>Income tax expense reported in equity</b>	<b>(293,136,323)</b>	<b>(26,772,730)</b>
<b>9.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :</b>		
Accounting Profit / (Loss) before tax from continuing operations	(119,435,296)	(94,935,675)
Less : Share of Associate Company's Profits /( Loss)	(30,405,648)	(6,332,613)
<b>Accounting Profit before Income Tax</b>	<b>(89,029,647)</b>	<b>(88,603,062)</b>
Add - Aggregate disallowable Items	82,302,185	78,027,498
Less - Aggregate Allowable Items	(36,350,935)	(43,290,405)
Less - Other Sources of Income	(79,936,933)	(31,112,047)
<b>Tax Loss for the Year</b>	<b>(123,015,330)</b>	<b>(84,978,016)</b>
<b>Other Sources of Income</b>		
- Statutory Income from Interest	29,293,225	27,404,128
- Rent Income	2,387,404	3,707,919
Less - Exempt Interest & Other	(216,536)	(263,647)
<b>Taxable Income</b>	<b>31,464,093</b>	<b>30,848,400</b>
Applicable Tax Rate	24%	24%
<b>Income Tax Expense for the Year</b>	<b>7,551,382</b>	<b>7,403,616</b>

# Notes to the Financial Statements

## 9. INCOME TAX (Contd....)

	2023 Rs.	2022 Rs.
<b>9.2 Deferred Tax Assets , Liabilities</b>		
Deferred Tax Liabilities	707,570,685	335,622,312
Deferred Tax Assets	(9,701,581)	(4,584,025)
<b>Net Deferred Tax Liabilities</b>	<b>697,869,104</b>	<b>331,038,287</b>

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

	Statement of Financial Position		Statement of Profit or Loss		Statement of Comprehensive Income	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
<b>Deferred Tax Liability</b>						
Intangible Assets	6,309	27,401	(21,092)	27,401	-	-
Revalued Land and Building	608,047,205	315,672,488	-	54,234,634	292,374,717	26,901,869
Capital allowances for tax purposes	99,517,171	19,922,423	79,594,748	(55,899,377)	-	-
	<b>707,570,685</b>	<b>335,622,312</b>	<b>79,573,656</b>	<b>(1,637,342)</b>	<b>292,374,717</b>	<b>26,901,869</b>
<b>Deferred Tax Assets</b>						
Defined Benefit Plans - recognised through income statement	(8,279,278)	(3,803,552)	(5,237,332)	(19,037)	761,606	(129,139)
Right of Use Asset - recognised through income statement	(187,332)	(47,982)	(139,350)	(47,982)	-	-
Allowances for Doubtful Receivables	(412,887)	(131,035)	(281,852)	311,661	-	-
Allowances for obsolete inventories	(822,084)	(601,456)	(220,628)	(21,543)	-	-
	<b>(9,701,581)</b>	<b>(4,584,025)</b>	<b>(5,879,162)</b>	<b>223,099</b>	<b>761,606</b>	<b>(129,139)</b>
<b>Deferred Tax Charge to the Income Statement</b>			<b>73,694,494</b>	<b>(1,414,243)</b>		
<b>Deferred Tax Charge to Other Comprehensive Income</b>					<b>293,136,323</b>	<b>26,772,730</b>
<b>Deferred Tax Assets/ Liability</b>	<b>697,869,104</b>	<b>331,038,287</b>				

**10. PROPERTY, PLANT & EQUIPMENT**

	Balance as at 01.04.2022 Rs.	Additions Rs.	Disposal Rs.	Balance as at 31.03.2023 Rs.
<b>10.1 Gross Carrying Amounts</b>				
<b>At Cost or Valuation</b>				
Freehold Land	1,248,375,000	-	-	1,248,375,000
Buildings on freehold land	1,113,625,000	68,824,445	-	1,182,449,444
Motor Vehicles	38,666,568	-	-	38,666,568
Plant & Machinery	54,602,155	-	-	54,602,155
Hotel Equipment	91,515,365	3,953,263	-	95,468,628
Kitchen Equipment	29,406,250	354,688	-	29,760,938
Furniture and Fittings	163,879,775	573,915	-	164,453,691
Office Equipment	1,325,727	-	-	1,325,727
Recreational Equipment	1,647,500	-	-	1,647,500
Solar Heater System	6,171,101	-	-	6,171,101
Telephone System	4,053,049	-	-	4,053,049
Air Conditioning System	58,364,968	-	-	58,364,968
Gym Equipment	6,485,171	-	-	6,485,171
Computer Equipment	12,327,161	1,569,206	-	13,896,368
Linen and Furnishing	33,770,458	2,336,725	(4,024,461)	32,082,722
Cutlery, Crockery and Glassware	9,763,037	791,417	(906,362)	9,648,092
Solar Power System	3,030,000	-	-	3,030,000
<b>Total Value of Depreciable Assets</b>	<b>2,877,008,285</b>	<b>78,403,659</b>	<b>(4,930,823)</b>	<b>2,950,481,121</b>

	Balance as at 01.04.2022 Rs.	Charge for the year Rs.	Disposals Rs.	Balance as at 31.03.2023 Rs.
<b>10.2 Depreciation</b>				
<b>At Cost or Valuation</b>				
Buildings on freehold land	-	40,246,837	-	40,246,837
Motor Vehicles	29,912,514	4,300,228	-	34,212,742
Plant & Machinery	32,606,990	3,008,260	-	35,615,251
Hotel Equipment	78,988,294	5,260,659	-	84,248,953
Kitchen Equipment	22,679,531	2,492,464	-	25,171,995
Furniture and Fittings	82,097,391	8,942,113	-	91,039,504
Office Equipment	1,028,219	66,750	-	1,094,969
Recreational Equipment	847,500	320,000	-	1,167,500
Solar Heater System	6,029,607	85,061	-	6,114,668
Telephone System	2,697,114	253,434	-	2,950,548
Air Conditioning System	38,168,420	3,064,320	-	41,232,740
Gym Equipment	3,503,981	540,431	-	4,044,412
Computer Equipment	10,871,840	949,728	-	11,821,568
Linen and Furnishing	27,737,923	2,638,537	(4,024,461)	26,351,999
Cutlery, Crockery and Glassware	9,137,630	391,204	(906,362)	8,622,472
Solar Heater System	909,000	202,000	-	1,111,000
<b>Total Depreciation</b>	<b>347,215,954</b>	<b>72,762,026</b>	<b>(4,930,823)</b>	<b>415,047,157</b>

# Notes to the Financial Statements

## 10. PROPERTY, PLANT & EQUIPMENT (Contd....)

	2023 Rs.	2022 Rs.
<b>10.3 Net Book Values</b>		
At Cost or Valuation		
Freehold Land	1,248,375,000	1,248,375,000
Buildings on freehold land	1,142,202,607	1,113,625,000
Motor Vehicles	4,453,826	8,754,055
Plant & Machinery	18,986,904	21,995,164
Hotel Equipment	11,219,675	12,527,071
Kitchen Equipment	4,588,944	6,726,719
Furniture and Fittings	73,414,187	81,782,384
Office Equipment	230,758	297,508
Recreational Equipment	480,000	800,000
Solar Heater System	56,433	141,494
Telephone System	1,102,501	1,355,935
Air Conditioning System	17,132,228	20,196,548
Gym Equipment	2,440,759	2,981,190
Computer Equipment	2,074,800	1,455,321
Linen and Furnishing	5,730,723	6,032,535
Cutlery ,Crockery and Glassware	1,025,620	625,407
Solar Power System	1,919,000	2,121,000
	2,535,433,964	2,529,792,331
Capital Work-In-Progress	-	-
<b>Total Net Carrying Amount of Property, Plant &amp; Equipment</b>	<b>2,535,433,964</b>	<b>2,529,792,331</b>

### 10.4

- a) Land and Building is measured at fair value less depreciation on building, less impairment losses. Valuations are performed with sufficient frequency (Once in 3 years). 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 based on contractor's methods. The results of such evaluation were incorporated in these Financial Statements from its effective date which is 31 March 2022. The surplus arising from the revaluation net of deferred taxes was transferred to a revaluation reserves.
- 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 carried at cost Rs.	Net Carrying Amount 2023 Rs.	Net Carrying Amount 2022 Rs.
Freehold Land	9,782,792	-	9,782,792	9,782,792
Buildings on Freehold Land	626,280,047	159,930,361	484,803,966	484,803,966
	636,062,839	159,930,361	494,586,758	494,586,758

- 10.5** During the financial year, the Company acquired Property, Plant & Equipment to the aggregate value of Rs.78,403,659/- (2022 - Rs.10,900,571/-) for cash consideration.
- 10.6** Property, Plant & Equipment includes fully depreciated assets which are still in use having a gross carrying amount of Rs.125,654,026 (2022 - Rs.107,034,739/-).

## 11. INTANGIBLE ASSETS

Cost	2023 Computer Software Rs.	2022 Computer Software Rs.
As at 1 April	7,100,763	7,100,763
Acquired during the period	-	-
As at 31 March	7,100,763	7,100,763
<b>Amortisation</b>		
As at 1 April	6,494,904	6,093,470
Amortisation for the year	332,433	401,434
As at 31 March	6,827,337	6,494,904
<b>Net Book Value</b>	<b>273,426</b>	<b>605,859</b>

## 12. INVESTMENT IN ASSOCIATE

The Company has a 28.41% interest in Royal Palms Beach Hotels PLC, situated at Kaluthara which is also involved in the hoteliering business. The companies' interest in Royal Palms Beach Hotels PLC is accounted for using the equity method in the company financial statements. The following table illustrates the summarised financial information of the Royal Palms Beach Hotels PLC.

### 12.1 Share of the associate's statement of Financial position (28.41%)

	As per books of associate		As per Shareholding	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current assets	761,049,664	642,328,869	216,214,209	182,485,632
Non current assets	2,485,710,826	2,524,146,209	706,190,446	717,109,937
Current liabilities	(172,139,016)	(92,446,623)	(48,904,694)	(26,264,086)
Non current liabilities	(731,461,749)	(374,939,749)	(207,806,535)	(106,518,633)
Net assets	2,343,159,725	2,699,088,706	665,693,426	766,812,850
Goodwill			47,583,752	47,583,752
			<b>713,277,178</b>	<b>814,396,602</b>

## Notes to the Financial Statements

**12. INVESTMENT IN ASSOCIATE (Contd....)**

	<b>2023 Rs.</b>	<b>2022 Rs.</b>
<b>12.2 Equity value of investment in equity accounted investee</b>		
As at 1 April	814,396,602	719,133,502
Comprehensive income (Note 12.3)	(30,405,648)	(6,332,613)
Other comprehensive income (Note 12.3)	582,171	409,211
Revaluation of land & Building	-	116,838,451
Revaluation of land & Building -Income tax effect	(71,340,790)	(15,684,492)
Gain on Fair Value Through Other Comprehensive Income Financial Instruments	64,061	36,159
Income tax effect on Gain on Fair Value Through Other Comprehensive Income Financial Instruments	(19,218)	(3,616)
<b>As at 31 March</b>	<b>713,277,178</b>	<b>814,396,602</b>
<b>12.3 Associate's revenue and profit</b>		
Revenue	670,852,891	336,870,358
Cost of sales	(228,704,520)	(108,314,580)
Other income	9,297,738	50,997,629
Selling and Distribution Costs	(21,604,297)	(6,789,522)
Administrative Expenses	(491,723,561)	(315,759,077)
Other Expenses	(1,278,284)	(601,900)
Finance Income	71,700,091	27,569,369
Finance Cost	(2,942,329)	(1,748,544)
Profit (Loss) Before Tax	5,597,731	(17,776,267)
Tax Expense	(112,622,188)	(4,513,818)
Profit (Loss) After Tax	(107,024,457)	(22,290,085)
Other Comprehensive Income	(248,904,523)	357,605,470
<b>Total Comprehensive Income</b>	<b>(355,928,981)</b>	<b>335,315,385</b>
<b>Share of the Associate's Revenue and Profit ( 28.41%)</b>		
Profit (Loss) Before Tax	1,590,315	(5,050,237)
Profit After Tax	(30,405,648)	(6,332,613)
Other Comprehensive Income	(70,713,775)	101,595,714
<b>Total Comprehensive Income</b>	<b>(101,119,423)</b>	<b>95,263,101</b>
Carrying amount of the Investment	713,277,178	814,396,602
Market Value of the shares **	373,533,272	231,505,412

\*\*Investment is held for long term strategic reason and the investment is recovered through dividends. The management do not intend on disposing the stake held and realizing the investment.



**13. INVENTORIES**

	2023 Rs.	2022 Rs.
Food and beverage	16,806,749	10,114,126
Housekeeping and uniform	8,272,386	6,792,205
Other consumables	11,495,661	7,567,081
	36,574,796	24,473,412
Allowances for obsolete inventories	(2,740,278)	(4,296,115)
	33,834,518	20,177,297

**14. 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	-	(4,282,441)
Balance as at end of the year	9,189,791	9,189,791
Accumulated depreciation / impairment		
Balance as at beginning of the year	3,836,740	2,766,130
Recognition of operating leases under SLFRS 16		
Charge for the year	1,070,610	1,070,610
Balance as at end of the year	4,907,350	3,836,740
Net book value		
As at the beginning of the year	5,353,051	5,353,051
As at the end of the year	4,282,441	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	05 Year

**14.1 Sensitivity of Right-of-Use Assets / Lease Liability to Key Assumption**

Sensitivity to discount rate/ Incremental Borrowing Rates	ROU Asset	Lease Liability
Increased 1%	41,912	59,310
Decreased -1%	(44,804)	(64,724)

## Notes to the Financial Statements

**15. TRADE AND OTHER RECEIVABLES**

	2023 Rs.	2022 Rs.
Trade Debtors		
-Related Parties (15.1)	63,376,201	17,213,980
-Others	41,398,922	24,488,977
Less: Impairment Allowances for Trade Debtors(15.2)	(1,376,290)	(935,962)
	103,398,833	40,766,995
Other Debtors	315,636	270,043
Loans to Company Officers	610,127	160,642
	104,324,595	41,197,680

**15.1 Trade Dues from Related Parties**

Name of the Related Party		
Tangerine Tours (Pvt) Limited	61,298,362	17,213,980
Tangerine Vacations (Pvt) Limited	2,077,839	-
	63,376,201	17,213,980

**15.2 Total allowance for impairment on trade debtors**

Balance as at beginning of the year (As per SLFRS 09)	935,962	2,632,217
Charge/(Reversal) for the year	440,328	(1,696,255)
Balance as the end of the year	1,376,290	935,962

**16. OTHER NON FINANCIAL ASSETS**

	2023 Rs.	2022 Rs.
Prepayments	11,068,881	16,155,076
Other receivables	120,000	120,000
VAT Receivable	13,113,346	12,768,994
	24,302,227	29,044,070

**17. OTHER FINANCIAL ASSETS**

	No. of Shares		Directors Valuation		Directors Valuation	
	2023 Rs.	2022 Rs.	Cost 2023 Rs.	2023 Rs.	Cost 2022 Rs.	2022 Rs.
Non Quoted Equity Securities with Non Related Parties						
<b>17.1 Measured at Fair value through OCI</b>						
Lanka Glass Company Limited	50,000	50,000	500,000	-	500,000	-
Research International (Pvt) Limited	10,000	10,000	100,000	-	100,000	-
Gross Carrying Value of Investments			600,000	-	600,000	-

Directors' valuations are based on cost of investments less any decline in value other than temporary, as decided by the Board of Directors.

**17.2 Measured at Amortized cost Short Term Investments - Fixed Deposits**

Company	Relationship	2023 Rs.	2022 Rs.
Fixed Deposits Mercantile Investments and Finance PLC	Other Related Party	328,733,666	356,296,697
Commercial Bank of Ceylon PLC		36,092,918	45,598,583
		364,826,583	401,895,280

**17.3 Measured at Amortized cost Amounts Due from Related Parties -Other Financial Assets**

Name of the Related Party	Relationship	2023 Rs.	2022 Rs.
Nilaveli Beach Hotels (Pvt) Limited	Other Related Party	114,019	87,843
The Nuwara Eliya Hotels Company PLC	Other Related Party	33,470	60,243
		147,489	148,086

**18. CASH AND BANK BALANCES**

	2023 Rs.	2022 Rs.
Cash at Bank and in Hand	32,625,481	95,514,401
For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:		
Cash at Bank and in Hand	32,625,481	95,514,401
Bank Overdraft (Note 23)	(61,397,523)	(29,083,298)
	(28,772,042)	66,431,102

**19. STATED CAPITAL**

	Number of shares	Ordinary shares
At 31 March 2023	20,000,000	244,800,000
At 31 March 2022	20,000,000	244,800,000

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.

# Notes to the Financial Statements

## 20. RESERVE

	2023 Rs.	2022 Rs.
<b>20.1 Revaluation Reserve.</b>		
Revaluation Reserve - Company (Note 20.2)	1,426,398,799	1,718,773,516
Revaluation Reserve - Associate Company (Note 20.3)	341,457,866	412,798,656
	<b>1,767,856,665</b>	<b>2,131,572,172</b>
<b>20.2 Revaluation Reserve - Company On: Property, Plant and Equipment</b>		
As at the beginning of the year	1,718,773,516	1,533,896,435
Revaluations During the year	-	211,778,950
Tax effect on surplus on revaluation	(292,374,717)	(26,901,869)
As at the end of the year	<b>1,426,398,799</b>	<b>1,718,773,516</b>

## 20.3 Revaluation Reserve - Associate Company On: Property, Plant & Equipment

	2023 Rs.	2022 Rs.
As at the beginning of the year	412,798,656	311,644,697
Revaluations During the year	-	116,838,451
Tax effect on surplus on Revaluation	(71,340,790)	(15,684,492)
As at the end of the year	<b>341,457,866</b>	<b>412,798,656</b>

The above Share of Associate Company's Revaluation Reserve represents the Company's Share of current year depreciation effect of the revaluation gain of previous years and the revaluation gain of those assets which were disposed or de-recognised during the year.

## 20.4. Fair Value Reserve- Associate Company

	2023 Rs.	2022 Rs.
As at the beginning of the year	32,543	-
fair Value Reserve During the year	-	36,159
Tax effect on Reserve	-	(3,616)
As at the end of the year	<b>32,543</b>	<b>32,543</b>

**21. TRADE AND OTHER PAYABLES**

	2023 Rs.	2022 Rs.
Financial Liabilities (Note 21.1)	51,674,206	28,835,016
Non Financial Liabilities (Note 21.2)	39,921,939	31,518,095
	<b>91,596,145</b>	<b>60,353,111</b>
<b>21.1 Financial Liabilities</b>		
Trade payables	35,953,188	20,120,759
Other payables	9,334,744	6,519,139
Dividends payable	988,720	988,720
Payables to contractors /Other suppliers	5,397,554	1,206,398
	<b>51,674,206</b>	<b>28,835,016</b>
<b>21.2 Non Financial Liabilities</b>		
Advanced received for reservation	11,921,715	19,195,795
VAT Payable	8,020,782	-
TDL Payable	2,132,875	1,491,637
SSCL Payable	1,700,702	-
EPF and ETF Payable	2,150,866	1,783,240
Other payables	13,994,998	9,047,423
	<b>39,921,939</b>	<b>31,518,095</b>

**22. AMOUNTS DUE TO RELATED PARTIES**

Name of the Related Party	Relationship	2023 Rs.	2022 Rs.
Security Ceylon (Pvt) Limited	Other Related Party	1,412,021	737,303
Tangerine Tours (Pvt) Limited	Other Related Party	3,783,183	1,968,753
Mercantile Investments and Finance PLC	Other Related Party	82,513	-
Royal Palms Beach Hotels PLC	Associate company	13,365,711	2,548,788
		<b>18,643,427</b>	<b>5,254,843</b>

## Notes to the Financial Statements

**23. INTEREST BEARING LOANS AND BORROWINGS**

	2023 Rs.	2022 Rs.
<b>Current</b>		
Bank overdraft	61,397,523	29,083,298
Term Loan -Commercial Bank Of Ceylon PLC (23.1)	15,998,000	12,006,000
	77,395,523	41,089,298
<b>Non- current</b>		
Term Loan -Commercial Bank Of Ceylon PLC (23.1)	-	7,994,000
<b>Total borrowings</b>	<b>77,395,523</b>	<b>49,083,298</b>

**23.1 Term Loan - Commercial Bank of Ceylon PLC**

	As At 01.04.2022 Rs.	Repayment Rs.	As At 31.03.2023 Rs.
Saubagya Covid-19 Renaissance Facility Phase II	20,000,000	(4,002,000)	15,998,000
	20,000,000	(4,002,000)	15,998,000

**23.2 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 18 equal monthly installments of Rs. 1,334,000/- and the final installment of Rs.1,323,999/- together with interest, after the grace period.
Interest Rate	4%
Term	02 Years
Security	Company had pledged Fixed Deposit of Rs. 28,000,000 as security.

**24. POST EMPLOYMENT BENEFIT LIABILITY**

	2023 Rs.	2022 Rs.
Balance as at the Beginning of the Year	27,168,227	24,978,293
Charge for the Year (Note 24.1)	3,691,881	4,323,187
Payments Made during the year	(3,262,516)	(2,133,253)
<b>Balance as at the end of the Year</b>	<b>27,597,592</b>	<b>27,168,227</b>

**24.1 Charge for the Year**

Current Service Cost for the year	2,427,016	2,289,227
Interest cost for the year	3,803,552	1,748,481
Past service cost	-	(636,941)
	6,230,568	3,400,767
Actuarial (Gain)/Loss	(2,538,687)	922,420
	<b>3,691,881</b>	<b>4,323,187</b>



## 24.2 Actuarial Assumptions

	2023 Rs.	2022 Rs.
Discount Rate	20.00%	14.00%
Salary Increment	15.00%	12.00%
Mortality-A67/70 Mortality Table Issued by the Institute of Actuaries London		
Retirement Age	55 years.	55 years.
Disability rate	Simple disability rate	

### Staff turnover

The staff turnover rate used in the valuation are

Category 01: 16% up to age 54 and thereafter zero

Category 02: 13% 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.

## 24.3 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 discount rate		
1%	928,120	(928,120)
-1%	999,421	(999,421)
Increase/ (decrease) in salary Increment rate		
1%	(887,214)	887,214
-1%	(1,654,740)	1,654,740
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%	1,081,731	(1,081,731)
-1%	1,180,194	(1,180,194)
Increase/ (decrease) in salary Increment rate		
1%	(1,316,580)	1,316,580
-1%	(1,225,374)	1,225,374

# Notes to the Financial Statements

## 24. POST EMPLOYMENT BENEFIT LIABILITY (Contd....)

### 24.4 Maturity Profile

	2023	2022
Weighted Average Duration of defined benefit obligation	4.20 Years	4.71 Years
Distribution of defined benefit obligation over the future working life time		
Less than or equal 1 year	7,464,826	6,541,971
Over 1 year and less than or equal 2 years	6,265,904	6,405,472
Over 2 year and less than or equal 5 years	6,239,114	5,593,796
Over 5 years and less than or equal 10 years	5,903,061	5,760,379
Over 10 years	1,724,688	2,866,609
<b>Total</b>	<b>27,597,593</b>	<b>27,168,227</b>

## 25. LEASE LIABILITIES

	2023 Rs.	2022 Rs.
<b>25.1 Movement of lease liabilities</b>		
Balance as at the beginning of the year	5,695,779	10,706,102
Payment of lease liabilities	(1,560,000)	(1,560,000)
Derecognition of operating lease liability	-	(4,282,441)
Interest expense	771,102	832,118
<b>Balance as at 31.03.2023</b>	<b>4,906,881</b>	<b>5,695,779</b>
<b>Current portion of lease liabilities</b>		
2022/23 FY Lease payments	1,560,000	1,560,000
2022/23 FY Lease interest	(705,960)	(771,558)
	854,040	788,442
<b>Non Current portion of lease liabilities</b>	<b>4,052,841</b>	<b>4,907,337</b>
** The Company use 8.32% as Incremental Borrowing Rate		
<b>25.2 The following are the amount recognized in profit or loss:</b>		
Depreciation expenses of right of use assets	1,070,610	1,070,610
Interest expense on lease liability	771,102	832,118
<b>Total Amount recognized in profit and loss</b>	<b>1,841,712</b>	<b>1,902,728</b>

### 25.3 Following is the maturity lease liability for future periods with interest cost

	Rs. 0-3 Months	Rs. 3-12 Months	Rs. 1 to 5 Years	Rs. Total
Lease Liability	390,000	1,170,000	6,240,000	7,800,000

## 26. COMMITMENTS AND CONTINGENCIES

### 26.1 Commitments

#### 26.1.1 Capital Expenditure Commitments

The Company does not have significant capital commitments as at the reporting date.

#### 26.1.2 Financial Commitments

There are no financial commitments as at the reporting date.

### 26.2 Contingencies

Contingent liabilities

There are no significant contingencies as at 31 March 2023.

## 27. ASSETS PLEDGED

A total of 3,237,332 shares of Royal Palm Beach Hotels PLC, (Associate Company) amounting to Rs. 32,373,320 have been pledged against the facilities obtained by Commercial Bank of Ceylon PLC.

Company had pledged Fixed Deposit of Commercial Bank of Ceylon PLC Rs. 28,000,000 as security for Saubagye Covid 19 Loan.

## 28. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

The following tables provides the significant amount of transactions, which have been entered into with related parties for the relevant financial year.

### 28.1 Transactions with Associate Company -Recurring transactions

Tangerine Hotel PLC holds 28.41% Share holding of Royal Palms Beach Hotels PLC.

Nature of Transaction	Terms of Transactions	Amount		Balance as at	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Staff quarters rent	Market terms	2,392,000	550,000	-	-
Sewerage treatment plant rent	Market terms	3,500,602	2,482,919	-	-
Bottle water		238,335	65,671	-	-
Staff meals	Market terms	-	30,632	-	-
Laundry Chargers	Market terms	(19,761,693)	(6,232,450)	-	-
Staff Quarters Advance **		(9,592,958)	-	-	-
Reimbursements of expenses		(18,780,305)	(3,778,567)	-	-
Fund transfers for settlements		31,187,096	4,593,260	-	-
Amounts due from Royal Palm Beach Hotel PLC		-	-	(13,365,711)	(2,548,788)

\*\* Renovating of Staff Quarters Occupied by Royal Palms Beach Hotel

### 28.2 Transactions with Key Management Personnel

The 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 Board of Directors of the Company and personnel holding designation General Manager and above. Transactions with Key Management Personnel and transaction with the close family members (CFMs) of the KMPs, If any, also have been taken into consideration in the following disclosure.

	2023 Rs.	2022 Rs.
<b>28.2.a)Key Management Personnel Compensation</b>		
Short-term post employment benefits	7,005,625	6,034,075

# Notes to the Financial Statements

## 28.3 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 an arms length basis at commercial rates.

Nature of Transaction	Nature of Transaction	Relationship	Terms of Transactions	Amount		Balance as at	
				2023	2022	2023	2022
				Rs.	Rs.	Rs.	Rs.
Security Ceylon (Pvt) Ltd.	Security Services	Other Related Company	As per Agreement	(20,166,598)	(15,054,444)	-	-
	Staff Meals		Market terms	3,990,049	2,098,530	-	-
	Fund transfers for settlements			15,501,831	13,129,684	-	-
	Amounts payable to Security Ceylon (Pvt) Ltd			-	-	(1,412,021)	(737,303)
Nilaveli Beach Hotel(Pvt) Ltd	Reimbursement expenses	Other Related Company	Reimbursement cost	1,212,762	821,569		
	Fund transfers for settlements			(1,186,586)	(1,053,840)		
	Amounts receivable from Nilaveli Beach Hotel (PVT) Ltd			-	-	114,019	87,843
Tangerine Tours (Pvt) Ltd.	Marketing Fee	Other Related Company	As per Agreement	(22,958,716)	(10,496,378)		
	Tour Operation		As per Agreement	118,087,445	33,113,782	-	-
	Reimbursement expenses			(7,060,226)	(4,630,562)	-	-
	Fund transfers for settlements			(45,798,350)	(15,302,664)	-	-
	Amounts receivable from Tangerine Tours (Pvt) Ltd					57,515,179	15,245,026
Mercantile Investments & Finance PLC	Fixed Deposit Investments/ (withdrawal) (net)	Other Related Company	Market terms		(42,030,367)	328,733,666	356,296,697
	Interest income on Fixed deposits		Market terms		10,728,698	-	-
	Head office Rent		As per agreement	1,786,525	1,684,800	-	-
	Repairs and Service to the motor vehicle		Market Terms		717,866	-	-
	Amounts payable to Mercantile Investment & Finance Plc					(82,513)	-
The Nuwara Eliya Hotels PLC	Reimbursement expenses	Other Related Company	Reimbursement cost	472,909	383,656	-	-
	Fund transfers for settlements			(499,682)	(581,658)	-	-
	Amounts receivable from Nuwara Eliya Hotels PLC					33,470	60,243
Fair View Hotel (Pvt) Ltd.	Reimbursement of advertising Expenses	Other Related Company	Market terms		-	-	-
	Fund transfers for settlements				-	-	-
Tangerine Vacations (Pvt) Limited	Tour Operation	Other Related Company	Market terms	2,077,839			
	Amounts receivable from Vacations(Pvt)Limited					2,077,839.0	-

There were no non-recurrent transactions carried out with related parties during the year where the aggregate value of transaction exceeds 10% of equity or 5% of total assets which ever is lower.

## 29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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.

### 29.1 Financial Instruments carried at Fair Value

The Company does not have any financial instruments that are carried at Fair value at the reporting date.

### 29.2 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:

31 March 2023	Amortized Cost Rs.	Total carrying amount Rs.	Fair value Rs.
<b>Financial assets</b>			
<i>Current assets</i>			
Trade & other receivables	104,324,595	104,324,595	104,324,595
Cash and short-term deposits	397,452,064	397,452,064	397,452,064
Amounts due from related parties	147,489	147,489	147,489
	501,924,148	501,924,148	501,924,148
<b>Financial liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	91,596,145	91,596,145	91,596,145
Amounts due to related parties	18,643,427	18,643,427	18,643,427
Bank overdrafts / Short term loan	77,395,523	77,395,523	77,395,523
	187,635,095	187,635,095	187,635,095
<i>Non-current liability</i>			
Interest -Bearing Loans and Borrowings	-	-	-
	-	-	-

# Notes to the Financial Statements

## 29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Contd...)

31 March 2022	Amortized Cost Rs.	Total carrying amount Rs.	Fair value Rs.
<b>Financial assets</b>			
<b>Current assets</b>			
Trade & other receivables	41,197,680	41,197,680	41,197,680
Cash and short-term deposits	497,409,681	497,409,681	497,409,681
Amounts due from related parties	148,085	148,085	148,085
	538,755,446	538,755,446	538,755,446
<b>Financial liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	60,353,109	60,353,109	60,353,109
Amounts due to related parties	5,254,843	5,254,843	5,254,843
Bank overdrafts / Short term loan	41,085,298	41,085,298	41,085,298
Interest -Bearing Loans and Borrowings	-	-	-
	106,693,250	106,693,250	106,693,250
<b>Non-current liability</b>			
Interest -Bearing Loans and Borrowings	7,994,000	7,994,000	7,994,000
	7,994,000	7,994,000	7,994,000

### 29.3 Financial Instruments not carried at Fair Value/ Current

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>Financial Assets</b>				
Trade and other receivables	104,324,595	104,324,595	41,197,680	41,197,680
Amounts due from related parties	147,489	147,489	148,086	148,086
Short-term deposits	364,826,583	364,826,583	401,895,280	401,895,280
Cash at bank and cash in hand	32,625,481	32,625,481	95,514,401	95,514,401
	501,924,148	501,924,148	538,755,447	538,755,447
<b>Financial liability</b>				
Trade and other payables	51,674,206	51,674,206	28,835,016	28,835,016
Amounts due to related parties	18,643,427	18,643,427	5,254,843	5,254,843
	70,317,633	70,317,633	34,089,860	34,089,860



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 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 cash equivalents, other financial assets amount due from related parties, other payables and short term deposits amount due to related parties.

#### 29.4 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

#### 29.5 Financial Instruments not carried at Fair Value /Non Current

The fair value of financial liabilities does not significantly vary from the value based on the amortised cost methodology.

	Level	2023		2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		Rs.	Rs.	Rs.	Rs.
Financial liabilities					
Interest-bearing loans and borrowings	Level 2	77,395,523	77,395,523	49,083,298	49,083,298
		77,395,523	77,395,523	49,083,298	49,083,298

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 it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to trade and other receivables, cash and cash equivalents, other financial assets amount due from related parties, other payables and short term deposits amount due to related parties.

# Notes to the Financial Statements

## 29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Contd...)

### 29.6 Non Financial Assets Disclosed at Fair value

2023	Method	Date of valuation	Level **	Value	Unobservable Inputs	Price range per perch/ Sq.Ft
Free hold land	Market Approach	31.03.2022	03	1,248,375,000	Estimated price per perch	575,000 - 715,000
Buildings	Market Approach	31.03.2022	03	1,113,625,000	Estimated price per sq.ft	650 -13,000

2022	Method	Date of valuation	Level	Value **	unobservable Inputs	Price range per perch/Sq.ft
Free hold land	Market Approach	31.03.2022	03	1,248,375,000	Estimated price per perch	575,000 - 715,000
Buildings	Market Approach	31.03.2022	03	1,113,625,000	Estimated price per sq.ft	650 -13,000

\*\* Fair value measurement sensitivity to unobservable inputs - positive impact to the fair value

Valuation was carried out by professionally qualified independent value in compliance with Sri Lanka Accounting Standard - SLFRS 13 (Fair Value Measurement).

## 30. RISK MANAGEMENT

### 30.1 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.

### 30.2 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.

Company has an established credit policy under which each new customer is reviewed individually for credit worthiness before standard payment and delivery terms are offered to the customer. The credit review includes bank and other reputed company references. Credit granted is subject to regular review, to ensure it remains consistent with the customer's creditworthiness in relations to the anticipated volume of business.

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	18	32,625,481	95,514,401
Trade and other receivables	15	104,324,595	41,197,680
Other financial assets	17.2	364,826,583	401,895,280
Amounts Due from Related Parties	17.3	147,489	148,085
		<b>501,924,148</b>	<b>538,755,446</b>

## 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 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.

ECL measurement approach that is best suited for each class of asset is determined based on 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 measurement of ECL in the light of the economic recession, as the consequent unexpected deterioration in 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 the impact of economic recession was incorporated 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

	Gross Receivable	
	2023 Rs.	2022 Rs.
Not past due 0- 60 days	94,694,147	33,530,817
Past due 61-90 days	5,301,475	2,649,750
Past due 90-120 days	3,188,332	1,116,895
Past due 120-180 days	986,787	1,390,236
More than 180 days	604,382	3,015,259
<b>Total</b>	<b>104,775,123</b>	<b>41,702,957</b>

# Notes to the Financial Statements

## 30. RISK MANAGEMENT (Contd...)

Movement in the Impairment Allowance*	2023 Rs.	2022 Rs.
Balances at 1 April	(935,962)	(2,632,217)
Impairment recognised	(440,328)	1,696,255
Balances at 31 March	(1,376,290)	(935,962)

### 30.3 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 table below summaries the maturity profile of company's financial liabilities based on contractual undiscounted payments.

31 March 2023	Contractual maturities of financial liabilities				
	Total	Up to 3 Months	3-12 Months	1 - 5 Years	More than 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and other payables	91,596,145	91,596,145	-	-	-
Interest-bearing loans and borrowings	15,998,000	4,002,000	11,996,000	-	-
Bank overdraft	61,397,523	61,397,523	-	-	-
Amounts Due to Related Parties	18,643,427	18,643,427	-	-	-
	187,635,095	175,639,095	11,996,000	-	-

31 March 2022	Contractual maturities of financial liabilities				
	Total	Up to 3 Months	3-12 Months	1 - 5 Years	More than 5 Years
	Rs.	Rs.	Rs.	Rs.	Rs.
Trade and other payables	60,353,109	60,353,109	-	-	-
Interest-bearing loans and borrowings	20,733,294	201,643	12,445,884	8,085,767	-
Bank overdraft	29,083,298	29,083,298	-	-	-
Amounts Due to Related Parties	5,254,843	5,254,843	-	-	-
	115,424,544	94,892,893	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 and Euro. The Company Finance team closely monitors the exchange rate movement, for necessary action.

The Sri Lankan Rupee is depreciating against the US Dollar in March 2022 on the back of economic turmoil in global, regional and local markets resulting from the economic recession. The Company exposed to foreign currency denominated payments with local currency revenues are adversely impacted to undue fluctuations in exchange rates.

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

	Sensitivity Effect on Comprehensive Income increase/ (decrease) in Results for the Year	
	20%	-20%
Euro (€)	4,949,347	(4,949,347)
Dollar (\$)	1,838,171	(1,838,171)
	<b>6,787,518</b>	<b>(6,787,518)</b>

#### (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.

## 31. 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.

## 32. GOING CONCERN

The Management, 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.

## 33. 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

## Tangerine Beach Hotels Limited -2023

			No.of Members	Shareholding	%
1	-	1000	1272	147,435	0.74%
1001	-	10000	180	593,291	2.97%
10001	-	100000	51	1,641,938	8.21%
100001	-	1000000	17	4,860,970	24.30%
	>	1000000	4	12,756,366	63.78%
			1524	20,000,000	100.00%

Category	Shareholding	%
Resident	19,899,888	99.50%
Non Resident	100,112	0.50%
	20,000,000	100.00%

Category	Shareholding	%
Individuals	5,638,637	28.19%
Corporate	14,361,363	71.81%
	20,000,000	100.00%

	2023	2022
Market Value Per Share as at 31st March	65	77.9
Highest Market Value Per Share During the Year	78	77.9
Lowest Market Value Per Share During the Year	28.5	37

20 Largest Shareholders	2023		2022	
Nilaveli Beach Hotels (Pvt) Limited	6,147,018	30.74%	6,147,018	30.74%
Mercantile Investments and Finance PLC	3,899,644	19.50%	3,899,644	19.50%
Employees Providend Fund	1,629,471	8.15%	1,629,471	8.15%
N Vaitilingam & Co. Ltd	1,080,233	5.40%	1,080,233	5.40%
T J Ondaatjie	582,220	2.91%	582,220	2.91%
A M Ondaatjie	569,982	2.85%	569,982	2.85%
G G Ondaatjie	538,028	2.69%	538,028	2.69%
N J H M Cooray	433,770	2.17%	433,770	2.17%
Tangerine Tours (Pvt) Ltd	405,478	2.03%	405,478	2.03%
Blue Oceanic Beach Hotels (Pvt) Ltd	295,172	1.48%	295,172	1.48%
Jet Travels (Private) Ltd	267,032	1.34%	267,032	1.34%
C A Ondaatjie	259,854	1.30%	259,854	1.30%
M Keerthiratne	255,898	1.28%	255,898	1.28%
N T M S Cooray	246,072	1.23%	246,072	1.23%
Ceylon Galvanising Industries Ltd	234,000	1.17%	234,000	1.17%
N H V Perera	202,236	1.01%	202,236	1.01%
U Surendra	165,450	0.83%	174,244	0.87%
K M N Perera	152,756	0.76%	152,756	0.76%
H A A de Silva	150,530	0.75%	150,530	0.75%
R J G de Mel	102,492	0.51%	102,492	0.51%



# Value Added Statement

For the Financial Year Ended 31st March	2023	2022
Revenue	569,189	321,332
Less		
Cost of Sales	(600,301)	(278,514)
	(31,112)	42,818
Adjustment for		
Other Income	53,030	39,216
<b>Total Value Added</b>	<b>21,918</b>	<b>82,034</b>
<b>Distribution Of Value Added as Follows</b>		
To employee as Remuneration	125,720	100,132
<b>To Providers of Capital</b>		
Dividends to shareholders	0	0
<b>Total Tax to Government</b>	<b>22,163</b>	<b>10,509</b>
<b>To Expansion and Growth</b>		
Retained With Business		
as Depreciation	72,762	71,687
as reserves	(198,727)	(100,294)
	<b>21,918</b>	<b>82,032</b>
Value Added Per Revenue	0.04	0.26
Value Added per Employment	5.74	1.22
Value Added Per Ordinary Share	1.10	4.10

## Decade at a Glance

Year Ended 31st March	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
	Rs '000	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 Turnover Tax	569,189	321,332	133,462	591,289	710,257	669,997	631,272	596,826	548,615	658,179	530,872
Operating profit/(Loss) before interest exp. and other income	(171,024)	(132,435)	(213,194)	(14,416)	91,087	92,048	79,622	55,006	33,181	159,625	87,666
Profit/(Loss) before Taxation	(119,435)	(94,935)	(199,953)	71,088	178,085	165,162	131,180	124,360	49,872	182,713	128,988
Taxation Provision	(81,326)	(5,975)	(9,504)	(12,892)	(36,009)	(40,188)	(25,512)	(20,497)	(4,708)	(33,434)	(14,667)
Profit after taxation on ordinary activities	(200,761)	(100,910)	(209,457)	58,196	142,076	124,974	105,668	103,863	45,164	149,279	114,321
<b>Capital &amp; Reserves</b>											
Stated Capital/Share Capital	244,800	244,800	244,800	244,800	244,800	244,800	244,800	244,800	244,800	244,800	244,800
Revaluation Reserve	1,426,399	1,718,775	1,533,896	1,550,621	1,566,408	1,355,990	1,506,126	1,505,773	1,308,464	1,320,912	1,330,293
Fair Value Reserve	32	32									
Revenue Reserve	882,416	1,080,818	1,182,113	1,369,014	1,301,574	1,171,462	1,057,997	963,057	859,159	797,183	653,292
Capital Reserves of Associate company	341,458	412,798	311,644	316,349	321,126	273,532	293,821	293,380	197,259	200,339	205,472
Total Equity	2,895,105	3,457,223	3,272,453	3,480,784	3,433,908	3,045,784	3,102,744	3,007,010	2,609,682	2,563,234	2,433,857
<b>Assets Employed</b>											
Current Assets	560,061	587,976	601,683	753,150	701,478	573,465	460,025	380,506	344,102	328,475	227,940
Current Liabilities	(188,658)	(109,793)	(91,668)	(115,390)	(112,747)	(112,328)	(101,211)	(106,584)	(118,265)	(141,556)	(108,506)
Net Current Assets	371,403	478,183	510,015	637,760	588,731	461,137	358,814	273,922	225,837	186,919	119,434
Property Plant, & Equipment	2,535,433	2,529,792	2,379,729	2,426,186	2,443,737	2,209,578	2,193,329	2,192,953	1,970,922	1,971,819	1,912,506
Intangible assets	273	606	1,007	761	1,217	1,757	1,868	3,121	3,560	3,714	1,741
Long Term Investments	713,232	814,396	719,134	755,331	747,608	678,423	685,980	672,733	540,751	533,988	528,077
Right of use assets	4,282	5,353	10,706	1,383							
Non- Current Liabilities	(729,519)	(371,107)	(348,137)	(340,637)	(347,385)	(305,110)	(137,247)	(135,719)	(131,388)	(133,206)	(127,901)
	2,895,105	3,457,223	3,272,453	3,480,784	3,433,908	3,045,785	3,102,744	3,007,010	2,609,682	2,563,234	2,433,857
<b>Ratio &amp; Statistics</b>											
Gearing Ratio (Times)	0.027	0.014	0.003	0	0	0.00004	0.005	0.007	0.01	0.01	0.01
Current ratio (Times)	(3)	5	7	7	6.22	5.11	4.55	3.57	2.91	2.32	2.10
Earnings per Share	(10)	(5)	(10)	3	7.10	6.25	5.28	5.19	2.26	7.46	5.72
Net assets per Share	145	173	164	174	171.70	152.29	155.14	150.35	130.48	128.16	121.69
Interest Cover (Times)	(55)	(51)	(257)	196	8.514	600.26	224.35	109.54	44.26	114.89	61.12
Return on Shareholder's Funds(%)	(7)	(3)	(6)	2	4.14	4.10	3.41	3.45	1.73	5.82	4.70
Return on Total Assets(%)	(5)	(3)	(5.64)	1.48	3.65	3.61	3.16	3.20	1.58	5.26	4.28
Price Earning Ratio	(548)	(8.74)	(3.83)	12.06	5.72	7.25	11.26	12.84	34.98	8.64	11.44
Dividends per Share	0	0	0	1	0.50	0.50	0.50	0.50	-	1.00	0.50
Dividend cover (Times)	0	0	0	3	14.21	12.50	10.57	10.39	-	7.46	11.43
Dividend Yield ( %)	0	0	0	0.03	0.01	0.01	0.01	0.01	-	0.01	0.01
Dividend Pay- out Ratio	0	0	0	0.344	0.07	0.08	0.09	0.10	-	0.13	0.09

## Real Estate Portfolio

Company & Location	Building in (sq.F.t)		No of Building	Freehold property Land in Acers		Net Book value	
						Rs'000	Rs'000
	2022/2023	2021/2022			2022/2023	2021/2022	2022/2023
Tangerine Beach Hotels Plc.  St.Abrew's Road, Nagashandiya Waskaduwa, Kaluthara North	195,540	195,540	15	11.08	11.08	2,390,577	2,362,000
Total	195,540	195,540	15	11.08	11.08	2,390,577	2,362,000

# Supplimentary Notice to Shareholders

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## **TANGERINE BEACH HOTELS PLC 43<sup>RD</sup> 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**  
**TANGERINE BEACH HOTELS PLC**  
MERCANTILE INVESTMENTS AND FINANCE PLC  
Secretaries  
15th August 2023

Colombo

# Notice of Meeting

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NOTICE IS HEREBY GIVEN that the 43rd Annual General Meeting of Tangerine Beach Hotels PLC, will be held as a **virtual meeting** on 26th September 2023 at 11.45 a.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 Statement of Accounts for the year ended 31st March 2023 with the Report of the Auditors therein.
2. To elect Mr. G G Ondaatjie who retires in terms of Article 88(i) of the Articles of Association of the Company.
3. To elect Mrs. C A Ondaatjie 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 resolution as an ordinary resolution.

"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 Mrs. Christabel Angela Ondaatjie 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 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.
5. To authorize the Directors to determine payments for charitable and other purposes for year 2023/24
6. 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**  
**TANGERINE BEACH HOTELS PLC**  
 Mercantile Investments and Finance PLC  
 Secretaries  
 15th August 2023

Colombo

Note: Any member entitled to attend and vote at the Meeting is entitled to appoint a Proxy (whether member or not) to attend and vote instead of him. A Form of Proxy is enclosed with the Report of 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.

# Registration Form

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## ANNEXURE 1

**TANGERINE BEAC HOTELS PLC**  
**43<sup>RD</sup> ANNUAL GENERAL MEETING**

To: Mercantile Investments and Finance PLC  
 Secretaries  
 Tangerine 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 48 hours before the time appointed for the meeting.



# Form of Proxy

I/We .....  
 of .....  
 being a member/members of TANGERINE BEACH HOTELS PLC, do hereby appoint; ..... of  
 ..... or failing him/her

Angeline Myrese Ondaatjie	or failing her
Gerard George Ondaatjie	or failing him
Christabel Angela Ondaatjie	or failing her
Travice John Ondaatjie	or failing him
Nawagamuwage Hasantha Viraj Perera	or failing him
Lakal Hemendra Jayasinghe	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 11.45 a.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.		
2) To re-elect Mr. G G Ondaatjie retiring in terms of Article 88(i) of the Articles of Association of the Company.		
3) To re-elect Mrs. C A Ondaatjie retiring in terms of Section 211 of the Companies Act No.07 of 2007		
4) 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.		
5) To authorize the Directors to determine payments for charitable and other purpose for the year 2023/24.		
6) To pass the special resolution as set out in the Notice of Meeting		

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)

**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

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## **Name of the Company**

Tangerine Beach Hotels PLC.

## **Status & Legal Form**

Public quoted company with limited liability  
Incorporated in Sri Lanka on 21st May 1980

## **Company Registration No.**

PQ 162

## **Tax Payer Identification Number**

104065600

## **VAT Registration Number**

104065600 7000

## **Communication Registered Office**

236, Galle Road, Colombo 03, Sri Lanka  
P.O. Box 195, Colombo  
Tel : 2343720-7  
Fax : 2391193, 2448279  
Website : [www.tangerinehotels.com](http://www.tangerinehotels.com)

## **Hotel**

Tangerine Beach Hotel, St.Abrew's Road,  
Nagashandiya, Waskaduwa.  
Tel : 034-2237295, 2237982, 2237983  
2237640  
Fax : 034-2237794  
E-mail : [reservations@tangerine.lk](mailto:reservations@tangerine.lk)

## **Secretaries**

Mercantile Investments & Finance PLC

## **Remuneration Committee**

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

## **Audit Committee**

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

## **Related party Committee**

Mr. N H V Perera - Chairman  
Mr. P S R Casie Chitty  
Mr. L H Jayasinghe

## **External Auditors**

Ernst & Young  
Chartered Accountants

## **Internal Auditors**

SJMS Associate (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  
C. A. Ondaatjie  
N. H. V. Perera  
L. H. Jayasinghe  
P. S. R. Casie Chitty

## **Corporate Management**

Lakal H. Jayasinghe - Director / General Manager  
Arju Vijayarajah - Resident Manager  
Gihan Liyanage - Assistant Manager  
M. I. Shahabdeen - Group Financial Controller  
Manil Galagoda - Group Consultant for Engineering  
Ravi Fernando - Group Accountant  
Nelson Mayadunnage - Financial Controller  
Hareez Jameel - Senior Accountant

## **Management Team**

Lakal H. Jayasinghe - Director/General Manager  
Arju Vijayarajah - Resident Manager  
Gihan Liyanage - Assistant Manager  
Nelson Mayadunnage - Financial Controller  
Menaka Fernando - Chief Accountant  
Hareez Jameel - Senior Accountant  
K. K. Pradeep Krishantha - Executive Chef - Resigned w.e.f.20.05.2023  
B. S. S. Bangsajayah - Food & Beverage Manager  
Praboth Jayaweera - Credit Manager  
Chaturanga Hettiarachchi - Front Office Manager  
Kalpitha Dias - Housekeeper  
S. Lalith Kumara - Maintenance Engineer  
Priyanka Liyanage - Cluster Cost Controller - Resigned w.e.f.22.09.2022  
Gayan Liyanage - Human Resources Manager  
Jayampath Thabrew - Cluster Chief Engineer - w.e.f. 05.01.2023  
Palitha Fonseka - Cost Control Executive - w.e.f 01.10.2022  
Chandana Wijeratna - Executive Chef - w.e.f 15.07.2023  
Sudath Baladeva - Purchasing Manager

Concept & Designed by





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