



citrus

Hikkaduwa Beach Resort PLC

Annual Report 2023/24

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Chairman's Message

I am pleased to place before you the Annual Report and Audited Financial Statements of Hikkaduwa Beach Resort PLC for the Financial Year 2023/24.

Overview

In 2023/24, the global tourism sector demonstrated a remarkable recovery over the previous financial year with a surge in international travel. Countries in Europe, North America and Asia experienced robust growth in tourist arrivals, driven by pent-up demand. The resurgence of major tourist destinations and the renewed interest in exploring new regions have been pivotal in driving this growth. Sri Lanka's tourism sector mirrored the global recovery trends with notable improvements. Sri Lanka's picturesque landscapes, rich cultural heritage and biodiversity continue to captivate visitors, positioning the country as a unique and attractive destination.

Sri Lanka's economy has shown signs of stabilization, with improvements in key economic indicators. GDP growth has resumed its upward trajectory, inflation rates have been brought under control, and foreign exchange reserves have been bolstered. The tourism sector has directly benefited from the perceived stability, with enhanced investor confidence leading to increased investments in tourism infrastructure and services. The overall improvement in tourism has greatly benefited the country, bringing in much-needed foreign currency.

Environment, Social & Governance (ESG)

At Hikkaduwa Beach Resort, our commitment to Environmental, Social, and Governance (ESG) principles remains at the forefront of our strategic initiatives. We recognize the importance of sustainable tourism and the role it plays in preserving Sri Lanka's natural and cultural heritage. Our efforts are centered on reducing our carbon

footprint, promoting eco-friendly practices, and supporting local communities. By integrating ESG principles into our operations, we aim to create a positive impact on the environment and society while ensuring long-term business sustainability. Our dedicated initiatives, such as energy-efficient resort operations with plans to introduce solar power plans generation, community engagement programmes and ethical governance practices reflect our unwavering commitment to responsible tourism.

Outlook for 2024

In order to ensure sustained growth, there is a pressing need for comprehensive brand building for Sri Lanka tourism. Strategic marketing campaigns, both digital and traditional, aimed at showcasing Sri Lanka's unique attractions are essential. Collaborations with international travel influencers, participation in global tourism fairs, and targeted advertising in key markets can significantly elevate Sri Lanka's brand presence. Emphasizing our distinctive offerings, from adventure tourism and wellness retreats to heritage tours and culinary experiences will help us stand out in the competitive global tourism landscape.

More importantly the tourism authorities must proactively hold stakeholder consultations if it wants the tourism operators to buy into its policies. Instituting policies without consulting stakeholders does not encourage further investment in the sector. We are hopeful that the powers that be will consider this request seriously.

However, I must address the significant challenge of brain drain in our industry. Regional competition is intensifying, and we may soon need to bring in qualified professionals from other locations.

Chairman's Review

The tourism landscape has changed, with countries like Vietnam, Cambodia and Myanmar now competing vigorously.

It is crucial to establish a consistent policy that spans 10-15 years despite frequent changes in ministerial leadership and policies. A lack of continuity and stakeholder consultation in decision-making is detrimental to our industry. The government's approach often appears to lack direction, with frequent policy reversals and inconsistent visa regulations. Attracting higher-value tourists and investors requires portraying Sri Lanka as more than a budget destination. While backpackers are essential, we must also focus on niche products and high-end tourism, as highlighted by the President's emphasis on water-based tourism. Despite multiple attempts to implement a regulatory framework for water-based tourism over the past 30 years, tangible progress has been elusive.

Looking ahead, the outlook for Sri Lanka's tourism industry in 2024 is highly promising. Sri Lanka was named among the top three must-visit destinations for summer '24 by Forbes, alongside Greece and Mauritius. It is also listed amongst the Top 11 Best Places to visit in Asia in 2024 by Conde Nast Traveler.

The global economic recovery is expected to further boost tourist arrivals. Sri Lanka's strategic focus should be on enhancing the overall visitor experience through improved infrastructure, sustainable tourism practices, and enriched cultural offerings. With these concerted efforts and strategic initiatives, we are confident that Sri Lanka will not only regain its position as a preferred travel destination but also achieve new milestones in tourism development. The collective commitment

of all stakeholders will be essential in driving sustainable growth and ensuring that Sri Lanka continues to thrive as a top choice for travelers from around the world.

Appreciation

I would like to express my sincere appreciation to my fellow Directors for their steadfast support during this challenging year. The CEO and the entire team have been instrumental in guiding the company through the economic crisis and achieving new successes. On behalf of the Board, I extend my thanks to all our shareholders, guests, and stakeholders for their ongoing trust and support. I am optimistic about a stronger and more vibrant tourism industry in the coming year.



S D De Mel
Chairman

30 August 2024
Colombo

CEO's Review

It is my pleasure to share an overview of our Company, Hikkaduwa Beach Resort PLC performance during the financial year ended 31st March 2024. This period has been marked by significant achievements, growth and challenges, which we navigated successfully as a team.

Tourism industry review

Sri Lanka's tourism industry surpassed over US\$ 2 billion in earnings in 2023, with the arrival of over 1.48 million visitors during the year. The performance of the tourism industry in 2023 marks a significant milestone by registering the highest revenue and influx of visitors to Sri Lanka since 2019. The industry exhibited a robust comeback after a three-year hiatus marked by setbacks such as the Easter Sunday terror attacks in 2019, the COVID pandemic in 2020-2021 and the political turmoil and economic crisis in 2022. The latest data from the Central Bank of Sri Lanka reveals an impressive 82% surge in tourism earnings compared to the previous year. In December 2023, earnings reached US\$ 269.3 million, witnessing a substantial 111.4% year-on-year increase. In December 2023, there was a significant uptick in visitors to Sri Lanka, with India, Russia, the United Kingdom, Germany and Australia standing out as the key source markets. These countries played a crucial role in propelling the growth in tourist arrivals, contributing significantly to the overall rejuvenation of Sri Lanka's tourism industry.

Performance Review

The Company delivered a robust financial performance during the season and also considering the slow progress during the off-season due to wider economic instability. The Citrus Group of Hotels was able to record the highest revenue of Rs. 2188 Mn, which is a 35% growth over the

previous year. Citrus Hikkaduwa reported total occupancy levels of 73% while Citrus Waskaduwa and Citrus Silver reported occupancy levels of 63% and 78% respectively. The rise in food, fuel and energy costs, which have been increasing throughout the year, and the hike in Value-Added Tax (VAT) placed an additional financial burden, which was passed on to customers through room tariffs.

Despite the burdens of increased taxes, energy and food cost escalation, and other expenses, we maintained our commitment to environmental and social responsibility, ensuring compliance with all governance standards, including ISO 14000. We are committed to continuously improving opportunities for environmental sustainability and social responsibility, including initiatives such as beach cleanups and providing training and employment opportunities for local communities.

Considering that December 2023 was the best performing month in 2023, Hikkaduwa Beach Resort PLC too experienced favourable conditions in the winter season, resulting in higher occupancy. Strong demand from Russian and European markets led to healthy margins and record occupancies. We exceeded our plans and expectations during the winter period, successfully controlling our costs and achieving positive financial results. Soft refurbishments were carried out in all resort properties to meet required standards.

As we look forward to a strong winter season and the continued growth of global tourism, we are prepared to respond to these opportunities and further enhance Sri Lanka's image as a premier travel destination. We anticipate marketing efforts will be fast-tracked this year, focusing on different markets

CEO's Review

such as Europe, China and India. This is especially crucial for the upcoming winter season, where the European market will be key.

Last year's off-season, from April to October, was challenging due to economic burdens and limited air connectivity. Despite individual marketing efforts by the private sector, significant challenges remained, including high energy costs, increased food prices and transport issues. These factors often forced us to sell at minimal margins to encourage tourism during the off-season.

Looking ahead, we forecast a promising winter season with increasing tourism from European, Indian and East Asian markets. This should lead to year-round healthy occupancies and revenues, mitigating the challenges during the off-season. The stability we have achieved and the positive prospects for Sri Lanka's image are encouraging as global tourism grows and we are well-positioned to respond to this growth.

Talent Migration

The migration of talent has been a significant issue for Sri Lanka, impacting various sectors, with several factors contributing to this issue, such as the lack of economic opportunities, political instability, eroded quality of life and an uncertain work environment. However, a shortage of skilled professionals can lead to a decline in service standards, affecting the overall tourist experience and the reputation of Sri Lanka as a tourism destination. The tourism and leisure sector is a significant contributor to Sri Lanka's economy and talent migration can lead to reduced revenues and slower growth in the sector. Strategies to mitigate these issues should include improving local opportunities by enhancing career prospects

and working conditions within the leisure sector, and also looking at the possibility of having better salaries, professional development programmes and career advancement opportunities.

Community Engagement

The Citrus Group engages closely with surrounding communities. As part of our Corporate Social Responsibility (CSR), we encourage the development of businesses that can provide services and products to tourists, for example, organizing cultural festivals and events that highlight local traditions, music, dance and crafts. These events can attract tourists and provide a platform for local artists and performers. Community engagement in the leisure sector not only enhances the tourist experience but also ensures that tourism development is inclusive, sustainable and beneficial for the local population. Every year, as a Group we focus on promoting local attractions, events and experiences through collaborative marketing efforts that involve local communities, which can increase tourists lured by authentic and unique experiences. Furthermore, we also offer education and training programmes to local community members to improve skills in hospitality, management and tourist services to enhance employability and ensure high quality service standards.

Way Forward

Looking ahead to 2024, Sri Lanka Tourism has set ambitious targets, aiming to welcome 2.5 million tourists and earn US\$ 4.6 billion. Furthermore, the long-term strategy envisions increasing arrivals to five million and generating an impressive US\$ 21.6 billion within five years. As part of this strategy, the focus is on welcoming high-end tourists, with plans to lift the average spending per visitor to US\$ 4,000.

The Citrus Group remains upbeat and positive about a strong tourism recovery and we have already lined up exciting projects which we hope to share in the coming months. The Group is also strengthening its presence in online booking engines while working with key tour operators in source markets. We are receiving strong enquiries for the winter season starting from November - from traditional European markets.

We are also hopeful that with the improvement in market conditions, we will be able to raise our tariffs to earn higher margins by attracting the upper-middle to the high-end tourist segment. We also need to look into the possibility of enhancing infrastructure and connectivity and also offering diversifying tourism offering in terms of cultural, eco, adventure and wellness tourism.

Sri Lanka should prioritize smart technology by implementing smart tourism solutions such as digital ticketing, virtual tours and artificial intelligence (AI) powered customer service to enhance the visitor experience.

The political leadership has also urged the industry to target high-end tourists and we hope this comes to fruition. With global tourism forging ahead, the launch of targeted marketing campaigns to promote Sri Lanka as a safe, attractive and diverse tourist destination will be timely. This should be augmented with utilizing social media, travel blogs and influencers to reach a wider audience and showcase unique experiences. Sri Lanka has a strong opportunity to corner a significant portion of global tourism, and the Citrus Group of Hotels is poised to leverage its excellent offerings to play a key role in the anticipated tourism revival.

Acknowledgments

I would like to thank the Chairman and the board for their wise counsel through challenging times. Even though the year was difficult, we remained resilient, as our employees displayed immense dedication to keep serving guests seamlessly to uphold our hallmark service levels. As a result, we ended the year on a high note, thanks to an excellent season. I am deeply grateful for the dedication and hard work contributed by our entire team, whose efforts have been pivotal in driving our success. Your unwavering commitment and innovative spirit have set the foundation for our achievements and will continue to propel us forward. I extend my sincere appreciation to our stakeholders, partners and customers for their trust and support. Your belief in our vision and mission has been instrumental in our growth and progress. Together, we have navigated challenges, seized opportunities and achieved remarkable milestones. As we move forward, I am confident that our collective strengths will continue to guide us towards greater heights.



P C B Talwatte
Chief Executive Officer

30 August 2024
Colombo

Board of Directors

Mr. Vasula Premawardhana

Mr. Vasula Premawardhana was appointed to the Board of Hikkaduwa Beach Resort PLC with effect from 02nd May 2012. He is an accomplished professional with over 30 years of comprehensive management experience comprising local and international hands-on experience in the fields of Capital Markets and Risk Management. Further, he is a former Director of the Securities and Exchange Commission of Sri Lanka and former CEO of Colombo Land and Development Company PLC.

He holds an MA in Financial Economics from the University of Colombo and a BSc in Computer Science from the University of Southern California - USA.

He holds directorships in six other companies : Non-Executive Director of Citrus Leisure PLC, Director of Citrus Aqua Limited, Citrus LT (Pvt) Ltd, Citrus Vacations Limited, George Steuart Asset Management (Pvt) Ltd and Long Term Alpha Management (Pvt) Ltd.

Mr. Lalith Withana

Mr. Lalith Withana has proficiency in the Corporate and Public Sector for over 30 years where he has held senior management positions in Banking, Manufacturing & Trading for more than 25 years.

Mr. Withana has worked with many organizations such as Brandix Group, Ernst & Young, Amsterdam Rotterdam (Amro) Bank, IBM World Trade Corporation, Carson Cumberbatch, Ceylon Tea Services Limited and Yamaha Corporation (USA). He also served as the Group Chief Finance and Administrative Officer for Sri Lankan Airlines and later as the Chief Executive Office in its subsidiary Sri Lankan Catering. Mr. Withana currently serves as

a Management Consultant for Deloitte Consulting Overseas Project LLC. He is also a Vice president of the Project Management Institute USA, local chapter.

He had previously served as an Independent Director on the Boards of Bank of Ceylon, Dankotuwa Porcelain PLC, Merchant Bank of Sri Lanka & Finance PLC, Ceylease Limited and Seylan Bank PLC. Mr. Withana had also been a Commissioner of the Telecommunication Regulatory Commission.

Mr. Withana holds a Master of Business Administration (MBA) Degree from the University of Sri Jayewardenepura, Colombo and a Bachelor of Arts (BA) Hons. Degree from the University of Manchester Metropolitan, UK. He is a Fellow Member of both the Chartered Institute of Management Accountants (FCMA), UK, and the Institute of Chartered Accountants of Sri Lanka (FCA). He is also a Project Management Professional of the Project Management Institute (PMI), USA.

He holds directorships in seven other companies : Founder and the Managing Director of Agility Consulting Services (Pvt) Ltd, Executive Director of Serendipity Leisure (Pvt) Ltd, Independent Non-Executive Director of Commercial Development Company PLC, Citrus Leisure PLC, Softlogic Life Insurance PLC and Waskaduwa Beach Resort PLC and Non-Executive Director of HNB Finance PLC.

Mr. Chandana Talwatte

Mr. Chandana Talwatte has been serving in the capacity of Executive Director/Chief Executive Officer of Citrus Group since 2012.

Prior to joining Citrus group, he served at John Keells Holdings PLC, playing an integral role in its leadership team from 1993, having served as Vice President, Director/CEO at several group companies including Bosanquet and Skrine Ltd the trading arm of JKH group, Mackinnon Mackenzie & Co of Ceylon Ltd, foreign employment division of JKH as Director/ CEO, Mackinnons Travels Outbound travel Company as Director, Mack International Freight (Pvt) Ltd as Director/CEO, Whittals Boustead Cargo as Director/CEO and Cinnamon Lakeside Colombo as Vice president and Head of Sales Marketing, PR and operations.

Following the Asian tsunami of 2004, Mr. Talwatte was seconded to serve the Government of Sri Lanka as Director Task Force for "Rebuilding the Nation" overseeing the funding pledged by international donors. He is also a member of the Board of Directors of Sri Lanka Tourism Promotion Bureau, Committee Member of the THASL and Colombo City Restaurant Collective (CCRC).

He holds directorships in four other companies : Executive Director of Citrus Leisure PLC and Waskaduwa Beach Resort PLC and Director of Citrus Silver Ltd and Citrus LT (Pvt) Ltd.

Mr. Mani Sugathapala

Mr. Mani Sugathapala has been on the leadership team of Citrus Leisure PLC since 2011. A veteran of the Sri Lankan hospitality industry, Mr. Sugathapala has nearly four decades of experience in sales, marketing and operations of hotels and resorts. Prior to joining Citrus, Mr. Sugathapala was Assistant Vice President at John Keells Holdings PLC, where he was the Head of Sales and Marketing in Sri Lanka for John Keells Hotels properties. During his stint at John Keells Hotels, he played an instrumental role in launching the Cinnamon and Chaaya brands.

Mr. Sugathapala has worked extensively with key tourist markets and has been a regular attendee at renowned global travel and tourism fairs such as WTM, ITB, ATM, IFTM and Leisure Moscow. He is a member of the Chartered Institute of Marketing, UK, and has undergone training in revenue management from the Cornell University as well as the Emirates Academy of Hotel Management.

He holds directorships in two other companies : Executive Director of Citrus Leisure PLC and Waskaduwa Beach Resort PLC.

Board of Directors

Mr. Rajinda Seneviratne

Mr. Rajinda Seneviratne's family established Reefcomber Hotel in Hikkaduwa in the 1980s which is now the Citrus Hikkaduwa Hotel. The family has diversified into trading in tea, packaging and warehousing through Corona T Stores Ltd.

Mr. Seneviratne served as the former Managing Director of Corona T Stores Ltd amongst his group of companies. He holds expertise in accounts, administration, operation, logistics and human resources. He also plays a key role as the Chairman of the Remuneration Committee of Citrus Leisure PLC.

He holds partnerships/proprietorships in Corona T Stores, Corona Ventures, Corona Tea Stores and C V Private etc.

He holds directorships in three other companies : Independent Non-Executive Director of Citrus Leisure PLC and Waskaduwa Beach Resort PLC and a Director of Citrus Aqua Limited.

Mr. Suresh D. de Mel

Mr. Suresh D. de Mel is an Entrepreneur and Agricultural Engineer, and a Graduate of CalPoly State University, San Luis Obispo, California, USA.

Mr. de Mel has worked as an Agricultural & Environmental Engineer in USA for 10 years while learning the sport of Fly Fishing and experiencing the US market for hand-tied Fishing Flies (artificial sport fishing bait used for fly fishing) before returning home in 1990. Lanka Fishing Flies (Pvt) Ltd., a pioneering export industry in Sri Lanka, was started by his father in 1981, as a cottage industry in their home to manufacture hand-tied signature Fishing Flies for export. Today, the Company employs 200 people in Nugegoda, Tangalle and Ratnapura, producing the world's highest quality fishing flies. Mr. de Mel has been the Managing Director of Lanka Fishing Flies (Pvt) Ltd., since 1991.

Mr. de Mel also owns and operates Sportfishing Lanka – a Division of Lanka Fishing Flies, a pioneering, Professional Sportfishing, product development and tourism operation. He also leads EcoWave (Gte) Ltd, a social enterprise supporting 300 organic home gardens; EcoWave Natural Foods that operates a plant to process and package certified organic spices, herbs and traditional rice for export; and several SME start-ups in sustainable agriculture and responsible tourism.

Mr. de Mel has served on the Boards of the Citrus Leisure Group of Companies since its inception in 2010. He was appointed as the Chairman of Citrus Leisure PLC with effect from 3rd May 2023. He actively serves on the Council of the Employers Federation of Ceylon, the National Peace Council and the Director Board of the Hambantota

District Chamber of Commerce. He is a Founder and Past President of the Business for Peace Alliance and the Association of Small and Medium Enterprises in Tourism Sri Lanka. He is also the National Ambassador for Sri Lanka of The Global Entrepreneurship Network. He also serves on several Boards and Committees, local and global, for the development of Entrepreneurship, SMEs, Agriculture, Tourism, Responsible Business Practices and Business for Peace. He strongly believes in and practices the 'People, Planet & Profit' model for business.

Mr.de Mel also serves as the Independent Non-Executive Chairman of Citrus Leisure PLC and Waskaduwa Beach Resort PLC, Joint Managing Director of Gamefishing Asia (Pvt) Ltd, Chairman & Managing Director of Lanka Eco Adventure Frontiers (Pvt) Ltd. He also acts as the Chairman for the following companies: Club Doonevale (Pvt) Ltd, Ecowave (Gte) Ltd, Lanka Aqua Villa's (Pvt) Ltd and Navajeevana Rehabilitation Tangalla. He is the Managing Director of Lanka Fishing Flies (Pvt) Ltd and Director of Citrus Aqua Limited and Citrus Vacations Limited.

He is also the Former Chairman of the Sri Lanka Export Development Board, and currently serves as the Senior Advisor to the State Ministry for Investment Promotion in Sri Lanka.

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He also serves as the Joint Managing Director of Gamefishing Asia (Pvt) Ltd and as the Chairman & Managing Director of Lanka Eco Adventure Frontiers (Pvt) Ltd. He also acts as the Chairman for the following companies: Club Doonevale (Pvt) Ltd, Lanka Aqua Villa's (Pvt) Ltd, and Navajeevana Rehabilitation Tangalla. He is also the Former Chairman of the Sri Lanka Export Development Board, and currently serves as the Senior Advisor to the State Ministry for Investment Promotion in Sri Lanka.

Board of Directors

Mr. Sarva Ameresekere

Mr. Ameresekere is the Group Chairman of George Steuart & Co., Sri Lanka's oldest business entity established in 1835. He plays a pivotal role in the management and strategic planning of the Group's diversified sectors including healthcare, tea exports, financial services, travel, leisure, industrial solutions and FMCG. Accordingly, Sarva holds several key positions within the Group, including directorships of all of its listed entities - Citrus Leisure PLC and its subsidiaries, Colombo Land and Development Company PLC, and H V A Foods PLC.

Mr. Ameresekere also served as the Director / CEO of Triad (Pvt) Ltd, one of Sri Lanka's leading integrated communication entities up to early 2024, where he now remains as an Executive Director. The Triad Group integrates a cluster of specialized communications companies that offer its clients an unmatched holistic and synchronized communication solution.

Qualified in both business and engineering, Mr. Ameresekere has extensive local and foreign exposure in diverse areas of business. He holds a Master's Degree in Engineering Management from the University of Southern California, Los Angeles, and a Bachelor's Degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

He holds directorships in forty one other companies : Chairman /Executive Director of George Steuart and Company Limited, Executive Director of Colombo Land and Development Company PLC and Triad (Pvt) Ltd, Non-Executive Director of H V A Foods PLC, Citrus Leisure PLC and Waskaduwa Beach Resorts PLC and Director of Adpack Productions (Pvt) Ltd, Agrispice (Private) Limited, Anantya Global Solutions Company Limited, Asia Commerce Holdings Ltd,

Ceylon Grid Services (Pvt) Ltd, Citrus LT (Pvt) Ltd, Divasa Equity (Pvt) Ltd, Divasa Real Estate (Pvt) Ltd, Emagewise (Pvt) Ltd, George Steuart Ethicals (Pvt) Ltd, George Steuart Aviation (Pvt) Ltd, George Steuart Capital (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, George Steuart Education Pvt Ltd, George Steuart Holidays (Pvt) Ltd, George Steuart Industries (Pvt) Ltd, George Steuart Insurance Brokers (Pvt) Ltd, George Steuart Investment (Pvt) Ltd, George Steuart Recruitments (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, George Steuart Telecom (Pvt) Ltd, George Steuart Travels Limited, George Steuart Optimize (Pvt) Ltd, Gree Lanka (Pvt) Ltd, H V A Holdings (Pvt) Ltd, Hardtalk (Pvt) Ltd, James Steuart Pvt Limited, Kites Global (Pvt) Ltd, Liberty Developers (Pvt) Ltd, Liberty Holdings Limited, Three Fifty at Union (Pvt) Ltd, Traidhot.com (Pvt) Ltd, George Steuart Health (Pvt) Ltd, George Steuart Exports Limited and George Steuart Teas (Private) Limited.

Management Discussion and Analysis

The Global Economy

In 2023, global inflation descended from its mid-2022 peak, economic activity grew steadily, defying warnings of stagflation and global recession. Growth in employment and incomes held steady, reflecting supportive demand developments, including greater-than-expected government spending and household consumption and a supply-side expansion amid, notably, an unanticipated boost to labour force participation. The unexpected economic resilience, despite significant central bank interest rate hikes aimed at restoring price stability, also reflects the ability of households in major advanced economies to draw on substantial savings accumulated during the pandemic.

As inflation converges toward target levels and central banks pivot toward policy easing in many economies, a tightening of fiscal policies aimed at curbing high government debt, with higher taxes and lower government spending, is expected to weigh on growth. The pace of expansion is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine; weak growth in productivity; and increasing geoeconomic fragmentation. The latest forecast for global growth five years from now - at 3.1 percent - is at its lowest in decades. The pace of convergence toward higher living standards for middle and lower-income countries has slowed, implying persistence in global economic disparities.

On the downside, new price spikes stemming from geopolitical tensions, including those from the war in Ukraine and the conflict in Gaza and Israel, could, along with persistent core inflation where labour

markets are still tight, raise interest rate expectations and reduce asset prices. A divergence in disinflation speeds among major economies could also cause currency movements that put financial sectors under pressure. High interest rates could have greater cooling effects than envisaged as fixed-rate mortgages reset and households contend with high debt, causing financial stress.

Amid high government debt in many economies, a disruptive turn to tax hikes and spending cuts could weaken activity, erode confidence, and sap support for reform and spending to reduce risks from climate change. Geoeconomic fragmentation could intensify, with higher barriers to the flow of goods, capital, and people implying a supply-side slowdown. On the upside, looser fiscal policy than necessary and assumed in projections could raise economic activity in the short term, although risking more costly policy adjustment later on. Inflation could fall faster than expected amid further gains in labor force participation, allowing central banks to bring easing plans forward. Multilateral cooperation is needed to limit the costs and risks of geoeconomic fragmentation and climate change, speed the transition to green energy, and facilitate debt restructuring as per the International Monetary Fund.

OVERVIEW OF GLOBAL TOURISM

In 2023, international tourist arrivals recovered 89% of 2019 levels and export revenues from tourism 96%, while direct tourism GDP reached the same levels as in 2019. International tourism receipts reached USD 1.5 trillion in 2023, meaning a complete recovery of pre-pandemic levels in nominal terms, but 97% in real terms, adjusting for inflation. By regions, Europe generated the highest

Management Discussion and Analysis

receipts in 2023, with destinations earning USD 660 billion, exceeding pre-pandemic levels by 7% in real terms. Receipts in the Middle East climbed 33% above 2019 levels. The Americas recovered 96% of its pre-pandemic earnings in 2023 and Africa 95%. Asia and the Pacific earned 78% of its pre-crisis receipts, a remarkable result when compared to its 65% recovery in arrivals last year.

Total export revenues from international tourism, including both receipts and passenger transport, reached USD 1.7 trillion in 2023, about 96% of pre-pandemic levels in real terms. Tourism direct GDP recovered pre-pandemic levels, reaching an estimated USD 3.3 trillion in 2023, equivalent to 3% of global GDP.

International tourism is expected to recover completely in 2024 backed by strong demand, enhanced air connectivity and the continued recovery of China and other major Asian markets.

According to the UN Tourism Panel of Experts, economic and geopolitical headwinds continue to pose significant challenges to international tourism and confidence levels. IMF's latest World Economic Outlook points to a steady but slow economic recovery, though mixed by region. At the same time, persisting inflation, high interest rates, volatile oil prices and disruptions to trade continue to translate into high transport and accommodations costs.

Tourists are expected to continue to seek value for money and travel closer to home in response to elevated prices and the overall economic challenges, while extreme temperatures and other weather events could impact the destination choice of many travellers. This is increasingly mentioned by the UN Tourism Panel of Experts as a concern for the sector. Uncertainty derived from the Russian

aggression against Ukraine, the Hamas-Israel conflict and other mounting geopolitical tensions, are also important downside risks for international tourism. According to UN Tourism, more than 285 million tourists travelled internationally in January-March 2024, about 20% more than the first quarter of 2023, underscoring the sector's near-complete recovery from the impacts of the pandemic.

SRI LANKA ECONOMY IN 2023

The economy contracted by 2.3% in 2023, despite growth in third and fourth quarters (1.6 and 4.5% respectively) following six quarters of contraction. This was driven by shrinking construction and mining, financial and IT services, and textile manufacturing, amid weak demand, tight private credit, and shortages of inputs, and was partly offset by growth in transport, accommodation, food, and beverage services, resulting from a rebound in tourism. Inflation remained benign, after declining to single-digit levels in July 2023, supported by currency appreciation and improved supply. Households have adopted risky coping strategies to deal with lower incomes and price pressures, including using savings, taking on more debt, and limiting their diets. Food insecurity rose during the second-half of 2023, with 24% of households being food insecure.

After almost two years of monetary tightening, the central bank cut policy rates by 650 basis points between June and November 2023. Combined with improvements in liquidity, this resulted in a sharp decline in the government's cost of domestic borrowing. While growth rates remain negative, private sector credit has been recovering monthly since June 2023.

In 2023, the current account recorded a surplus for the first time since 1977, as remittances and tourism rebounded sharply, and imports remained subdued. The continued external debt service suspension, inflows from development partners, large purchases of foreign exchange, and postponed repayments on existing credit lines have helped build usable official reserves to about 2 months of imports (US\$3.1 billion by end-February 2024, compared to US\$500 million in December 2022). The Rupee appreciated by 10.8% against the US Dollar in 2023.

The implementation of recent structural reforms, including cost-reflective utility pricing and new revenue measures, helped macroeconomic stability but strained household budgets. Domestic debt restructuring was completed in September 2023, while negotiations with external creditors are progressing. In March 2024, a Staff Level Agreement was reached between the authorities and International Monetary Fund staff on the second review of the Extended Fund Facility program. Key reforms focusing on debt, fiscal management, trade, investment, and SOEs continue to advance.

Growth prospects depend on progress with debt restructuring and the continued implementation of structural reforms. Inflation is likely to rise moderately in the near-term, due to new revenue measures and the waning of favourable base effects, and remain benign in the medium-term as demand continues to be subdued.

Portfolio of Hotels

Citrus Hotels & Resorts offers a collection of distinctive properties known for their enchanting experiences, authentic Sri Lankan hospitality, and bespoke service:

Citrus Waskaduwa stands as the Group's premier resort, a luxurious five-star haven with 150 rooms set along a 400-meter stretch of pristine beachfront in Waskaduwa, boasting breathtaking views of the Indian Ocean.

STAKEHOLDER ENGAGEMENT

The Citrus Group of Hotels has significantly enhanced its engagement with stakeholders this year, adopting a more expansive and interactive approach across various channels. Our stakeholders encompass those affected by our operations and those with the potential to influence our value creation.

Customers

As a customer-centric organization, Citrus continuously strives to innovate and tailor experiences to exceed guest expectations. Renowned for its exemplary Sri Lankan hospitality, the Group is dedicated to offering a vibrant, comfortable, and memorable stay. We uphold rigorous standards of hygiene, safety, and cleanliness, ensuring guest convenience and satisfaction.

Management Discussion and Analysis

Investors

Investors are integral to our company's success and growth. To foster long-term relationships, Citrus ensures regular communication and transparency. Investors are updated through annual and interim financial reports and have opportunities to interact with management during the Annual General Meeting. Our commitment to strengthening value creation is reflected in our focus on delivering consistent returns through dividends and capital appreciation.

Community

The community is a key stakeholder, and Citrus is committed to ethical and sustainable practices that support local well-being and environmental stewardship. This year, we undertook several community initiatives, including the refurbishment of Hikkaduwa Station, which significantly improved its appearance and cleanliness. Our CSR activities also included blood donation drives and neighborhood temple clean-ups, reinforcing our commitment to social responsibility.

Government & Industry

As a leading hospitality brand in Sri Lanka, Citrus adheres to all legal requirements and industry regulations. We invest in employee training and development, contributing to a skilled workforce that benefits the broader hospitality sector. Our active engagement with industry bodies and associations helps promote tourism and foster fair competition, supporting the overall growth of the industry.

Suppliers

Our supply chain is vital to our operations, and we maintain strong, trust-based relationships with our suppliers. We ensure that all suppliers meet our quality standards and conduct regular evaluations to maintain high standards of quality and freshness. Collaboration and mutual respect are the cornerstones of our supplier partnerships.

Employees

Our employees are the driving force behind Citrus' vision, demonstrating agility and dedication in navigating recent challenges. We prioritize their development through substantial training investments, offering technical and soft skills training to enhance their performance and confidence. Our work environment supports a healthy work-life balance, with competitive remuneration, incentive programmes, and a strong focus on employee well-being. Regular appraisals and recognition programmes, including Employee of the Quarter and various internal competitions, further motivate and reward our staff.

Training and Development

We place a high emphasis on training and development as a core component of our brand promise. A significant portion of our budget is allocated to this area, with tailored training programs designed to enhance both technical and soft skills. Competency mapping and cross-departmental training provide employees with broader exposure and growth opportunities. Our fast-track management training program outlines clear career progression paths, while our rewards and recognition systems serve to motivate and acknowledge staff achievements.

Response to Economic Crisis

In light of the economic challenges, Citrus provided essential support to employees by distributing dry rations and food packs. We also focused on their emotional and mental well-being through increased management engagement.

Ensuring Work-Life Balance

Citrus promotes a healthy work-life balance, celebrating staff milestones and cultural festivals with enthusiasm. Special events, including birthday celebrations and achievement ceremonies, contribute to a positive work environment. Our Employee of the Quarter and appreciation programs, along with internal sports competitions, further foster a supportive and engaged workplace.

Future Outlook

The surge in tourist arrivals bodes well for the prospects for Sri Lanka's tourism industry and the Citrus Group in the months ahead. We are optimistic about further boosting inbound tourism from both established and emerging markets.

Company Performance

Citrus Hikkaduwa

For the financial year 2023/2024, the hotel reported a revenue of Rs. 563 million, reflecting a 25% increase compared to the previous year's revenue of Rs. 450 million. This substantial growth highlights the hotel's successful operational strategies and market positioning.

The hotel's annual occupancy rate reached 73% during the current financial year, up from 61% in the previous year. This increase underscores the hotel's improved appeal and effectiveness in attracting guests.

Gross profit for the year amounted to Rs. 383 million, compared to Rs. 311 million in the previous year, marking a 23% year-on-year increase. Despite this growth, the gross profit margin slightly decreased to 68% from last year's 69%, showing a 1% reduction in margin.

Operating profit saw a decline compared to last year from Rs. 45 million for 2023/2024, up from Rs. 92 million the previous year. This 51% decrease in operating profit was primarily driven by higher admin and other operating expenses.

Room revenue also experienced a significant rise, totaling Rs. 340 million this year, compared to Rs. 274 million last year. This represents a 24% increase in room revenue, reflecting the hotel's stronger performance in room sales.

The hotel's EBITDA for the financial year was Rs. 92 million compared to Rs. 130 million in the previous year 2022/23. This 29% decrease in EBITDA highlights the increase of energy cost, food cost and increase in liquor prices (foreign) compared to previous year, which has significantly effected the decline in profit margin.

Annual occupancy of the Hotel was 73% in the financial year under review and previous year recorded was 61%. Seasonal occupancy rates were impressive, with an average occupancy of 91% during the peak season, up from 82% in the previous year, marking a 9% increase. In the off-season,

Management Discussion and Analysis

the average occupancy rate improved to 56%, compared to 40% last year, reflecting a 16% increase in off-season performance.

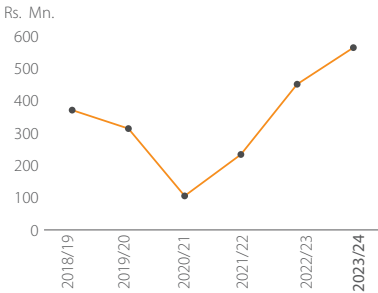
Despite these positive results, the hotel industry faced challenges due to macroeconomic factors. Inflation rates significantly impacted operational costs, particularly for imported food products and liquor. Additionally, the increase in Excise Duty on imported liquor and the rise in VAT added financial pressure.

No renovations were completed during the 2023/2024 financial year. In terms of room sales, the hotel sold 24,155 rooms this year, a 21% increase from the 19,932 rooms sold last year. The highest number of rooms were sold to Russian guests, totaling 13,298 rooms, up 28% from the previous year's 10,414 rooms. Conversely, sales to Middle Eastern guests decreased to 17 rooms from 26 last year, a reduction of 35%.

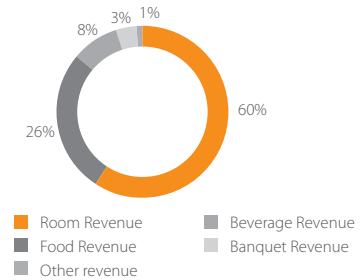
Overall, the hotel demonstrated strong financial performance and operational improvements amid external economic pressures.

Financial performance of the Company

Revenue

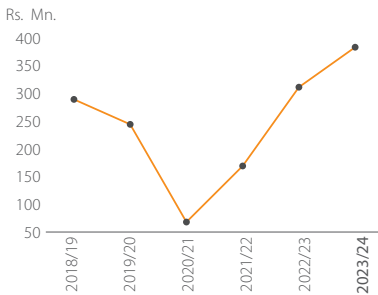


Revenue Composition



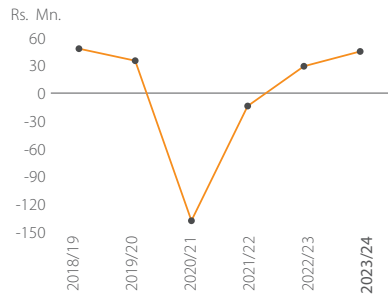
The hotel generated Rs. 563 Mn revenue for the financial year under review with a 25% increase over last financial year. Annual occupancy of the Hotel was 73% in the financial year under review and previous year recorded was 61%.

Gross Profit



Gross Profit of the hotel for the year under review was 383 when compared to the previous year which recorded a Rs. 311 Mn amounting to a 23% year on year growth.

Operating Profit / (loss)

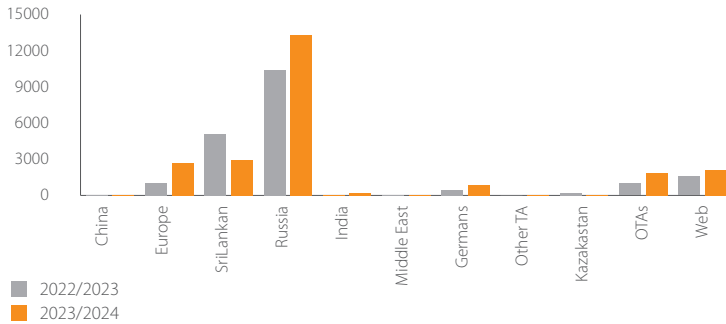


Operating profit of the hotel for the year under review was 45 Mn when compared to the previous year which recorded operating profit of Rs. 92 Mn. Operating profit of the hotel has decreased operational profit by 51% compared to previous year mainly due to the increasing admin expenses .

Management Discussion and Analysis

Occupancy for the 2023/2024 year Season average occupancy is 91% & off season average occupancy is 56%. 2023/2024 year average occupancy is 73%. 2023/2024 24155 numbers of rooms has been sold & last year is 19932 rooms. With compared to last year 4223 no of rooms sold has been increased. With compared to last year no of rooms sold increased by 21%. Highest rooms sold nationality is Russia 2023/2024 13,298 rooms sold for Russians & last year is 10414 .With Compared to previous year Russian occupancy is increased by 28%. Lowest nationality is middle east & 2023/2024 middle east nationality is 17 & last year 26. When Compared to pevious year middle east occupancy is decreased by 35%.

No of rooms sold



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

The Board of Directors of Hikkaduwa Beach Resort PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiary for the financial year ended 31st March 2024, conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended best practices.

General

The Company was incorporated under the Companies Act, No.7 of 2007 as a Limited Liability Company on 23rd February 2011. It obtained a listing for its shares on the Diri Savi Board of the Colombo Stock Exchange on 17th December 2012.

Principal Activity

The principal activities of the Company are provision of food and beverage, lodging, and other hospitality industry related services.

Principal activities of the subsidiary are given in the Financial Statements on page 99 to 100.

Review of Operations

The Management Discussion and Analysis covers the operations of the Company during the financial year under review on pages 11 to 18.

Financial Statements

The complete Financial Statements of the Company duly signed by the Group Head of Finance and two Directors on behalf of the Board are given on pages 89 to 183.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 82 to 88.

Accounting Policies

The accounting policies adopted by the Company in the preparation of financial statements are given on pages 97 to 122 and are consistent with those of the previous period.

Directors

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 6 to 10.

Executive Director

Mr. P C B Talwatte
Mr S M A De Silva Sugathapala

Non-Executive Directors

Mr. S A Ameresekere
Mr. P V S Premawardhana

Independent Non-Executive Directors

Mr. E P A Cooray
Mr. R Seneviratne

Changes in the Directorate of the Company

- Mr. D S Jayaweera, Non-Executive Director resigned w.e.f. 13th September 2023
- Mr. S M A De Silva Sugathapala was appointed as an Executive Director w.e.f. 13th February 2024
- Mr. E P A Cooray, ceased to be the Chairman/ Independent Non-Executive Director upon his demise on 23rd April 2024.

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

- Mr S D de Mel was appointed as an Independent Non-Executive Director/Chairman w.e.f. 3rd May 2024
- Mr P L P Withana was appointed as an Independent Non-Executive Director w.e.f. 3rd May 2024.

Retirement of Directors

Messrs S D De Mel, S M A De Silva Sugathapala and P L P Withana retire in terms of Article 95 of the Articles of Association and being eligible are recommended by the Board for re-election.

Recommendation for re-election of Director who retire by rotation

Mr. P V S Premawardhana who retires by rotation in terms of Article 88 of the Articles of Association and being eligible is recommended by the Board of Directors for re-election.

Directors of Subsidiary Company

Directors of the Subsidiary Company as at 31st March 2024 and the changes in the directorate

Waskaduwa Beach Resort PLC

Mr. E P A Cooray (Ceased to be a Director upon his demise on 23rd April 2024)

Mr. S D De Mel (Appointed Chairman w.e.f. 03rd May 2024)

Mr. P C B Talwatte

Mr. D S Jayaweera

Mr. R Seneviratne

Ms. V S F Amunugama

Mr. J M B Pilimalawwe

Mr. S A Ameresekere

Changes in the Directorate of Waskaduwa Beach Resort PLC

- Mr. D S Jayaweera, Non-Executive Director resigned w.e.f. 13th September 2023
- Mr. S M A De Silva Sugathapala, Executive Director was appointed w.e.f. 13th February 2024
- Mr. E P A Cooray, Chairman/Independent Non-Executive Director ceased to be a Director upon his demise on 23rd April 2024.
- Mr. S D De Mel, Independent Non-Executive Director was appointed as the Chairman w.e.f. 3rd May 2024
- Mr. P L P Withana, Independent Non-Executive Director was appointed w.e.f. 3rd May 2024.

Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

Additional disclosures pertaining to Directors

(i) Material Business relationships

None of the Directors or close family members have any material business relationships with other Directors of the Company

(ii) Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages 6 to 10.

Board of Directors and Relevant Interest in Shares

The Board consists of seven (07) Directors, comprising of one (02) Executive Directors and five (05) Non-Executive Directors, three (03) of whom are Independent;

Directors' interest in the shares of the Company as at 31st March 2024 and 31st March 2023 were as follows:

	As at 31.03.2024	As at 31.03.2023
Mr. E P A Cooray	333,334	333,334
Mr. P C B Talwatte	5,000	5,000
Mr. S M De S Sugathapala	464,394	464,394
Mr. R G Seneviratne	212,749	212,749
Mr. P V S Premawardhana	Nil	Nil
Mr. S A Ameresekere	Nil	Nil

Independence of Directors

Based on the declarations submitted by the Independent Non-Executive Directors, the Board has determined that, Messrs S D de Mel, R G Seneviratne and P L P Withana are 'Independent' in terms of Rule 9.8.5 of the Listing Rules.

Directors' Interests in Contracts or Proposed Contracts and Interest Register

The Company maintains an Interest Register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

Directors' Remuneration

There is a Remuneration Policy for the remuneration of Executive Directors'. Directors' fees paid to the Non-Executive Directors are recommended to the Board by the Remuneration Committee. In determining the Board fees paid to Non-Executive Directors, the Remuneration Committee considers current market rates and the extent of contribution by each board member at board level.

Corporate Governance

The Directors place a high degree of importance on sound corporate governance practices and are committed to the highest standards of corporate governance within the organisation.

The Directors confirm that, the Company is in compliance with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange.

The report on Corporate Governance is given on pages 30 to 71 of the Annual Report.

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

Delegation of Authority

The Board has delegated the authority of the day to day management of the Company to the Chief Executive Officer who is responsible for delivering services according to the policies and the budgets approved by the Board.

Delegation to Board Members

The Board has delegated certain functions and duties to Sub Committees that comprises of Board members. The functions and duties of each Sub Committee namely, the Audit Committee, the Remuneration Committee and the Related Party Transactions Review Committee are detailed in the respective reports.

The Board is also encouraged to seek independent professional advice when necessary, at the Company's expense and also have access to the Company Secretary to obtain advice and services as and when necessary.

Appraisal of Board Performance

The Board is aware that appraising their own performance periodically would enhance the understanding of individual performance of the Board as a whole. The Board members ensure that Board responsibilities are satisfactorily discharged.

Directors' Responsibilities for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the state of affairs.

The Directors are of the view that the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to Financial Statements appearing on pages 89 to 183 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards (LKAS/SLFRS), Companies Act, No.07 of 2007, Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 29.

Independent Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors of the Company during the year under review. The Auditors do not have any other relationship with the Company other than as Auditors of the Company who have also provided certain non-audit services. A total amount of Rs. 900,000/- is payable by the Company to the Auditors for the year under review. Rs. 720,000/- as audit fees and Rs. 180,000/- as non-audit fees respectively.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 29th August 2024 recommended that they be re-appointed as Auditors. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

The Auditor of the subsidiary company, Waskaduwa Beach Resort PLC is Messrs Ernst & Young, Chartered Accountants. Details of fee payable to the Auditors is set out in Note 08 to the Financial Statements on page 125.

Stated Capital

The Stated Capital of the Company as at 31st March 2024 was Rs.4,624,023,566/- representing 284,898,354 ordinary shares. There were no changes in the Stated Capital of the Company during the year.

Internal Controls

The Board through delegation to the Audit Committee ensures that the Company maintains a sound system of Internal Controls to safeguard investments and Company's assets. Therefore, the Audit Committee conducts a review of the effectiveness of the Company's system of internal controls.

Major Transactions

The Board of Directors is required to act in accordance with Section 185 of the Companies Act No. 07 of 2007 with regard to 'major transactions' as per the said Section 185. There were no major transactions entered into by the Company during the year.

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings per share, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are on page 186 under Shareholders' Information.

Employment Policy

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31st March 2024, 146 persons were in employment (133 persons as at 31st March 2023).

There were no material issues pertaining to employees and industrial relations during the financial year.

Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of employees of the Company and all other known statutory dues as were due and payable by the Company as at the reporting date have been paid or where relevant provided for, except for certain assessments where appeals have been lodged.

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

Reserves

The reserves of the Group with the movements during the year are given on page 94 in the Financial Statements.

Land Holdings

The Company holds a freehold lands of 9,360 perches as stated in Notes 13 and 14 to the Financial Statements.

Property, Plant & Equipment

Details and movements of property, plant and equipment are given under Note 13 to the Financial Statements on pages 132 to 139.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2024 are given in Notes 17, 18 and 21.1 to the Financial Statements.

Material Foreseeable Risk Factors

As part of the governance process, the Board on a continuous basis reviews and takes any measures and evaluates the internal controls and risks of the Company and takes any measures required to mitigate the Risk.

Donations

The Company made donations amounting to Rs. 10,000/- in total, during the year under review.

Dividends

Directors do not recommend a dividend for the year under review

Audit Committee

The Audit Committee of Citrus Leisure PLC, the Parent Company functions as the Audit Committee of the Company, comprising of four (04) Non-Executive Directors, three (03) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. P L P Withana	- Independent Non-Executive Director (Chairman of the Committee)
Mr. S D de Mel	- Independent Non-Executive Director (Member)
Mr. R G Seneviratne	- Independent Non-Executive Director (Member)
Mr. S A Ameresekere	- Non-Executive Director (Member)

The Report of the Audit Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Audit Committee appears on pages 72 to 74.

Remuneration Committee

The Remuneration Committee of Citrus Leisure PLC, the Parent Company functions as the Remuneration Committee of the Company, comprising of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. R G Seneviratne	-	Independent Non-Executive Director (Chairman of the Committee)
Mr. S D de Mel	-	Independent Non-Executive Director (Member)
Mr. J M B Pilimalawwe	-	Non-Executive Director (Member)

The Report of the Remuneration Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Remuneration Committee appears on pages 75 to 76.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee of Citrus Leisure PLC, the Parent Company functions as the Related Party Transactions Review Committee of the Company, comprising of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. P L P Withana	-	Independent Non-Executive Director (Chairman of the Committee)
Mr. S D de Mel	-	Independent Non-Executive Director (Member)
Mr. S A Ameresekere	-	Non-Executive Director (Member)

The Report of the Related Party Transactions Review Committee is given separately in the Annual Report detailing the functions and duties of the Committee and the specific objectives met in the financial year under review.

The Report of the Related Party Transactions Review Committee appears on pages 77 to 78.

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

Declaration - Compliance with Rule 9 of the Listing Rules

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2024.

Non-Recurrent Related Party Transactions – Disclosure in terms of Rule 9.14.8 (1) of the Listing Rules

Related Party Transactions Committee have reviewed and state that there were no non-recurrent related party transactions of which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Group in the latest Audited Financial Statements as at 31st March 2023, which requires an additional disclosure in this Annual Report in terms of Rule 9.14.8 (1) of the Listing Rules of the Colombo Stock Exchange.

Recurrent Related Party Transactions – Disclosure in terms of Rule 9.14.8 (2) of the Listing Rules

All recurrent Related Party Transactions of the Company during the Financial Year 2023/2024 were reviewed and approved by the Related Party Transactions present below are the recurrent related party transactions which requires additional disclosure in this Annual Report in terms of Rule 9.14.8 (2) of the Listing Rules of the Colombo Stock Exchange.

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions entered into during the Financial year	Aggregate value of Related Party Transactions as a % of net Revenue/ Income	Terms and conditions of the Related Party Transactions
Citrus Leisure PLC	Parent	Funds received (loans obtained)	648,563,839	54%	Interest is charge at 12% Per Annum
Waskaduwa Beach Resort PLC	Subsidiary	Funds Transferred (loans given)	469,413,839	39%	Interest is charge at 12% Per Annum

Right Issue - 2024

The objectives of the Rights Issue was to raise capital, by way of a Rights Issue to settle the borrowings / liabilities and for the subscription of shares of Waskaduwa Beach Resort PLC.

The company has raised a sum of Rs.902,178,121/- by way of a Rights Issue of 257,765,177 Ordinary Voting Shares in the proportion of Nineteen (19) New Ordinary Shares for every Twenty One (21) Ordinary Shares held by the holders of Ordinary

Voting Shares in the Company as at end of Trading on 4th April 2024 at a consideration of Rs.3.50 per share, which concluded on 30th April 2024

Accordingly, the Stated Capital of the Company has increased from Rs.4,624,023,566/- represented by 284,898,354 Ordinary Shares to Rs.5,526,201,689/- represented by 542,663,531 Ordinary Shares, subsequent to the Rights Issue of shares and the said Shares was listed on the Colombo Stock Exchange on 17th May 2024.

The funds raised in the Rights Issue have been utilized as tabulated below as at (16-05-2024)

Objective number	Objective as per Circular	Amount allocated as per circular in Rs.	Proposed date of utilisation as per Circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilized in Rs.(B)	% of utilised against allocation (B/A)	Clarification if not utilised where are the funds invested (eg. Whether lent to related parties)
1	Settle outstanding related party loans of the company borrowed from Citrus Leisure PLC	566,317,618	Immediately Upon allotment of shares under the Rights issue of the Company	566,317,618	63%	566,317,618	100%	N/A
2	To raise the Shortfall to meet full subscription of the Entitlement in the Rights Issue of Waskaduwa Beach Resort PLC	219,386,694	Immediately Upon allotment of shares under the Rights issue of CITW	219,386,694	24%	219,386,694	100%	N/A
3	Subscribe to any additional shares required to raise the full subscription under the Rights Issue of CITW upto a maximum of Rs. 116,473,809/-	116,473,809	Immediately Upon allotment of shares under the Rights issue of CITW	-	-	-	-	Company was able to settle Rs. 116,473,809/- PABC loan as mentioned in objective (iv) since the additional shares were purchased by minorities
4	Retire non related party loan of the Company upto a maximum of Rs. 116,473,809/-	116,473,809	within a period of 01 month from the allotment of shares under the Rights issue of the Company	116,473,809	13%	116,473,809	100%	N/A

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

Additional disclosures by the Board of Directors in terms of Rule 9.16 of the Listing Rules

- (i) We have declared all material interests in contracts involving in the Company and we have refrained from voting on matters in which we were materially interested;
- (ii) We have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of our effectiveness and successful adherence therewith
- (iii) We made arrangements to make ourselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;
- (iv) There were no material non-compliance with law or regulation or any fines, which are material, imposed by any Government or regulatory authority in any jurisdiction where the Company has operations.

Events after the reporting date

No material events have occurred since the date of statement of financial position, which require adjustments to or disclosure in the financial statements except note number 30 to the financial statements.

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has resources to continue in business for the foreseeable future.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Sri Lanka Foundation, Lecture Hall No 03, No 100, Padanam Mawatha, Independence square, Colombo 07 on 30th September 2024 at 10.50 a.m.

The Notice of the Annual General Meeting appears on page 189.

This Annual Report is signed for and on behalf of the Board of Directors by



S D de Mel
Chairman



S A Ameresekere
Director



P W Corporate Secretarial (Pvt) Ltd
Secretaries

30 August 2024
Colombo

Statement of Directors' Responsibility

The responsibilities of the Directors, in relation to the Financial Statements of the Company and its subsidiary differ from the responsibilities of the Auditors.

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 86 to 88 of the Annual Report.

As per the Sections 150(1), 151, 152(1) and (2), 153 (1) and (2) of the Companies Act No. 07 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 and its subsidiary as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of section 166(1) read together with sections 168(1)(b) and (c) and section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting.

The Directors consider that in preparing these Financial Statements set out on pages 89 to 183, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

The Directors are also 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 and its subsidiary maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiary.

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

Financial Statements prepared and presented in this report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of accounts and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

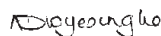
Compliance Report

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

The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Company as at the reporting date have been paid or where relevant provided for

By Order of the Board of

Hikkaduwa Beach Resort PLC



P W Corporate Secretarial (Pvt) Ltd
Secretaries

29 August 2024

Corporate Governance

Our Governance Framework

Regulatory Framework/ Assurance

Companies
Act No. 7 of 2007

Listing Rules of the Colombo
Stock Exchange (CSE)

Code of Best Practices on
Corporate Governance issued
jointly by SEC and ICASL

Sri Lanka Accounting
Standards (SLFRS/LKAS)

Corporate Governance (CG) is a framework of rules and practices by which an organisation is directed, controlled and managed. Our CG framework provides an overview of the Corporate Governance structures, principles, policies and practices of the Board of Directors of Hikkaduwa Beach Resort PLC (CITH). At CITH, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship among the Board, Management, Shareholders and other Stakeholders is established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performance are determined.

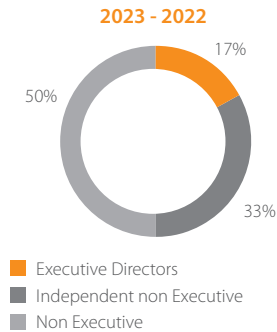
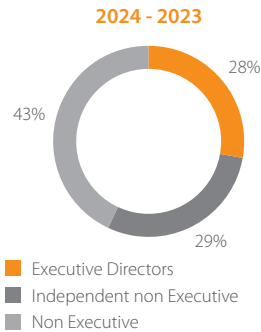
To serve the interests of shareholders and other stakeholders, CITH's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with those of shareholders and other stakeholders and to promote the highest standards of ethical behaviour and risk management at every level of the organisation. Further, the Board considers good governance practices to be precedent and endeavour to go beyond the legal requirement by implementing International best CG practices and stakeholder engagement, ensuring high standards of professionalism and ethics.

The Board provides strategic leadership and guidance and sets the tone to ensure that the development of the Company is based on values. We believe that our values are the driving force across the Group and is our guiding force for good governance.

Board of Directors

The Board of Directors is committed to maintain the highest standards of corporate governance and ethical business conduct in the operations and decision making process. In this regard, the Board

of Directors is responsible for the governance of the Company whilst the shareholders' role in governance is to appoint the Directors and the Auditors to satisfy themselves that an appropriate governance structure is in place.



Board composition and Directors Independence as at 31st March 2024.

Name of Director	Status of Director	Shareholding
Mr. E. P. A. Cooray	Chairman and Independent non Executive Director	Yes
Mr. P. C. B Talwatte	Executive Director	Yes
Mr. S. M. A De Silva Sugathapala	Executive Director	Yes
Mr. R G Seneviratne	Independent Non-Executive Director	Yes
Mr. P.V. S. Premawardhana	Non-Executive Director	No
Mr. S. A. Ameresekere	Non-Executive Director	No

Directors' Responsibility for the preparation of the Financial Statements

The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, and preventing and detecting fraud and/or other irregularities. The Board of Directors also confirm that the applicable Sri Lanka Accounting Standards have been adhered

to, subject to any material departures being disclosed and explained in the notes to the financial statements.

The Board of Directors further confirm that suitable accounting policies consistency applied and supported by reasonable and prudent judgment and estimates, have been applied in the preparation of the financial statements.

Corporate Governance

Compliance regarding Payments

The Board of Directors confirm that all known statutory payments have been paid up to date and all retirement gratuities have been provided for in the financial statements. At the same time, all management fees and payments made to related parties have been reflected in the financial statements.

Internal Control

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place.

Stakeholders

The Board is conscious of its relationship with all stakeholders including the community within which it operates with sustainable and eco-friendly practices. The hotels enhance and uplift staff standards and morale through regular training and improved facilities. This facilitates improvement in service levels, thereby enriching guest experience. Satisfied guests, apart from providing repeat business, also act as ambassadors for the hotels.

Going Concern

The Board of Directors is satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the "going concern" basis when preparing financial statements.

Board Meetings

The Board meets regularly to discharge their duties effectively. The Board's functions include the assessment of the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, review of management and operational information, adoption of annual and interim accounts before they are published, review of exposure to key business risks, strategic direction of operational and management units, approval of annual budgets, monitoring progress towards achieving the budgets, approvals relating to key appointments, sanctioning major capital expenditure etc.

Compliance

The Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange on 'Corporate Governance' during the year under review.

The attendance at the Board meetings held during the financial year 2023/24 is given below.

Name of Director	Status	31.05.2023	14.08.2023	31.08.2023	15.11.2023	09.01.2024	13.02.2024	Meetings Attended
Emilianus Prema Alphonse Cooray (Chairman)	NED/IND	Ex	√	Ex	√	Ex	Ex	2/6
Priya Chandana Bandara Talwatte	ED	√	√	√	√	√	√	6/6
Sembukuttige Mani Ammal De Silva Sugathapala	ED	N/A	N/A	N/A	N/A	N/A	√	1/1
Dilith Susantha Jayaweera	NED	Ex	Ex	Ex	N/A	N/A	N/A	0/3
Rajinda Seneviratne	NED/IND	√	√	Ex	Ex	Ex	√	3/6
Pathiranage Vasula Sanjeewa Premawardhana	NED	Ex	Ex	Ex	√	Ex	√	2/6
Sharvajana Anandaraj Ameresekere	NED	√	√	√	√	√	√	6/6

NED-Non Executive Director IND-Independent Director ED- Executive Director Ex-Excuse

COMPLIANCE WITH THE CORPORATE GOVERNANCE RULES OF COLOMBO STOCK EXCHANGE

The Colombo Stock Exchange introduced a new set of Corporate Governance Rules in October 2023 with certain transitional provisions. The Company's adherence to and compliance with these regulations to be effective from 1st October 2024 are detailed below.

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.1	Company shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.	Commitment to corporate governance rules of the CSE is detailed herein.	1st October 2023	Complied
9.2.1	Company shall establish and maintain the 12 new policies and disclose the fact of existenc of such policies together with the details relating to the implementation of such policies by the Company on its website.	Company is currently reviewing the existing policies to be aligned with the new corporate governance requirement whilst some of the policies are being formulated.	1st October 2024	Company would be compliant on or before 1st October 2024

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.3.1 and 9.3.2	Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	Remuneration Committee, Audit Committee and Related Party Transactions Review Committee of Citrus Leisure PLC, being the Parent Company functions as the Sub Committees of the Company.	1st October 2024	Nominations and Governance Committee of Citrus Leisure PLC once formed, will function as the Nominations and Governance Committee of the Company.
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above.	Chairperson of the Company does not serve as the Chairman of any of the statutory board subcommittees.	1st October 2024	Complied
9.4.1	Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the CSE and/or the SEC.	Records of all shareholder meetings are maintained manually / electronically by the Company Secretary. Copies of these records would be made available to CSE/SEC upon request.	1st October 2024	Complied

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.4.2	Communication and relations with shareholders and investors.	<p>Company has an on-going process to communicate with shareholders and investors. Shareholders are encouraged to raise their concerns at shareholders meetings.</p> <p>Annual Report provides pertinent information of the company and future outlook of the company. The Accountant and the Company Registrars are entrusted to communicate with shareholders on matters concerning them. Details of contact persons are found in the Company's website.</p>	1st October 2023	In terms of Rule 9.2.1, a policy on Relations with shareholders and investors would be in place by 1st October 2024.

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.5.1	Company shall establish and maintain a formal policy governing matter relating to the Board of Directors.	The Board of Directors comprise of a balance of Executive and Non-Executive Directors. Roles of the Chairman, and the Chief Executive Officer are held by two different persons. The CEO is an Executive Director and is a Member of the Board. The Board conducts self-assessment of board-performance annually whilst performance of the CEO is reviewed by the Board through the Remuneration Committee.	1st October 2023	A policy on matters relating to the Board of Directors would be in place on or before 1st October 2024.
9.6	The Chairperson of the Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual.	Chairman of the Company is a Non-Executive Director. Roles of the Chairman and the Chief Executive Officer are held by two different persons.	1st October 2023	Complied
9.6.3	The Company shall appoint an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties.	As the company is compliant with Rule 9.6, the appointment of Senior Independent Director is not necessary.	1st October 2023	Not applicable

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.7	Fitness of Directors and CEOs as per the criteria set out in the regulations.	All the Directors and the CEO have submitted written declarations confirming that they are complied with the fit and proper criteria set out in the regulations to hold their respective positions in the Company.	1st April 2024	Complied
9.8	"Board Composition -Minimum of 5 Directors -minimum 2 or 1/3 of the directors whichever is high shall be independent directors."	As of 31st March 2024, there were 6 directors, of whom three are independent non-executive directors. All Independent Non-Executive Directors have submitted their annual declarations confirming their independence.	1st October 2024 1st October 2023	Complied
9.9	Alternate directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	There are no Alternate Directors on the Board as of 31st March 2024.	1st January 2024	Complied
9.10.1	Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold.	The determination of maximum number of directorships allowed for each board member will be made at the time of formulation of policy on matters relating to the Board of Directors.	1st October 2024	Would be compliant effective from 1st October 2024

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.10.2	The Company shall, upon the appointment of a new Director to its Board, or changes to the composition of Board Sub Committees, make an immediate Market Announcement in a manner set out in the regulation.	As and when there is a new appointment to the Board an immediate market announcement is made in compliance with Rule 9.10.2.	1st October 2023	Complied
9.11	The Company shall have a Nominations and Governance Committee to maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board and have a written Terms of Reference.	Currently company does not have a Nominations and Governance Committee.	1st October 2024	Upon formation of Nominations and Governance Committee of Citrus Leisure PLC would be function as the Sub Committee of the Company and be compliant on or before 1st October 2024
9.12	The Company shall have a Remuneration Committee that conforms to the requirements of these regulations and shall have a written Terms of Reference.	The Remuneration Committee of Citrus Lesiure PLC, being the Parent Company functions as the Remuneration Committee of the Company with a written Terms of Reference.	1st October 2023	Complied

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors.	"There is a Remuneration Policy for the remuneration of Executive Directors'. Directors' fees paid to the Non-Executive Directors are recommended to the Board by the Remuneration Committee. In determining the Board fees paid to Non-Executive Directors, the Remuneration Committee considers current market rates and the extent of contribution by each board member at board level"	1st October 2023	Complied
9.12.6	Functions and Composition of the Remuneration Committee -Comprise a minimum of 3 Directors out of which a minimum of 2 shall be independent - not consist of Executive Directors - Chairperson to be an Independent Director.	Of the 3 members of the Remuneration Committee, two are independent non executive directors. Remuneration Committee Report provides required disclosures to this Annual Report.	1st October 2024	Complied
9.13.1 and 9.13.2	Where the Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee shall additionally perform the Risk Functions set out in the regulations. The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	Currently there is no separate risk committee formed. The Board has decided to entrust the scope of the Risk Committee to the Audit Committee. There is a written Terms of Reference for the Audit Committee.	1st October 2023	Complied

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.13.3	The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors	"Audit Committee of Citrus Leisure PLC, being the Parent Company functions as the Audit Committee of the Company. Out of 4 Non Executive Directors, 3 of them are independent Directors. No Executive Directors are on the Audit Committee.	1st October 2024	Complied
	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Audit Committee meet atleast once a quarter. There were 05 Audit Committee meetings held during the financial year ended 31st March 2024. The attendance at the Audit Committee is given on page 72 to 74 of the Annual report.		
	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Chairman of the Audit Committee is an independent Non Executive Director of the Board.		
	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	CEO and the Group Head of Finance attend the Audit Committee meetings by invitation.		
	Where the parent and subsidiary are both listed the AC of the parent may be permitted to function as the AC of the subsidiary	Audit Committee of Citrus Leisure PLC, being the Parent Company functions as the Audit Committee of the Company.		

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.13.3 contd..	The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided, however this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.	The Chairperson of the Audit Committee is a Member of Institute of Chartered Accountants of Sri Lanka.	1st October 2024	Complied
9.13.4	Functions and Annual Report Disclosures of the Audit Committee.	Functions of the Audit Committee during the financial year and the Annual Report Disclosures are given in the Report of the Audit Committee on page 72 to 74.	Until 1st October 2024, the Company shall at a minimum comply with previous Rules 7.10.6 (b) and (c) relating to the functions and disclosures in the Annual Report relating to the Audit Committee.	Complied
9.14.1	Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in the regulation.	Related Party Transactions Review Committee of Citrus Leisure PLC, being the Parent Company functions as the Related Party Transactions Review Committee of the Company.	1st October 2023	Complied

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.2	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee.	All 3 members of the Related Party Transactions Review Committee, two of whom are independent non executive directors. An independent non executive director (as at the date of this report) is the Chairman of the Related Party Transactions Review Committee	1st April 2024	Complied
	If a parent company and the subsidiary are Listed Entities, the Related Party Transactions Review Committee of the parent company may be permitted to function as the Related Party Transactions Review Committee of the subsidiary.	Related Party Transactions Review Committee of Citrus Leisure PLC, being the Parent Company functions as the Related Party Transactions Review Committee of the Company.	1st October 2024	Complied

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.4	The Related Party Transactions Review Committee shall meet at least once a calendar quarter.	The Related Party Transactions Review Committee meet atleast once a quarter. There were 05 Related Party Transactions Review Committee meetings held during the financial year ended 31st March 2024. The attendance at the Related Party Transactions Review Committee is given on page 77 of the Annual report.	1st October 2023	Complied
	Minutes of meetings are properly documented and communicated to the Board of Directors. The minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis.	Minutes of the Related Party Transactions Review Committee are circulated to the Board every quarter.		
	Members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice.	Committee seeks expertise and professional knowledge on matters need technical assistance.		
	Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.	Such instances did not occur during the financial year.		

Corporate Governance

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.4 contd..	Interested Directors shall not vote on or shall not be present during the deliberations on the specific matter.	Directors of the RPTRC are aware of their obligations	1st October 2023	Complied
9.14.5	The Related Party Transactions Review Committee shall review in advance all proposed Related Party Transactions.	Such instances did not occur during the financial year.	1st October 2023	Complied
	In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) such proposed material changes shall also be reviewed by the RPTRC prior to the completion of the transaction.	Such instances did not occur during the financial year.		
	The RPTRC shall be provided with all the facts and circumstances of the proposed RPT by the senior management to facilitate the review of a RPT	Management is conversant with their responsibility to furnish required facts and information necessary to review a RPT.		
	Directors shall not participate in discussions where there is conflict except for the express purpose of providing information. Where necessary, a special committee to be created to review a proposed RPT.	Directors are fully aware of their obligations in respect of conflict of interest.		

Listing Rule No.	Corporate Governance Requirement	Level of compliance	Effective date of compliance	Status of compliance
9.14.5	If a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.	Related Party Transactions Review Committee has already set out guidelines deemed necessary for ongoing RPT (if any) after assessing the nature of such transactions.	1st October 2023	Complied
9.14.6	The Company shall obtain shareholders' approval by way of a Special Resolution for the Related Party Transactions as soon as the value of the transaction exceeds threshold limits as set out in the regulations.	During the year , there were no recurrent or non recurrent RPTs that required shareholders' approval by way of a special resolution.	1st October 2023	Not applicable.

Corporate Governance

Compliance with Requirements of Rule 7.6 of the Listing Rules of the Colombo Stock Exchange

Listing Rule No.	Subject	Status	Reference
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7.6 Contents of Annual Report

All listed entities must include in its Annual Reports and accounts, inter alia:

i)	Names of persons who were directors of the entity during the year	Complied	Please refer pages 19
ii)	Principal activities of the entity and its subsidiaries during the year and any changes therein	Complied	Please refer pages 99 to 100 of the Annual Report of the Board of Directors Report on the affairs of the Company.
iii)	The names and the numbers of shares held by the 20 largest voting and non-voting shareholders and percentages	Complied	Please refer page 186
iv)	The Public Holding percentage	Complied	Please refer page 186
v)	A statement of each Director's holding and Chief Executive Officer's holdings in shares of the entity at the beginning and end of each year	Complied	Please refer page 188
vi)	Information pertaining to material foreseeable risk factors of the entity	Complied	Please refer pages 79 to 81.
vii)	Details of material issues pertaining to employees and industrial relations of the entity	N/A	No material issues pertaining to employees and industrial relations.
viii)	Extents, locations, valuations and other number of buildings of the entity's land holding and investment properties	Complied	Please refer page 138 to 142
ix)	Number of shares representing the entity's stated capital	Complied	Please refer page 152
x)	A distribution schedule of the number of holders in each class of equity security and the percentage of their total holdings in the specified categories	Complied	Please refer page 186
xi)	Following ratios and market price information.	Complied	
	1. Dividend per share		Please refer page 184
	2. Dividend pay out		Please refer page 184
	3. Net asset value per share		Please refer page 184
	4. Market value per share highest and the lowest value recorded.		Please refer page 186

Listing Rule No.	Subject	Status	Reference
Value as at the end of the year			
xii)	Significant changes in the entity or its subsidiary's fixed asset and the market value of land, if the value differs substantially from the book value	Complied	Please refer Note 12 to 13 the Financial statement on page 131 to 139 of this report
xiii)	If during the year the entity has raised funds either through a public issue, Rights Issue and private placement	N/A	
xiv)	Information in respect of Employee Share Ownership or Stock Option schemes	N/A	
xv)	Disclosure pertaining to Corporate Governance practices In terms of Section 9 of the Listing Rules	Complied	Please refer pages 30 to 45
xvi)	Related Party Transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	Complied	

Corporate Governance

Compliance with the Code of Best Practices in Corporate Governance 2023.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
The Board	A.1	Compliant	<p>Hikkaduwa Beach Resort PLC is headed by an effective board, which is responsible for the leadership, stewardship and governance of the Company. The Board of Directors comprises of,</p> <ul style="list-style-type: none"> • Two Executive Directors (ED) • Three Non-Executive Independent Directors (NED/ID) • Two Non-Executive Non Independent Director (NED/NID)
Board Meetings	A.1.1	Compliant	<p>Five (5) Board Meetings were held during the year and the Company is compliant with the Code of Best Practice as the Board has met in every quarter of the financial year 2023/24. 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. The Board met on key matters of importance to the Company, including the approval of strategic and operating plans, capital expenditure, financial statements by giving due attention to accounting standards and policies, ensuring compliance with legal and ethical standards, ensuring effective risk management and audit systems and addressing matters that have a material effect on the Company.</p>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			<p>Regularity of board meetings and the process of submitting information have been agreed and documented by the Board. Information reported on regular basis includes, but is not limited to</p> <ul style="list-style-type: none"> • Financial and operating results for each quarter. • Key Performance Indicators. • Financial performance compared to previous periods and budgets. • Forecasts for the future period. • Statutory compliance. • Management Audit Report and Internal Audit Scope. • Details of Related Party Transactions. • Capital Expenditure Schedules
Board Responsibilities	A.1.2	Compliant	<p>The Board of Directors of Hikkaduwa Beach Resort PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behaviour, risk management, utilization of resources responsibly, for ensuring leadership through effective oversight and review, while setting the strategic direction and delivering sustainable shareholder value over the long term. The Board seeks to achieve this through setting out its strategy, monitoring its strategic objectives and providing oversight of its implementation by the management team In establishing and monitoring its strategy, the Board considers the impact of its decisions on wider stakeholders including employees, suppliers and</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			<p>the environment. Effective Corporate Governance is central to the Group's ability to operate successfully and as a Board, we take seriously our responsibility for setting high standards of accountability and ethical behaviour. In performing its role, the Board is responsible for,</p> <ul style="list-style-type: none"> • Providing the leadership for formulation and implementation of an effective business strategy, by emphasizing on sustainable development <p>in corporate strategy, decisions and business activities, while ensuring all stakeholder interests are considered in corporate decisions. Also, approving budgets and major capital expenditure and establishing a process of monitoring and evaluating strategy implementation, budgets, plans and related risks.</p> <ul style="list-style-type: none"> • Ensuring that the CEO and the Management Team possesses sufficient skills, competencies, experience and knowledge to implement Company strategies. • Ensuring that the business practices are in compliance with the laws, regulations and Company's code of ethics. • Establishment of effective internal controls, risk management and business continuity practices, ensuring that the adoption of appropriate accounting policies and compliance with financial regulations and establishment of a process for corporate reporting.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			<ul style="list-style-type: none"> Reviewing, monitoring and taking corrective action with regard to the achievement of the corporate strategies. <p>Key decisions are reserved for the Board's approval and are not delegated to management. These include matters relating to the Group's strategy, approval of major acquisitions, disposals, capital expenditure, financial results and overseeing the Group's systems of internal control, governance and risk management. The Board delegates certain responsibilities to the management, to assist it in carrying out its functions of ensuring independent oversight</p>
Compliance with Laws and access to Professional Advice	A.1.3	Compliant	<p>The Board acts in conformity with the laws of the country, and the Board and the Audit Committee is table a compliance statement on statutory requirements on quarterly basis at the Board and Audit Committee meeting.</p> <p>The Board of Directors are provided with the opportunity of seeking professional advice at the expense of the Company, whenever it is necessary; with regard to certain technical matters and other business affairs ensuring that the Directors possess sufficient knowledge and experience in making high quality and independent decisions</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Company Secretary	A.1.4	Compliant	<p>P W Corporate Secretarial (Pvt) Ltd., functions as Secretaries to the Board. They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and details and documents are made available to the Directors and Senior Management for effective decision making at the meetings.</p> <p>Further the Company Secretary acts as the mediator between Directors, Auditors and Sub-committees of the Board facilitating the communication and information flow among above parties</p>
Directors' Independence	A.1.5 Compliant	Compliant	<p>The objectivity and independent judgment in all decisions of the Directors are established by ensuring that the Board acts unrestrictedly from undue influence of other parties or circumstances</p>
Adequate time and effort from Directors	A.1.6	Compliant	<p>The Board of Directors dedicates adequate time and effort to discharge their duties and responsibilities owed to the Company. The Board papers are distributed to the Directors ahead of the meetings, providing the opportunity to call for additional information and clarifications before the meeting.</p> <p>The Board has delegated the authority of directing the routine operations of the Company to the Executive Directors/CEO of the Company</p>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Call for resolution to be presented	A.1.7	Compliant	A Director and the secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
Training for Directors	A.1.8	Compliant	Existing Directors are encouraged to improve their knowledge base and skills on a continuous basis and the newly appointed Directors are introduced to the Board and the Senior Management after induction sessions conducted on Governance Framework, Company's culture and values, business model and strategy, duties and responsibilities of the Directors, current laws and regulations applicable to the tourism and hotel industry and important matters that were discussed during prior meetings.
The Role of the Chairman and Chief Executive Officer (CEO)	A.2: & A.3	Compliant	<p>There is a clear separation between the role of the Chairman and the CEO, with regard to the duties and responsibilities ensuring a balance between the power and authority and that no one individual has unfettered powers of decision making.</p> <p>The Chairman has the authority over the Board proceedings whereas the CEO is in charge of the day-to-day operations of the Company. The Chairman preserves the effective performance of the Board and facilitates the effective discharge of Board functions by ensuring that Board proceeding are carried out in a proper manner.</p>
Financial Acumen	A.4	Compliant	The members of the Board are knowledgeable and experienced individuals who can provide guidance on matters of finance. All Directors possess qualifications and/or experience in accounting and finance. Please refer profiles of Directors on pages 6 to 10.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Board Balance	A.5	Compliant	The Board comprises of Two Executive Director and five non-executives Directors out of which three are Independent Directors and two non-independent Directors ensuring that no individual or small group can dominate the Board's decisions. Please refer to the profiles of Directors on pages 6 to 10.
Non-executive Directors with sufficient calibre	A.5.1	Compliant	The present composition of the Board is at a healthy balance between executive expediency and independent judgment. The Board is comprised of experienced and influential individuals with diverse backgrounds and expertise. Their mix of skills and business experience is a major contributor to the proper functioning of the Board and its committees. The Non-executive Directors possess vast experience in business and strong financial acumen, through their membership on external boards, and thereby are able to assess the financial reporting systems and internal controls, review and suggests any changes in keeping with best practice.
Number of Independent Directors	A.5.2	Compliant	The Board of Directors of the Company comprises five non-executive Directors out of which three are Independent.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Independence of Non-Executive Directors	A.5.3, A.5.4 & A.5.5	Compliant	The presence of Non-executive Independent Directors enables independent judgement. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31 March 2024 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on pages 6 and 10 of this report.
Alternative Director	A.5.6	Not Applicable	This principal is not applicable as an Alternate Director has not been appointed during the financial year 2023/24.
Senior Independent Director	A.5.7 & A.5.8	Not Applicable	This principal is not applicable as the Chairman is an Independent Non-executive Director.
Interactions between the Chairman and Non-executive Directors	A.5.9	Compliant	The Chairman holds meetings with the Non-executive Directors, without the presence of the Executive Directors as and when necessary.
Supply of Information	A.6	Compliant	The Board is provided with timely information on a regular basis as well as ad hoc reports and information as and when it is requested from the management.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Provision of adequate information on a timely basis to the Board	A.6.1 & A.6.2	Compliant	The minutes, agenda and the Board papers required for the Board meetings are provided to the Directors at least seven days before the meeting and management is obliged to provide the Board with relevant and timely information for effective decision making. Directors are also provided the opportunity to make enquiries from industry experts and professionals, senior management, auditors, central internal departments and the Company Secretary for further details and information as and when necessary.
Appointments to the Board	A.7	Compliant	Hikkaduwa Beach Resort PLC has a formal and transparent procedure for the appointment of Directors to the Board.
Nomination Committee & annual assessment of Board composition	A.7.1 & A.7.2	Compliant	The Company does not have a separate committee for nomination. However, the existing Board Members function in a manner that is similar to a formally appointed Nomination Committee in matters concerning new appointments to the Board. During the year, the Board critically evaluated the "quality" of the Board in terms of their qualifications, experience, independence and the value that can be added to the Company to effectively meet the demands of the Company. The Board is satisfied with its composition and the level of qualifications, knowledge and experience it possesses as a whole in order to meet strategic demands.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Disclosure of new Board Appointments	A.7.3	Compliant	Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by the Articles of Association of the Company; subsequently to the submission of a brief resume, nature of expertise, details about directorships in other companies, and the independence of a new Director, to the shareholders.
Re-election	A.8	Compliant	One third of the Directors shall retire at each AGM and be eligible for the re-election.
Approval from shareholders for election and re-election of Directors	A.8.1 & A.8.2	Compliant	All Directors including the Chairman over the age of seventy years and the Directors retiring by rotation in terms of the Articles of Association of the Company, submit themselves to be re-elected at the AGM to be held on the 30th of September 2024 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on Pages 189.
Resignation	A.8.3	Compliant	Refer 'Appointment, Re-election and Resignation of Directors' in the Annual Report of the Board of Directors Page 19 to 28.
Appraisal of Board Performance	A.9		Performance of the Board is evaluated from time to time and at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Annual appraisal of Board performance and declaration of basis of performance	A.9.1, A.9.2, A.9.3 & A.9.4		<p>Every year, the performance review provides the opportunity to reflect on the effectiveness of Board activities, the extent of deliberations, the quality of decisions and each Director's performance and contribution. The Board appraises their own performance based on the following aspects:</p> <ul style="list-style-type: none"> • Strategic planning and risk management. • Effectiveness of decision making. • Succession planning. • Composition, skills, balance, experience and diversity. • Culture and quality of contributions. • Resources of meetings, agenda planning and quality of information and papers. • Corporate Governance, regulatory compliance and support. • Evaluation of individual performance and scope of improvement. • Committee effectiveness and communication to the Board.
Disclosure of information in respect of Directors	A.10	Compliant	Information in respect of Directors is specified in the pages 6 to 10 of this Annual Report.
Short, medium and long term objective and evaluation of CEO's performance	A.11.1 & A.11.2	Complied	The Board sets out the short, medium and long term, financial and non-financial objectives at the commencement of each financial year, and evaluates the performance of the CEO in respect of the achievement of such set targets.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Remuneration Procedure	B.1	Compliant	The Company has established a formal and transparent procedure for developing policy on executive and Directors' remuneration.
Remuneration Committee, its composition and access to professional advice on determining the remuneration of Executive Directors	B.1.1, B.1.2, B.1.3 & B.1.5		<p>Citrus Leisure PLC, the intermediate parent company of Hikkaduwa Beach Resort PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board.</p> <p>The Remuneration Committee of the Group consists exclusively of Non-Executive Directors as prescribed by the Code of Best Practice, out of which of (03) Non-Executive Directors, two (02) of whom are Independent, Please refer Page No 75.</p> <p>The Group Head of Finance assists the committee by providing the relevant information and participating in the analysis and deliberations, in addition to the consultations done by the Remuneration Committee from the Chairman, on proposals relating to the remuneration of Executive Directors. Further the Remuneration Committee is provided the access to professional advice on such proposal whenever it is necessary.</p> <p>The objective of the Remuneration Committee is to review and recommend the remuneration payable to the Executive Directors. The Remuneration Committee met four (4) times during the financial year.</p>

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Executive Share Options	B.2.5	Not Applicable	This section is not applicable to the Group as, there were no share option schemes in effect during the financial period under review.
Remuneration Policy	B.2.6	Compliant	The details of the remuneration policy have been set out in the Remuneration Committee Report on pages 75 to 76.
Compensation on early termination	B.2.7 & B.2.8	Compliant	Compensation paid on early termination of Directors will be determined based on the initial contract/Articles of Association of the Company, where the initial contract does not provide directions for compensation commitments.
Levels of remuneration for Non-executive Directors	B.2.9 / 2.10	Compliant	Non-Executive Directors are paid only on their attendance at meetings.
Disclosure of Remuneration	B.3	Compliant	The remuneration to Directors is disclosed on page 176 under the note 32.4.1 as a part of the financial statements of this report.
Constructive use of the AGM and General Meetings	C.1	Compliant	The Company uses the AGM to effectively communicate and enhance the relationship with shareholders.
Constructive use of the AGM and General Meetings	C.1.1 – C.1.5	Compliant	The Shareholders have the right to voice their concerns to Board of Directors and exercise their votes at Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes. Separate resolutions shall be proposed for each substantially separate issue, including a resolution for the adoption of the report and the accounts.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Communication with Shareholders	C.2	Compliant	The Board has implemented effective communication with shareholders.
Communication with Shareholders	C.2.1 – C.2.7	Compliant	P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries of the Company, and the shareholders are provided a channel to communicate with the Board/individual Directors effectively via the Company Secretaries. All matters in relation to shareholders should be communicated to the Company Secretary. The Company Secretary shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.
Major and Material Transactions	C.3	Compliant	Refer the Annual Report of the board of directors of the affairs of the company on pages 19 to 28.
Balanced and understandable presentation of Financial Statements	D.1.1	Compliant	The Board is responsible for the preparation of Financial Statements that gives a true and fair assessment of the Company's financial, position, performance and prospects, in accordance with the Companies Act No. 07 of 2007, Sri Lanka Financial Reporting Standards (SLFRS)/Sri Lanka Accounting Standards (LKAS) and listing rules of the Colombo Stock Exchange. 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 behaviour in conducting its business. The Board, through the Company's administrative and finance divisions, strives to ensure that the businesses of the Company and its subsidiaries comply with the laws and regulations of the country.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
The Board's responsibility on interim and other price sensitive public reports and reports to regulators	D.1.2	Compliant	The Board ensures that the Interim Financial Statements are submitted to the CSE as per listing requirements and other public reports/ reports submitted regulators present a balanced and understandable assessment of Company's performance.
Directors' responsibility for preparation and presentation of Financial Statements	D.1.3	Compliant	The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Consolidated Financial Statements of the Company were audited by Messrs Ernst and Young, Chartered Accountants.
Annual Report of the Directors	D.1.4	Compliant	<p>The Annual Report of the Board of Directors sets out at, The Company is in compliance with laws and regulations</p> <ol style="list-style-type: none"> a. Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007. b. Equitable treatment is meted to shareholders. c. Directors have complied with best practices of Corporate Governance. d. Property, plant and equipment of the Company are reflected at their fair value. e. Appropriateness of the Company's Internal Control system. f. The business is a going concern.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Responsibility of the Board for preparation and presentation of Financial Statements and Statement of Internal Controls	D.1.5	Compliant	The directors responsibilities stated on page 29 of the annual report
Management Discussion Analysis	D.1.6	Compliant	The "Management Discussion Analysis" of this Annual Report contains, among other issues; Industry Review (Pages 11 to 13) Risk Management (Pages 79 to 81) Stakeholder relationships (Pages 13 to 15) Financial Performance (Pages 15 to 18) Prospect for the future (Page 15)
Serious loss of capital	D.1.7	Not Applicable	This principal is not applicable as the net assets of the Company remained higher than 50% of the value of the Company's shareholders' funds during the period under review.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Disclosure of Related Party Transactions	D.1.8	Compliant	<p>The Related Party Transactions Review Committee, which is a subcommittee of the Board, is responsible for review and disclosure of Related Party Transactions.</p> <p>Related Party Transactions Review Committee</p> <p>The Related Party Transactions Review Committee consists of three non-executive Independent Directors out of which two are Independent Non Executive Directors. Please Refer Page No 77.</p> <p>The Group Head of Finance assists the committee by providing the relevant information and participating in the analysis and deliberations.</p> <p>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.</p> <p>A report of the Related Party Transactions Review Committee is given on pages 77 to 78.</p> <p>The Related Party Transactions Review Committee met five (5) times during the financial year.</p>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			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. 32 to the Financial Statements.
Risk Management & Internal Controls	D.2	Compliant	The Board assesses financial and other business risks faced by the Company on a quarterly basis at the Board meetings and determines the necessary safeguards and internal controls that should be designed and implemented in order to provide a reasonable assurance of achieving Company's objectives. The Audit Committee is responsible to the Board for ensuring the effective operation of the system of internal controls to achieve objectives of the Company.
Effective System of Internal Controls & Risk Management Process	D.2.1	Compliant	The Internal Audit function of the Group is carried out by PricewaterhouseCoopers (Pvt) Ltd. (PwC). However , The Board is responsible for formulating and implementing appropriate systems of internal control for the Group and in turn assessing its effectiveness. The Group's Internal Auditors assists the Board of Directors and the Audit Committee in carrying out the above task . Any internal control system has its inherent limitations. The Board is aware of the inherent limitations and has taken appropriate steps to minimise same.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Disclosure on Risk Assessment and Mitigation	D.2.2	Compliant	The Audit Committee Report and Risk Management Report set in pages 72 to 74 and 79 to 81 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.
Internal Audit Function & Audit Committee review of Internal Control System	D.2.3 & D.2.4	Compliant	The Audit Committee oversees the Internal Audit Function of the Company by agreeing on an annual work plan, reviewing its performance and ensuring that the internal audit function has sufficient and appropriate resources to perform their duties effectively and efficiently in maintenance of a sound risk management process and internal control system.
Responsibilities of the Directors in maintaining a sound system of Internal Controls	D.2.5	Compliant	The "Statement of Directors Responsibility" on page 29 provides the declaration made by Directors accepting the responsibility to ensure that the Company is equipped with a sound system of internal controls.
Audit Committee	D.3	Compliant	The Board has established a formal and transparent process of Financial Reporting, Internal Controls, Risk Management and maintaining a proper relationship with the Company's Auditors.
Composition and the Duties of the Audit Committee	D.3.1 & D.3.2	Compliant	<p>The Audit Committee comprises exclusively of Non-executive Directors out of whom three are Independent Non Executive Directors. Please refer Page No. 24</p> <p>The Audit committee focuses principally on assisting the Board to fulfill its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function.</p>

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
			<p>The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. The committee is responsible for the consideration and recommendation of External Auditors. A report of the Audit Committee is given on pages 72 to 74.</p> <p>The Audit Committee met five (5) times during the year.</p>
Disclosure of the names of the Audit Committee and the Audit Committee Report	D.3.3	Compliant	The names of Directors in the Audit Committee are disclosed in Page No 24 section and the manner of compliance with the Code of Best Practice by the Company is set out in the Audit Committee Report on pages 72 to 74 of the annual report.
Best Practices on Related Party Transactions	D.4 & D.4.1	Compliant	The purpose of the Related Party Transactions Review Committee is to review all proposed Related Party Transactions other than those transactions explicitly exempted in conformity with the Listing Rules and LKAS 24 and to ensure that related parties are not granted “more favourable treatment”.
Related Party Transactions Review Committee	D.4.2	Compliant	The Related Party Transactions Review Committee consists of three Non-executive Independent Directors of which two are Independent Non Executive Director, Please refer page no 25

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Effectiveness of the Related Party Transactions Review Committee	D.4.3	Compliant	Refer the Related Party Transaction Review Committee Report for the purpose, responsibilities, authority, scope and objectives of Related Party Transaction Review Committee; set out in pages 77 to 78.
Adoption of Code of Business Conduct & Ethics and Chairman's affirmation	D.5 – D.5.4	To be complied	Adoption of a Code of Business Conduct and Ethics for Directors and members of senior management team is yet to be complied by the Company.
Corporate Governance Disclosure	D.6	Compliant	The Corporate Governance section of the annual report from pages 30 to 71 sets out the manner and extent to which the Company has adopted the principals and provisions of the Code of Best Practice on Corporate Governance. The Company ensures that all shareholder rights are properly observed. Permanent procedures are carried out in line with the rules and regulations of the Colombo Stock Exchange, as well as the related laws.
Structured dialogue with shareholders	E.1.1	Compliant	A regular and structured dialogue shall be conducted with shareholders and the outcome of such dialogue should be communicated to the Board by the Chairman.
Evaluation of governance disclosures by institutional investors	E.2	Compliant	Institutional investors are being encouraged to consider the relevant factors drawn to their attention with regard to board structure and composition.
Investing/ Divesting Decision	F.1	Compliant	Individual shareholders are encouraged to carry out adequate analysis and seek professional advice when making their investment / divestment decisions.

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Shareholder Voting	F.2	Compliant	Individual shareholders are encouraged to participate and exercise their voting rights.
Board's responsibility on Cybersecurity	G.1	Compliant	The Board regularly monitors the latest developments in the field of IT and conducts discussions on how such developments can be utilized to enhance the efficiency and the effectiveness of the hotel operations and to enhance the guest experience. Further, the Board investigates on cybersecurity risks that may affect the business. Additionally, IT General and Application controls have been designed and implemented to ensure the security of confidential information.
Chief Information Security Officer (CISO)	G.2	Compliant	The Board has appointed an IT Manager located at the Head Office who is in charge of Cybersecurity Risk Management. IT Manager is a qualified IT professional and possesses necessary competence to ensure the Cybersecurity. The IT Manager provides necessary information with regard to Cybersecurity and is responsible for the development of IT Budget and Risk Management policies of the Company, which will subsequently be evaluated and approved by the Board to be implemented.
Board meeting agenda for discussions on cyber risk management.	G.3	Compliant	Relevant risks are set out in the Internal Audit Report and same is reported to the Audit Committee. High risk matters are referred to the Board for further actions.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Compliance Status	Compliance Details
Effectiveness of the Cybersecurity Risk Management System	G.4	Compliant	An annual information risk management audit is carried out by an independent third party, and identified issues are reported through the Management Letter.
Disclosure on Cybersecurity Risk Management	G.5	Compliant	Risk Management Report set in pages 79 to 81 provides a detailed explanation of cybersecurity risks faced by Hikkaduwa Beach Resort PLC and risk management strategies.
Environment, Society and Governance	H	To be complied	

Statement of Compliance under Section 168 of Companies Act No. 7 of 2007

Principal	Description	Comment	Compliance Status
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Section 168 – Contents of Annual Report

(1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Notes to the Financial Statements	Complied
(1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Financial Statements	Complied
(1) (c)	Auditors' Report on the Financial Statements and any Group Financial Statements	Independent Auditors' Report	Complied
(1) (d)	Change in accounting policies made during the accounting period	Notes to the Financial Statements	Complied
(1) (e)	Particulars of entries in the interests register made during the accounting period	Annual Report of the Board of Directors	Complied
(1) (f)	Remuneration and other benefits of Directors during the accounting period	Notes to the Financial Statements	Complied
(1) (g)	Total amount of donations made by the Company during the accounting period	Annual Report of the Board of Directors	Complied
(1) (h)	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Board of Directors	Complied
(1) (i)	Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Notes to the Financial Statements	Complied
(1) (j)	Particulars of any relationship (other than that of Auditor) which the Auditor has with or any interests which the Auditor has in, the Company or any of its subsidiaries	Annual Report of the Board of Directors	Complied
(1) (k)	Be signed on behalf of the Board by two Directors of the Company	Financial Statements	Complied

Audit Committee Report

The Audit Committee of Citrus Leisure PLC, the Parent Company functions as the Audit Committee of the Company.

Composition of the Committee

The Audit Committee of Citrus Leisure PLC comprises of four (04) Non-Executive Directors, three (03) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. P L P Withana	- Independent Non-Executive Director	- Chairman of the Committee
Mr. S D de Mel	- Independent Non-Executive Director	- Member
Mr. R G Seneviratne	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Executive Director	- Member

Changes in the sub committee as at reporting date

- Mr. E P A Cooray, Independent Non-Executive Director ceased to be the Chairman/Member of the Committee w.e.f. 23rd April 2024.
- Mr. P V S Premawardhana, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr. P L P Withana, Independent Non-Executive Director was appointed the Chairman/Member of the Committee w.e.f. 3rd May 2024

Meetings

The Committee met five times during the period under review. The attendance of the members of the Committee is stated in the table below.

Members' Attendance at the Audit Committee Meetings from 01.04.2023 to 31.03.2024 is as follows:

Name of the Director	Status	2023				2024	Meetings Attended
		31.05.2023	14.08.2023	31.08.2023	15.11.2023	13.02.2024	
Mr. E P A Cooray (Chairman)	NED/IND	Ex	√	Ex	√	Ex	2/5
Mr. S D De Mel	NED/IND	√	√	√	√	Ex	4/5
Mr. P V S Premawardhana	NED	Ex	Ex	Ex	√	√	2/5
Mr. S A Ameresekere	NED	√	√	√	√	√	5/5
Mr. R Seneviratne	NED/IND	√	√	Ex	Ex	√	3/5

NED - Non Executive Director IND - Independent Director Ex - Excused

Messrs Ernst & Young, Independent Auditors are requested to be present as and when required.

Group Head of Finance also attended to meetings by invitation. The company secretary functions as the secretary to the committee.

The Principal Responsibilities of the Audit Committee

The Audit Committee is empowered by the Board of Directors to examine all matters relating to the financial status of the Company, and its internal and external audits. The Committee pursues and promotes good Corporate Governance by actively creating awareness and providing advice to management on Risk Management, appropriate internal control practices, and other related activities of the Company in compliance with the rules and regulations of the Colombo Stock Exchange. The proceedings of the Audit Committee are regularly reported to the Board of Directors through formal minutes.

Operation of the Audit Committee

The Chairman of the Audit Committee is a Fellow Member of Institute of Certified Management Accountants of Sri Lanka. The Statutory Auditors, the Internal Auditors, Chief Executive Officer, General Managers of the Hotels, Group Finance Manager and Hotel Accountants attended these meetings of the Audit Committee at the invitation of the Chairman of the Audit Committee. Outsourced Internal Auditors, PricewaterhouseCoopers are required to attend meetings on a regular basis.

The Company Secretary acts as Secretary to the Audit Committee. The members of the Audit Committee can, where they judge it necessary to discharge their responsibilities, obtain independent professional advice at the Company's expense. The Committee met four times during the financial year ended 31 March 2024.

The Audit Committee's Duties include:

- Monitoring the financial reporting process.
- Monitoring the compliance with financial reporting requirements, information requirements of the Companies Act No. 07 of 2007 and other relevant financial reporting related regulations and requirements.
- Monitoring the statutory audit of the Group's Financial Statements.
- Reviewing the Group's Financial Statements and the material financial reporting judgements contained therein.
- Monitoring the effectiveness of the Group's Internal Control and Risk Management Systems.
- Reviewing and monitoring the independence of the External Auditors and the provision of additional services to the Group.
- Advising the Board on the appointment and removal of the External Auditors and the remuneration and terms of engagement of the External Auditors.

Internal Control and Risk Management

The Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness. The Audit Committee monitors and reviews each year the effectiveness of, and the framework for, the Group's system of internal control and risk management. The Audit Committee undertook a review of the effectiveness of, and the framework for the Group's system of internal control and risk management, including financial, operational and compliance controls during the year.

Audit Committee Report

In addition to this review, the External Auditors and Internal Auditors provided the Audit Committee with comprehensive reports of the results of their testing of controls that were carried out as part of the audits.

The Audit Committee also reviewed on a quarterly basis, the key risks that the Group faces and the actions being taken by the management to mitigate and manage them.

Review of the Work of the External Auditors

Subject to the annual appointment of the External Auditors by shareholders, the Audit Committee regularly reviews the relationship between the Group and the External Auditors.

This review includes an assessment of their performance, cost effectiveness, objectivity and independence. The Audit Committee is responsible for ensuring that an appropriate relationship is maintained between the Group and the External Auditors.

The Group has implemented a policy of controlling the provision of non-audit services by the External Auditors in order to ensure that their objectivity and independence is safeguarded. The Audit Committee also continued with the appointment of other accountancy firms to provide certain non-audit services to the Group in connection with tax, other services and anticipates that this will continue in 2024/25.


Re-appointment of Auditors

The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the financial year ending 31st March 2025, subject to the approval of the shareholders at the next Annual General Meeting. A full breakdown of the audit and non-audit related fees are set out in Note No 8 to the Consolidated Financial Statements on page 125.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Company are managed in accordance with the set rules and that systems are in place to minimize the impact of identifiable risks.

The Committee further assessed that future prospects of its business operations and is satisfied with the going concern assumption used in the preparation of the Financial Statements as being appropriate. This report was approved by the Board and signed on its behalf by:



P L P Withana

Chairman - Audit Committee

29 August 2024
Colombo

Report of the Remuneration Committee

The Remuneration Committee of Citrus Leisure PLC, the Parent Company functions as the Remuneration Committee of the Company.

Composition of the Committee

The Remuneration Committee of Citrus Leisure PLC, appointed by and responsible to the Board of Directors, comprises of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. R G Seneviratne	- Independent Non-Executive Director	- Chairman of the Committee
Mr. S D de Mel	- Independent Non-Executive Director	- Member
Mr. J M B Pilimalawwe	- Non-Executive Director	- Member

Changes in the sub committee as at reporting date

- Mr. J M B Pilimalawwe, Non-Executive Director ceased to be the Chairman of the Committee w.e.f 14th November 2023 and Mr. R G Seneviratne, Independent Non-Executive Director was appointed the Chairman of the Committee w.e.f. 15th November 2023.
- Mr. E P A Cooray, Independent Non-Executive Director ceased to be a Member of the Committee w.e.f. 23rd April 2024.
- Mr. S A Ameresekere, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.

Meetings

The Committee met four times during the financial year under review. A report of decisions approved and recommended by the Committee is reported to the Board of Directors.

Members' Attendance at the Remuneration Committee Meetings from 01.04.2023 to 31.03.2024 is as follows.

Name of the Director	Status	2023			2024	Meetings Attended
		31.05.2023	14.08.2023	15.11.2023	13.02.2024	
Mr. R Seneviratne (Chairman)	NED	√	√	Ex	√	3/4
Mr. E P A Cooray	NED/IND	Ex	√	√	Ex	2/4
Mr. S D De Mel	NED/IND	√	√	√	Ex	3/4
Mr. J M B Pilimalawwe	NED/IND	√	√	√	√	4/4
Mr. S A Ameresekere	NED	√	√	√	√	4/4

NED-Non Executive Director IND-Independent Director Ex-Excused

Group Head of Finance also attended to meetings by invitation. The company secretary functions as the secretary to the committee.

Report of the Remuneration Committee

Remuneration Policy

The Remuneration policy of the Company endeavors to attract, motivate and retain quality management in a competitive environment with the relevant expertise necessary to achieve the objectives of the Company. The Committee focuses and is responsible to ensure that the total package is competitive to attract the best talent for the benefit of the Company. The remuneration framework of the Company for the Chairman, Chief Executive Officer and Corporate Management is designed to create and enhance value to all stakeholders of the Company and to ensure alignment between the short and long-term interest of the Company and its Executives and in designing competitive compensation packages, the Committee consciously balances the short-term performance with medium to long-term goals of the Company.

Scope

The Committee reviews all significant changes in the corporate sector in determining salary structures and terms and conditions relating to staff at Senior Executive level. In this decision making process, necessary information and recommendations are obtained from the Chief Executive Officer. The Committee deliberates and recommends to the Board of Directors the remuneration packages and annual increments and bonuses of the Chief Executive Officer, members of the Corporate Management and Senior Executive staff and lays down guidelines for the compensation structure for all Executive staff and overviews the implementation thereof. The Chief Executive Officer who is responsible for the overall management of the Company attends all meetings by invitation and participates in the deliberations except when his own performance and compensation package is discussed.

Fees

None of the Non-Executive Directors receive a fee for attendance at Board Meetings. They do not receive any performance or incentive payment.

Professional Advice

The Committee has the authority to seek external professional advice on matters within its purview.

Committee Evaluation

Self-Assessment by the Committee members was complied with at the commencement.



R G Seneviratne

Chairman - Remuneration Committee

29 August 2024
Colombo

Report of the Related Party Transactions Review Committee

The related party transactions review committee of Citrus Leisure PLC, the parent company functions as the related party transactions review committee of the company.

Composition of the Committee

The Related Party Transactions Review Committee comprises of three (03) Non-Executive Directors, two (02) of whom are Independent and the composition of the Committee since 3rd May 2024 is as follows:

Mr. P L P Withana	- Independent Non-Executive Director	- Chairman of the Committee
Mr. S D de Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Executive Director	- Member

Changes in the sub committee as at reporting date

- Mr. E P A Cooray, Independent Non-Executive Director ceased to be the Chairman/Member of the Committee w.e.f. 23rd April 2024.
- Mr. P C B Talwatte, Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr. P V S Premawardhana, Non-Executive Director ceased to be a Member of the Committee w.e.f. 2nd May 2024.
- Mr. P L P Withana, Independent Non-Executive Director was appointed the Chairman/Member of the Committee w.e.f. 3rd May 2024.

Meetings

The Committee met five times during the financial year under review. The members of the management attend the meetings upon invitation to brief the Committee on specific issues.

Members' Attendance at the Related Party Transactions Review Committee Meetings from 01.04.2023 to 31.03.2024 is as follows.

Name of the Director	Status	2023			2024		Meetings Attended
		31.05.2023	14.08.2023	15.11.2023	09.01.2024	13.02.2024	
Mr. E P A Cooray (Chairman)	NED/IND	Ex	√	√	EX	Ex	2/5
Mr. S A Ameresekere	NED	√	√	√	√	√	5/5
Mr. P V S Premawardhana	NED	Ex	Ex	√	Ex	√	2/5
Mr. S D De Mel	NED/IND	√	√	√	√	Ex	4/5
Mr. P C B Talwatte	ED	√	√	√	√	√	5/5

NED-Non Executive Director IND-Independent Director Ex-Excused

ED - Executive Director

Group Head of Finance also attended to meetings by invitation. The company secretary functions as the secretary to the committee.

Report of the Related Party Transactions Review Committee

The Role and Responsibilities

The Related Party Transactions Review Committee ("the Committee") is tasked with reviewing all Key Activities of the Related Party Transactions Review Committee during the Financial Year

- Review and pre-approve all non-recurrent related party transactions of the Company prior to approval by the Board of Directors.
- Review all related party transactions to ensure that they are in the best interests of the Company.
- Ensure that all reporting requirements of the CSE Listing Rules and other relevant statutes and regulations are met.
- Update the Board of Directors on the Related Party Transactions of the Company.
- Assess the adequacy of related party reporting systems along with the advice of the External and Internal Auditors.
- Ensure that all transactions with related parties are in the best interest of all shareholders and adequate transparency is maintained.
- Establish guidelines and policies for the management and reporting of related party transactions.

The Committee has reviewed all related party transactions during the period and has established that they are in the best interest of the Company and comply with all standards of best practice and reporting and communicated the comments/ observations to the Board of Directors

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.

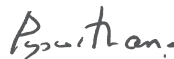
Further all related party transactions are in accordance with Sri Lanka Accounting Standard 24 (LKAS 24) are disclosed under Note No. 32 to the Financial Statements.

Key Management Personnel

The Board of Directors are designated as Key Management Personnel of the Company. The Committee ensures that no participants in the discussions of a related party transaction shall have a direct related party for that transaction. However, such persons may participate in the discussion for the sole purpose of providing information on such transactions.

Declaration

A Declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 26 of the Annual Report.



P L P Withana

Chairman - Related Party Transactions Review Committee

29 August 2024
Colombo

Risk Management

Hikkaduwa Beach Resort PLC acknowledges that operating a business involves both risk and reward. The Group management 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 critical for the Group's diverse interests in the hospitality industry. Listed below are some of the risks and risk mitigation strategies used by Hikkaduwa Beach Resort PLC:

Risk	Mitigation Strategies
1. Shortages in supply chain Shortages of supply can make drastic adverse impact on the hotel operation.	<ul style="list-style-type: none"> • Maintain close relationship with suppliers. • Change the menus to inline with the available products. • Find alternative suppliers or alternative products.
2. Increasing competition Increased number of hotels leading to intense competition and lower margins	<ul style="list-style-type: none"> • Brand development initiatives to enhance loyalty. • Strengthened relationships with travel agents • Differentiated offerings in our properties
3. Retention of skilled talent pools High staff turnover in key segments such as travels and hotels	<ul style="list-style-type: none"> • Staff requested to work from home to minimise health risk. • Comprehensive talent management program to build talent pipelines including succession planning. • Updating Human Resources policies and practices cognisant with trends in the industry.
4. Interest Rate Risk Exposure to movements in market interest rates related to borrowings	<ul style="list-style-type: none"> • The Group's finance division continues to negotiate with banks and financial institutions to secure the best possible rates for the Group's borrowings and investments.
5. Exchange rate Risk Exposure to movements of foreign currency exchange rates.	<ul style="list-style-type: none"> • Enter into sales contracts with tour operators in USD. • Regularly offering prices are reviewed to inline with the exchange rate fluctuations.

Risk Management

Risk	Mitigation Strategies
<p>6. Reputation Risk</p> <p>Social media has elevated this key risk for the hospitality industry as every guest and stakeholder is a potential influencer.</p>	<ul style="list-style-type: none"> • Maintaining high standards of service at our hotels through investments in infrastructure and training of staff to deliver consistently positive guest experiences. • Monitoring social media and guest reviews on aggregator sites by a dedicated team. • A hospitality mindset supports our legacy and we are careful to nurture it through communication and a balanced assessment of performance.
<p>7. Credit Risk</p> <p>Risk of loss arising from debtors' inability to meet their financial obligations on time</p>	<ul style="list-style-type: none"> • Comprehensive credit policies and procedures are in place to verify the creditworthiness and determine the potential credit risk associated with a client. • Regular follow-up on debtors
<p>8. Cyber Risk</p> <p>All significant processes are supported by one or many Internet driven services</p>	<ul style="list-style-type: none"> • Well-defined group-wide cyber security incident response process. • Implementation of network protection technology to manage network perimeter defence, data loss, distributed denial of service attack, mobile devices and monitor suspicious cyber activities together with regular testing and verification of controls.

Risk	Mitigation Strategies
<p>9. Air Travel Fare Increase Risk Increase of Air Fare and Other fees significantly impact the Hotel Industry</p>	<ul style="list-style-type: none"> • Enhanced Loyalty Programs can encourage guests to return, regardless of airfare fluctuations. Offer points, discounts or perks. • Discount for Extended stays • Flexible Booking Policies for Groups • Create value added packages. • Government intervention can help to subsidize Air Travel, especially for routes that are critical to tourism. • Regulation of Airfare Pricing.
<p>10. Geopolitical Risk</p>	<p>The Russian- Ukraine War has introduced significant geopolitical risk for the tourism industry, with impacts that are felt both locally and globally and especially in Sri Lanka as a result in the decline of Russian & Ukrainian tourists.</p> <ul style="list-style-type: none"> • Inflation and Economic Pressure in both the above countries significantly lowers the ability of Russian and Ukrainian tourists to travel globally and in turn affects the tourism in Sri Lanka as the season begins. • The conflict has led to spikes in global energy prices which translate into higher cost for air travel which discourage long haul travel to destinations like Sri Lanka • Loss of high spending tourists, especially Russian, who usually spend on luxury accommodation.
<p>11. Domestic Political Risk</p>	<ul style="list-style-type: none"> • Election Year for Sri Lanka

Independent Auditor's Report



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TO THE SHAREHOLDERS OF HIKKADUWA BEACH RESORT PLC

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Hikkaduwa Beach Resort PLC ("the Company") and the consolidated financial statements of the Company and its Subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit and loss, 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 material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

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 FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, B Vasanthan ACA ACMA

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

A member firm of Ernst & Young Global Limited



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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of impairment of investment in associate</p> <p>As at 31 March 2024, the Group's Investment in associate amounted to Rs. 2,244 Mn which represents 21% of the total assets of the Group.</p> <p>As disclosed in Note 17, an assessment of impairment was carried out by the management to ascertain the recoverable amount of the investment in associate.</p> <p>The assessment of impairment of investment in associate was identified as a key audit matter due to;</p> <ul style="list-style-type: none"> • Materiality of the reported investment in associate balance; and • Degree of assumptions, judgements and estimation uncertainties associated with assessing fair value . • Key areas of significant judgements, estimates and assumptions used in assessing fair value included judgements involved in ascertaining the appropriateness of valuation techniques and valuation of the leasehold right held by the associate, as disclosed in Note 17 to the financial statements. 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> • Obtained an understanding of the Group's process of assessing impairment of investment in associate together with management assessment over lease rights held by the investee. • Assessed the competence, capability and objectivity of the external valuer engaged by the Group. • Read the external valuer's report and understood the key estimates made and the approach taken by the valuer. • Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer including judgements involved in ascertaining the appropriateness of valuation techniques and valuation of lease rights held by the associate. <p>We have also assessed the adequacy of the disclosures made in Note 17 to these financial statements.</p>

Independent Auditor's Report



Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of fair value of land and buildings: Property, Plant and Equipment and Investment Property include land and buildings carried at fair value.</p> <p>This was a key audit matter due to:</p> <ul style="list-style-type: none"> Materiality of the reported land & buildings balances which amounted to Rs. 7,580 Mn and represents 71% of the total assets. the degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of land and buildings such as reliance on comparable market transactions. <p>Key areas of significant judgements, estimates and assumptions used in assessing the fair value of the land and buildings, as disclosed in notes 13 and 14, included judgements involved in ascertaining the appropriateness of valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> Estimate of per perch Price of the land Estimate of the per square foot rate of the buildings 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> Assessed the competency, capability and objectivity of the external valuer engaged by the Group. Read the external valuer’s report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property. Assessed the reasonableness of the significant judgements, estimates and assumptions made by the valuer per perch price of land, per square foot rate of building and valuation techniques as relevant in assessing the fair value of each property. We have also assessed the adequacy of the disclosures made in notes 13 and 14 to the financial statements.



Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Interest Bearing Borrowings:</p> <p>As disclosed in note 25 the Group's total interest-bearing loans and borrowings amounted to Rs. 3,720 Mn, which represent a significant portion of its total liabilities. The maturities and terms and conditions of such interest-bearing loans and borrowings are disclosed in note 25.3.</p> <p>We selected the interest-bearing loans and borrowings as a key audit matter due to:</p> <ul style="list-style-type: none"> the materiality of the reported amounts. appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the financial statements 	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> We obtained an understanding of the term of repayments and covenants attached to external borrowings, by reading the loan agreements. We obtained direct confirmation from financial institutions for outstanding amounts as of the reporting date. We assessed the maturity profile of the Group's interest-bearing borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements. <p>We have also assessed the adequacy of the disclosures made in note 25 and note 33.4 to the financial statements relating to the interest-bearing loans and borrowings and liquidity risk aspects.</p>

Independent Auditor's Report



Other information included in the 2024 Annual Report

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

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

Auditor's responsibilities for the audit of the financial statements

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



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

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

Independent Auditor's Report



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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

30 August 2024
Colombo

Statement of Profit or Loss

Year Ended 31 March	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue from contracts with customers	5	1,654,360,236	1,199,702,908	563,225,991	450,407,316
Cost of sales		(590,278,899)	(434,831,697)	(179,869,502)	(139,384,823)
Gross profit		1,064,081,337	764,871,211	383,356,489	311,022,493
Other income and gains	6	8,530,521	11,200,002	5,827,527	9,047,708
Administrative expenses		(492,020,323)	(449,797,231)	(167,032,979)	(137,458,239)
Selling and marketing expenses		(49,353,062)	(42,926,730)	(27,238,796)	(20,496,731)
Other operating expenses		(536,721,353)	(478,964,747)	(149,487,624)	(132,945,010)
Change in fair value of investment property	14	-	62,770,700	-	62,770,700
Operating profit/(loss)		(5,482,880)	(132,846,795)	45,424,617	91,940,922
Finance income	7.1	7,071,565	7,065,061	38,881,471	14,593,500
Finance costs	7.2	(623,688,644)	(828,325,524)	(304,531,553)	(330,538,441)
Share of profit of associate	17	72,312,263	(158,004,780)	72,312,263	(158,004,780)
Impairment of associate	17	-	-	-	-
Loss before Tax	8	(549,787,696)	(1,112,112,038)	(147,913,202)	(382,008,799)
Tax reversal/(Expense)	9	(112,961,609)	(157,552,784)	(112,067,054)	(158,661,150)
Loss for the year		(662,749,305)	(1,269,664,822)	(259,980,256)	(540,669,949)
Loss attributable to:					
Equity holders of the parent		(592,663,938)	(1,148,060,387)	(259,980,256)	(540,669,949)
Non-controlling interests		(70,085,367)	(121,604,435)	-	-
		(662,749,305)	(1,269,664,822)	(259,980,256)	(540,669,949)
Basic/Diluted loss per share	10	(2.08)	(4.03)	(0.91)	(1.90)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 97 through 183 form an integral part of these financial statements.

Statement of Comprehensive Income

Year Ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
		Rs.	Rs.	Rs.	Rs.
Loss for the year		(662,749,305)	(1,269,664,822)	(259,980,256)	(540,669,949)
Other comprehensive income/(loss)					
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods					
Revaluation of land and building	13	888,687,171	196,093,252	206,532,767	105,819,879
Income tax effect on revaluation of land and buildings	27	(607,529,125)	(144,629,184)	(61,959,830)	(117,547,172)
Actuarial gain / (loss) on defined benefit plan	26	(405,010)	2,558,124	783,628	1,446,252
Income tax effect on defined benefit plan	27	121,503	(767,437)	(235,088)	(433,876)
Share of other comprehensive income of associate	17	335,174	419,970	335,174	419,970
Other comprehensive income for the year, net of tax		281,209,713	53,674,724	145,456,652	(10,294,946)
Total comprehensive income/ (loss) for the year, net of tax		(381,539,592)	(1,215,990,098)	(114,523,605)	(550,964,895)
Total comprehensive income/ (loss) attributable to:					
Equity holders of the parent		(334,765,366)	(1,105,370,357)	(114,523,605)	(550,964,895)
Non-controlling interests		(46,774,227)	(110,619,740)	-	-
		(381,539,592)	(1,215,990,097)	(114,523,605)	(550,964,895)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 97 through 183 form an integral part of these financial statements.

Statement of Financial Position

As At 31 March	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	13	7,148,998,711	6,420,997,101	1,639,017,318	1,458,119,973
Investment properties	14	639,266,966	639,266,966	639,266,966	639,266,966
Right-of-use assets	15	174,236,883	176,262,891	174,236,883	176,262,891
Intangible assets	16	-	167,648	-	167,647
Investment in associate	17	2,243,671,211	2,171,023,774	2,243,671,211	2,171,023,774
Investment in subsidiary	18	-	-	1,881,851,775	1,881,851,775
Other receivables - related parties	19	-	-	473,599,178	91,184,633
		10,206,173,771	9,407,718,380	7,051,643,331	6,417,877,658
Current assets					
Inventories	20	52,709,644	44,337,930	12,459,063	12,885,121
Trade and other receivables	19	253,660,966	173,017,582	68,235,981	132,783,077
Other current financial assets	21	8,394,420	5,917,300	8,394,420	5,917,300
Tax receivables		5,431,530	5,057,888	5,245,356	4,304,892
Advances and prepayments	22	16,719,843	27,628,221	8,100,461	4,442,657
Cash and bank balances	23	60,592,385	40,628,820	12,115,199	6,877,600
		397,508,789	296,587,742	114,550,480	167,210,647
Total assets		10,603,682,562	9,704,306,124	7,166,193,813	6,585,088,307
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	24	4,624,023,566	4,624,023,566	4,624,023,566	4,624,023,566
Revaluation reserve		2,208,273,419	1,949,850,679	646,902,677	501,611,028
Merger reserve		(3,536,381,151)	332,134,791	332,134,791	332,134,791
Retained earnings		3,628,050,626	(2,943,193,045)	(1,440,464,902)	(1,180,649,648)
Equity attributable to owners of the company		266,490,557	3,962,815,991	4,162,596,131	4,277,119,737
Non-controlling interests		3,894,541,181	313,264,783	-	-
Total equity		3,894,541,181	4,276,080,773	4,162,596,131	4,277,119,737

Statement of Financial Position

As At 31 March	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Non-current liabilities					
Interest bearing loans and borrowings	25	2,469,992,929	3,140,604,231	452,698,356	1,039,002,861
Retirement benefit obligation	26	30,597,868	28,569,491	20,375,080	18,771,198
Deferred tax liability	27	1,375,824,543	655,455,311	506,396,556	332,134,584
Other payables - related parties	28	694,632,020	37,647,199	694,632,020	37,647,199
		4,571,047,361	3,862,276,233	1,674,102,011	1,427,555,841
Current liabilities					
Trade and other payables	28	869,641,768	730,254,644	384,741,394	302,555,209
Interest bearing loans and borrowings	25	1,249,660,411	701,775,533	942,077,275	458,985,260
Contract liabilities	29	18,791,841	133,918,941	2,677,001	118,872,260
		2,138,094,020	1,565,949,118	1,329,495,670	880,412,729
Total equity and liabilities		10,603,682,562	9,704,306,124	7,166,193,813	6,585,088,307

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Nuwan Dias

Group Head of Finance

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



S D De Mel

Chairman



S A Ameresekere

Director

The accounting policies and notes on pages 97 to 183 form an integral part of these financial statements.

30 August 2024

Colombo

Statement of Changes in Equity

Group	Note	Attributable to Equity holders of the Parent				Total	Non-Controlling Interest	Total Equity
		Stated Capital	Revaluation Reserves	Merger Reserves	Retained Earnings			
Balance as at 01 April 2022		4,624,023,566	1,908,989,935	332,134,791	(1,796,961,944)	5,068,186,348	423,884,523	5,492,070,871
Adjustment on changes to non-controlling interest in subsidiaries		-	-	-	-	-	-	-
Net loss for the year		-	-	-	(1,148,060,387)	(1,148,060,387)	(121,604,435)	(1,269,664,822)
Other comprehensive income/(loss)		-	-	-	-	-	-	-
Revaluation of land and building	13	-	180,591,758	-	-	180,591,758	15,501,494	196,093,252
Income tax effect on revaluation of land and buildings	27	-	(139,978,736)	-	-	(139,978,736)	(4,650,448)	(144,629,184)
Actuarial gain / (loss) on defined benefit plan	26	-	-	-	2,367,196	2,367,196	190,928	2,558,124
Income tax effect on defined benefit plan	27	-	-	-	(710,159)	(710,159)	(57,278)	(767,437)
Share of other comprehensive income / (loss) of associate	17	-	247,722	-	172,248	419,970	-	419,970
Total other comprehensive income / (loss), net of tax		-	40,860,744	-	1,829,286	42,690,030	10,984,695	53,674,725
Total comprehensive income / (loss) for the year, net of tax		-	40,860,744	-	(1,146,231,101)	(1,105,370,357)	(110,619,740)	(1,215,990,097)
Balance as at 31 March 2023		4,624,023,566	1,949,850,679	332,134,791	(2,943,193,045)	3,962,815,991	313,264,783	4,276,080,773
Balance as at 01 April 2023		4,624,023,566	1,949,850,679	332,134,791	(2,943,193,045)	3,962,815,991	313,264,783	4,276,080,773
Net loss for the year		-	-	-	(592,663,938)	(592,663,938)	(70,085,367)	(662,749,305)
Other comprehensive income/(loss)		-	-	-	-	-	-	-
Revaluation of land and building	13	-	771,549,504	-	-	771,549,504	117,137,667	888,687,171
Income tax effect on revaluation of land and buildings	27	-	(513,845,475)	-	-	(513,845,475)	(93,683,650)	(607,529,125)
Actuarial loss on defined benefit plan	26	-	-	-	(200,900)	(200,900)	(204,110)	(405,010)
Income tax effect on defined benefit plan	27	-	-	-	60,270	60,270	61,233	121,503
Share of other comprehensive income of associate	17	-	718,712	-	(383,538)	335,174	-	335,174
Total other comprehensive income/ (loss), net of tax		-	258,422,741	-	(524,168)	257,898,572	233,111,140	281,209,713
Total comprehensive loss for the year, net of tax		-	258,422,741	-	(593,188,106)	(334,765,366)	(46,774,227)	(381,539,592)
Balance as at 31 March 2024		4,624,023,566	2,208,273,419	332,134,791	(3,536,381,151)	3,628,050,625	266,490,557	3,894,541,181

Statement of Changes in Equity

Company	Note	Stated Capital	Revaluation Reserves	Merger Reserves	Retained Earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2022		4,624,023,566	513,090,599	332,134,791	(641,164,323)	4,828,084,633
Net loss for the year		-	-	-	(540,669,949)	(540,669,949)
Other comprehensive income/(loss)						
Revaluation of land and building	13	-	105,819,879	-	-	105,819,879
Income tax effect on revaluation of land and buildings	27	-	(117,547,172)	-	-	(117,547,172)
Actuarial gain on defined benefit plan	26	-	-	-	1,446,252	1,446,252
Income tax effect on defined benefit plan	27	-	-	-	(433,876)	(433,876)
Share of other comprehensive income / (loss) of associate	17	-	247,722	-	(1,853,047)	419,970
Total other comprehensive income, net of tax		-	(11,479,571)	-	1,184,624	(10,294,946)
Total comprehensive income/(loss) for the year, net of tax		-	(11,479,571)	-	(539,485,325)	(550,964,895)
Balance as at 31 March 2023		4,624,023,566	501,611,028	332,134,791	(1,180,649,648)	4,277,119,739
Balance as at 01 April 2023		4,624,023,566	501,611,028	332,134,791	(1,180,649,648)	4,277,119,739
Net loss for the year		-	-	-	(259,980,256)	(259,980,256)
Other comprehensive income/(loss)						
Revaluation of land and building	13	-	206,532,767	-	-	206,532,767
Income tax effect on revaluation of land and buildings	27	-	(61,959,830)	-	-	(61,959,830)
Actuarial loss on defined benefit plan	26	-	-	-	783,628	783,628
Income tax effect on defined benefit plan	27	-	-	-	(235,088)	(235,088)
Share of other comprehensive income of associate	17	-	718,712	-	(383,538)	335,174
Other comprehensive income, net of tax		-	145,291,649	-	165,002	145,456,652
Total comprehensive loss for the year, net of tax		-	145,291,649	-	(259,815,254)	(114,523,605)
Balance as at 31 March 2024		4,624,023,566	646,902,677	332,134,791	(1,440,464,902)	4,162,596,134

* Revaluation reserve is used to record increments and decrements on the revaluation of lands and buildings of the Group. In the event of a sale or disposal of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings, see accounting policy note 2.3(h) for details.

* Merger Reserve was created as a result of the Citrus Group restructure. Kalpitiya Beach Resort PLC (KBRL) and Passikudah Beach Resort Limited (PBRL) has been amalgamated with Hikkaduwa Beach resort PLC on 30 January 2018 and 2 February 2018 respectively.

The accounting policies and notes on pages 97 through 183 form an integral part of these financial statements.

Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash flows from/(used in) operating activities					
Loss before income tax expense		(549,787,696)	(1,112,442,686)	(147,913,202)	(382,339,447)
Adjustments for:					
Depreciation	13	200,376,405	191,994,543	44,271,600	35,621,917
Amortisation of intangible assets	16	167,648	623,221	167,647	310,581
Provision for defined benefit plans	26	9,593,317	7,056,447	5,804,579	3,915,514
Depreciation of right-of-use assets	15	2,026,008	2,026,008	2,026,008	2,026,008
Finance income	7.1	(4,286,532)	(5,850,911)	(36,096,438)	(13,379,350)
Finance costs	7.2	623,688,644	828,325,524	304,531,553	330,538,441
Dividend income	7.1	(307,913)	(446,250)	(307,913)	(446,250)
(Gain) / loss on financial assets at fair value	7				
		(2,477,120)	(767,900)	(2,477,120)	(767,900)
Change in fair value of investment property	14				
		-	(62,770,700)	-	(62,770,700)
Gain on disposal of property, plant & equipment	6				
		-	(157,491)	-	-
Impairment of trade receivables	8	250,000	1,150,000	250,000	1,150,000
Share of profits from investment in associate	17				
		(72,312,263)	158,004,780	(72,312,263)	158,004,780
Operating profit/ (loss) before working capital changes		206,930,498	6,744,584	97,944,451	71,863,594
(Increase)/ decrease in inventories		(8,371,714)	(15,488,446)	426,058	(3,653,769)
(Increase)/ decrease in trade and other receivables		(80,643,384)	(98,239,840)	100,287,328	(79,242,638)
(Increase)/ decrease in advances and prepayments		10,908,378	(4,827,547)	(3,657,804)	(130,018)
Increase/ (decrease) in contract liabilities		(115,127,100)	96,975,170	(116,195,259)	94,704,391
Increase/ (decrease) in trade and other payables		90,033,956	120,165,190	35,098,949	27,614,600
Cash generated from/(used in) operations		103,730,633	105,329,111	113,903,722	111,156,160
Finance cost paid		(576,201,431)	(117,503,806)	(257,044,340)	(88,663,563)
Tax paid		(1,176,175)	(372,396)	(940,463)	(330,904)
Defined benefit plan cost paid	26	(7,969,950)	(3,519,168)	(3,417,070)	(189,000)
Net cash flow from/(used in) operating activities		(481,616,922)	(16,066,260)	(147,498,151)	21,972,692

Statement of Cash Flows

Year ended 31 March	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment	13	(54,929,068)	(69,774,492)	(18,636,174)	(31,058,535)
Finance income received		2,438,527	4,150,911	106,206	555,129
Proceed from sale of fixed assets		-	157,491	-	-
Dividend income		307,913	446,250	307,913	446,250
Net cash flow from/(used in) investing activities		(52,182,629)	(65,019,840)	(18,222,056)	(30,057,156)
Cash flows from/ (used in) financing activities					
Proceeds from interest bearing loans and borrowings	25	-	602,594,309	-	602,594,309
Repayment of interest bearing loans and borrowings	25	(116,696,834)	(562,091,277)	(97,516,334)	(547,060,477)
Principal payment under lease liabilities		-	-	-	-
Net financed to related parties		676,889,520	16,272,177	274,570,276	(46,350,962)
Net cash flows from/(used in) financing activities		560,192,686	56,775,209	177,053,942	9,182,871
Net increase/ (decrease) in cash and cash equivalents		26,393,135	(24,310,891)	11,333,735	1,098,407
Cash and cash equivalents at the beginning of the year		(329,929,512)	(305,618,621)	(218,418,664)	(219,517,071)
Cash and cash equivalents at the end of the year (note A)		(303,536,377)	(329,929,512)	(207,084,929)	(218,418,664)
Note A					
Analysis of cash and cash equivalents					
Cash in hand and cash at bank	23	31,326,946	14,497,792	12,115,199	6,877,600
Short term deposits with original maturity less than three months	21	29,265,439	26,131,028	-	-
Bank overdrafts	25	(364,128,762)	(370,558,332)	(219,200,129)	(225,296,264)
Total cash and cash equivalents		(303,536,377)	(329,929,512)	(207,084,929)	(218,418,664)

The accounting policies and notes on pages 97 to 183 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 March 2024

1. CORPORATE INFORMATION

The consolidated financial statements of the Hikkaduwa Beach Resort PLC and its subsidiary (collectively, the Group) for the year ended 31 March 2024 were authorised for issue in accordance with a resolution of the directors on 30 August 2024. Hikkaduwa Beach Resort PLC (the Company or the parent) is a public limited Company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded. The registered office of the Company is located at No. 56/1, Kynsey Road, Colombo 8.

The Group is principally engaged in the provision of Hotel Services. Information of the subsidiary are provided in Note 2.2.1

In the opinion of the Directors, the immediate parent of Hikkaduwa Beach Resort PLC is Citrus Leisure PLC and ultimate parent is George Steuart & Company Ltd, which is incorporated in Sri Lanka.

2. MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements which comprise the statement of profit or loss, 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 (the “financial statements”) 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.

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position.

- Land and Buildings which are recognised as property plant and equipment which are measured at cost at the time of the acquisition and subsequently carried at fair value.
- Land and buildings which are recognised as investment property are measured at cost at the time of the acquisition and subsequently carried at fair value.
- Financial assets at fair value through profit or loss carried at fair value.

The consolidated financial statements are presented in Sri Lanka rupees (Rs.) and values are rounded to the nearest whole number value, except when otherwise indicated.

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.

2.1.1 The Business Operations of the Group and Going Concern

a.) Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2024, based on available information, the management has assessed the impact of existing economic circumstances on the Group and the appropriateness of the use of the going concern basis. The

Notes to the Financial Statements

Year ended 31 March 2024

Company evaluated the resilience of its businesses by considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment, and the amount of undrawn borrowing facilities, and potential sources of financing facilities.

Having evaluated each Company of the Group by the Board of Directors, and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as for the year ended 31 March 2024.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary,

adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting under separate financial statements

Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements.

2.2.1 Subsidiary

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiary is prepared for the same reporting period

as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Subsidiary & their controlling percentages of the Group, which have been consolidated are as follows

Subsidiary	Effective Holding		Principal Activities
	2024	2023	
Waskaduwa Beach Resort PLC	82.83%	82.83%	Provision of food and beverage, lodging, other hospitality industry related activities.

The Financial Statements of the subsidiary are prepared in compliance with the Group's accounting policies.

2.2.2 Investment in Associate

The Group's investment in associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence, and which is neither a subsidiary nor a

Notes to the Financial Statements

Year ended 31 March 2024

joint venture. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the Statement of profit or loss.

In case of associates, where the reporting dates are different to Group reporting dates, adjustments are made for any significant transactions or events up to 31st March.

Associate	Effective Holding		Principal Activities
	2024	2023	
Colombo Land & Development Company PLC	20.22%	20.22%	Development and leasing out of investment property under operating leases and renting of vehicle parking.

The Financial Statements of Colombo Land & Development Company PLC has been prepared for the year ended 31st December. The equity method of accounting has been applied matching twelve month financial period up to 31st March as of the same date as the Financial Statements of the parent.

2.3 Summary of Material accounting policies

a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the

contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of

net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Current versus non-current classification

The Group presents assets and liabilities in the Statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading

Notes to the Financial Statements

Year ended 31 March 2024

- Expected to be realised within twelve months after the reporting period
or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

c) Fair value measurement

The Group measures financial instruments such as quoted equity securities designated as fair value through profit or loss and land and buildings at fair value at each financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on

the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair

value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1-Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group's Senior Management and Board determines the policies and procedures for fair value measurement, such as land and buildings.

External valuers are involved for valuation of Land, Buildings of the Group. Involvement of external valuers is determined annually by the senior management and the board after discussion with and approval by the Company's Audit Committee. Selection

criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Notes to the Financial Statements

Year ended 31 March 2024

Fair value measurement	Disclosure Notes
Disclosures for valuation methods, significant estimates and assumptions	Notes 13, 14 and 15
Quantitative disclosures of fair value measurement hierarchy	Note 12
Investment in quoted equity shares	Notes 12 and 21.1
Property, plant and equipment under revaluation model	Note 13
Investment properties	Note 14
Financial Instruments (Including those carried at amortised cost)	Note 11

d) Revenue

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expect to entitled in exchange of those goods or services.

The Company's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net Company's turnover excludes turnover taxes and trade discounts.

- Room revenue is recognised on the rooms occupied on daily basis.
- Food and Beverage revenue is recognised at the time of sales.
- Other Hotel Related Revenue is accounted when such service is rendered.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays

consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

The Group recognises advanced received for future booking as contract liabilities which has been disclosed under current liabilities in the statement of financial position.

(ii) Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as financial assets at fair value through OCI, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

(iii) Rental income, other income and gains

Rental income, other income and gains are recognised in the statement of profit or loss as it accrues.

(iv) Gains and losses on disposal of assets

Gains and losses on disposal of Assets are determined by comparing the net sales proceeds with the carrying amounts of the assets and are recognised net within "other operating income" in the Statement of Profit or Loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(v) Dividend income

Dividend income is recognised when right to receive the payment is established.

e) Taxes**Current income tax**

Current income tax assets and liabilities 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 at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiary, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Notes to the Financial Statements

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- In respect of deductible temporary differences associated with investments in subsidiary, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction

in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax on undistributed profits of investment in associate

The Group does not control is equity accounted investees. It is therefore generally not in a position to control the timing of the reversal of a possible taxable temporary difference relating to the undistributed profits of the equity accounted investees.

The group calculates deferred tax based on the most likely manner of reversal taking into account management's intent and the tax jurisdiction applicable to relevant equity accounted investees.

The management intends to recover the carrying amount of the investment primarily through sale of the investment rather than through dividends. The deferred tax implications are evaluated based on the tax consequences on the sale of investments.

Since the carrying amount is expected to be recovered through a sale transactions which has no tax consequences. No temporary difference arise on the equity accounted investees and no deferred tax is provided.

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 an assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that 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.

f) Foreign currencies

The Group's consolidated financial statements are presented in Sri Lanka Rupees, which is also the parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities

denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss.

g) Cash dividend

The Group recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Group. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

h) Property, plant and equipment

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in profit or loss as incurred.

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Lands are measured at fair value less accumulated impairment losses recognised after the date of revaluation. Buildings are measured at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of revaluation. Revaluation of land and buildings are done with sufficient frequency to ensure that the fair value of the land does not differ materially from its carrying amount, and is undertaken by professionally qualified valuers. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is recognised in the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Useful lives as follows;

Asset	Years
Buildings	10 - 40 Years
Furniture and fittings	6 Years
Entertainment equipment	4 Years
Office equipment	6 Years
Machinery and other equipment	10 Years
Electrical fittings and equipment	10 Years
Furnishing and linen	3 years
Kitchen utensils and other equipment	10 years
Air condition system	13 - 15 years
Gardening and landscaping	5 - 6 Years
Crockery, cutlery and glassware	3 Years
Motor vehicles	4 - 5 Years
Generator and transformers	15 Years
Computers and hardware	3 Years
Sundry equipment	5 Years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses if any. These would be transferred to the relevant asset category in property, plant and equipment when the asset is completed and available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

i) Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production of supply of goods or services or for administrative purposes.

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Derecognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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Year ended 31 March 2024

k) Intangible assets

An Intangible asset is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured. Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful life of intangible asset is assessed as finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The useful life of intangible assets are as follows;

Computer Software	Over 4 Years
Website Development	Over 4 Years

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

consistent with the function/nature of the intangible asset. Amortisation was commenced when the assets were available for use.

l) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Financial assets

Initial recognition and measurement

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 Group's business model for managing them.

In order 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 Group'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.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortised cost (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 OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group 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 group financial assets at amortised cost includes trade receivables and fixed deposits.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under SLFRS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which

Notes to the Financial Statements

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case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have any financial instrument under this category as at the reporting date.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have any financial instrument under this category as at the reporting date.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the group consolidated statement of financial position) when:

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

Or

- The group 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 group has transferred substantially all the risks and rewards of the asset,
 - or
 - (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the

asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 04
- Financial assets Note 21
- Trade receivables Note 19.2

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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For trade receivables the group applies a simplified approach in calculating ECLs.

Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The group considers a financial asset in default when contractual payments are 365 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) 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 derivatives designated as hedging instruments in an effective hedge, 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 Group financial liabilities include trade and other payables, lease liabilities and interest bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification a described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there

is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Food and Beverages	At Weighted Average Cost
House Keeping and Maintenance	At Weighted Average Cost
Other Stock	At Weighted Average Cost

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, 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

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asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets.

Impairment / Reversal of impairment

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in statement of income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o) 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, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

p) Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment are not depreciated once classified as held for sale. Assets classified as held for sale are presented separately as current items in the statement of financial position

q) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

r) **Employee Benefits**

Defined Contribution Plans

A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in Statement of Profit or Loss in the periods during which services are rendered by employees. The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – “Employee benefits”. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Current service cost and interest cost are recognised in the Statement of Profit or Loss while any actuarial gains or losses arising are recognised in Statement of Other Comprehensive Income.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 26. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

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Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

s) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over

the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Description	Period
Land and Buildings	91 Years

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the

lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT REPORTING DATE

The new and amended standards and interpretations that are issued up to the date of issuance of the Group's financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective

3.1 Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

3.2 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2024.

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3.3 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments are effective for annual periods beginning on or after 1 January 2024.

3.4 SLFRS 17 Insurance Contracts

This standard does not apply to the group, so it has no effect in this context.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

Capital management	Note 34
Financial instruments risk management and policies	Note 11/33
Sensitivity analyses	Notes 13.3.1 disclosures and 26.3

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases,

mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of long term Government Bonds (Treasury Bonds) corresponding to the average work life of the employees.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in Note 26.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. Management considered 100% ECL for debtors aged more than 365 days in determining the provision matrix for ECL.

The provision matrix is initially based on the Company's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Company has considered the current decline in the tourism industry due to the impact of economic recession in determining the provisioning under ECL. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussion with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly.

Recoverability of Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Performance obligations and significant judgements

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under each contract as one

Notes to the Financial Statements

Year ended 31 March 2024

performance obligation. The revenue is accounted based on the output method.

Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue.

Transaction price shall comprise of supplier fee and Company markup, summing up to be the Gross Service fee. The advance payments are recognised as a liability. Upon provision of the services, the liability is set off and revenue is recognised over the period.

Fair value of freehold land and buildings

The Group measures freehold land and buildings at fair value with changes in fair value being recognised in other comprehensive income. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Fair value related disclosures for assets measured at fair value are summarised in the Note 12 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to the for the following assets of the Group for which the key assumptions used are disclosed and further explained in the respective notes.

- Equity Accounted Investees (Note 17.4)
- Cash Generating Units (CGU) of the Group (Note 13.6)
- Investments in Subsidiaries (Note 18)

Notes to the Financial Statements

Year ended 31 March 2024

5 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue				
Room revenue	867,169,474	603,055,156	340,303,202	274,751,235
Food revenue	466,288,787	333,394,191	149,397,270	116,008,878
Beverage revenue	120,774,491	64,003,765	49,133,256	26,337,107
Banquet revenue	190,110,885	191,701,928	20,152,663	30,190,883
Laundry income	1,645,387	906,084	785,745	486,459
Ayurvedic spa income	8,371,212	6,641,784	3,453,855	2,632,754
	1,654,360,236	1,199,702,908	563,225,991	450,407,316

6 OTHER INCOME AND GAINS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Swimming pool income	289,660	314,388	289,660	314,388
Gain on foreign currency encashment	125,683	853,983	125,683	853,983
Other sundry income*	6,890,002	9,077,894	4,511,708	7,398,932
Gain on disposal of property, plant, and equipment	-	157,491	-	-
Shop rent income	1,225,176	796,245	900,476	480,404
Sales from gift shop	-	-	-	-
	8,530,521	11,200,002	5,827,527	9,047,708

In 2024, the other sundry income category primarily comprises proceeds from the sale of coconuts harvested at the Kalpitiya land.

Notes to the Financial Statements

Year ended 31 March 2024

7 FINANCE INCOME AND COST

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
7.1 Finance Income				
Interest income on fixed deposits and savings accounts	2,586,532	4,150,911	106,206	555,129
Mortgage fee income	1,700,000	1,700,000	2,200,000	2,200,000
Interest on related party receivables	-	-	33,790,232	10,624,221
Fair value gain on financial assets at fair value through profit or loss	2,477,120	767,900	2,477,120	767,900
Dividend Income	307,913	446,250	307,913	446,250
	7,071,565	7,065,061	38,881,471	14,593,500
7.2 Finance costs				
Interest expense on overdrafts	68,935,212	84,509,034	45,644,495	55,668,791
Interest expenses on bank loans	507,911,592	736,448,792	212,045,218	267,501,952
Interest on related party payables	46,841,840	7,367,698	46,841,841	7,367,698
	623,688,644	828,325,524	304,531,553	330,538,441

8 LOSS BEFORE TAX

Loss before tax is stated after charging all the expenses including the following:

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Employees benefits including the following				
- Salaries and wages	166,081,996	146,879,380	64,548,031	56,836,584
- Defined benefit plan costs - gratuity	9,593,317	7,056,447	5,804,579	3,915,514
- Defined contribution plan costs EPF and ETF	24,904,043	22,058,162	9,680,625	8,506,283
Auditors' remuneration				
- Statutory audit fee	1,407,150	1,165,000	900,000	715,000
- Non audit fee	291,320	222,241	180,000	114,441
Depreciation of property, plant and equipment	194,327,786	191,994,543	32,847,981	35,621,917
Amortisation of intangible assets	167,647	623,222	167,647	310,581
Depreciation of right-of-use assets	-	2,026,008	-	2,026,008
Impairment of trade receivables	250,000	1,150,000	250,000	1,150,000
Donations	10,000	690,107	10,000	690,107
Business promotion and advertising costs	21,201,987	26,302,564	9,686,052	9,891,097

Notes to the Financial Statements

Year ended 31 March 2024

9 TAX EXPENSE

The major components of income tax expenses for the year ended 31 March are as follows :-

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Current income tax				
Income tax expense (9.1)	-	1,364,524	-	1,087,320
Income tax (over)/ under provision in respect of previous years	-	-	-	-
	-	1,364,524	-	1,087,320
Deferred Income tax				
Deferred taxation charge/ (reversal) (9.3)	112,961,609	156,188,260	112,067,054	157,573,830
Income tax expense/ (reversal) reported in the statement of profit or loss	112,961,609	157,552,784	112,067,054	158,661,150

9.1 A reconciliation between income tax expense and the product of accounting profit / (loss) multiplied by the statutory tax rate is as follows;

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting loss before income tax	(549,787,696)	(1,112,112,038)	(147,913,202)	(382,008,799)
Share of profit of associate	(72,312,263)	158,004,780	(72,312,263)	158,004,780
	(622,099,959)	(954,107,258)	(220,225,465)	(224,004,019)
Less: Aggregate allowable items	(317,962,103)	(49,664,052)	(36,152,097)	(31,469,570)
Add: Aggregate disallowed items	235,526,432	216,672,175	69,993,778	43,910,267
Less: Non business income	(38,884,676)	(17,421,382)	(36,404,351)	(13,825,600)
Less: Non-taxable income	(6,930,957)	579,960,960	(6,227,763)	(70,630,611)
Business loss	(750,351,263)	(224,559,557)	(229,015,898)	(296,019,533)

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Other sources of income				
Interest income	38,565,982	5,685,517	36,085,657	4,530,502
Interest income exempt from tax	(38,565,982)	-	(36,085,657)	-
Total statutory income	-	5,685,517	-	4,530,502
Tax losses deducted against other sources of income	-	-	-	-
Assessable income	-	5,685,517	-	4,530,502
Less: Qualifying payments	-	-	-	-
Total taxable income	-	5,685,517	-	4,530,502
Tax on taxable income @ special rates 14%	-	-	-	-
Tax on taxable income @ normal rates 24%	-	1,364,524	-	1,087,320
Tax on taxable income @ normal rates 30%	-	-	-	-
Current income tax charge	-	1,364,524	-	1,087,320

9.2 Income tax rates

(i) Hotel operations

The profits and income of the Company arising on provision of tourism related services is liable for taxation at the rate of 14% up to 30th September 2022 and 30% thereafter (2021/22 : 14%) in terms of Revenue Act No. 24 of 2017 and amendments thereto.

Waskaduwa Beach Resort PLC

Pursuant to agreement dated 19 March 2012, entered into with Board of Investments of Sri Lanka under section 17 of the Board of Investment Law No. 04 of 1978, the provision of the Inland Revenue No. 24 of 2017 relating to the imposition, payment and recovery of income tax in respect of the profit and income of the Company shall not apply for a period of twelve (12) years reckoned from the year of assessment 2016/2017.

(ii) Other income and gains

Income from other sources are taxed at the rate of 24% up to 30th September 2022 and 30% thereafter.(2021/22 : 24%)

9.3 In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and amendment thereto and the Gazette notifications issued on transfer pricing.

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Year ended 31 March 2024

9 TAX EXPENSE (Contd.)

9.4 Deferred tax expense /(reversal)

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred tax arising from				
- Accelerated depreciation for tax purposes	113,857,181	67,284,256	112,858,308	67,284,256
- Retirement benefit obligation	(820,571)	(5,142,074)	(716,253)	(3,756,504)
- Benefit arising from tax losses and others	-	72,636,038	-	72,636,038
- Revaluation of investment property to fair value	-	22,332,210	-	22,332,210
- Impairment of trade debtors	(75,000)	(922,170)	(75,000)	(922,170)
Total deferred tax charge/(reversal)	112,961,609	156,188,260	112,067,054	157,573,830

10 BASIC/DILUTED LOSS PER SHARE

Loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations.

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Amounts used as the numerator :				
Net loss for the year attributable to the owners of the parent	(592,663,938)	(1,148,060,387)	(259,980,256)	(540,669,949)
Amounts used as the denominator :				
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	284,898,354	284,898,354	284,898,354	284,898,354
Basic/diluted loss per share (Rs.)	(2.08)	(4.03)	(0.91)	(1.90)

11 FINANCIAL INSTRUMENTS

11.1 FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities of the Group and the Company.

a) Financial assets and liabilities by categories -Group

As at 31 March	2024		2023	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets				
Other current financial assets				
- Listed equity investments	8,394,420	-	5,917,300	-
- Investments in bank deposits	-	29,265,439	-	26,131,028
Trade and other receivables	-	253,660,966	-	173,017,582
Total financial assets	8,394,420	282,926,405	5,917,300	199,148,610

As at 31 March	2024		2023	
	Fair value through profit or loss Rs.	Other Financial liabilities Rs.	Fair value through profit or loss Rs.	Other Financial liabilities Rs.
Financial liabilities				
Interest Bearing Loans and Borrowings	-	3,719,653,340	-	3,842,379,764
Trade and other payables	-	566,673,768	-	373,458,440
Total financial liabilities	-	4,286,327,108	-	4,215,838,204

Notes to the Financial Statements

Year ended 31 March 2024

11 FINANCIAL INSTRUMENTS (Contd.)

b) Financial assets and liabilities by categories - Company

As at 31 March	2024		2023	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets				
Other current financial assets				
- Listed equity investments	8,394,420	-	5,917,300	-
Trade and other receivables	-	541,835,159	-	223,979,710
Total financial assets	8,394,420	541,835,159	5,917,300	223,979,710

As at 31 March	2024		2023	
	Fair value through profit or loss Rs.	Other Financial liabilities Rs.	Fair value through profit or loss Rs.	Other Financial liabilities Rs.
Financial liabilities				
Interest bearing loans and borrowings	-	1,394,775,632	-	1,497,988,121
Trade and other payables	-	179,727,692	-	144,386,387
Total financial liabilities	-	1,574,503,324	-	1,642,374,509

Financial assets of which carrying values are reasonable approximates at their fair value

The management assessed that the fair values of cash and short-term deposits, trade and other receivables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Financial liabilities of which carrying values are reasonable approximates its fair value

The management assessed that the fair values of trade and other payables, interest bearing loans and borrowings and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

12

FAIR VALUE MEASUREMENT

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

12.1

Group

Fair value measurement hierarchy for assets as at 31 March 2023 and 2024:

Assets measured at fair value	Note	Date of valuation	Total	Fair value measurement using		
				Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
				Rs.	Rs.	Rs.
As at 31 March 2024						
Non-financial assets						
Property, plant and equipment						
- Land	(Note 13)	31 March 2024	1,985,345,000	-	-	1,985,345,000
- Buildings	(Note 13)	31 March 2024	4,955,043,184	-	-	4,955,043,184
Investment properties						
- Land	(Note 14)	31 March 2024	633,900,700	-	-	633,900,700
- Buildings	(Note 14)	31 March 2024	5,366,266	-	-	5,366,266
Non financial assets as at 31 March 2024			7,579,655,150	-	-	7,579,655,150
Financial assets						
Equity instruments designated at fair value through profit or loss						
Quoted equity shares	(Note 21)	31 March 2024	8,394,420	8,394,420	-	-
Financial assets as at 31 March 2024			8,394,420	8,394,420	-	-
As at 31 March 2023						
Non-financial assets						
Property, plant and equipment						
- Land	(Note 13)	31 March 2023	1,685,067,489	-	-	1,685,067,489
- Buildings	(Note 13)	31 March 2023	4,485,088,012	-	-	4,485,088,012
Investment properties						
- Land	(Note 14)	31 March 2023	633,900,700	-	-	633,900,700
- Buildings	(Note 14)	31 March 2023	5,366,266	-	-	5,366,266
Non financial assets as at 31 March 2023			6,809,422,467	-	-	6,809,422,467
Financial assets						
Equity instruments designated at fair value through profit or loss						
Quoted equity shares	(Note 21)	31 March 2023	5,917,300	5,917,300	-	-
Financial assets as at 31 March 2023			5,917,400	5,917,400	-	-

Notes to the Financial Statements

Year ended 31 March 2024

13 PROPERTY, PLANT AND EQUIPMENT

13.1 Group

13.1.1 Gross carrying amounts

	Balance as at 01.04.2023 Rs.	Additions / Transfers in Rs.	Disposals Rs.	Revaluations Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2024 Rs.
At cost or valuation						
Freehold Land	1,749,933,000	-	-	235,412,000	-	1,985,345,000
Buildings	4,420,222,500	2,399,161	-	653,275,171	(120,853,648)	4,955,043,184
Furniture and Fittings	254,601,755	1,201,160	-	-	-	255,802,914
Plant & Machinery	137,068,460	744,267	-	-	-	137,812,727
Office Equipment	4,364,198	472,900	-	-	-	4,837,098
Computer equipment	20,542,371	586,725	-	-	-	21,129,096
Sundry Equipment	25,154,459	14,061	-	-	-	25,168,519
Linen and Furnishing	80,833,893	8,625,495	-	-	-	89,459,388
Kitchen Utensils and Other Equipments	152,541,817	1,033,832	-	-	-	153,575,649
Air Condition Systems	249,640,224	1,719,060	-	-	-	251,359,284
Gardening & Other Equipments	2,120,245	13,102,292	-	-	-	15,222,537
Electrical Fittings	114,185,050	14,654,652	-	-	-	128,839,703
Cutlery Crockery & Glassware	11,499,249	2,734,850	(653,895)	-	-	13,580,203
Generator & Transformers	60,113,084	6,043,982	-	-	-	66,157,066
Motor Vehicles	5,120,828	124,395	-	-	-	5,245,223
Entertainment and Security Equipment	75,047,047	1,472,237	-	-	-	76,519,284
	7,362,988,179	54,929,068	(653,895)	888,687,171	(120,853,648)	8,185,096,875
In the course of construction						
Building work in progress	15,447,047	-	-	-	(15,447,047)	-
	15,447,047	-	-	-	(15,447,047)	-
Total gross carrying amount	7,378,435,226	54,929,068	(653,895)	888,687,171	(136,300,695)	8,185,096,875

13 PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.1.2 Depreciation

	Balance	Charge for	Disposals	Transfers on	Balance
	As at 01.04.2023 Rs.	the year Rs.	Rs.	revaluation Rs.	As at 31.03.2024 Rs.
At cost or valuation					
Buildings	-	120,853,648	-	(120,853,648)	-
Furniture and Fittings	242,218,735	4,495,593	-	-	246,714,328
Plant & Machinery	11,441,663	13,681,932	-	-	128,093,595
Office Equipment	2,395,469	320,274	-	-	2,715,743
Computer equipment	18,916,966	941,853	-	-	19,858,819
Sundry Equipment	21,886,666	956,880	-	-	22,843,546
Linen and Furnishing	71,936,558	5,903,322	-	-	77,839,879
Kitchen Utensils and Other Equipments	124,211,985	14,292,084	-	-	138,504,069
Air Condition Systems	156,372,934	17,362,308	-	-	173,735,242
Gardening & Other Equipments	806,989	424,629	-	-	1,231,618
Electrical Fittings	96,207,595	9,735,901	-	-	105,943,496
Cutlery Crockery & Glassware	9,913,874	897,612	(862,718)	-	9,948,768
Generator & Transformers	31,538,536	4,458,817	-	-	35,997,353
Motor Vehicles	5,120,828	2,592	-	-	5,123,419
Entertainment and Security Equipment	61,499,328	6,048,960	-	-	67,548,289
	957,438,126	200,376,405	(862,718)	(120,853,648)	1,036,098,165

Notes to the Financial Statements

Year ended 31 March 2024

13 PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.1.3 Net book values

	2024 Rs.	2023 Rs.
At cost or valuation		
Freehold Land	1,985,345,000	1,685,067,489
Buildings	4,955,043,184	4,485,088,012
Furniture and Fittings	9,088,586	12,383,019
Plant & Machinery	9,719,133	22,656,798
Office Equipment	2,121,355	1,968,729
Computer equipment	1,270,277	1,625,405
Sundry Equipment	2,324,974	3,267,793
Linen and Furnishing	11,619,508	8,897,335
Kitchen Utensils and Other Equipments	15,071,579	28,329,831
Air Condition Systems	77,624,042	93,267,290
Gardening & Other Equipments	13,990,919	1,313,256
Electrical Fittings	22,896,207	17,977,456
Cutlery Crockery & Glassware	3,631,436	1,585,375
Generator & Transformers	30,159,713	28,574,547
Moter Vehicles	121,803	-
Entertainment and Security Equipment	8,970,995	13,547,719
	7,148,998,711	6,405,550,054
In the course of construction		
Building work in progress	-	15,447,047
	-	15,447,047
Total carrying amount of property, plant and equipment	7,148,998,711	6,420,997,101

13.1.4 During the financial year, the Group acquired property, plant and equipment for cash to the aggregate value of Rs. 54,929,068/- (2023: Rs.69,774,492/-).

13.1.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 110,241,844/- (2023: Rs. 445,705,821/-)

13 PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.2 Company

13.2.1 Gross Carrying Amounts

	Balance as at 01.04.2023	Additions / Transfers in	Transfers out	Revaluations	Transfers on revaluation	Balance as at 31.03.2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At cost or valuation						
Freehold Land	518,650,000	-	-	56,315,000	-	574,965,000
Buildings	851,715,000	2,399,161	-	150,217,767	(21,707,555)	982,624,373
Furniture and Fittings	58,800,175	615,960	-	-	-	59,416,135
Plant & Machinery	885,272	-	-	-	-	885,272
Office Equipment	4,364,198	472,900	-	-	-	4,837,098
Sundry Equipment	25,154,459	14,061	-	-	-	25,168,519
Linen and Furnishing	15,943,210	5,233,969	-	-	-	21,177,179
Kitchen Utensils and Other Equipments	24,289,983	521,342	-	-	-	24,811,325
Air Condition Systems	64,174,597	88,460	-	-	-	64,263,057
Gardening & Other Equipment	2,120,245	13,102,292	-	-	-	15,222,537
Electrical Fittings & Other Equipments	35,590,110	9,957,360	-	-	-	45,547,471
Cutlery Crockery & Glassware	3,247,614	1,061,053	(653,895)	-	-	3,654,771
Generator and Transformers	10,525,893	-	-	-	-	10,525,893
Motor Vehicles	25,470,062	124,395	-	-	-	25,594,457
Entertainment & Security Equipment	4,421,233	283,450	-	-	-	4,704,683
	1,645,352,052	33,874,402	(653,895)	206,532,767	(21,707,555)	1,863,397,772
In the course of construction						
Building work in progress	15,447,047	-	-	-	(15,447,047)	-
Total Gross Carrying Amount	1,660,799,099	33,874,402	(653,895)	206,532,767	(37,154,602)	1,863,397,772

Notes to the Financial Statements

Year ended 31 March 2024

13 PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.2.2 Depreciation

	Balance as at 01.04.2023 Rs.	Charge for the year Rs.	Disposals Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2024 Rs.
At cost or valuation					
Buildings	-	21,707,555	-	(21,707,555)	-
Furniture & Fittings	49,510,687	3,260,155	-	-	52,770,842
Plant & Machinery	885,272	-	-	-	885,272
Office Equipment	2,395,469	320,274	-	-	2,715,744
Sundry Equipment	21,886,666	956,880	-	-	22,843,546
Linen and Furnishing	12,760,010	2,410,800	-	-	15,170,809
Kitchen Utensils and Other Equipments	14,921,637	1,410,378	-	-	16,332,015
Air Condition Systems	50,887,031	4,945,277	-	-	55,832,308
Gardening & Other Equipments	806,989	424,629	-	-	1,231,618
Electrical Fitting	29,537,138	1,744,172	-	-	31,281,310
Cutlery Crockery & Glassware	1,835,524	534,533	(862,718)	-	1,507,339
Generator and Transformers	9,095,240	807,250	-	-	9,902,490
Motor Vehicles	4,641,937	5,377,592	-	-	10,019,528
Entertainment & Security Equipment	3,515,526	372,105	-	-	3,887,632
Total Depreciation	202,679,126	44,271,600	(862,718)	(21,707,555)	224,380,453

13.2.3 Net book values

	2024 Rs.	2023 Rs.
Freehold land	574,965,000	518,650,000
Buildings	982,624,373	851,715,000
Furniture & Fittings	6,645,293	9,289,488
Plant & Machinery	-	-
Office Equipment	2,121,354	1,968,729
Sundry Equipment	2,324,973	3,267,792
Linen and Furnishing	6,006,369	3,183,200
Kitchen Utensils and Other Equipments	8,479,310	9,368,346
Air Condition Systems	8,430,749	13,287,566
Gardening & Other Equipments	13,990,919	1,313,256
Electrical Fitting	14,266,161	6,052,973
Cutlery Crockery & Glassware	2,147,432	1,412,089
Generator and Transformers	623,403	1,430,653
Motor Vehicles	15,574,929	20,828,125
Entertainment & Security Equipment	817,051	905,707
	1,639,017,318	1,442,672,926
In the course of construction		
Building work in progress	-	15,447,047
	-	15,447,047
Total carrying amount of property, plant and equipment	1,639,017,318	1,458,119,973

13.2.4 During the financial year, the company acquired property, plant and equipment for cash to the aggregate value of Rs. 33,874,402/- (2023: Rs. 31,058,535/-).

13.2.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 110,241,844/- (2023: Rs. 95,348,476/-)

Notes to the Financial Statements

Year ended 31 March 2024

13 PROPERTY, PLANT AND EQUIPMENT (Contd.)

13.3 Revaluation of land and Buildings

The freehold land and buildings belonging to Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC were revalued by Mr. T. M. H. Mutaliph - D.I.V – F.P (CTC - Sri Lanka), an Independent Chartered Valuer as at 31 March 2024. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2024. Such assets were valued based on market based evidence and depreciated replacement cost method. The surplus arising from the revaluation was transferred to the revaluation reserve.

13.3.1 Valuation technique, inputs and relationship with fair value

The fair value measurement for the freehold land and buildings of the group has been categorized as a Level 3 fair value measurement based on the inputs to the valuation technique used.

Property	Valuation technique	Effective date of valuation	Significant unobservable inputs	Sensitivity of the input to the fair value
Lands	<u>Open market value method</u> This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	31 March 2024	Price per perch of land Rs. 1,174,704	Estimated fair value would increase/ (decrease) if ; - Price per perch increases/ (decreases)
Buildings	Depreciated replacement cost method	31 March 2024	Rate per square feet of building Rs. 14,386	Estimated fair value would increase/ (decrease) if Rate per square feet increases/ (decreases)

13.4 Value and ownership of freehold land and freehold buildings of the Group.

Company	Location	Property	No. of Buildings	Ownership	Extent	Carrying value Rs.
Hikkaduwa Beach Resort PLC	No. 400, Galle Road, Hikkaduwa.	Land	-	Freehold	312.1 Perches	574,965,000
		Building	01	Freehold	80,700 Sq. ft	982,624,373
Waskaduwa Beach Resort PLC	No. 427, Kuda waskaduwa, Waskaduwa.	Land	-	Freehold	1,378.6 Perches	1,410,380,000
		Building	04	Freehold	263,740 Sq. ft	3,972,418,811

- 13.5** The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation is as follows.

	Cost Rs.	Cumulative depreciation if assets were carried at cost Rs.	Net carrying amount 2024 Rs.	Net carrying amount 2023 Rs.
Class of assets				
Lands	869,823,714	-	869,823,714	869,823,714
Buildings	3,235,491,078	(565,731,107)	2,669,759,971	2,586,473,534
	4,105,314,792	(565,731,107)	3,539,583,685	3,456,297,248

13.6 Impairment assessment of property, plant and equipment

Hotel properties were identified as separate CGUs by the group for purposes of assessing impairment. The impairment test was carried out for the Group's Hotel properties in subsidiaries considering their fair value less cost to sell and value in use. In determining the recoverable value for the CGU, following assumptions were applied. The recoverable amount of the CGU was higher than the book value as of 31 March 2024, and no impairment loss was recognised.

The key assumptions used to determine the recoverable amount for the different cash generating units, are as follows;

	2024	2023
Discount Rate :	14.31%	18.95%
Terminal Growth Rate :	3.00%	3.00%
Price per perch of land	Rs. 1,650,000	Rs. 1,500,000 - 1,700,000
Rate per square feet of building	Rs: 9,746 - Rs: 17,500	Rs: 10,000 - Rs: 11,000

Notes to the Financial Statements

Year ended 31 March 2024

14 INVESTMENT PROPERTY

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Carrying value				
At the beginning of the year	639,266,966	576,496,266	639,266,966	576,496,266
Change in fair value during the year	-	62,770,700	-	62,770,700
At the end of the year	639,266,966	639,266,966	639,266,966	639,266,966

The details relating to assets were classified as Investment properties as at 31 March are stated below;

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Assets				
Land	633,900,700	633,900,700	633,900,700	633,900,700
Buildings	5,366,266	5,366,266	5,366,266	5,366,266
	639,266,966	639,266,966	639,266,966	639,266,966

Valuation details of investment property

Fair value of the investment property is ascertained by Mr. T. M. H. Motaliph - D.I.V – F.P (CTC – Sri Lanka), an Independent Chartered Valuer, who has recent experience in valuing properties of similar location and category. Investment property is appraised in accordance with LKAS 40, SLFRS 13 and International Valuation Standards published by the International Valuation Standards Committee (IVSC) by the independent valuers. In determining the fair value, the current condition of the properties, future usability and associated re-development requirements have been considered. Also, the valuers have made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

Consequently, as at the reporting date, the value reflected represents the best estimate based on the market conditions that prevailed, which in considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Description of valuation techniques used to valuation on investment properties:

Property	Location	Method of valuation	Significant unobservable inputs	Effective date of valuation	Value Rs.
Land	Munaithottam, Pasikkudah, Kalkudah.	Open market value method	Estimated price per perch Rs.200,165	31 March 2024	400,613,200
Land	Kajuwatta Road, Mukkuthoduwawa, Madurankuliya	Open market value method	Estimated price per perch Rs. 33,654	31 March 2024	233,287,500

15 RIGHT-OF-USE ASSETS

15.1 Group

	Lease hold land Rs.	Total	
		2024 Rs.	2023 Rs.
Cost			
As at 1 April	184,366,923	184,366,923	184,366,923
New Lease entered during the year	-	-	-
As at 31 March	184,366,923	184,366,923	184,366,923
Accumulated depreciation			
As at 1 April	8,104,032	8,104,032	6,078,024
Depreciation charge for the year	2,026,008	2,026,008	2,026,008
As at 31 March	10,130,040	10,130,040	8,104,032
Carrying value	174,236,883	174,236,883	176,262,891

Notes to the Financial Statements

Year ended 31 March 2024

15 RIGHT-OF-USE ASSETS (Contd.)

15.2 Company

	Land and buildings	
	Total	
	2024 Rs.	2023 Rs.
Cost		
As at 1 April	184,366,923	184,366,923
New Lease entered during the year	-	-
As at 31 March	184,366,923	184,366,923
Accumulated depreciation		
As at 1 April	8,104,032	6,078,024
Depreciation charge for the year	2,026,008	2,026,008
As at 31 March	10,130,040	8,104,032
Carrying value	174,236,883	176,262,891

The Above balances represents the leasehold right obtained from Asia Sports Management (Private) Limited for a period of 99 years by Citrus Leisure PLC and Sub lease of the property to Hikkaduwa Beach Resort PLC.

Details of the said land is given below:

Property	: Sanathoduwa, Kalpitiya, Puttalam
Land Extent (In Perches)	: 5,680
Lease Period	: 99 Years from 14 February 2011

16 INTANGIBLE ASSETS

16.1 Group

	Website Development Cost Rs.	Computer Software Rs.	2024 Rs.	2023 Rs.
	Cost			
At the beginning of the year	1,067,583	2,796,028	3,863,610	3,863,610
Acquisitions during the year	-	-	-	-
At the end of the year	1,067,583	2,796,028	3,863,610	3,863,610
Amortization				
At the beginning of the year	1,067,583	2,628,380	3,695,962	3,072,741
Amortization for the year	-	167,648	167,648	623,221
At the end of the year	1,067,583	2,796,028	3,863,610	3,695,962
Carrying amount	-	-	-	167,648

16.2 Company

	Computer software	
	2024 Rs.	2023 Rs.
Cost		
As at 01 April	1,552,936	1,552,936
Additions during the year	-	-
As At 31 March	1,552,936	1,552,936
Amortisation		
As at 01 April	1,385,290	1,074,709
Amortisation for the year	167,647	310,581
At 31 March	1,552,937	1,385,290
Net book value	-	167,647

17 INVESTMENT IN ASSOCIATE

The Group has a 20.22% interest in Colombo Land & Development Company PLC, which is involved in leasing out investment property under operating leases and also involved in development of investment property. The cost of investment as at acquisition date was Rs.1,303,303,398/-.

Colombo Land and Development Company PLC ("Company") is a public limited liability Company listed on Colombo Stock Exchange and incorporated and domiciled in Sri Lanka. The registered office and principal place of business of the Company is located at No. 250 - 3/8, (3rd Floor) Liberty Plaza, R. A. De Mel Mawatha, Colombo 3.

			Group / Company	
	2024 No of shares	2023 No of shares	2024 Rs.	2023 Rs.
Carrying value of the investment				
Colombo Land & Development Company PLC	40,413,200	40,413,200	2,171,023,774	2,328,608,584
Share of profit of associate			72,312,263	(158,004,780)
Share of other comprehensive income of associate			335,174	419,970
			2,243,671,211	2,171,023,774
Impairment of investment in associate (Note 17.4)			-	-
Group's carrying amount of the investment			2,243,671,211	2,171,023,774

Notes to the Financial Statements

As at 31 March

17 INVESTMENT IN ASSOCIATE (Contd.)

17.1 Summarised Financial information of associate - Group/ Company

The following table illustrates the summarised financial information of Colombo Land & Development Company PLC:

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Statement of financial position		
Current assets	131,410,968	199,412,435
Non- current assets	13,688,227,052	13,124,182,383
Current liabilities	(347,258,801)	(279,581,829)
Non- current liabilities	(5,171,358,513)	(5,058,928,595)
Total equity	8,301,020,706	7,985,084,394

Summarised statement of profit or loss and other comprehensive income

	Year ended 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
Revenue	396,184,101	335,354,143
Direct expenses	(164,263,394)	(117,558,879)
Other operating income	32,507,978	55,658,867
Change in fare value of investment properties	582,847,201	149,163,652
Fair Valuation of Biological Assets	4,772,658	3,947,219
Selling and Distribution Costs	(14,215,192)	(11,424,543)
Administrative expenses	(95,874,013)	(103,624,631)
Finance expenses	(276,122,179)	(327,685,231)
Finance income	-	-
Profit/(loss) before tax	465,837,160	(16,169,403)
Tax Expenses	(108,209,745)	(765,258,782)
Profit/(loss) for the year	357,627,415	(781,428,185)
Group's share of profit for the year	72,312,263	(158,004,779)
Other Comprehensive Income		
Other Comprehensive Income for the year	1,657,635	2,077,004
Group share of other comprehensive Income for the year	335,174	419,970

17 INVESTMENT IN ASSOCIATE (Contd.)**17.2 Contingent Liabilities**

The associate does not have significant contingent liabilities as at 31 March 2023 and 2024.

17.3 Market value of the investment as at 31 March,

	2024 Rs.	2023 Rs.
Market value of a share	17.50	20.10
Market value of the investment	707,231,000	812,305,320

- 17.4** The Group performed an impairment test of the carrying value of the investment considering indicators of impairment identified as at 31 March 2024. There was no impairment required as the carrying amount of the investment did not fall below its recoverable value. .

In performing the impairment test, the Group engaged KPMG Sri Lanka to determine the fair value of the investment held in Colombo Land and Development Company PLC. The investment in associate has been considered as a single cash-generating unit, assuming the associate to operate as is with no expansionary capital expenditure projections. Thereby, fair value of Colombo Land and Development Company PLC is equivalent to the Value In Use, which was considered as the recoverable value.

Multiple valuation techniques were used in arriving at the recoverable value of the investment, out of which the recoverable value was concluded based on the Discounted cash flow method.

Valuation method used : Value In Use
 Fair value hierarchy : Level 3
 Recoverable value identified : Rs. 3,049,665,122/-

Significant judgement has been applied by the Group in considering the fair value of leasehold rights attached to a 9A-2R-2P property in Colombo 11 for which no physical possession has been obtained by the investee, particularly relating to the deep discount (60%) applied in factoring in uncertainties over the timing of obtaining physical possession of the lease right.

Increase in deep discount by 10% will decrease the recoverable value of by Rs. 277,089,472 and the decrease in deep discount by 10% will increase the recoverable value by Rs. 277,089,472.

Notes to the Financial Statements

As at 31 March

18 INVESTMENT IN SUBSIDIARY - COMPANY

	Holding		Carrying value	
	2024 %	2023 %	2024 Rs.	2023 Rs.
Quoted				
Waskaduwa Beach Resort PLC	82.83%	82.83%	2,336,752,445	2,336,752,445
Less: Impairment of subsidiary (Note 18.1)			(454,900,670)	(454,900,670)
			1,881,851,775	1,881,851,775
Gross Investment as at 1 April			2,336,752,445	2,336,752,445
Investment during the Year			-	-
Share Disposal during the year			-	-
Less: Impairment of Subsidiary			(454,900,670)	(454,900,670)
Investment as at 31 March			1,881,851,775	1,881,851,775

18.1 Impairment of subsidiary

The Group performed an impairment test of carrying value of the investment in Waskaduwa Beach Resorts PLC in the separate financial statements of the Company having considering the losses incurred by the subsidiary. The recoverable amount of the investment in Subsidiary as at the reporting date was based on value in use and was determined at the level of the CGU. There was no further impairment provision required for the current year as the carrying amount of the investment did not fall below its fair recoverable value.

	2024 Rs.	2023 Rs.
Impairment of Subsidiary as at 1 April	454,900,670	454,900,670
Adjustment for share disposal during the year	-	-
Charge to the statement of profit or loss	-	-
Impairment of Subsidiary as at 31 March	454,900,670	454,900,670

Key assumptions applied in the determination of value in use are as follows;

	2024	2023
Discount Rate :	18.95%	18.95%
Terminal Growth Rate :	3.00%	3.00%

19 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade debtors - Others	235,129,050	148,719,229	40,551,441	127,665,509
- Related parties (Note 19.3)	9,335,257	3,872,302	717,519	248,325
Total trade debtors (Note 19.1)	244,464,307	152,591,531	41,268,959	127,913,834
Less: Impairment for trade debtors (Note 19.1)	(10,972,736)	(10,722,736)	(5,007,314)	(4,757,314)
	233,491,571	141,868,795	36,261,645	123,156,520
Other debtors - Others	20,169,396	31,148,788	10,533,548	9,626,558
- Related parties (Note 19.4)	-	-	21,440,788	-
	253,660,966	173,017,582	68,235,981	132,783,077
Current trade and other receivables	253,660,966	173,017,582	68,235,981	132,783,077
Non-current other receivables - related parties	-	-	473,599,178	91,184,633

Notes to the Financial Statements

As at 31 March

19 TRADE AND OTHER RECEIVABLES Y (Contd.)

19.1 As at 31 March, the ageing analysis of trade receivables are as follows:

Group	Neither past due nor impaired < 30 days Rs.	Past due not Impaired					Total Rs.
		31 - 60 Days	61 - 90 Days	91 - 180 Days	181-365 Days	>365 Days	
		Rs.	Rs.	Rs.	Rs.	Rs.	

2024

Trade Debtors	88,643,696	89,136,143	35,934,513	3,219,594	7,668,831	19,861,530	244,464,307
Less: Impairment for trade debtors		-	-	-	-	(10,972,736)	(10,972,736)
	88,643,696	89,136,143	35,934,513	3,219,594	7,668,831	8,888,794	233,491,571

2023

Trade Debtors	65,635,752	30,675,209	28,381,504	11,567,561	2,733,038	13,598,468	152,591,531
Less: Impairment for trade debtors		-	-	-	-	(10,722,736)	(10,722,736)
	65,635,752	30,675,209	28,381,504	11,567,561	2,733,038	2,875,732	141,868,795

Company	Neither past due nor impaired < 30 days Rs.	Past due not Impaired					Total Rs.
		31 - 60 Days	61 - 90 Days	91 - 180 Days	181-365 Days	>365 Days	
		Rs.	Rs.	Rs.	Rs.	Rs.	

2024

Trade Debtors	19,152,787	10,489,120	579,029	1,350,744	4,424,540	5,272,772	41,268,992
Less: Impairment for trade debtors		-	-	-	-	(5,007,314)	(5,007,314)
	19,152,787	10,489,120	579,029	1,350,744	4,424,540	265,458	36,261,678

2023

Trade Debtors	54,223,702	28,626,169	28,149,660	11,407,125	115,131	5,392,048	127,913,834
Less: Impairment for trade debtors		-	-	-	-	(4,757,314)	(4,757,314)
	54,223,702	28,626,169	28,149,660	11,407,125	115,131	634,734	123,156,520

19 TRADE AND OTHER RECEIVABLES (Contd.)

19.2 Impairment of debtors

Management has carried out an impairment provision based on the simplified approach of ECL method. Management considered 100% ECL for debtors aged more than 365 days in determining the provision matrix for ECL.

- Refer Note 33 on credit risk of trade receivables, which discuss how the Group measure credit quality of trade receivables that are neither past due nor impairment.
- For terms and conditions with related parties, refer to Note 32.1.

19.3 Trade debtors - Related Parties

	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
George Stuart Health (Pvt) Ltd	Affiliate Company	1,574,399	735,253	414,399	138,780
Triad (Pvt) Ltd	Affiliate Company	143,145	1,691,216	143,145	97,545
George Stuart Travels Ltd	Affiliate Company	42,245	-	42,245	-
George Stuart Solutions (Pvt) Ltd	Affiliate Company	424,262	138,850	-	-
Liberty Publishers (Pvt) Ltd	Affiliate Company	570,000	500,000	-	-
Power House Limited	Affiliate Company	1,171,300	770,983	117,730	12,000
George Stuart & Company Ltd	Affiliate Company	36,793	-	-	-
Emagewise (Pvt) Ltd	Affiliate Company	-	36,000	-	-
George Stuart Engineering (Pvt) Ltd	Affiliate Company	5,373,113	-	-	-
		9,335,257	3,872,302	717,519	248,325

Notes to the Financial Statements

As at 31 March

19 TRADE AND OTHER RECEIVABLES (Contd.)

19.4 Other debtors - Related Parties - Company

	Relationship	2024			2023
		Total Rs.	Non current Rs.	Current Rs.	Total Rs.
Waskaduwa Beach Resort PLC	Subsidiary Company	495,039,966	473,599,178	21,440,788	91,184,633
		495,039,966	473,599,178	21,440,788	91,184,633

20 INVENTORIES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Food & Beverage	29,149,069	19,455,530	6,712,895	5,890,586
House keeping and Maintenance	10,800,260	9,877,741	4,779,041	6,058,210
Other Stocks	12,760,315	15,004,660	967,127	936,326
	52,709,644	44,337,930	12,459,063	12,885,121

21 OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Equity instruments designated at fair value through profit or loss				
Listed equity investments (Note 21.1)	8,394,420	5,917,300	8,394,420	5,917,300
Total other financial assets	8,394,420	5,917,300	8,394,420	5,917,300

21 OTHER CURRENT FINANCIAL ASSETS (Contd.)**21.1 Investment in quoted securities - Group/Company**

	No. of shares		Carrying value	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Quoted				
Asian Hotels and Properties PLC	9,200	9,200	529,920	2,326,300
Sampath Bank PLC	105,000	105,000	7,864,500	3,591,000
	114,200	114,200	8,394,420	5,917,300

22 ADVANCES AND PREPAYMENTS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Advances	4,217,071	25,297,260	3,426,571	2,111,696
Prepayments	10,691,619	2,405,516	3,080,817	2,405,516
Deposits	1,811,153	(74,555)	1,593,073	(74,555)
	16,719,843	27,628,221	8,100,461	4,442,657

Notes to the Financial Statements

As at 31 March

23 CASH AND BANK BALANCES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Short term bank deposit	29,265,439	26,131,028	-	-
Cash in hand	20,172,578	8,442,154	4,407,529	1,525,418
Cash at bank	11,154,368	6,055,638	7,707,670	5,352,182
	60,592,385	40,628,820	12,115,199	6,877,600

24 STATED CAPITAL

	2024		2023	
	Number	Rs.	Number	Rs.
Issued and fully-paid - ordinary shares	284,898,354	4,624,023,566	284,898,354	4,624,023,566

25 INTEREST BEARING LOANS AND BORROWINGS

Other Financial Liabilities

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Current Interest -bearing loans and borrowings				
Bank Loans (Note 25.1)	885,531,649	331,217,201	722,877,147	233,688,996
Bank Overdrafts	364,128,762	370,558,332	219,200,129	225,296,264
	1,249,660,411	701,775,533	942,077,275	458,985,260
Non-Current Interest -bearing loans and borrowings				
Bank Loans (Note 25.1)	2,469,992,929	3,140,604,231	452,698,356	1,039,002,861
	2,469,992,929	3,140,604,231	452,698,356	1,039,002,861
Total Interest-bearing loans and borrowings	3,719,653,340	3,842,379,764	1,394,775,632	1,497,988,121

25 INTEREST BEARING LOANS AND BORROWINGS (Contd.)**25.1 Bank Loans - Group**

	As at 01.04.2023	Obtained during the year	Interest accrued during the moratorium period	Repayments	As at 31.03.2024
	Rs.	Rs.	Rs.	Rs.	Rs.
Sampath Bank PLC	2,723,652,207	-	-	(55,104,958)	2,668,547,249
National Development Bank PLC	66,700,000	-	399,980	(38,099,980)	29,000,000
Pan Asia Banking Corporation PLC	638,272,133	-	-	-	638,272,133
Nations Trust Bank PLC	30,511,288	-	-	(15,580,596)	14,930,692
Commercial Bank	12,685,802	-	-	(7,911,300)	4,774,502
	3,471,821,431	-	399,980	(116,696,834)	3,355,524,578
				2024 Rs.	2023 Rs.
Current				885,531,649	331,217,201
Non-current				2,469,992,929	3,140,604,231
				3,355,524,578	3,471,821,432

25.2 Bank Loans - Company

	As at 01.04.2023	Obtained during the year	Interest accrued during the moratorium period	Repayments	As at 31.03.2024
	Rs.	Rs.	Rs.	Rs.	Rs.
Sampath Bank PLC	537,208,434	-	-	(43,835,758)	493,372,676
National Development Bank PLC	66,700,000	-	399,980	(38,099,980)	29,000,000
Pan Asia Banking Corporation PLC	638,272,133	-	-	-	638,272,133
Nations Trust Bank PLC	30,511,288	-	-	(15,580,596)	14,930,692
	1,272,691,857	-	399,980	(97,516,334)	1,175,575,503
				2024 Rs.	2023 Rs.
Current				722,877,147	233,688,996
Non-current				452,698,356	1,039,002,861
				1,175,575,503	1,272,691,857

Notes to the Financial Statements

As at 31 March

25 INTEREST BEARING LOANS AND BORROWINGS (Contd.) 25.3 Security and repayment terms - Hikkaduwa Beach Resort PLC

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Waskaduwa Beach Resort PLC								
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable monthly together with statutory taxes	On demand	Overdraft agreement for Rs. 20,500,000/- & Lien over funds lying to the credit of following fixed deposits in the name of the company and its successive renewal together with a company Letter of Set	19,811,507	18,658,641	29,124,835	26,131,028
Sampath Bank PLC	Permanent Overdraft	AWPLR+2% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	On demand	Overdraft agreement for Rs. 75,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J.R Alahakone Licensed Surveyor.	75,841,802	77,887,933	5,382,798,812	4,799,790,500

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% pa., payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	120 Monthly Instalments	Loan agreement for Rs. 844,400,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs617,000,000/- over land and building of Hotel Citrus Waskaduwa at No:427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	844,400,000	844,400,000	5,382,798,812	4,799,790,500
Sampath Bank PLC	Moratorium Loan Facility	AWPLR+1.5% pa., payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	60 Monthly Instalments	Loan agreement for Rs. 533,000,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs617,000,000/- over land and building of Hotel Citrus Waskaduwa at No:427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	519,649,105	519,649,105	5,382,798,812	4,799,790,500

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25 INTEREST BEARING LOANS AND BORROWINGS (Contd.) 25.3 Security and repayment terms - Hikkaduwa Beach Resort PLC

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	120 Monthly Instalments	Loan agreement for Rs. 540,000,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J.R Alahakone Licensed Surveyor.	540,500,000	540,500,000	5,382,798,812	4,799,790,500
Sampath Bank PLC	Term Loan Facility	15.5% Per annum payable monthly together with statutory taxes	60 Monthly Instalments	Loan agreement for Rs. 540,000,000/- primary mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara, depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J.R Alahakone Licensed Surveyor.	270,625,468	270,625,468	5,382,798,812	4,799,790,500

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Saubagya Covid-19 Renaissance Loan Facility	4% Per annum payable monthly together with statutory taxes	15 Monthly Installments	Loan agreement for Rs.15,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara ,depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	-	7,500,000	5,382,798,812	47,99,790,500
Sampath Bank PLC	Saubagya Covid-19 Renaissance Loan Facility	4% Per annum payable monthly together with statutory taxes	15 Monthly Installments	Loan agreement for Rs.980,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara ,depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	-	3,769,200	5,382,798,812	4,799,790,500

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As at 31 March

25 INTEREST BEARING LOANS AND BORROWINGS (Contd.) 25.3 Security and repayment terms - Hikkaduwa Beach Resort PLC

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Commercial Bank of Ceylon PLC	Term Loan Facility	Interest Free	9 Monthly Instalments	property called 'Sanathoduwa' situated in Kalpitiya and morefully depicted as Lots 1, 2, 3 & 4 in Plan No. 1765 dated 16th May 2011 by J.R. Alahakoon (L.S.), in extent of 78 A : 3 R: 1.00 P, which is the amalgamation of the lands owned by the Hikkaduwa Beach Resort PLC under the Deed of Transfer No. 513 dated 14th February 2011, and the land obtained on lease by the company from Asia Sports Management (Pvt) Ltd, an affiliated Company under the Deed of Lease No. 6289 dated 08th December 2010, and which is sub-leased to Hikkaduwa Beach Resort PLC (former Kalpitiya Beach Resort PLC) under the Deed of Sub Lease No. 514 dated 14th February 2011.	4,774,502	13,185,803	233,287,500	233,287,500

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Commercial Bank of Ceylon PLC	Permanent Overdraft	AWPLR+2.5% pa, payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	On demand	property called 'Sanathoduwa' situated in Kalpitiya and morefully depicted as Lots 1, 2, 3 & 4 in Plan No. 1765 dated 16th May 2011 by J. R. Alahakoon (L.S), in extent of 78 A : 3 R: 1.00 P which is the amalgamation of the lands owned by the Hikkaduwa Beach Resort PLC under the Deed of Transfer No. 513 dated 14th February 2011, and the land obtained on lease by the company from Asia Sports Management (Pvt) Ltd, an affiliated Company under the Deed of Lease No. 6289 dated 08th December 2010, and which is sub-leased to Hikkaduwa Beach Resort PLC (former Kalpitiya Beach Resort PLC) under the Deed of Sub Lease No. 514 dated 14th February 2011.	47,450,323	50,407,355	233,287,500	233,287,500

Notes to the Financial Statements

As at 31 March

25 INTEREST BEARING LOANS AND BORROWINGS (Contd.) 25.3 Security and repayment terms - Hikkaduwa Beach Resort PLC

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	120 Monthly Installments	Loan Agreement for Rs. 210,400,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004 & a letter of Undertaking from Citrus Leisure PLC.	203,600,000	210,400,000	1,557,589,373	1,370,365,000
Sampath Bank PLC	Term Loan Facility	AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly)	120 Monthly Installments	Loan Agreement for Rs. 140,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004 & a letter of Undertaking from Citrus Leisure PLC.	136,800,000	140,000,000	1,557,589,373	1,370,365,000
Sampath Bank PLC	Term Loan Facility (Moratorium)	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	60 Monthly Installments	Loan Agreement for Rs. 95,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004 & a letter of Undertaking from Citrus Leisure PLC.	88,480,000	95,000,000	1,557,589,373	1,370,365,000

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Term Loan Facility	15.5% p.a. payable monthly together with statutory taxes	60 Monthly Installments	Land and building of Hotel Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	58,168,358	63,088,358	1,557,589,373	1,370,365,000
Sampath Bank PLC	Term Loan Facility	10% p.a. payable monthly together with statutory taxes	28 Monthly Installments	Land and building of Hotel Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	6,324,319	17,527,837	1,557,589,373	1,370,365,000
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	11 Monthly Installments	Loan Agreement for Rs. 9,600,000/- Land and building of Hotel Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	-	3,692,240	1,557,589,373	1,370,365,000

Notes to the Financial Statements

As at 31 March

25 INTEREST BEARING LOANS AND BORROWINGS (Contd.) 25.3 Security and repayment terms - Hikkaduwa Beach Resort PLC

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility			Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	15 Monthly Installments	Loan Agreement for Rs. 15,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	-	7,500,000	1,557,589,373	1,370,365,000	
National Development Bank PLC	Short Term Loan	15.5% Per annum	24 Monthly Installments	Shares of Waskaduwa Beach Resort PLC worth of LKR 333,334,000/- which shall be deposited in a Slash Account jointly with the Bank maintained at NDB securities (Private) Limited as per condition 8.2 (v) in the Letter of offer No of Shares 196,078,432	29,000,000	66,700,000	450,980,394	549,019,610	
Pan Asia Banking Corporation PLC	Term Loan Facility	AWPLR +3.5% p.a. with a rebate of 2%	75 Monthly Installments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	298,919,213	298,919,213	706,486,700	811,210,660	

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Pan Asia Banking Corporation PLC	Term Loan Facility (Moratorium)	AWPLR +3.5% p.a. with a rebate of 2%	24 Monthly Installments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	48,70,717	4,870,717	706,486,700	811,210,660
Pan Asia Banking Corporation PLC	Term Loan Facility	AWPLR +3.5% p.a. with a rebate of 2%	24 Monthly Installments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	53,681,523	53,681,523	706,486,700	811,210,660
Pan Asia Banking Corporation PLC	Permanent Overdraft	AWPLR +3.5% p.a. with a rebate of 2%	24 Monthly Installments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	197,328,206	195,151,000	706,486,700	811,210,660

Notes to the Financial Statements

As at 31 March

25 INTEREST BEARING LOANS AND BORROWINGS (Contd.) 25.3 Security and repayment terms - Hikkaduwa Beach Resort PLC

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Pan Asia Banking Corporation PLC	Term Loan Facility	AWPLR +3.5% p.a. with a rebate of 2%	24 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	27,258,130	27,258,130	706,486,700	811,210,660
Pan Asia Banking Corporation PLC	Term Loan Facility	AWPLR +3.5% p.a. with a rebate of 2%	24 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	57,388,660	57,388,660	706,486,700	811,210,660
Pan Asia Banking Corporation PLC	Term Loan Facility	AWPLR +3.5% p.a. with a rebate of 2%	75 Monthly Instalments	Quoted Equity Shares of 40,338,600 invested in Colombo Land and Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	196,153,892	196,153,892	706,486,700	811,210,660
Nations Trust Bank PLC	Permanent Overdraft	Weekly AWPLR+5.0% p.a.	On demand	Overdraft Agreement for Rupees 25,000,000/- Assignment over AMEX Receivables from the Company. Letter of Comfort from Citrus Leisure PLC	21,824,493	10,428,703	-	-

Lender	Nature of facility	Nominal interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Nations Trust Bank PLC	Term Loan Facility	06 Month AWPBR-4.25% p.a.	60 Monthly Installments	Term Loan Facility for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	4,174,679	18,716,608	-	-
Nations Trust Bank PLC	Term Loan Facility (Moratorium)	17.5 p.a	24 Monthly Installments	Term Loan Facility for Rupees 20,302,013.91/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	8,537,831	-	-	-
Nations Trust Bank PLC	Term Loan Facility	0% Interest	2 Monthly Installments	Term Loan Facility for Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	779,091	779,091	-	-

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As at 31 March

26 RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance as at 01 April	28,569,491	27,590,336	18,771,198	16,490,936
Current service cost	3,022,334	2,917,897	1,487,203	1,441,874
Past service cost	-	-	-	-
Interest cost	6,570,983	4,138,550	4,317,376	2,473,640
Actuarial (gain)/loss arising from changes in assumptions	405,010	(2,558,124)	(783,628)	(1,446,252)
Payments made during the year	(7,969,950)	(3,519,168)	(3,417,070)	(189,000)
Balance as at 31 March	30,597,868	28,569,491	20,375,080	18,771,198

- 26.1 Following amounts are recognized in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Expense recognized in profit or loss				
Current service cost	3,022,334	2,917,897	1,487,203	1,441,874
Interest cost	6,570,983	4,138,550	4,317,376	2,473,640
	9,593,317	7,056,447	5,804,579	3,915,514
Actuarial (gains) and losses recognized directly in OCI				
Recognized during the period	405,010	(2,558,124)	(783,628)	(1,446,252)

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The liability is not externally funded.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the current service cost.

26.2 Assumptions used

The principle assumptions used were as follows,

	Group		Company	
	2024	2023	2024	2023
Discount rate	12%	23%	12%	23%
Future salary increment rate	10%	18%	10%	18%

26.3 Sensitivity of the principal assumptions used

Values appearing in the financial statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity analysis was carried out as follows,

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Discount Rate				
Effect on DBO due to decrease in the discount rate by 1%	1,075,963	500,568	677,470	324,339
Effect on DBO due to increase in the discount rate by 1%	(1,005,413)	(480,333)	(636,302)	(311,222)
Salary Escalation				
Effect on DBO due to decrease in salary escalation rate by 1%	(1,162,066)	(618,929)	(739,189)	(403,373)
Effect on DBO due to increase in salary escalation rate by 1%	1,224,329	635,805	774,862	414,398

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26 RETIREMENT BENEFIT OBLIGATION (Contd.)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

26.4 Maturity analysis of the payments

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Less than or equal 1 year	6,749,077	10,634,989	4,761,296	7,227,631
Over 1 year and less than or equal 2 years	8,093,068	11,395,346	5,088,904	7,228,100
Over 2 years and less than or equal 5 years	8,835,156	4,521,167	6,215,113	2,948,915
Over 5 years and less than or equal 10 years	5,856,418	1,927,342	3,904,377	1,304,110
Over 10 years	1,064,149	90,648	405,390	62,443
Total expected payments	30,597,868	28,569,491	20,375,080	18,771,199

26.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 4 years (2023 - 2.14 years).

27 DEFERRED TAX LIABILITIES

27.1 Net deferred tax liabilities

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	655,455,311	353,870,432	332,134,584	56,579,706
Amount origination/ (reversal) of temporary differences				
- Recognised in profit or loss				
Accelerated depreciation for tax purposes	113,857,181	67,284,256	112,858,308	67,284,256
Retirement benefit obligation	(820,571)	(5,142,076)	(716,253)	(3,756,504)
Carried forward business losses	-	72,636,038	-	72,636,038
Revaluation of investment property to fair value	-	22,332,210	-	22,332,210
Impairment of trade debtors	(75,000)	(922,170)	(75,000)	(922,170)
- Recognised in other comprehensive income				
Revaluation of land and buildings	607,529,125	144,629,184	61,959,830	117,547,172
Actuarial gains and losses on defined benefit plans	(121,503)	767,437	235,088	433,876
At the end of the year	1,375,824,543	655,455,311	506,396,556	332,134,584

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

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred tax liability				
Capital allowances for tax purpose	236,881,417	123,024,236	235,345,506	122,487,198
Deferred tax effect on revaluation of land and buildings	1,149,624,680	542,095,555	278,665,769	216,705,939
Deferred tax assets				
Retirement benefit obligation	(9,179,360)	(8,237,286)	(6,112,524)	(5,631,359)
Impairment of trade debtors	(1,502,194)	(1,427,194)	(1,502,194)	(1,427,194)
	1,375,824,542	655,455,310	506,396,557	332,134,584

Notes to the Financial Statements

As at 31 March

TRADE AND OTHER PAYABLES

	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
Trade payables - Others	62,268,506	73,369,925	10,765,303	5,492,023
- Related Parties (Note 28.1)	3,438,523	4,789,408	459,125	-
Other Payables - Others	56,907,453	57,225,646	689,585	-
- Related parties (Note 28.2)	68,709,696	62,302,619	44,244,161	84,427,354
Notes payable	375,349,589	175,770,842	123,569,519	54,467,010
Sundry creditors including accrued expenses	302,968,001	394,443,403	205,013,702	195,816,021
Current trade and other payables	869,641,768	767,901,843	384,741,394	340,202,408
Non-current other payables - related parties	694,632,020	37,647,199	694,632,020	37,647,199

For terms and conditions of related party transactions refer Note 32.1

For explanations on the Group's liquidity risk management processes, refer Note 33.4

28.1 Trade payable - Related parties

	Group		Company	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
George Stuart Consumer (Pvt) Ltd	1,227,939	2,458,763	359,010	-
Divasa Equity (Pvt) Ltd	264,935	264,935	-	-
Triad (Pvt) Ltd	55,294	658,443	-	-
Printage (Pvt) Ltd	246,328	80,153	100,115	-
Adpack Productions (Pvt) Ltd	393,200	393,200	-	-
Emagwise (Pvt) Ltd	919,252	919,252	-	-
Hammer BTL (Pvt) Ltd	14,662	14,662	-	-
George Stuart Teas (Pvt) Ltd	98,112	-	-	-
George Stuart Travel Ltd.	218,800	-	-	-
	3,438,523	4,789,409	459,125	-

28 TRADE AND OTHER PAYABLES (Contd.)
28.2 Other payables to related parties - Group

Relationship	2024			2023		
	Total	Non current	Current	Total	Non current	Current
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Parent Company	763,341,716	694,632,020	68,709,696	62,302,619	37,647,199	24,655,420
	763,341,716	694,632,020	68,709,696	62,302,619	37,647,199	24,655,420

28.3 Other payables to related parties - Company

Relationship	2024			2023		
	Total	Non current	Current	Total	Non current	Current
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Parent Company	738,876,181	694,632,020	44,244,161	60,720,641	37,647,199	23,073,441
Waskaduwa Beach Resort PLC	-	-	-	23,706,713	23,706,713	23,706,713
	738,876,181	694,632,020	44,244,161	84,427,354	37,647,199	46,780,154

Notes to the Financial Statements

As at 31 March

29 CONTRACT LIABILITIES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Advance received for future room reservations	10,944,883	5,332,281	2,455,361	209,223
Advance received for future banquet reservations	7,846,963	128,586,660	221,640	118,663,037
	18,791,841	133,918,941	2,677,001	118,872,260

These amounts will be settled for revenue within next 12 months.

29.1 Contract liabilities

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Contract liabilities balance as at 01st April	133,918,941	36,943,771	118,872,260	24,167,869
Revenue recognised in the reporting period that was included in the contract liability balance	(618,496,175)	(516,827,392)	(242,157,552)	(164,915,220)
Advances received from customers during the reporting period	510,775,197	625,925,913	126,085,758	261,175,484
Refunds made during the year	(7,406,123)	(12,123,351)	(123,570)	(1,555,873)
Contract liabilities balance as at 31st March	18,791,841	133,918,941	2,677,001	118,872,260

30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

As disclosed in Note 25.1 and 25.2, the repayment dates of short-term facilities totaling LKR 638,272 million, which were due before the approval of these financial statements, have been extended. The restructuring of these loans occurred subsequent to the reporting date.

As described on page number 26 to 27 subsequent to the reporting date company raised funds by way of right issue.

31 COMMITMENTS AND CONTINGENCIES

31.1 Capital Commitments

The Company and Group do not have significant capital commitments as at the reporting date.

31.2 Contingent Liabilities

There were no contingent liabilities as at the reporting date.

32 RELATED PARTY DISCLOSURES

Refer Note 2.2.1 and 2.2.2 for effective equity holding percentages and other key information's of Group entities.

32.1 Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

Outstanding balances at the year-end are unsecured and interest is charge at AWPLR [six (06) months] for related party balances. For the year ended 31 March 2024, the group has not recorded any impairment of receivables relating to amounts owed by related parties.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.14.8 (2) is on page 26 - Annual Report of the Board of Directors on the Affairs of the Company.

Notes to the Financial Statements

As at 31 March

32 RELATED PARTY DISCLOSURES (Contd.) 32.2 Transaction with the parent and related entities - Group

Details of significant related party disclosures are as follows:

Nature of Transaction	Parent Company		Affiliate Companies*			Total	
	2024	2023	2024	2023	2024	2023	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Balance as at 1 April	(62,302,620)	(25,828,317)	(917,105)	(366,147)	(63,219,725)	(26,194,464)	
Recurrent transactions							
Fund Transfer to / Settlements made		1,396,849	1,396,849	1,616,048	1,396,849	1,616,048	
Collection made by the company on behalf of others	(18,000)		(73,526)	(549,989)	(91,526)	(549,989)	
Collection made by the other companies on behalf of the company	1,560,282	227,973	174,658	227,973	1,734,940	227,973	
Expense incurred on behalf of the related parties	12,469,915	318,435	1,247,188	278,288	13,717,103	596,724	
Expense incurred on behalf of the company	(24,422,746)	(29,236,288)	(186,186)	(778,123)	(24,608,932)	(30,034,411)	
Funds received from / Settlements received	(686,263,839)	(115,690,360)	(1,000,000)	(3,017,922)	(687,263,839)	(118,708,283)	
Inter-company Interest Income					-	-	
Inter-company Interest Expense	(46,841,841)	(7,367,698)			(46,841,841)	(7,367,698)	
Management Fee	(75,509,832)	(49,365,456)			(75,509,832)	(49,365,456)	
Interest and other settlements made	117,959,366	164,568,332	21,057,996	18,584,914	139,017,363	183,153,247	
Mortgage Fee Income			1,700,000	1,700,000	1,700,000	1,700,000	
Trading nature transactions (Sales)			(30,981,681)	3,476,629	(30,981,681)	3,476,629	
Settlements for trading nature Transactions (sales receipts)			(6,153,343)	(5,471,245)	(6,153,343)	(5,471,245)	
Purchase of Goods/ Services			22,979,079	(22,173,827)	22,979,079	(22,173,827)	
Settlements made for trading nature Transactions (payments)			(3,347,192)	5,784,268	(3,347,192)	5,784,268	
WHT Deduction on Interest Expense	27,596	90,759			27,596	90,759	
Total	(763,341,718)	(62,302,620)	5,896,734	(91,7105)	(757,444,981)	(63,219,725)	
Included under							
Trade and other receivables - current (Note 19)			9,335,257	3,872,302	9,335,257	3,872,302	
Trade and other payables - current (Note 28)	(68,709,696)	(24,655,420)	(3,438,523)	(4,789,408)	(72,148,219)	(29,444,828)	
Trade and other payables - non current (Note 28)	(694,632,020)	(37,647,199)	-	-	(694,632,020)	(37,647,199)	
Total	(763,341,716)	(62,302,619)	5,896,734	(91,7106)	(757,444,982)	(63,219,725)	

Affiliate companies represents and entities controlling by directors. Affiliate companies includes: George Steuart Health (Pvt) Ltd, George Steuart Teas (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, George Steuart Travels (Pvt) Ltd, Triad (Pvt) Ltd, Ermagewise (Pvt) Ltd, Power House Limited, Divasa Equity (Pvt) Ltd, Adpack Productions (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, Citrus Silver Limited, Printage (Pvt) Ltd, Liberty Publishers (Pvt) Ltd and Hammer BTL (Pvt) Ltd.

32 RELATED PARTY DISCLOSURES (Contd.)

32.3 Transaction with the parent and related entities - Company

Details of significant related party disclosures are as follows:

Nature of Transaction	Parent Company		Subsidiary Company		Affiliate Companies*		Total	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Balance as at 1 April	(60,720,641)	(25,828,317)	67,477,920	29,254,504	248,325	274,737	7,005,605	3,700,924
Recurrent transactions								
Fund Transfer to Collection made by the Company on behalf of others	-	-	469,413,839	86,875,000	1,396,849	1,396,849	470,810,688	86,875,000
Collection made by the other companies on behalf of the company	(18,000)	-	(4,555,458)	(10,802,142)	(73,526)	(73,526)	(4,646,984)	(10,802,142)
Expense incurred on behalf of other companies	1,560,282	2,27,973	2,540,325	310,664	174,658	174,658	4,275,265	538,637
Expense incurred on behalf of the company	1,270,319	211,515	405,660	119,334	13,254	59,187	1,689,234	390,036
Funds received from/ settlements received	(10,495,042)	(11,584,708)	(1,762,005)	(1,673,361)	(52,108)	(571,913)	(12,309,154)	(13,829,982)
Inter-company Interest Income	(648,563,839)	(96,690,360)	(72,716,800)	(26,100,000)	(1,000,000)	(1,303,322)	(722,280,639)	(1,24,093,683)
Inter-company Interest Expense	(46,841,841)	(7,367,698)	33,790,232	10,624,221	-	-	(13,051,608)	3,256,523
Management Fee	(27,575,018)	(22,217,462)	-	-	-	-	(27,575,018)	(22,217,462)
Interest and other settlements made	52,480,000	102,437,657	500,000	500,000	(2,159,127)	116,048	50,320,873	102,553,705
Mortgage Fee Income	-	-	-	-	1,700,000	1,700,000	2,200,000	2,200,000
Trading nature transactions (Sales)	-	-	-	-	3,816,386	325,120	3,816,386	325,120
Settlements for trading nature Transactions (Sales receipts)	-	-	-	-	(3,347,192)	(247,120)	(3,347,192)	(247,120)
Settlements made for trading nature Transactions (payments)	-	-	-	-	8,885,618	5,784,268	8,885,618	5,784,268
Purchase of goods/ services	-	-	-	-	(9,344,743)	(5,888,680)	(9,344,743)	(5,888,680)
WHT Deduction on Interest Income	-	-	(53,746)	(130,301)	-	-	(53,746)	-
WHT Deduction on Interest Expense	27,597	90,759	-	-	-	-	27,597	-
Non-recurrent transactions								
Assets transferred	-	-	(21,500,000)	(21,500,000)	-	-	-	(21,500,000)
Total	(738,876,181)	(60,720,641)	495,039,966	67,477,920	258,394	248,325	(243,577,821)	7,045,147
Included under								
Trade and other receivables - current (Note 19)	-	-	21,440,788	911,184,633	717,519	248,325	22,158,307	248,325
Trade and other receivables - non current (Note 19)	-	-	473,599,178	(23,706,713)	-	-	473,599,178	91,184,633
Trade and other payables - current (Note 28)	(44,244,161)	(23,073,441)	-	(459,125)	(459,125)	-	(44,703,286)	(46,780,154)
Trade and other payables - non current (Note 28)	(694,632,020)	(37,647,199)	-	67,477,920	258,394	248,325	(694,632,020)	(37,647,199)
	(738,876,181)	(60,720,640)	495,039,966	67,477,920	258,394	248,325	(243,577,821)	7,005,605

Notes to the Financial Statements

Year ended 31 March

32 RELATED PARTY DISCLOSURES (Contd.)

*Affiliate companies represents entities controlled by directors. Affiliate companies includes: Citrus Silver Limited, Triad (Pvt) Ltd, George Steuart Teas (Pvt) Ltd, George Steuart Consumer (Pvt) Ltd, George Steuart Health (Pvt) Ltd, George Steuart Travels Ltd, Adpack Productions (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, Printage (Pvt) Ltd, Liberty Publishers (Pvt) Ltd and Power House Limited.

32.4 Key Management Personnel (KMP)

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

KMP of the Company

The key management personnel of the company are the members of it's board and that of it's parent.

KMP of the Group

The Board of Directors (including Executive and Non-Executive) of the Company and the Board of Directors of the holding company have been classified as KMP of the Group. The officers who are only Directors of subsidiaries and not of the company have been classified as KMP for that subsidiary.

32.4.1 Other Transactions with Key Management Personnel

Loans to Directors

No loans have been granted to the Directors of the Company/ Group.

Key Management Personnel Compensation

No Directors emoluments (Key Management benefits) were incurred for the year ended 31 March 2024 (2023 - Nil).

Other Transactions with Key Management Personnel

Details of Directors shareholding is set out on page 188

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

33.1 Overview

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

- Market risk
- Liquidity risk
- Credit risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

33.2 Risk management framework

The Board of Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit committee in managing all risks affecting the Group. The Group audit committee is assisted in its oversight role by Group's internal audit. Internal audit undertakes both regular reviews of risk management controls and procedures the results of which is reported to the audit committee. The Group finance Department of the Holding Company also implement and carries out specific risk management policies laid down and approved by the management. The Group finance division in close co-corporation with the Group's operating units identifies, evaluates and formulates principles for risk management covering specific areas such as foreign exchange risk and interest rate risk.

The Board of directors reviews and agrees policies for managing each of these risks which are summarised below.

33.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank overdrafts, debt and equity investments and investments designated under fair value through profit or loss.

The sensitivity analyses in the following sections relate to the position as at 31 March 2023 and 2024.

33.3.1 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 exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

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Year ended 31 March

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

Interest rate sensitivity

The following table demonstrates the sensitivity of the group's profit before tax as affected through an impact on floating rate borrowings to a reasonably possible change in interest rates assuming all other variables being held constant.

	Increase/decrease in basis points	Effect on profit before tax	
		2024	2023
Change in basis point	+50 (0.5%)	(7,750,893)	(17,359,107)
Change in basis point	-50 (-0.5%)	7,750,893	17,359,107
Change in basis point	+500 (5%)	(77,508,926)	(173,591,072)
Change in basis point	-500 (-5%)	77,508,926	173,591,072
Change in basis point	+1000 (10%)	(155,017,853)	(347,182,143)
Change in basis point	-1000 (-10%)	155,017,853	347,182,143

33.3.2 Foreign exchange risk

The Group being involved in hoteliering operates and is exposed to foreign exchange risk arising from various currency exposures primarily with respect of the US dollar and Euro. Certain room contracts are entered into in foreign currencies and invoiced in Rs. using the conversion rates established by the industry.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates with all other variables held constant, the Group's profit before tax. The Company exposure to all the other currencies are not material.

		Change in Profit before tax	
		2024	2023
		Rs.	Rs.
Change in exchange rate (USD)	+5%	1,091,375	184,516
Change in exchange rate (USD)	-5%	(1,091,375)	(184,516)
Change in exchange rate (USD)	+25%	5,456,877	922,578
Change in exchange rate (USD)	-25%	(5,456,877)	(922,578)
Change in exchange rate (Euro)	+5%	8,174	232,052
Change in exchange rate (Euro)	-5%	(8,174)	(232,052)
Change in exchange rate (Euro)	+25%	40,871	1,160,261
Change in exchange rate (Euro)	-25%	(40,871)	(1,160,261)

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

		Change in Profit before tax	
		2024	2023
		Rs.	Rs.
Change in exchange rate (GBP)	+5%	24,543	-
Change in exchange rate (GBP)	-5%	(24,543)	-
Change in exchange rate (GBP)	+25%	122,714	-
Change in exchange rate (GBP)	-25%	(122,714)	-

Foreign currency exchange rates

The exchange rates used for translations as at the reporting date are as follows:

As at	31.03.2024	31.03.2023
United States Dollar	300.44	318.28
Euro	325.22	346.72
Great Britain Pound	379.54	393.83

33.4 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as so far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and difficult conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group continuously prepare and monitors rolling cash flow forecasts and access the liquidity requirements of each operating unit to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets. At the reporting date, the group held term deposits that are expected to readily generate cash inflows for managing liquidity risk of liabilities as at the reporting date.

Notes to the Financial Statements

Year ended 31 March

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

33.4 Liquidity risk (Contd.)

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2024 based on contractual undiscounted payments.

Year ended 31 March 2024	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
Financial liabilities					
Trade and other payables	-	869,641,768	-	-	869,641,768
Interest bearing loans and borrowings	364,128,763	885,531,649	1,508,752,931	961,240,000	3,719,653,343
	364,128,763	1,755,173,417	1,508,752,931	961,240,000	4,589,295,111

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

Year ended 31 March 2023	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
Financial liabilities					
Trade and other payables	514,634,000	239,771,610	13,496,233	-	760,901,843
Interest bearing loans and borrowings	370,558,332	331,217,201	1,413,271,904	1,727,332,327	3,842,379,764
	878,192,332	570,988,811	1,426,768,137	1,727,332,327	4,593,281,607

Maturity analysis - Company

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2024 based on contractual undiscounted payments.

Year ended 31 March 2024	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
Financial liabilities					
Trade and other payables	-	384,741,391	-	-	384,741,391
Interest bearing loans and borrowings	219,200,129	722,877,147	254,798,358	197,900,000	1,394,775,632
	219,200,129	1,107,618,538	254,798,358	197,900,000	1,779,517,023

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

Year ended 31 March 2023	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
Financial liabilities					
Trade and other payables	295,885,856	37,647,199	6,669,353	-	340,202,408
Interest bearing loans and borrowings	225,296,264	233,688,996	467,551,288	571,451,574	1,497,988,122
	521,182,120	271,336,195	474,220,641	571,451,574	1,838,190,530

33.5 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows;

	2024 Rs.	2023 Rs.
Trade and other receivables	255,256,750	183,740,318
Investments in bank deposits	-	26,131,028
Cash at bank	11,154,368	6,055,638
	266,411,119	215,926,984

Trade and other receivables

The maximum exposure to the credit risk of the trade and other receivables in the statement of financial position as at 31 March 2023 and 2024 is the carrying amounts as disclosed in Note 19.

The maximum exposure to credit risk for trade and other receivables at the reporting date by the type of counter parties are as follows:

Notes to the Financial Statements

Year ended 31 March

33 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

33.5 Credit risk (Contd.)

	2024 Rs.	2023 Rs.
Individual debtors	22,321,026	11,184,580
Corporate debtors	256,691,804	121,598,498
	279,012,830	132,783,077

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. For these receivables the estimated impairment losses (if any) are recognized in a separate provision for impairment. Details of trade receivables aging and provision is provided in Note 19.1 to 19.2 the financial statements.

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 60.6 mn at 31 March 2024 (2023 -Rs. 40.6 mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks which group cash balances held are as follows;

Sampath Bank PLC	'A (lka)
Commercial Bank of Ceylon PLC	A(lka)
Hatton National Bank PLC	'A(lka)
People's Bank	'A(lka)
Pan Asia Banking Corporation PLC Bank	'BBB-(lka)
National Development Bank PLC	'A-(lka)
Bank of Ceylon	'A(lka)
Nations Trust Bank PLC	'A-(lka)
Union Bank of Colombo PLC	'BBB-(lka)

34 CAPITAL MANAGEMENT

The Groups objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of the capital.

The capital of the Company consist of the following:

Equity capital

- Ordinary share capital

Debt

- Long term bank borrowings
- Long term related party borrowings

The group monitors capital on the basis of the debt equity ratio. This ratio is calculated based on the long term interest bearing debt and divided by total equity capital.

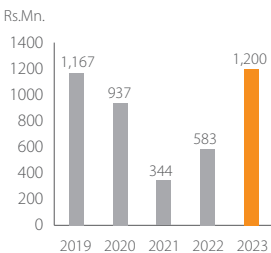
1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act).
2. Group's future developments, investments and business strategies.

The Gearing ratio of the Group is 81% (2023 - 70%) and the Company is 28% (2023 - 24%). The Group manages its capital structure, and makes adjustments to it, in the light of changes in economic conditions, and continues looking for ways of improving its capital structure in order to support the Group's Business strategies.

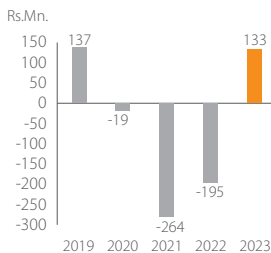
Five Year Summary

Year ended 31st March	2024 Rs. 000	2023 Rs. 000	2022 Rs. 000	2021 Rs. 000	2020 Rs. 000
TRADING RESULTS					
Revenue	1,654,360	1,199,703	583,458	344,395	936,509
Operating profit/(loss)	(5,483)	(133,177)	(195,355)	(263,516)	(19,392)
Profit/(loss) before tax	(549,788)	(1,112,443)	(405,622)	(538,232)	(311,684)
Tax (expense)/reversal	(112,962)	(903)	28,099	19,892	1,079
Profit/(loss) after tax	(662,749)	(1,113,346)	(377,523)	(518,340)	(310,605)
Profit/(loss) attributable to owners of the parent	(592,664)	(991,396)	(329,321)	(491,348)	(305,528)
Non-controlling interest	(70,085)	(121,950)	(48,202)	(26,992)	(5,078)
Funds employed					
Stated capital	4,624,023,566	4,624,024	4,624,024	4,624,024	4,624,024
Capital reserves	2,208,273	2,035,652	1,908,990	1,144,665	852,998
Revenue reserves	(3,536,381)	(2,786,529)	(1,796,962)	(1,563,782)	(1,144,062)
Equity attributable to owners of the company	3,628,051	4,205,282	5,068,186	4,537,041	4,665,095
Non-controlling interests	266,491	312,919	423,885	199,634	28,019
Borrowings	2,469,993	3,178,251	2,736,781	2,452,956	2,580,346
Assets Employed					
Non-current assets	10,206,174	9,407,718	9,442,220	8,367,039	8,045,696
Current assets	397,509	297,675	210,217	110,430	180,429
Current liability of borrowings	2,469,993	701,776	650,704	638,314	399,455
Capital employed	6,364,534	7,696,452	8,228,852	7,189,631	7,273,460
Cashflow					
Net cash inflow/(outflow) from operating activities	(481,617)	(13,972)	(37,220)	(138,588)	41,316
Net cash inflow/(outflow) from investing activities	(52,183)	(67,114)	127,428	153,395	(81,814)
Net cash inflow/(outflow) from financing activities	560,193	56,775	(21,041)	(18,584)	68,770
Increase/(decrease) in cash and cash equivalents	26,393	(24,311)	69,167	(3,777)	28,273
Key Indicators					
Earnings/(loss) per Share - Basic (Rs.)	(2)	(3.48)	(0.08)	(1.72)	(1.11)
Dividend per share (Rs.)	-	-	-	-	-
Dividend payout ratio (%)	-	-	-	-	-
Net assets value per share (Rs.)	12.73	14.76	17.79	15.93	16.37
Market price per share (Rs.)	4.70	5.10	5.70	5.30	3.20
Return on capital employed (%)	0%	-1.73%	-2.37%	-3.67%	-0.27%
Current ratio (times)	0.19	0.19	0.20	0.11	0.24
Debt to equity ratio (times)	0.63	0.70	0.50	0.52	0.55

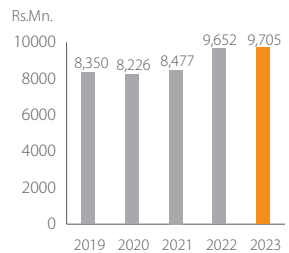
Revenue



Operating Profit/(loss)



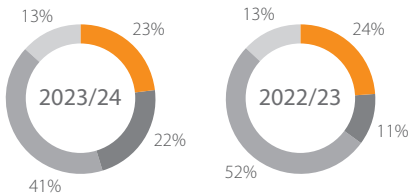
Total Assets



Statement of Value Added

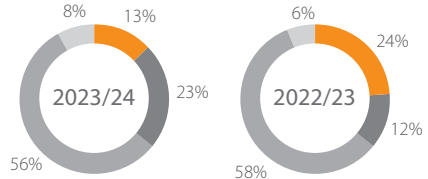
	Group				Company			
	2023/2024		2022/2023		2023/2024		2022/2023	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Turnover	1,654,360,236		1,199,702,908		563,225,991		450,407,316	
Other income	49,892,318		81,035,763		44,708,998		86,411,908	
	1,704,252,554		1,280,738,671		607,934,989		536,819,224	
Less: Cost of material & services bought in	(1,346,956,768)		(1,101,256,160)		(396,088,615)		(461,504,836)	
	357,295,786		179,482,511		211,846,374		75,314,388	
Value allocated to employees								
Salaries & wages and other benefits	359,706,666	23%	378,587,640	24%	67,724,093	13%	136,496,745	24%
To Government								
VAT, income tax and other taxes	348,676,241	22%	169,630,498	11%	125,221,386	23%	66,768,370	12%
To providers of capital								
Loan Interest	646,854,655	41%	828,325,524	52%	304,531,553	56%	330,538,441	58%
To expansion & growth								
Impairment, depreciation & Retained in business	205,306,334	13%	205,351,189	13%	43,826,529	8%	35,740,216	6%
	1,560,543,896	100%	1,581,894,851	100%	541,303,562	100%	569,543,772	100%

Group



■ To Employees
■ To Government

Company



■ To Providers of Capital
■ To expansion & growth

Share Information

ORDINARY SHAREHOLDERS

There were 2,507 registered shareholders as at 31st March 2024, distributed as follows.

From	To	No. of Shareholders	No. of Shares	%
1	1,000	1,576	419,851	0.15
1,001	10,000	655	2,487,308	0.87
10,001	100,000	220	7,285,169	2.56
100,001	1,000,000	47	12,050,416	4.23
Over 1,000,000		9	262,655,610	92.19
Total		2,507	284,898,354	100

Categories of shareholders

Categories of shareholders	No. of Holders	No. of Shares	%
Local Individuals	2,377	39,691,284	13.93
Local Institutions	115	245,117,536	86.04
Foreign Individuals	14	39,534	0.01
Foreign Institutions	1	50,000	0.02
Total	2,507	284,898,354	100

The percentage of issued shares held by the public as at 31st March 2024 was 16.778% (As at 31 March 2023 was 15.661%) and the number of shareholders was 2,507 (As at 31 March 2023 was 2,276).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2024 is Rs.224,655,854.60/- and the Company falls under Option 5 of Rule 7.13.1 (i) (a) of the Listing Rules of the CSE.

Market price per share	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Highest during the year	6.30	7.00
Lowest during the year	(10.10.2023)	(31-08-2022)
As at end of the year	3.60	4.50
	(23.01.2024)	(11-07-2022)
	4.70	5.10

Twenty largest shareholders

Name	No. of Shares As At 31.03.2024	(%)	No. of Shares As At 31.03.2023	(%)
1 CITRUS LEISURE PLC	236,058,408	82.857	236,058,408	82.857
2 MR. K.D.D. PERERA	11,998,035	4.211	11,998,035	4.211
3 MR. T.G. THORADENIYA	4,080,156	1.432	4,080,156	1.432
4 MRS. K.M. GOONEWARDENE	3,647,054	1.280	3,647,054	1.280
5 MR. K.V.HEWAVITARNE	2,000,000	0.702	2,000,000	0.702
6 HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	1,791,000	0.629	1,020,000	0.358
7 MR. C. YATAWARA	1,622,464	0.569	1,622,464	0.569
8 SEYLAN BANK PLC/PHANTOM INVESTMENTS (PVT) LTD	1,458,493	0.512	-	-
9 SENKADAGALA FINANCE PLC/S.GOBINATH	800,000	0.281	-	-
10 MR. H.P. FERNANDO	628,570	0.221	218,948	0.077
11 MR. R.E. RAMBUKWELLA	622,578	0.219	442,578	0.155
12 ROYAL CERAMICS LANKA PLC.	583,393	0.205	583,393	0.205
13 DR. M.A.M.S. COORAY	557,812	0.196	557,812	0.196
14 MS. M.R.H. GALAPPATTI	534,357	0.188	534,357	0.188
15 MR W.A.S.N. MILTON	529,336	0.186	389,326	0.137
16 MERCHANT BANK OF SRI LANKA & FINANCE PLC/A.NISSANKA	513,648	0.180	513,648	0.180
17 MR S.M.A.D.S. SUGATHAPALA	464,394	0.163	464,394	0.163
18 MR A. LUKMANJEE	345,889	0.121	345,889	0.121
19 HATTON NATIONAL BANK PLC/PADMESH SAJJEWA WEERASEKERA	339,691	0.119	339,691	0.119
20 MR. E.P.A. COORAY	333,334	0.117	333,334	0.117
SUB TOTAL	268,908,612	94.388	265,149,487	93.068
OTHERS	15,989,742	5.612	19,748,867	6.932
TOTAL	284,898,354	100.000	284,898,354	100.000

Share Information

DIRECTOR'S AND CEO'S SHAREHOLDING AS AT 31-03-2024

		No of Shares As At 31.03.2024	(%)	No of Shares As At 31.03.2023	(%)
1	Mr. Emilianus Prema Alphonse Cooray	333,334	0.117	333,334	0.117
2	Mr. Rajinda Seneviratne	212,749	0.075	212,749	0.075
	Shares held in the following manner				
	Seylan Bank PLC / Rajinda Goonewardene Seneviratne"				
3	Mr. Pathiranage Vasula Sanjeewa Premawardhana	-	-	-	-
4	Mr Sharvajana Anandaraj Ameresekere	-	-	-	-
5	Mr. Sembukuttige Mani Ammal De Silva Sugathapala	464,394	0.163	464,394	0.163
6	Mr Priya Chandana Bandara Talwatte	5,000	0.002	5,000	0.002

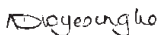
Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth (13th) Annual General Meeting of Hikkaduwa Beach Resort PLC will be held on 30th September 2024 at 10.50 a.m. at the Sri Lanka Foundation, Lecture Hall No. 03, No. 100, Padanam Mawatha, Independence Square, Colombo 07 for the following purposes;

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiary and the Financial Statements for the year ended 31st March 2024 and the Report of the Auditors thereon.
2. To re-elect Mr. Sembukuttige Mani Ammal De Silva Sugathapala who retires in terms of Article 95 of the Articles of Association of the Company as a Director.
3. To re-elect Mr. Suresh Dayanath De Mel who retires in terms of Article 95 of the Articles of Association of the Company as a Director.
4. To re-elect Mr. Punsisi Lalith Patuwatha Withana who retires in terms of Article 95 of the Articles of Association of the Company as a Director.
5. To re-elect Mr. Pathirana Vasula Sanjeeva Premawardhana as a Director who retires by rotation in terms of Article 88 of the Articles of Association of the Company.
6. To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants, as the Company's Auditors and to authorize the Directors to determine their remuneration.
7. To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.

By order of the Board

Hikkaduwa Beach Resort PLC



P W Corporate Secretarial (Pvt) Ltd

Secretaries

29th August 2024

Notes

1. A Shareholder entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on behalf of him/hers.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.

Form of Proxy

I/We*
 (NIC/Passport/Co. Reg. No.) of
 being a shareholder / shareholders of Hikkaduwa Beach

Resort PLC hereby appoint
 (NIC/Passport No.) of
 or failing him/her,

- | | |
|--------------------------|-----------------|
| Mr. S D de Mel | or failing him* |
| Mr. P C B Talwatte | or failing him* |
| Mr. S M De S Sugathapala | or failing him* |
| Mr. R G Seneviratne | or failing him* |
| Mr. S A Ameresekere | or failing him* |
| Mr. P V S Premawardhana | or failing him* |
| Mr. P L P Withana | |

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirteenth (13th) Annual General Meeting of the Company to be held on 30th September 2024 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
(1) To re-elect Mr. Sembukuttige Mani Ammal De Silva Sugathapala who retires in terms of Article 95 of the Articles of Association of the Company as a Director	<input type="checkbox"/>	<input type="checkbox"/>
(2) To re-elect Mr. Suresh Dayanath de Mel who retires in terms of Article 95 of the Articles of Association of the Company as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
(3) To re-elect Mr. Punsisi Lalith Patuwatha Withana who retires in terms of Article 95 of the Articles of Association of the Company as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
(4) To re-elect Mr. Pathiranage Vasula Sanjeewa Premawardhana as a Director who retires by rotation in terms of Article 88 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(5) To re-appoint the retiring Auditors Messrs Ernst & Young, Chartered Accountants as the Company's Auditors and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(6) To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

Signature of Shareholder/s

*Please delete what is inapplicable.

- Notes:**
1. A proxy need not be a shareholder of the Company
 2. Instructions as to completion appear overleaf.

Form of Proxy

INSTRUCTIONS FOR COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated. .
2. The completed Proxy should be deposited at the Registered Office of the Company, No.56/1, Kynsey Road, Colombo 08 by 10.50 p.m. on 28th September 2024.
3. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.
5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
6. In the case of joint holders the Form of Proxy must be signed by the first holder.

Corporate Information

Name of Company

Hikkaduwa Beach Resort PLC

Legal Form

Public Quoted Company with limited liability
Incorporated in Sri Lanka.

Company Registration No.

PB 4520 PQ

Registered Office

No. 56/1, Kynsey Road, Colombo 08.

Telephone : 0115 755 055

Fax : 0115 470 000

E-mail : direct@citrusleisure.com

Website : www.citrusleisure.com

Board of Directors

Mr. S.D De Mel (Chairman)

Mr. P C B Talwatte

Mr. Mani Sugathapala

Mr. S.A. Ameresekere

Mr. R. Seneviratne

Mr.P V S Premawardhana

Mr. P. L. P. Withana

Chief Executive Officer

Mr. P C B Talwatte

Director Marketing

Mr. Mani Sugathapala

Group Head Of Finance

Mr.Nuwan Dias

Company Secretaries

P W Corporate Secretarial (Pvt) Ltd.
No.3/17, Kynsey Road, Colombo 08.

Company Registrars

Central Depository Systems (Pvt) Ltd
Ground Floor
M & M Centre,
341/5, Kotte Road,
Rajagiriya.

Auditors

Ernst & Young Chartered Accountants
Rotunda Towers, No. 109, Galle Road,
Colombo 03.

Bankers

Sampath Bank PLC
Pan Asia Banking Corporation PLC
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
National Development Bank PLC
Nations Trust Bank PLC
Union Bank of Colombo PLC
Bank of Ceylon
People's Bank

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www.citrusleisure.com

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Telephone : 0115 755 055 Fax : 0115 470 000
E-mail : direct@citrusleisure.com