Citrus Leisure PLC

Annual Report 2019/20

Contents

Chairman's Review

It gives me great pleasure to welcome you to the Annual General Meeting of Citrus Leisure PLC, and to present the annual report and audited financial statements for the year ended 31st March 2020.

Despite the unprecedented challenges that befell the Company looks back at a year faced with an exceptional spirit of resilience. Today, the Citrus Group remains optimistic about the future as we weigh the opportunities of tomorrow.

Industry Overview

Tourism is a key contributor to the Sri Lankan economy and against the backdrop of the Easter attacks and the COVID-19 pandemic, the industry recorded a turbulent year on both local and international scales.

The Easter Sunday bombings at the very beginning of the financial year was the first major crisis faced by the tourism industry since the end of the war. The coordinated attacks including three targeting City Hotels led to an immediate decline in arrivals and a severe erosion of positive sentiment. Given the scale of the attacks and the resultant economic impact, the tourism industry partnered with the government to implement several international initiatives to ensure the industry's revival.

Subsequent to these efforts, the tourism sector began to recover better than expected with numbers picking up by July/August 2019, and operations returning to near normal by the winter season. Particularly during the months of January and February 2020, many hotels were able to make gains on the losses registered in the immediate aftermath of the attacks.

However, as the entire world became engulfed by the COVID-19 pandemic, the industry ground to a halt in March 2020 as countries closed their borders and locked down their citizens to manage the spread of the virus. Sri Lanka went on to record zero tourist arrivals, following the implementation of island-wide curfew and the termination of all passenger flights and ship arrivals into Sri Lanka beginning 18th March 2020.

The outbreak of the COVID-19 pandemic will undoubtedly continue to cripple global economies for the better part of financial year 2020/21. Given the significant contribution of tourism to the Sri Lankan economy, the industry will struggle to stay afloat while other industries allied to the tourism value chain will also feel sustained knock-on effects.

Government Contribution

The government took critical and timely steps to extend support to the industry following both setbacks, which we gratefully acknowledge.
Any industry will benefit from strong and stable leadership, and against the backdrop of a declining economy, the aid extended by the Sri Lankan government through moratoriums on existing loans, tax reductions and other concessions ensured the survival of many industry players.

Group Performance

The Citrus Group posted revenue of Rs. 1,193 Mn for the financial year ended 31 March 2020. The year further saw the Group initiate a debt restructuring programme via a rights issue designed to convert debt into equity with the purpose of strengthening the balance sheet and reducing overall debt. These details are further discussed within the Annual Report on pages 18 and 19.

Chairman's Review

Group properties remained closed from March 2020 to May 2020 resulting in a dismal first quarter of 2020/2021. However, it must be noted that at the time of writing, the Group had maintained an adequate cash flow to secure a break-even performance in the second quarter 2020-21, despite poor occupancy.

Growth of the Informal Sector

In the previous year's annual report, I mentioned the significant growth of the informal sector over the past few years— where establishments that are neither taxed nor monitored by a system or authority have become a threat to the formal sector. With the informal sector making up a significant portion of the Sri Lankan economy, it is often associated with reduced tax revenues, poor governance, and income inequality.

With properties including 'low-end' operational units and even certain high-end ones such as boutique hotels and villas, the past few years have seen a global trend in tourist preferences towards smaller properties, some of which offer high-end amenities. Owing to this, the informal sector continues to grow due to its cheaper rates, thereby providing accessibility for all.

This new attitude towards informal hospitality providers is undoubtedly driven by millennials; for example, the tourism boom experienced in Ella and Mirissa is driven by many small players of the informal sector, and there are no large hotel chains present in some areas. Similarly, certain tourist segments seek out budget holidays, including those run by families who open up their homes.

It is indisputable that the informal sector has contributed as a new thrust area, bringing new life to the tourism industry; however, without proper regulation the formal sector will continue to be strangulated. I therefore appeal to the government to create a more equal footing for all industry players, in order to ensure equitable treatment to all parties involved.

Key Thrust Areas and Future Trends

In the recent past, the Sri Lankan government launched an ambitious programme of physical infrastructure development to completely upgrade the logistics, infrastructure and telecommunications backbone of the country. These ongoing initiatives have immensely contributed towards enhancing connectivity and to facilitate easy travel access to different parts of the country– especially focused towards areas in the deep South, where Sri Lanka's world-renowned biodiversity offering is most concentrated.

Sri Lanka has the opportunity to grow its eco-tourism industry, which caters to tourists interested in immersing themselves in experiences that actively and meaningfully engage with the people, culture, history, food and environment of the location. This trend has been in high demand, as people are no longer fond of larger hotels and prefer experiencing smaller, niche locations that represent a destination in its purest form.

Eco-tourism is an aspect Sri Lanka can thrive on and it must be explored further to create opportunities for the industry. Sri Lanka has within its relatively small expanse, some of the best displays of biodiversity the world has to offer. There remains the concern however, that much of these untapped locations may take time to acclimatize to external visitors, and may not yield immediate results. However, it is my firm belief that if authorities invested in the sustainable development of these areas, the long-term results would prove beneficial, and become a strong driver of industry growth.

Addressing the Future

With the relaxation of the lockdowns, the industry opened its doors to welcome local tourists, who will form an important revenue source until the pandemic subsides and global tourism starts picking up. The government and health authorities have worked hand in hand with the industry to up-skill employees and establish health protocols and sanitary standards in order to assure guests of health and safety, while experiencing the comfort of true Sri Lankan hospitality.

While we cannot disregard the turbulence created in the economy, the industry and its people at this juncture, we are driven by a spirit of positivity and pride to note that our island shows immense potential and will face a tourism boom once the pandemic subsides. The support extended by the government and financial institutions during these trying times has assisted much of the industry to stay afloat, so that we may rise to challenges together as a nation.

Appreciations

I would like to express my sincere gratitude to my fellow board members for their continued support throughout the year under review. I would also like to place on record my appreciation for the management and employees of the company, as well as the government authorities, who ensured the Group remained afloat amidst the many challenges the year brought upon us.

On behalf of the Board of Directors, I thank all our stakeholders and you, our valued shareholders, for the trust you have placed in us to lead your company in the coming years.

E P A Cooray
Chairman

8th December 2020
Colombo

Review of the CEO

It is with great pride that I present this review of Citrus Leisure PLC's operations during the financial year ended 31 March 2020. Two unforeseen challenges that came our way at the beginning and the end of the financial year had substantial impacts on performance, but how we managed these events also reflected the strength of our stakeholders, whose collective efforts enabled the Group to remain resilient. However, the deep economic impact of the COVID-19 pandemic will be a sustained one and in order to rise from these challenges, I believe we must come together as a nation as we have demonstrated in the past during cataclysmic events.

Performance Review

During the year under review, the tourism industry recovered earlier than expected following the Easter attacks due to a series of collective efforts by the government, private sector, hotel operators, travel agents and other industry players. Your Company too invested in stronger security measures in order to inspire guest confidence. By October 2019, visitor volumes had picked up while hotel rates had returned to the previous year's levels. The Citrus Group recorded a significant growth in revenue and operational profitability at all three properties during the third quarter. In January 2020, the many value additions at our properties, including entertainment and F&B options, enabled us to gain a competitive market share, and promised a fruitful 2020/21.

However, the outbreak of COVID-19 resulted in a significant number of guest cancellations starting from the second week of February 2020, culminating in zero occupancy across the Citrus Group recorded by end March. All three of our properties were closed from the end of March up to the end of April as a safety precaution.

In May 2020, it was decided that our signature property in Waskaduwa would be offered free of charge to the government for use as a quarantine centre. The government made the decision to offer Citrus Waskaduwa to Sri Lankans returning from overseas who opted for paid quarantine facilities. It is with a deep sense of pride and gratitude to our dedicated team that I wish to place on record that Citrus Waskaduwa has safely accommodated many guests, and continues to be a quarantine centre at the time of writing.

A Differentiated Offering

Citrus has always believed in differentiating our product offering along with the highest service quality in order to remain competitive. This is especially important given the price competition in the formal sector and the rapid growth of the informal sector. We choose to see these challenges as an opportunity to embrace our unique proposition. Nevertheless, it is also critical that stronger governance mechanisms are introduced to regulate the informal sector so that the entire destination maintains high tourism standards.

We have witnessed an increase in the number of local guests patronizing our properties in Waskaduwa and Hikkaduwa; this has helped us achieve increased occupancies during the off-season months and will receive our continued focus. Local tourism will be the driver of revenue for the better part of 2020/21 given the border closures in place for much of the year.

Despite the restrictions in global travel, the Group will continue to maintain its marketing links with key source markets in India, China, Russia and Europe in order that we remain a brand of choice once global travel resumes.

Accolades and Achievements

A silver lining in what was a turbulent year, the Citrus Group received many accolades and certifications in the year due to the efforts of our team.

This year, our team of gifted chefs and our F&B team were recognised as the Most Outstanding Deep Down South Culinary Team for the year 2019, at South-East Asia's largest Food and Hospitality Show, the Culinary Art Food Expo 2019. They received multiple awards in all three classes; gold, silver and bronze. The Group's properties also received ISO 22000 and HACCP certifications, demonstrating an all-round commitment to quality and operational excellence.

Forward Thinking

Amid the turbulence of the financial year, the Group resorted to effective cost management exercises that enabled a positive performance in 2019/20. These together with the financial concessions and tax reductions initiated by the government helped us tremendously – their impact will be evident in the performance of the coming year.

While the COVID-19 pandemic has decimated the global tourism industry, we remain bullish about the medium to long term prospect for Sri Lanka's tourism industry. As such, we are strategizing how we may maximize our portfolio products and revenue. The Group will expand the offering at our existing hotels to accommodate more guests and facilitate more recreational spaces while also capitalising on our valuable land banks in Passikudah and Kalpitiya that are available for future developments.

Acknowledgements

I am deeply grateful to the Chairman and Board for their guidance and support, and to my team at Citrus for their dedication and unwavering commitment to the Group and the country during trying times. The company owes its success to the efforts of each individual that makes up our Citrus family.

I would also like to thank all our stakeholders, for respecting and believing in our brand to deliver upon our promise to serve to the best of our capabilities.

P C B Talwatte
Chief Executive Officer

8th December 2020
Colombo

Board of Directors

Mr. Prema Cooray

Mr. Prema Cooray, the immediate Past Chairman of Aitken Spence PLC counts well over 30 years' experience in travel and tourism. He led the Hotel Sector of Aitken Spence for several years making a significant contribution in making Aitken Spence a leading player in the development of resorts both in Sri Lanka and Maldives.

He is acknowledged for the pivotal role played in the development of sustainable tourism and especially for his leadership in developing the renowned Kandalama Hotel which has won many global accolades for its contribution to environmental management, food and beverage excellence and service standards of a truly exceptional nature. These attributes signaled the entry of Sri Lanka's tourism to the world map of the hospitality industry.

He led the pioneering effort of large scale expansion to the Republic of Maldives in early '90s and this regional development contributed exceptionally to the overall profile and growth of Aitken Spence.

Mr. Prema Cooray was awarded the "Legend of Tourism" by the Ministry of Tourism in 2011. He is the Past President of the Tourist Hotels Association of Sri Lanka (1998-2000) and was the Chairman of the Sri Lanka Convention Bureau (2007-2009 & 2015-2017). He also served as the Secretary-General/ CEO of the Ceylon Chamber of Commerce (2003- 2008).

He chairs a rainforest initiative in Sinharaja partnered by the private sector which benchmarks the best practices of Eco Tourism development in Sri Lanka. He is also a director of Fort Hotels Group representing three hotels and also of Lighthouse Hotel PLC.

Mr. Cooray has an MBA from the University of Sri Jayawardenepura, is a Certified Management Accountant and he is also a Member of the Institute of Hospitality, UK.

Mr. Dilith Jayaweera

Mr. Dilith Jayaweera is a leading entrepreneur in Sri Lanka with interests in several key economic sectors and named one of LMD's Ten Business people of the Year 2011. Mr. Jayaweera began his foray into the Sri Lankan business landscape with the establishment of Triad – a small advertising agency – in 1993. Epitomizing the spirit of the new generation of Sri Lankan entrepreneurs, less than two decades later Mr. Jayaweera's vision and entrepreneurship have driven Triad to become the largest and most awarded Sri Lankan communication powerhouse extensively diversified to offer integrated communication solutions.

Mr. Jayaweera is Group Chairman of George Steuart & Co. Ltd., Sri Lanka's oldest mercantile establishment, and also the Chairman of Powerhouse (Pvt) Ltd., the holding company of Sri Lanka's premium entertainment offering, TV Derana and FM Derana.

An Attorney-at-Law by profession, Mr. Jayaweera holds an LLB from the Faculty of Law, University of Colombo, and a MBA from the University of Wales.

Ms. Varuni Amunugama Fernando

Ms. Varuni Amunugama Fernando is the co-founder of Triad, the largest and most awarded Sri Lankan communication powerhouse extensively diversified to offer integrated communication solutions. She also serves as a Director in many companies including Powerhouse (Pvt) Ltd., the holding company of Sri Lanka's premium entertainment offering, TV Derana and FM Derana.

Her stamp on corporate Sri Lanka is accentuated by her belief that 'Sri Lanka Can', which has been the driving principle behind the Group's ventures.

Ms. Amunugama read for her LLB at the University of Colombo and is an Attorney-at-Law. She also and holds a Diploma in Advertising from L'Ecole-de-Publicitaire, Paris.

Mr. Sarva Ameresekere

Mr. Sarva Ameresekere is Director/CEO of the Triad Group, one of Sri Lanka's leading communication clusters. Triad together with its group of companies offer clients a comprehensive integrated business solution including advertising, media, PR, publishing, event management, AV production and digital communication. Mr. Ameresekere is also involved in the macro management and strategic planning of a diversified portfolio of investments of the group. Qualified in both business and engineering, he brings on board extensive local and foreign exposure including business, fund management, operations, research and analysis.

He holds a Masters in Engineering Management from the University of Southern California, Los Angeles and a Degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

Mr. Rajinda Seneviratne

Mr. Rajinda Seneviratne's family established Reefcomber Hotel in Hikkaduwa in the 1980s which is currently known as Hikkaduwa Beach Resort PLC. The family has diversified into trading in tea, packaging and warehousing through Corona T Stores Ltd. Mr. R. Seneviratne is the Managing Director of Corona T Stores Ltd.

Mr. Manoj Pilimatalawwe

Mr. Manoj Pilimatalawwe joined the Board of Citrus Leisure PLC in December 2010 and is on the board of several Group Companies. He is currently an Executive Director of George Steuart and Company since June 2016 having joined the Board in September 2012 in a non-executive capacity. He currently overlooks the operations of George Steuart Solutions which specializes in air conditioning, elevators and other building solutions.

He was previously at Brandix Lanka Ltd, and at PricewaterhouseCoopers Lanka Ltd, and possesses experience in areas of general management, management consultancy, IT operations and technology strategy formulation.

Mr. Pilimatalawwe holds a Master's Degree in Information Technology from The Keele University in U.K. and a Bachelor of Science Honours Degree in Information Systems from Manchester Metropolitan University in U.K. and is a member of the British Computer Society (MBCS). He is also a Chartered Information Technology Professional (CITP) and counts over 20 years corporate experience.

Board of Directors

Mr. Suresh De Mel

Mr. Suresh de Mel is the Managing Director of Lanka Fishing Flies (Pvt) Ltd., a US-Sri Lanka Joint Venture since 1981 producing Umpqua brand fishing flies. Lanka Fishing Flies which currently employs 250 workers in factories in Nugegoda, Tangalle and Ratnapura, has a reputation for being one of the best producers of high quality hand tied fishing flies in the world.

Mr. De Mel is a pioneer in promoting "catch and release" sportfishing in Sri Lanka and is the proprietor of Sportfishing Lanka. He is also the Chairman/ Managing Director of Lanka Eco Adventure Frontiers (Pvt) Ltd. – a company promoting the conservation of rainforests and wet lands through "Responsible Tourism", the Chairman of EcoWave (Gte) Ltd. – a social enterprise promoting Organic Agriculture and Responsible Eco/Agro Tourism in Ampare and Monergala Districts, the Chairman of Doonvale (Pvt) Ltd – a Planters Bungalow for Tourism in Bandarawela, the Chairman of Lanka Aqua Villas (Pvt) Ltd – a boutique villa on the Bolgoda Lake, and a Past President, Founder Member and Director of the Association of Small and Medium Enterprises in Tourism (ASMET) Sri Lanka.

He serves as, a Director on the Board of the Hambantota District Chamber of Commerce, a Council Member of the Employers Federation of Ceylon, a Board Director of The Vocational Training Authority of Sri Lanka, the Co-Chair of the Advisory Committee on Trade Information and Promotion for implementation of the National Export Strategy of Sri Lanka, and the Acting Managing Director of the Global Entrepreneurship Network in Sri Lanka.

He is also the Chairman of Navajeevana Rehabilitation Tangalle – a project "bringing new life to the disabled", a Past Chairman of the Board and a Founder Member of the Business for Peace Alliance – Sri Lanka's Regional Chambers of Commerce Network for Conflict Transformation, Reconciliation, Regional Empowerment and Corporate Social Responsibility, and a Governing Council Member of the National Peace Council of Sri Lanka.

He holds a Bachelor of Science Degree in Agricultural Engineering from Cal Poly State University, San Luis Obispo, California, USA. Before returning to Sri Lanka in 1990, Suresh worked as a Student Engineer and then as an Agricultural and Environmental Engineer for CH2M Hill Inc., USA, for 10 years.

Mr. De Mel is a social entrepreneur who actively promotes investments and initiatives that sustain "people, planet and profit".

Mr. Chandana Talwatte

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

Before joining Citrus Group Mr. Talwatte was a part of the leadership team at John Keells Holdings PLC, serving as a Director /CEO at several group companies including Mackinnon Mackenzie & Co of Ceylon Ltd, Bosanquet and Skrine Ltd, Mackinnons Travels, Mack International Freight (Pvt) Ltd, Whittals Boustead Cargo. He also served as Head of Sales and Marketing of the transportation group and Cinnamon Lakeside Colombo. He was the vice president of the transportation sector and the leisure sector of the John Keells Group.

Mr. Vasula Premawardhana

Mr. Vasula Premawardhana was appointed to the Board of Citrus Leisure PLC with effect from 02nd May 2012. He is an accomplished professional with over 20 years of comprehensive management experience comprising local and international hands-on experience in the fields of Capital Markets and Risk Management.

Mr. Premawardhana is the Chief Executive Officer of Colombo Land & Development Company PLC and was appointed as an Executive Director with effect from March 2016. Further, he is a former Director of the Securities and Exchange Commission of Sri Lanka.

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.

Management Discussion and Analysis

Citrus Hotels & Resorts

Citrus Hotels & Resorts operates a chain of unique hotels and resorts renowned for magical experiences, authentic Sri Lankan hospitality and personalised service.

Citrus Waskaduwa is the Group's flagship resort; a 150 roomed five-star property situated along a 400m long beachfront that overlooks the Indian Ocean.

Citrus Hikkaduwa embodies the splendour of the Hikkaduwa beaches, providing guests with accessibility to its vibrant nightlife and many recreational activities.

The Steuart by Citrus is the Group's Scottish themed eight-storey boutique business hotel. Housed in an old colonial building that served as the former headquarters of George Steuart & Co., The Steuart is ideally situated in the heart of Colombo's commercial district.

Today, all these properties offer distinctive, memorable experiences that exemplify the essence of Sri Lankan hospitality in its purest form.

Global Economy

In 2019, global GDP recorded a growth of 2.9% in comparison to 3.6% recorded in 2018. Trade policy uncertainty, geopolitical tensions, and country specific stress in key emerging market economies, in addition to weather related disasters in several regions considerably impacted global economic activity during the year. In advanced economies, growth slowed to 1.7% from 2.2% the previous year, reflecting the uncertainty associated with Brexit as well as weakened manufacturing activity in Germany; although USA recorded a growth of 2.3% supported by the fiscal stimulus offered during the year. Growth in emerging markets and developing economies moderated to 3.7% in 2019 from 4.5% the previous year, reflecting a structural slowdown in China as well as a deceleration in domestic demand in India.

Sri Lankan Economy

Sri Lanka's economic growth continued to decelerate, with GDP recording a modest growth of only 2.7% in 2019 compared to the growth of 3.2% in 2018. Furthermore, the local economy faced significant challenges in 2019 due to escalating security concerns following the April terror attacks, the prolonged impacts of the political crisis in November 2018 as well as subdued global economic conditions.

The agriculture sector recorded a slower growth due to lower production in both tea and rubber, while the growth of the industrial sector increased due to improvements in mining, quarrying and construction sub-sectors.

As accommodation, trade and F&B services slowed down, the services sector recorded a sharp deceleration in growth after reaching a significant volatility in 2018.

Concurrently, the Sri Lankan Rupee remained relatively stable throughout 2019, appreciating by 1% against the US Dollar to close the year at Rs.189.63. Inflation levels meanwhile remained at single digit levels for the most part of 2019 reflecting weaker demand as economic activity moderated.

Global Tourism

Globally 1.5 billion international tourist arrivals were recorded in 2019 with an increase of 4% in comparison to 2018. All regions recorded an increase in arrivals with the Middle East— emerging as the fastest-growing region for international tourism arrivals in 2019, growing at almost double the global average (+8%) followed by Asia and the Pacific (+5%). International arrivals in Europe and Africa (both +4%) increased in line with the world average, while the Americas displayed a growth of 2%.

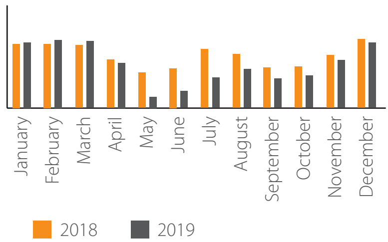
The COVID-19 pandemic has downgraded the prospects of the global tourism industry with the closing of hotels and travel restrictions implemented internationally.

Considerable challenges remain ahead, of which the most significant remain to be the unknown duration of the pandemic and international travel restrictions, in a context of global economic recession. As such, countries around the world are implementing a wide range of measures to mitigate the impact of the COVID-19 outbreak and to stimulate the recovery of the tourism sector.

Tourism in Sri Lanka

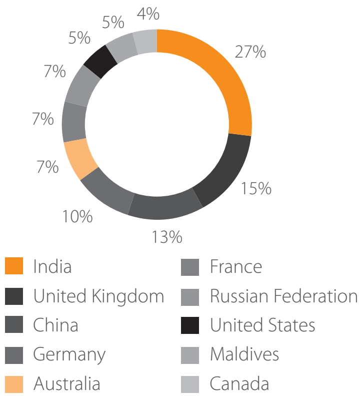
Due to the impact of the Easter Sunday tragedy, tourist arrivals decreased by 18% as against 2018 figures. The lowest tourist arrivals during 2019 were recorded in the months of May, June and July due to negative travel advisories imposed by key tourism source markets in the immediate aftermath of the April attack. However, guest arrivals began to pick up during the latter part of the year, displaying a continuous upward trend on future bookings. Hotel occupancy rates were in line with that of the previous year, primarily due to the support of local guest arrivals in the peak season of 2019.

Tourist Arrivals 2018 & 2019



As shown below, the source markets of India, United Kingdom, China and Germany served as significant contributors to Sri Lanka's tourism industry, with India being positioned as the largest source market in year 2018.

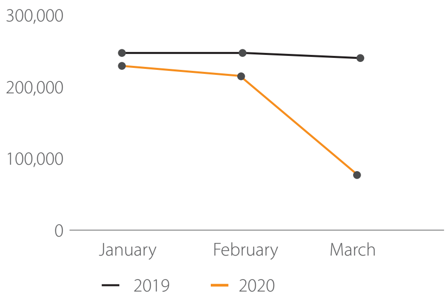
Top Ten Markets-2019



However, the number of guest arrivals in the first quarter of 2020 were once again tightened due to travel restrictions across the world, following the global outbreak of COVID-19. As described

Management Discussion and Analysis

in the graph below, in January, arrivals fell by 6% to 228,434 and in February arrivals dropped by 17.7% to 207,507. In the month of March arrivals dropped by 71%, creating a massive blow to the market, by marking the highest percentage drop to occur within a single month in the recent past. Furthermore, Sri Lanka's suspension on all tourist arrivals and the closure of the airport in order to contain the spread of COVID-19 pandemic is yet to be lifted since its commencement in mid-March, making this the biggest interruption to the tourism industry in the country's history.



Stakeholder Relationships

Investors

Investors serve as the life blood of the Group through the provision of financial resources essential to our continuity; and thus, Citrus keeps investors informed and engaged in the decisions and actions carried out by the Company. Investors meet with the management during the Annual General Meeting, providing periodic reports on financial performance on an annual and interim basis, while engaging in regular communication wherever relevant—enabling the Company to maintain strong investor relationships.

Citrus considers it one of their primary duties to constantly improve performance so that the return to its investors through dividends and capital gains are always satisfactory.

Guests

Guests are at the heart of every operation Citrus undertakes, and exceeding guest expectations through exceptional service is how we make them experience the true sense of Sri Lankan hospitality. Our teams are continuously improving our services, to maintain high standards in all we do.

At Citrus, we are dedicated to expand our offering and facilitate an enjoyable, memorable and secure experience.

Employees

Employees play a critical role in Citrus' performance and growth, especially during the year under review, within which the Group was required to be responsive, and adapt to challenging environments.

Citrus values each one of its employees, and over the years has facilitated employee development with periodical performance appraisals—motivating and supporting employees to improve in areas the management considers important. Above-industry remuneration, training and development programmes, personal development and career progression opportunities, staff entertainment programmes and numerous other benefits have helped Citrus to retain the best talent in the industry.

Regulatory Authorities

Compliance with regulations set out by relevant authorities is vital to ensure smooth operations, and at Citrus we consistently maintain existing regulations, while implementing new regulations as per authority guidelines.

By issuing annual and interim financial reports on time and participating in events organised to inform companies of new developments in regulations and compliance requirements, regulatory authorities are well informed of our current and future developments.

Industry and Competitors

Citrus considers it a duty to contribute towards the tourism and hospitality industry of Sri Lanka, and practices fair competition, plays an active part in the organisations and associations in the industry, follows industry standards and norms, while helping the country achieve its goals in terms of tourism and hospitality.

Suppliers

At Citrus, our supply chain has enhanced our performance through the years, and these collaborations are built upon mutual value and trust.

Each supplier is chosen through a systematized standard process after conducting stringent appraisals on several potential suppliers, a procedure which is integral to the performance of the Company. This has ensured the Group maintains sound communication and reliable contracts, while regularly monitoring products and material.

Way Forward

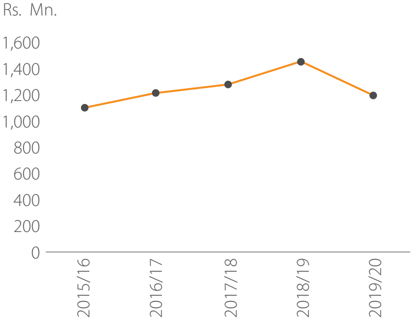
The resilience and support rendered by the authorities enabled the Sri Lankan tourism industry to remain resilient and gradually recover following the Easter Attacks in April 2019 and the COVID-19 pandemic in 2020. As the nation's industries face numerous unprecedented economic impacts, the industry is recovering by realigning strategies to maximise its offerings to ensure business longevity.

As Citrus Hotels & Resorts continues to work closely with all our stakeholders, we are confident that our efforts and their impact will boost the market as well as the sector in the years ahead.

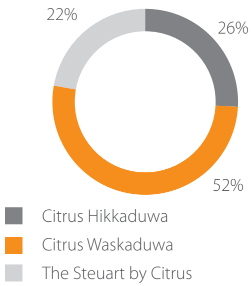
Management Discussion and Analysis

Financial Performance

Revenue



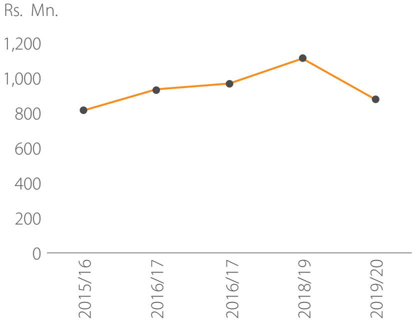
Revenue Contribution



The Citrus Group recorded a revenue of Rs. 1,193 Mn for the financial year ended 31 March 2020, displaying an 18% decline in performance compared to the previous financial year. The performance of the Group reflected broad-based industry challenges, following the Easter Sunday terror attacks in April 2019 and the outbreak of COVID-19 in March 2020; resultantly, tourist arrivals into Sri Lanka declined by 29% in the 12 months to March 2020.

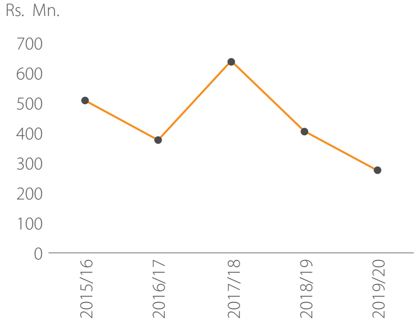
52% from the total revenue generated was contributed by Citrus Waskaduwa, while Citrus Hikkaduwa and The Steuart By Citrus contributed 26% and 22% respectively

Gross Profit



Impact to the revenue for the year directly affected the Group's profit due to the offering of discounted prices that attracted local guests to the Hotels within a competitive market. However, the Group was able to manage the Gross Profit Ratio at 73%, a 3% decline in comparison to the GP of the previous year's 76%. Even amid a challenging operating environment in the year under review, the Group performed considerably well.

EBITDA



Despite the sharp decline in revenue the Group's Hotels maintained a positive EBITDA of Rs. 275 Mn during the year. Although there were two major setbacks during the year and the YoY occupancy recorded a 15% decline, there was a significant improvement during the second half of the year, where the occupancy drop was curtailed to 12% compared to a 27% decline during the first half. Hence, the Group was able to recover during the latter part of 2019/20.

Moreover, the administrative expenses decreased by 10% when compared with the previous year, reflecting every effort of the management to drive cost rationalization and productivity improvements.

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

The Directors of Citrus Leisure PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2020.

General

Citrus Leisure PLC is a public limited Company which was incorporated under the Companies' Ordinance No. 51 of 1938 as a Limited Company on 5th December 1973, and listed on the Colombo Stock Exchange in 1984. The Company was re-registered as per the Companies Act No. 7 of 2007 on 27th November 2008 with PQ 211 as the new number assigned to the Company and the name was changed as "Citrus Leisure PLC" on 23rd December 2010.

Principal Activities

During the year, the principal activities of the Company were investing and managing subsidiaries and provision of food and beverage, lodging, and other hospitality industry related activities.

Review of Operations

The Management Discussion and Analysis covers the operations of the Company during the financial year under review.

Financial Statements

The complete Financial Statements of the Company duly signed by two Directors on behalf of the Board are given on pages 64 to 160.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 60 to 63.

Accounting Policies

The accounting policies adopted by the Company in the preparation of Financial Statements are given on pages 72 to 102 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 9.

Executive Directors
Mr. D S Jayaweera
Ms. V S F Amunugama
Mr. P C B Talwatte

Non-Executive Directors
Mr. S A Ameresekere
Mr. P V S Premawardhana
Mr. J M B Pilimatalawwe

Independent Non-Executive Directors
Mr. E P A Cooray
Mr. R Seneviratne
Mr. S D de Mel

Recommendation for re-election of Directors who retire by rotation

Mr. R Seneviratne and Mrs. V S F Amunugama who retires by rotation in terms of Article 84 of the Articles of Association of the Company and being eligible are recommended by the Directors for re-election.

Re-appointment of a Director who is over 70 years of age

Mr. E P A Cooray who has attained 73 years of age and vacates office at the conclusion of the Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Directors of Subsidiary Companies

Hikkaduwa Beach Resort PLC
Mr. E P A Cooray
Mr. D S Jayaweera
Mr. R Seneviratne
Mr. P V S Premawardhana
Mr. S A Ameresekere

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

Citrus Aqua Limited
Mr. E P A Cooray
Mr. D S Jayaweera
Ms. V S F Amunugama
Mr. R Seneviratne
Mr. S D de Mel
Mr. J M B Pilimatalawwe
Mr. P V S Premawardhana
Mr. D M Wickramasinghe
Mr. H C de Silva
Mr. H S Martenstyn

Citrus Vacations Limited
Mr. E P A Cooray
Mr. D S Jayaweera
Ms. V S F Amunugama
Mr. S D de Mel
Mr. J M B Pilimatalawwe
Mr. P V S Premawardhana

Citrus Silver Ltd
Mr. D S Jayaweera
Ms. V S F Amunugama

Waskaduwa Beach Resort PLC
Mr. E P A Cooray
Mr. D S Jayaweera
Mr. R Seneviratne
Ms. V S F Amunugama
Mr. J M B Pilimatalawwe
Mr. S D de Mel
Mr. S A Ameresekere

Interests Register

The Company maintains an Interest Register in terms of the Companies Act No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompass the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interest Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors as at 31st March 2020 as recorded in the Interest Register are given in this report under Directors' Interest in Contracts and Directors' Shareholding.

Directors' Remuneration

The Directors' Remuneration is disclosed under key management personnel compensation in Note 37.4 to the Financial Statements on page 155.

Declaration of Interests of Directors

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

All related party transactions which encompass the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period is recorded in the Interest Register in compliance with the applicable law.

The Directors have declared their interests in contracts and their relevant interests in shares, at meetings of the Directors.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. A further statement in this regard is included on page 49.

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provide non audit/consultancy services. A total amount of Rs. 440,000/- is payable by the Company to the Messrs Ernst & Young for the year under review comprising 290,00/- as audit fee and Rs. 150,000/- as taxation fee respectively.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 8th December 2020 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 Annual General Meeting.

Stated Capital

The Stated Capital of the Company as at 31 March 2020 was Rs. 3,256,172,662/- representing 267,229,723 ordinary shares (Rs. 2,403,276,182/- representing 96,650,427 ordinary shares as at 31st March 2019).

Directors' Shareholding

Directors' interest in the shares of the Company as at 31st March 2019 and 31st March 2020 were as follows:

	As at 31.03.2020	As at 31.03.2019
Mr. E P A Cooray	32,200	11,500
Mr. D S Jayaweera	30,240	30,240
Ms. V S F Amunugama	30,240	30,240
Mr. P C B Talwatte	Nil	Nil
Mr. S A Ameresekere	Nil	Nil
Mr. P V S Premawardhana	Nil	Nil
Mr. J M B Pilimatalawwe	Nil	Nil
Mr. R Seneviratne	429,665	429,665
Mr. S D de Mel	100,000	100,000

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 given on pages 163 to 165 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 2020, 31 persons were in employment (31 persons as at 31st March 2019). 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 payments in respect of statutory liabilities including EPF, ETF and PAYE tax have been made within the stipulated periods during the financial year.

Reserves

The reserves of the Company with the movements during the year are given in financial statements on page 68.

Land Holdings

The Company does not hold any freehold land.

Property, Plant & Equipment

Details and movements of property, plant and equipment are given in Note 14 to the Financial Statements on pages 112 to 119.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2020 are given in Note 19 to the Financial Statements on pages 124 and 125.

Material Foreseeable Risk Factors

As part of the governance process, the Board on a continuous basis reviews and evaluates the Internal Controls and risks of the Group and takes any measures required to mitigate risk.

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

Donations
No donations were made by the Company during the year under review.

Dividends
Directors do not recommend a dividend for the year under review.

Corporate Governance
The Board of Directors confirm that the Company is compliant with the Code of Best Practices in Corporate Governance 2017 and CSE's New Listing Rules- Section 7.10, Rules on Corporate Governance.

The report on Corporate Governance in given on pages 20 to 48 the Annual Report.

Related Party Transactions
The Directors declare that the Company is in compliance with Rule 9 of the Listing Rule of Colombo Stock Exchange pertaining to related party transactions during the financial year ended 31st March 2020.

Events after the Reporting Date
There were no Events after the Reporting Date which would require adjustment to or disclosure in the Financial Statements except Note 39 to the Financial Statements.

Going Concern
After making adequate enquiries from the management the directors are satisfied that the company has adequate resources to continue it's operation in the foreseeable future.

Group Debt Restructuring and Rights Issue of Ordinary Voting Shares
Pursuant to the Rights Issue of Shares approved by the shareholders at the Extraordinary General Meeting held on 8th April 2019, 170,579,296 Ordinary Voting Shares were allotted on 10th May 2019, of which 153,802,734 shares were allotted to George Steuart & Company Limited and 16,723,758 shares to Divasa Equity (Pvt) Ltd, thereby converting the restructured debt Rs.769,013,672/- that was payable to George Steuart & Company Limited and Rs. 83,618,790/- to Divasa Equity (Pvt) Ltd.

The cash subscription received of Rs.264,020/- in respect of 52,804 shares was utilised to reduce the debt owed to Sampath Bank PLC on 04th June 2019.

The new 170,579,296 Ordinary Voting Shares were listed on the Colombo Stock Exchange on 23rd May 2019.

Status of utilization of the proceeds of the Rights Issue as at 31st March 2020 is set out below :

Objective	Objective as per Circular	Amount Allocated as per Circular	Proposed Date of Utilisation as per Circular	Amount Allocated from proceeds (A) Rs.	% of Total Proceeds	Amount Utilised (B) Rs.	% of Utilise against allocation (B/A)
Settle the loan payable to Divasa Equity (Pvt) Ltd	Settle the loan payable to Divasa Equity (Pvt) Ltd	Upto Rs. 83,618,790	Immediately upon the conclusion of the Rights Issue	83,618,790	100%	83,618,790	100%
Settle the loan payable to George Steuart & Company Limited	Settle the loan payable to George Steuart & Company Limited	Upto not less than Rs.247,513,500/- as entitlement and not exceeding Rs.769,013,672/-	Immediately upon the conclusion of the Rights Issue	769,013,672	100%	769,013,672	100%

Objective	Objective as per Circular	Amount Allocated as per Circular	Proposed Date of Utilisation as per Circular	Amount Allocated from proceeds (A) Rs.	% of Total Proceeds	Amount Utilised (B) Rs.	% of Utilise against allocation (B/A)
Settle the Sampath Bank PLC Overdraft Facility	Settle the Sampath Bank PLC Overdraft Facility	Upto the extent of the subscription received from shareholders other than above Related Parties and not more than Rs.10,300,000/-.	Immediately upon the conclusion of the Rights Issue	264,020	100%	264,020	100%

Further to the Mandatory Offer made by George Steuart and Company Limited to the Shareholders of Citrus Leisure PLC by the Offer Document of George Steuart and Company Limited dated 3rd June 2019, acceptances of the offer have been received for 19,554,365 ordinary shares. Accordingly, subsequent to the above mandatory offer, George Steuart and Company Limited with parties acting in concert holds 227,235,325 shares (85.03%) of the Citrus Leisure PLC.

Non-compliance with the minimum public holding requirement of the Colombo Stock Exchange

The Company's public holding percentage dropped below 20% with effect from 15th July 2019 consequent to the transfer of 19,554,965 shares of the Company following acceptances received under the Mandatory Offer dated 3rd June 2019 made by George Steuart and Company Limited.

The public holding percentage of the Company as of 30th September 2020 was 13.94% (as of 31st March 2020 was 13.94%)

The proposed Rectification Plan to be adopted by the Company in order to comply with Rule 7.13.1(a) will be announced in due course.

Annual General Meeting

The Annual General Meeting of the Company will be held at Sri Lanka Foundation, Lecture Hall 08, No. 100, Sri Lanka Padanama Mawatha, Independence Square, Colombo 07 on 6th January 2021 at 10.30 am.

The Notice of the Annual General Meeting is on page 166 of this Report.

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

E P A Cooray
Chairman

S A Ameresekere
Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

8th December 2020
Colombo

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 Citrus Leisure PLC (REEF). At Citrus, 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, REEF'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 endeavours to go beyond the legal requirement by implementing International best CG practices and stakeholder engagement, ensuring high standards of professionalism and ethics.

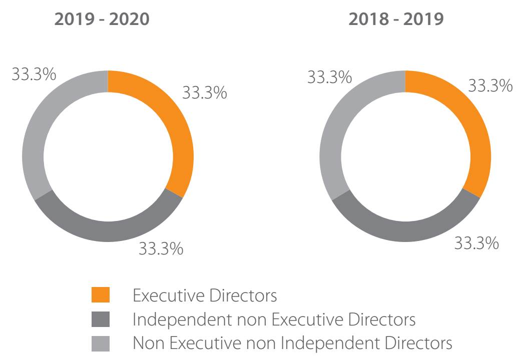
The Board provides strategic leadership and guidance and sets the tone to ensure that the development of the Company is based on values. We believe that our values are the driving force across the Group and is our guiding force for good governance.

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 while 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 2020.

Name of the Director	Status of the Director	Shareholding
Mr. E. P. A. Cooray	Chairman and Independent non Executive Director	Yes
Mr. D. S. Jayaweera	Executive Director	Yes
Mr. R. Seneviratne	Independent non Executive Director	Yes
Ms. V. S. F. Amunugama	Executive Director	Yes
Mr. S. D. De Mel	Independent non Executive Director	Yes
Mr. J. M. B. Pilimatalawwe	Non Executive non Independent Director	No
Mr. P. C. B. Talwatte	Executive Director	No
Mr. P. V. S. Premawardhana	Non Executive non Independent Director	No
Mr. S. A. Ameresekere	Non Executive non Independent Director	No



Corporate Governance

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.

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.

The attendance at the Board meetings held during the financial year 2019/20 is given below.

Name of Director	5/29/2019	7/12/2019	8/13/2019	8/30/2019	10/24/2019	11/14/2019	1/24/2020	2/14/2020	Meetings Attended	Percentage Attended
Mr. E. P. A. Cooray	✓	✓	-	✓	✓	✓	✓	✓	7/8	88%
Mr. D. S. Jayaweera	✓	-	✓	-	✓	✓	-	✓	5/8	63%
Mr. R. Seneviratne	✓	✓	-	✓	✓	-	✓	✓	6/8	75%
Ms. V. S. F. Amunugama	✓	✓	✓	-	✓	✓	✓	✓	7/8	88%
Mr. J. M. B. Pilimatalawwe	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100%
Mr. S. D. De Mel	-	✓	✓	-	-	✓	✓	-	4/8	50%
Mr. P. C. B. Talwatte	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100%
Mr. P. V. S. Premawardhana	✓	✓	✓	-	✓	✓	✓	✓	7/8	88%
Mr. S. A. Ameresekere	✓	✓	✓	✓	✓	✓	✓	✓	8/8	100%

Compliance with the Code of Best Practices in Corporate Governance 2017 & CSE's New Listing Rules- Section 7.10, Rules on Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
The Board	A.1	7.10.1(a) / 7.10.2(a)	Compliant	Citrus Leisure 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, • Three Executive Directors (ED) • Three Non-Executive Independent Directors (NED/ID) • Three Non-Executive Non Independent Director (NED/NID)

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Meetings	A.1.1		Compliant	Eight (8) 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 2019/20. 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 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 not limited to, • 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

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Responsibilities	A.1.2		Compliant	The Board of Directors of Citrus Leisure 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 the environment. Effective Corporate Governance is central to the Group's ability to operate successfully, 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, • Providing the leadership for formulation and implementation of an effective business strategy, by emphasizing on sustainable development in Corporate Strategy, decisions and business activities, whilst 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.

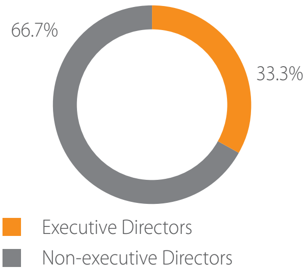
Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				• 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. • Reviewing, monitoring and taking corrective action with regard to the achievement of the corporate strategies. 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.
Compliance with Laws and access to Professional Advice	A.1.3		Compliant	The Board acts in conformity with the laws of the country and the Board and the Audit Committee is tabled a compliance statement on statutory requirements on quarterly basis at the Board and Audit Committee meeting.

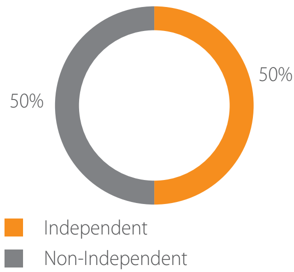
Corporate Governance Principal	**Ref. to ICASL code**	**Ref. to SEC code**	**Compliance Status**	**Compliance Details**
				The Board of Directors are provided with the opportunity of seeking professional advice at the expense of the Company, whenever it is necessary; with regard to certain technical matters and other business affairs ensuring that the Directors possess sufficient knowledge and experience in making high quality and independent decisions.
Company Secretary	A.1.4		Compliant	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. 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.
Directors' Independence	A.1.5		Complaint	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.
Adequate time and effort from Directors	A.1.6		Compliant	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. The Board has delegated the authority of directing the routine operations of the Company to the Executive Directors/CEO of the Company.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Call for resolution to be presented	A.1.7		Compliant	A Director may 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 are 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	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. 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 proper manner.
Financial Acumen	A.4		Compliant	The Chairman of the Company is a Certified Management Accountant and with extensive knowledge and experience in financial matters. In addition, the rest of the Board members sufficiently posses' knowledge on financial matters, based on experience gathered in their respective fields.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Balance	A.5		Compliant	The Board comprises of three Executive Directors and six non-executives Directors out of which three are Independent Directors and three non-independent Directors ensuring that no individual or small group can dominate the Board's decisions. 
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.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Number of Independent Directors	A.5.2		Compliant	The Board of Directors of the Company Comprises six non-executive Directors out of which three are Independent and this ratio was maintained throughout the year. 
Independence of Non-Executive Directors	A.5.3, A.5.4 & A.5.5	7.10.2(b) Available with Secretaries 7.10.3 (a),(b) & (c) 7.10.4 (a-h)	Compliant	The presence of Non-executive Independent Directors enables independent judgment. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31st March 2020 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 to 9 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 finance period 2019/20.
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.

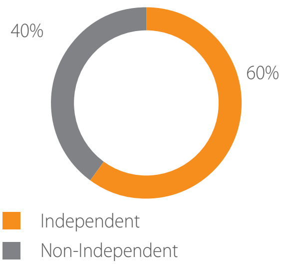
Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Interactions between the Chairman and Non-executive Directors	A.5.9		Compliant	The Chairman holds meetings with the Non-executive Directors, without the presence of the Executive Directors as and when necessary.
Minutes on Directors concerns	A.5.10		Compliant	Any concerns of Directors on matters of the Company that cannot be unanimously resolved will be recorded in Board Minutes, as and when such concern arises.
Supply of Information	A.6		Compliant	The Board is provided with timely information on a regular basis as well ad hoc reports and information as and when it is requested from the management.
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	7.10.3 (d)	Compliant	Citrus Leisure 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.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				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 facing the Company.
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 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 6th of January 2021 by the shareholders and the proposals for re-election are specified in Notice of Meeting section on page 166.
Resignation	A.8.3	Not Applicable		There has not been a resignation of a Director during the year 2019/20.
Appraisal of Board Performance	A.9	Compliant		Performance of the Board is evaluated from time to time with 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 Principal	Ref. to ICASL code	Ref. to SEC 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	Compliant		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: • 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	7.10.3.(a)	Compliant	Information in respect of Directors is specified in the pages 6 - 9 of this Annual Report.
Appraisal of CEO	A.11		Complied	Assessing the performance of the CEO is done annually.
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

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC 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	7.10.5, 7.10.5 (a) &7.10.5(b)		Citrus Leisure PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board. The Remuneration Committee of the Group consists exclusively of Non-executive Directors as prescribed by the Code of Best Practice, out which of three Directors are Non-executive Independent Directors and two Non-executive Non-independent Director, namely: Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. R. Seneviratne - (NED / ID) Mr. J. M. B. Pilimatalawwe - (NED /NID) Mr. S. D. De Mel - (NED / ID) Mr. S. A. Ameresekere - (NED /NID) 

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				The Group Finance Manager 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. 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.
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 53- 54.
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	No payments has been made for any non-executive Director during the financial year.
Disclosure of Remuneration	B.3	7.10.5(c)	Compliant	The remuneration to Directors is disclosed on page 155 under the note 37.4 as a part of the financial statements of this report.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
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.
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.

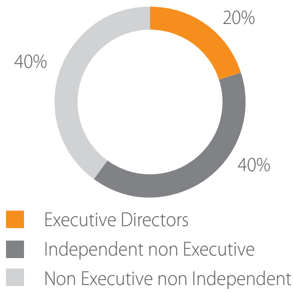
Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Major and Material Transactions	C.3		Compliant	Refer the Related Party Transactions Review Committee Report on pages 55 and 56, and Note 37 of Notes to the Financial Statements.
Balanced and understandable 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.
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 submitted to the CSE as per listing requirements and other public report/ reports submitted regulators present a balanced and understandable assessment of Company's performance.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
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	The Annual Report of the Board of Directors sets out the, a. Compliance with laws and regulations. b. Directors' Interests have been disclosed in accordance with the provisions in the Companies Act No. 07 of 2007. c. Equitable treatment to shareholders. d. Directors have complied with best practices of Corporate Governance. e. Property, plant and equipment of the Company are reflected at their fair value. f. Appropriateness of the Company's Internal Control system. g. The business is a going concern.
Responsibility of the Board for preparation and presentation of Financial Statements and Statement of Internal Controls	D.1.5		Compliant	The Audit Report in pages 60 - 63 contains a statement setting out that the Board is responsible for the preparation and presentation of Financial Statements and the Auditors responsibility in expressing an opinion on true and fair view of the above Financial Statements.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
"Management Discussion Analysis"	D.1.6		Compliant	The "Management Discussion Analysis" of this Annual Report contain, among other issues; Industry Review (Page 11) Risk Management (Pages 58 - 59) Corporate Governance (Pages 20 -48) Stakeholder Relationships (Pages 12 -13) Financial Performance (Page 14) Prospects for the future (Page 13)
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.
Disclosure of Related Party Transactions	D.1.8		Compliant	The Related Party Transactions Review Committee, which is a subcommittee of the Board, is responsible for review and disclosure of Related Party Transactions. **Related Party Transactions Review Committee** The Related Party Transactions Review Committee consists of two non-executive Independent Directors, a executive director and two non-executive Non Independent Director and , namely: Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. S. D. De Mel - (NED / ID) Mr. P. C. B. Talwatte - (ED) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / NID)

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				 The Group Finance Manager assists the committee by providing the relevant information and participating in the analysis and deliberations. The objective of the Related Party Transactions Review Committee is to be consistent with the Code of Best Practices on Related Party transactions issued by the Securities & Exchange Commission. A report of the Related Party Transactions Review Committee is given on pages 55-56. The Related Party Transactions Review Committee met four (4) times during the financial year. 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. 37 to the Financial Statements.

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
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.
Disclosure on Risk Assessment and Mitigation	D.2.2		Compliant	The Audit Committee Report and Risk Management Report set in pages and pages 50 and 57 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
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 49 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	7.10.6	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	7.10.6(a) , 7.10.6(b) & 7.10.6(c)	Compliant	The Audit Committee comprises exclusively of Non-executive Directors out of whom three are Independent Directors and two are Nonindependent Director. The members of the Audit Committee are as follows: Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. R. Seneviratne - (NED / ID) Mr. S. D. De Mel - (NED / ID) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / (NID)

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				 The Audit committee focuses principally in assisting the Board to fulfill its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function. The Audit Committee is assisted by the Internal Audit. Internal Controls have been designed to ensure transparency and good governance within the Company. The committee is responsible for the consideration and recommendation of External Auditors. A report of the Audit Committee is given on pages 50 - 52. The Audit Committee met five (5) times during the year.
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 the D.3.1 section and the manner of compliance with the Code of Best Practice by the Company is set out in the Audit Committee Report on pages 50 - 52 of the annual report.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
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 favorable treatment".
Related Party Transactions Review Committee	D.4.2		Compliant	The Related Party Transactions Review Committee consists of two Non-executive Independent Directors, a Executive Director and, two Non-executive Non Independent Director, namely: Mr. E. P. A. Cooray - (NED / ID) - Chairman Mr. S. D. De Mel - (NED / ID) Mr. P. C. B. Talwatte - (ED) Mr. P. V. S. Premawardhana - (NED / NID) Mr. S. A. Ameresekere - (NED / NID)
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 55-56.
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 Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Corporate Governance Disclosure	D.6		Compliant	The Corporate Governance section of the annual report from pages 20 - 48 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.
Shareholder Voting	F.2		Compliant	Individual shareholders are encouraged to participate and exercise their voting rights.

Corporate Governance

Corporate Governance Principal	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
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. 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 setout 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 Principal	Ref. to ICASL code	Ref. to SEC 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 57 - 59 provides a detailed explanation of cybersecurity risks faced by Citrus Leisure PLC and risk management strategies.
Environment, Society and Governance	H		To be complied	

Corporate Governance

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

Principal	Description	Comment	Compliance Status
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

Statement of Directors' Responsibility

The Directors are required by the Companies Act, No.7 of 2007 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and the income and expenditure of the Company for the financial year.

The Directors are also responsible to ensure that the financial statements comply with the regulations made under the Companies Act No. 7 of 2007, which specifies the form and content of financial statements and any other requirements which apply to the Company's financial statements under any other law.

The Directors ensure that the financial statements presented in this Annual Report have been prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and in compliance with the Sri Lanka Accounting Standards ("SLFRS"s and "LKAS"s) issued by the Institute of Chartered Accountants of Sri Lanka, the Companies Act, No.7 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records, which discloses the financial position of the Company with reasonable accuracy, which will enable them to have the financial statements prepared and presented as aforesaid.

They are also responsible for taking measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to prevention and detection of fraud and other irregularities.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing the financial statements.

The Board of Directors is of the opinion that it has discharged its responsibilities as set out above.

By Order of the Board of
CITRUS LEISURE PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

8th December 2020
Colombo.

Audit Committee Report

The Audit Committee of Citrus Leisure PLC comprised three Independent Non-Executive Directors and two Non-Executive Directors as follows.

Independent Non-Executive Directors

Mr. E P A Cooray (Chairman)
Mr. S D De Mel
Mr. R Seneviratne

Non-Executive Directors

Mr. P V S Premawardhana
Mr. S A Ameresekere

The said Audit Committee also functions as the Audit Committee of the Listed Subsidiary Companies namely, Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC.

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 five times during the financial year ended 31st March 2020.

Member's Attendance at the Audit Committee Meetings from 01.04.2019 to 31.03.2020 is as follows:

Name of the Director	2019				2020
	29.05.2019	13.08.2019	30.08.2019	14.11.2019	14.02.2020
Mr. E P A Cooray (Chairman)	√	-	√	√	√
Mr. S D De Mel	-	√	-	√	-
Mr. P V S Premawardhana	√	√	-	√	-
Mr. S A Ameresekere	√	√	√	√	√
Mr. R Seneviratne	√	-	√	-	√

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 judgments 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. 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 external audit.

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 2020/21.

The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the

Audit Committee Report

financial year ending 31st March 2021, 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 09 to the Consolidated Financial Statements on page 105.

This report was approved by the Board and signed on its behalf by:

Prema Cooray

Chairman - Audit Committee

8th December 2020

Colombo

Remuneration Committee Report

The Remuneration Committee of Citrus Leisure PLC, appointed by and responsible to the Board of Directors, comprised of two Non-Executive Directors and three Independent Non-Executive Directors as follows.

Non-Executive Directors

Mr. J M B Pilimatalawwe (Chairman)
Mr. S A Ameresekere

Independent Non-Executive Directors

Mr. E P A Cooray
Mr. R Seneviratne
Mr. S D De Mel

The said Remuneration Committee also functions as the Remuneration Committee of the Listed Subsidiary Companies namely, Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC.

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 qua 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.

Remuneration Committee Report

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.

Member's Attendance at the Remuneration Committee Meetings from 01.04.2019 to 31.03.2020

Name of the Director	2019			2020
	29.05.2019	13.08.2019	14.11.2019	14.02.2020
Mr. J M B Pilimatalawwe (Chairman)	√	√	√	√
Mr. E P A Cooray	√	-	√	√
Mr. R Seneviratne	√	-	-	√
Mr. S D De Mel	-	√	√	-
Mr. S A Ameresekere	√	√	√	√

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 commencem.

J. M. B. Pilimatalawwe
Chairman - Remuneration Committee

8th December 2020
Colombo

Related Party Transactions Review Committee Report

The Role and Responsibilities

The Related Party Transactions Review Committee ("the Committee") is tasked with reviewing all Related Party Transactions of the Company and ensuring that it complies with the Listing Rules of the Colombo Stock Exchange (CSE) and other relevant statutes and regulations. The Committee reviews and pre-approves all proposed non-recurrent Related Party Transactions of the Company. Further, the Committee reviews all recurrent Related Party Transactions on a quarterly basis and annually to ensure compliance with the limits and reporting guidelines specified by the Listing Rules of CSE.

Related Party Transactions Review Committee Composition

The Committee comprises of one Executive Director and four Non-Executive Directors of whom two are Independent. The said Related Party Transactions Review Committee also function as the Related Party Transactions Review Committee of the Listed Subsidiary Companies namely, Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC.

The names of the members of the Related Party Transactions Review Committee are as follows;

Independent Non-Executive Directors

Mr. E P A Cooray - Chairman
Mr. S D de Mel

Non-Executive Directors

Mr. P V S Premawardhana
Mr. S A Ameresekere

Executive Director

Mr. P C B Talwatte

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

Member's Attendance at the Related Party Transactions Review Committee Meetings from 01.04.2019 to 31.03.2020

Name of the Director	2019			2020
	29.05.2019	13.08.2019	14.11.2019	14.02.2020
Mr. E P A Cooray (Chairman)	√	-	√	√
Mr. S A Ameresekere	√	√	√	√
Mr. P V S Premawardhana	√	√	√	-
Mr. S D De Mel	-	√	√	-
Mr. P C B Talwatte	√	√	√	√

Related Party Transactions Review Committee Report

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.

Policies and Procedures

The Company maintains a Directors' Interest Register and all Directors of the Company have disclosed their interests in other Companies, conforming to the provisions of the Companies Act No. 07 of 2007. Further all related party transactions in accordance with Sri Lanka Accounting Standard 24 (LKAS 24) – Related Party Transactions are disclosed under Note No. 37 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

- Non-recurrent related party transactions

  There were no any non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2019 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2(a).

- Recurrent related party transactions

  There were no any recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2019 audited financial Statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2(b).

Prema Cooray
Chairman - Related Party Transactions Review Committee

8th December 2020
Colombo

Risk Management

Citrus Leisure PLC identifies 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 immense for the diverse hospitality industry in which Group operates. Listed below are some of the risks and risk mitigation strategies used by Citrus Leisure PLC:

Risk	Mitigation Strategies
1. Global Pandemic Outbreak COVID-19 has had a material detrimental impact on our business, financial results and liquidity.	* Follow latest guidance and recommendations of government, global health agencies and public health officials on implementation of appropriate health and safety measures for staff and guests, to curb the spread of disease at Group properties. * Loan moratoria in place for interest and capital repayment until March 2021 easing cash-flow constraints. * Defer non-essential capital expenditures. * The Board to monitor all possible cash flow positions and mitigating factors.
2. Safety at our Hotels Safety of our guests and staff at our hotels is our number one priority	* Adhere to latest protocols on hygiene and cleaning at Group properties. * Awareness training for COVID-19 for guests and staff guests. * Closure of properties to minimize risk. * Comprehensive health & safety policy framework with implementation responsibility at multiple levels. * A strong safety culture at all hotels with regular fire drills, disaster recovery plans and high levels of risk awareness. * Implementation of additional security checks prior to entry to our properties. * Regular debriefing of staff on security related information.

Risk Management

Risk	Mitigation Strategies
3. **Increasing competition** Increased number of hotels leading to intense competition and lower margins	* Brand development initiatives to enhance loyalty. * Strengthened relationships with travel agents. * Differentiated offerings in our properties.
4. **Retention of skilled talent pools** High staff turnover in key segments such as travels and hotels	* Staff requested to work from home to minimise health risk. * Obtained loan moratoria to support cashflow until March 2021. * Comprehensive talent management programme to build talent pipelines including succession planning. * Updating Human Resources policies and practices cognizant to trends in the industry.
5. **Interest Rate Risk** Exposure to movements in market interest rates related to borrowings	* 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.
6. **Reputation Risk** Social media has elevated this key risk for the hospitality industry as every guest and stakeholder is a potential influencer.	* We were the first to offer our resort facilities at Citrus Waskaduwa to be used as a Quarantine Center, creating a trend among our peers in the leisure sector. * 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.

Risk	Mitigation Strategies
7. Credit Risk Risk of loss arising from debtors' inability to meet their financial obligations on time	* Comprehensive credit policies and procedures are in place to verify the creditworthiness and determine the potential credit risk associated with a client.
8. Cyber Risk All significant processes are supported by one or many Internet driven services	* 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.

Independent Auditors' Report

Building a better working world

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TO THE SHAREHOLDERS OF CITRUS LEISURE PLC

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Citrus Leisure PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2020, 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 a summary of significant accounting policies.

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 2020, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment test of investment in associate Investment in associate of Rs. 2.217Mn represent 26% of Total Assets of the Group. As disclosed in Note 20, an impairment test was carried out by the management engaging an external valuer on having identified indicators of impairment. Management's assessment of the impairment of the said investment was significant to our audit because this process was complex and required significant management judgement, especially in relation to ascertaining the value a rational investor would place on a lease right held by the investee as disclosed in Note 20.	Our audit procedures focused on the fair value assessment performed by the external valuer engaged by the Group, and included the following; • We evaluated the competence, capability and objectivity of the independent external valuer engaged by the Group; • We engaged specialized resources to assist us in assessing the appropriateness of valuation techniques used and reasonableness of assumptions, estimates and significant judgments specifically those pertaining to lease rights held by the investee. • We engaged our legal professional to assist us in assessing the legal right held by the investee over the lease right, on the strength of which management in consultation with external valuer concluded that a rationale investor would place a value for such rights. We have also assessed the adequacy of the disclosures made including sensitivities in Notes 5 and 20 to these financial statements.

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment Assessment of Cash Generating Units (CGU) The group has identified its hotel properties owned by Waskaduwa Beach Resort PLC and Hikkaduwa Beach Resort PLC as separate CGUs which represented 59% of total assets of the group. Management's assessment of the impairment of property, plant and equipment on the mentioned CGUs was significant to our audit because this process was complex and required significant management judgement. Furthermore, an increased risk of impairment was identified during the year owing to the leisure sector market outlook caused by the effects of COVID-19.	Our audit procedures included the following; • We obtained an understanding of the management's impairment assessment process and identified the significant assumptions and judgments used in such assessment. • We engaged specialized resources to assist us in assessing the reasonableness of the significant judgments, assumptions and estimates applied by the Group, particularly assumptions applied relating to forecasted revenue growth, margins, discount rates and terminal growth rates in the context of business plans developed by the Group as well as available market information. We also assessed the adequacy of the related financial statement disclosures as set out in Notes 5 and 14.
Management's Assessment of COVID-19 pandemic as it relates to the Group. Management has assessed the impact of the COVID-19 pandemic on its business and financial statements of the Group as disclosed in Note 2.1.1. Such events presented a unique set of circumstances, which preparers and those charged with governance must ensure are sufficiently disclosed in the financial statements. We considered such assessment especially considering the continuing impact of the COVID-19 pandemic as a key audit matter, since the leisure sector in which the Group operates was directly impacted and such represented a significant consideration for users of the financial statements.	Our audit procedures included the following; • We assessed the appropriateness of disclosures made in note 2.1.1. in the financial statements in the context of the Group's operations during the year. • We gained an understanding of Management's assessment of the impact of the COVID-19 pandemic on the operations of the Group and procedures adopted by the management to manage and mitigate the business interruptions. • We evaluated the Group's capability to meet its current operational obligations, via existing resources and access to funding.

Other information included in the Group's 2020 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.

Independent Auditors' Report

Responsibilities of management and those charged with governance

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 judgement 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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 4107.

Ernst & Young

8th December 2020
Colombo.

Statement of Profit or Loss

Year Ended 31 March	Note	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Revenue from contract with customers	6	1,193,499,804	1,454,625,047	48,248,851	69,772,667
Cost of sales		(316,425,401)	(343,228,680)	-	-
Gross profit		877,074,402	1,111,396,367	48,248,851	69,772,667
Other income and gains	7	10,637,128	13,502,229	1,792,932	3,921,136
Selling and marketing expenses		(51,331,930)	(58,720,689)	-	(24,000)
Administrative expenses		(501,778,829)	(557,381,736)	(42,338,049)	(37,381,213)
Other operating expenses		(394,642,812)	(380,806,571)	(39,071,218)	(37,782,670)
Operating profit /(loss)		(60,042,041)	127,989,600	(31,367,484)	(1,494,080)
Finance expenses	8.1	(437,429,518)	(506,679,971)	(36,618,398)	(104,874,032)
Finance income	8.2	4,878,561	9,685,903	23,383,330	36,180,472
Share of profit of associate	20	62,624,772	66,132,414	-	-
Loss before tax	9	(429,968,226)	(302,872,055)	(44,602,553)	(70,187,640)
Tax reversal/(expense)	10	6,829,209	6,881,242	(119,479)	4,192,823
Loss for the year		(423,139,018)	(295,990,812)	(44,722,032)	(65,994,817)
Loss attributable to:					
Equity holders of the parent		(365,870,308)	(237,496,643)	(44,722,032)	(65,994,817)
Non-controlling interests		(57,268,710)	(58,494,169)	-	-
		(423,139,018)	(295,990,812)	(44,722,032)	(65,994,817)
Basic/Diluted loss per share	11	(1.47)	(2.46)	(0.18)	(0.68)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 72 through 160 form an integral part of these financial statements.

Statement of Comprehensive Income

Year Ended 31 March	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Loss for the year		(423,139,018)	(295,990,812)	(44,722,032)	(65,994,817)
Other comprehensive income/(loss) Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods					
Actuarial losses on defined benefit plan	30.1	(2,807,731)	(1,782,290)	(497,830)	(545,547)
Income tax effect on defined benefit plan	21.1	442,865	325,897	119,479	152,753
Share of other comprehensive income/(loss) of associate	20.1	(4,207,317)	6,819,264	-	-
Other Comprehensive Income/(loss) for the year, net of tax		(6,572,182)	5,362,871	(378,351)	(392,794)
Total Comprehensive loss for the year, net of tax		(429,711,200)	(290,627,941)	(45,100,382)	(66,387,611)
Total comprehensive loss attributable to:					
Equity holders of the parent		(371,442,685)	(233,613,690)	(45,100,382)	(66,387,611)
Non-controlling interests		(58,268,515)	(57,014,251)	-	-
		(429,711,200)	(290,627,941)	(45,100,382)	(66,387,611)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 72 through 160 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	14	5,127,673,527	5,577,008,324	10,159,662	11,745,415
Investment properties	15	558,991,266	-	-	-
Right-of-use assets	16	356,884,963	-	74,803,689	-
Leasehold property	17	-	73,063,962	-	51,853,653
Intangible assets	18	4,688,568	2,068,351	1,048,448	-
Investments in subsidiaries	19	-	-	3,551,794,376	3,239,548,048
Investment in associate	20	2,216,690,246	2,158,272,791	-	-
Other receivables - related parties	23	-	-	180,066,897	424,330,086
Deferred tax asset	21	19,360,929	13,278,139	-	-
		8,284,289,499	7,823,691,566	3,817,873,072	3,727,477,202
Current assets					
Inventories	22	30,651,275	31,389,754	-	-
Trade and other receivables	23	133,656,348	193,612,327	37,385,492	86,919,405
Advances and prepayments	24	32,159,716	41,489,994	605,741	6,542,895
Other current financial assets	25	60,910,305	56,378,816	13,567,157	12,499,499
Tax receivables		25,666,724	22,202,473	6,802,443	5,754,230
Cash and bank balances	26	9,856,728	14,436,268	1,267,423	1,812,109
		292,901,095	359,509,633	59,628,255	113,528,139
Assets held for sale	27	-	221,991,266	-	-
Total assets		8,577,190,594	8,405,192,465	3,877,501,328	3,841,005,342
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	28	3,256,172,662	2,403,276,182	3,256,172,662	2,403,276,182
Revaluation reserve	29	706,663,831	709,775,182	-	-
Retained earnings		(561,896,640)	(668,104,394)	140,682,927	185,783,309
Equity attributable to owners of the company		3,400,939,853	2,444,946,970	3,396,855,589	2,589,059,491
Non-controlling interests		926,092,818	1,458,644,316	-	-
Total equity		4,327,032,671	3,903,591,286	3,396,855,589	2,589,059,491

As at 31 March	Note	Group		Company	
		2020	2019	2020	2019
		Rs.	Rs.	Rs.	Rs.
Non-current liabilities					
Deferred tax liability	21	186,626,398	188,964,069	-	-
Retirement benefit obligation	30	32,331,861	23,486,777	7,169,845	4,555,625
Interest bearing loans and borrowings	31	2,620,281,693	2,058,684,410	-	-
Advance received for leasehold rights	32	-	-	159,570,689	161,363,621
Lease liabilities	33	253,275,833	-	13,747,969	-
Other payables - related parties	34	-	852,632,462	12,866,462	881,172,155
		3,092,515,785	3,123,767,718	193,354,965	1,047,091,402
Current liabilities					
Interest bearing loans and borrowings	31	439,928,953	696,420,610	19,606,841	10,967,211
Lease liabilities	33	40,665,535	-	4,969,548	-
Trade and other payables	34	640,340,004	646,624,515	262,714,385	193,887,238
Contract liabilities	35	36,707,646	34,788,336	-	-
		1,157,642,139	1,377,833,461	287,290,774	204,854,449
Total Equity and Liabilities		8,577,190,594	8,405,192,465	3,877,501,328	3,841,005,342

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

D. C. A. Sandanayake
Group Finance Manager

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

E. P. A. Cooray
Chairman

S. A. Ameresekere
Director

The accounting policies and notes on pages 72 through 160 form an integral part of these financial statements.

8th December 2020
Colombo

Statement of Changes in Equity

Group	Note	Attributable to equity holders of the parent				Non Controlling Interest	Total Equity
		Stated Capital	Revaluation Reserve	Retained Earnings	Total		
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2018		2,403,276,182	704,487,773	(429,203,294)	2,678,560,660	1,515,658,567	4,194,219,228
Net loss for the year		-	-	(237,496,643)	(237,496,643)	(58,494,169)	(295,990,812)
Other comprehensive income							
Actuarial losses on defined benefit obligations	30.1	-	-	(1,614,348)	(1,614,348)	(167,942)	(1,782,290)
Deferred tax effect on actuarial loss on defined benefit plan	21.1	-	-	302,385	302,385	23,512	325,897
Share of other comprehensive income/(loss) attributable to associate, net of tax	20	-	5,287,410	(92,495)	5,194,915	1,624,349	6,819,264
Total other comprehensive income/(loss), net of tax		-	5,287,410	(1,404,457)	3,882,953	1,479,918	5,362,871
Total comprehensive income/(loss) for the year, net of tax		-	5,287,410	(238,901,100)	(233,613,690)	(57,014,251)	(290,627,941)
Balance as at 31 March 2019		2,403,276,182	709,775,182	(668,104,394)	2,444,946,970	1,458,644,316	3,903,591,286
Balance as at 01 April 2019		2,403,276,182	709,775,182	(668,104,394)	2,444,946,970	1,458,644,316	3,903,591,286
Issue of shares	28	852,896,480	-	-	852,896,480	-	852,896,480
Share issue to non-controlling interest		-	-	-	-	256,105	256,105
Acquisition of non-controlling interest effect on right issues in subsidiaries		-	-	474,539,088	474,539,088	(474,539,088)	-
Net loss for the year		-	-	(365,870,308)	(365,870,308)	(57,268,710)	(423,139,018)
Other comprehensive income							
Actuarial gains/ (losses) on defined benefit obligations	30.1	-	-	(2,483,695)	(2,483,695)	(324,036)	(2,807,731)
Deferred tax effect on actuarial gain/ (loss) on defined benefit plan	21.1	-	-	397,500	397,500	45,365	442,865
Share of other comprehensive income attributable to associate, net of tax	20		(3,111,351)	(374,831)	(3,486,183)	(721,134)	(4,207,317)
Total other comprehensive income, net of tax		-	(3,111,351)	(2,461,026)	(5,572,377)	(999,805)	(6,572,182)
Total comprehensive income for the year, net of tax		-	(3,111,351)	(368,331,334)	(371,442,685)	(58,268,515)	(429,711,200)
Balance as at 31 March 2020		3,256,172,662	706,663,831	(561,896,640)	3,400,939,853	926,092,818	4,327,032,671

Figures in brackets indicate deductions.

The accounting policies and notes on pages 72 through 160 form an integral part of these financial statements.

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01 April 2018		2,403,276,182	252,170,920	2,655,447,102
Net loss for the year		-	(65,994,817)	(65,994,817)
Other comprehensive income/(loss)				
Actuarial loss on defined benefit plan	30.1	-	(545,547)	(545,547)
Deferred tax effect on actuarial loss on defined benefit plan	21.1	-	152,753	152,753
Total other comprehensive loss, net of tax		-	(392,794)	(392,794)
Total comprehensive loss for the year, net of tax		-	(66,387,611)	(66,387,611)
Balance as at 31 March 2019		2,403,276,182	185,783,309	2,589,059,491
Balance as at 01 April 2019		2,403,276,182	185,783,309	2,589,059,491
Issue of shares	28	852,896,480	-	852,896,480
Net loss for the year		-	(44,722,032)	(44,722,032)
Other comprehensive income/(loss)				
Actuarial loss on defined benefit plan	30.1	-	(497,830)	(497,830)
Deferred tax effect on actuarial loss on defined benefit plan	21.1	-	119,479	119,479
Total other comprehensive loss, net of tax		-	(378,351)	(378,351)
Total comprehensive loss for the year, net of tax		-	(45,100,382)	(45,100,382)
Balance as at 31 March 2020		3,256,172,662	140,682,927	3,396,855,589

The accounting policies and notes on pages 72 through 160 form an integral part of these financial statements.

Statement of Cash Flows

Year Ended 31 March	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash flows from/(used in) operating activities					
Loss before income tax expense		(429,968,226)	(302,872,055)	(44,602,553)	(70,187,640)
Adjustments for :					
Depreciation	14	209,040,680	210,357,741	2,846,566	2,716,215
Amortization of intangible assets	18	1,482,315	696,011	104,525	11,449
Amortization of leasehold property	17	-	804,470	-	571,380
Depreciation of right-of-use assets	16	61,123,646	-	6,451,734	-
Deferred income on amortization of lease right	32	-	-	(1,792,932)	(1,792,932)
Loss on financial assets at fair value	8.1	118,680	76,360	-	-
Finance costs	8.1	437,310,838	506,603,611	36,618,398	104,874,032
Finance income	8.2	(4,878,561)	(9,685,903)	(23,383,330)	(36,180,472)
Impairment of capital work in progress	14	-	22,996,149	-	-
Gain on disposal of property, plant & equipment	7	(3,637,115)	(3,539,239)	-	-
Impairment of trade receivables		2,783,818	9,408,916	-	-
Written-off of irrecoverable tax receivables and others		3,188,040	-	-	-
Provision for defined benefit plans	30.1	7,870,428	5,031,454	2,116,390	1,315,767
Share of profits from investment in associate	20	(62,624,772)	(66,132,414)	-	-
Operating profit/(loss) before working capital changes		221,809,771	373,745,103	(21,641,202)	1,327,798
Increase/(decrease) in inventories		738,479	(3,184,422)	-	-
Decrease in trade and other receivables		56,829,977	71,844,356	72,222,759	14,807,550
(Increase)/decrease in advances & prepayments		3,005,279	(1,217,379)	(387,846)	953,912
Increase in contract liabilities		1,919,310	12,063,309	-	-
Increase/(decrease) in trade and other payables		(109,695,063)	(345,293,806)	43,051,822	(11,633,033)
Cash generated from operations		174,607,754	107,957,160	93,245,533	5,456,227
Finance cost paid		(64,966,813)	(447,239,294)	(7,612,324)	(104,874,032)
Tax paid		(6,457,361)	(50,697,434)	(1,048,212)	(3,448,491)
Defined benefit plan cost paid	30	(1,833,076)	(1,415,961)	-	-
Net cash flow from/(used in) operating activities		101,350,504	(391,395,530)	84,584,997	(102,866,296)

Year Ended 31 March	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment		(103,815,239)	(59,180,139)	(1,260,813)	(4,302,534)
Proceeds from disposal of property, plant and equipment		4,339,328	5,193,526	-	-
Acquisition of intangible assets	18	(4,102,532)	(928,552)	(1,152,973)	-
Proceeds from withdrawal of fixed deposits		6,608,669	237,529,797	-	-
Finance income received		3,877,428	9,685,903	694,483	36,180,472
Net cash flow from/(used in) investing activities		(93,092,346)	192,300,535	(1,719,303)	31,877,938
Cash flows from/(used in) financing activities					
Proceeds from interest bearing loans and borrowings	31.1	166,975,000	645,000,000	-	-
Net finance from/(to) related parties		67,707,424	655,632,462	(83,656,371)	115,836,208
Repayment of interest bearing loans and borrowings	31.1	(105,635,615)	(276,335,261)	-	-
Principal payments under finance lease liabilities		-	(2,905,271)	-	-
Payments under other lease liabilities	33	(88,354,193)	-	(7,590,000)	-
Proceed from issue of shares		264,020	-	264,020	-
Proceeds from shares issue to non-controlling shareholders		256,105	-	-	-
Net cash flows from/ (used in) financing activities		41,212,740	1,021,391,930	(90,982,351)	115,836,208
Net increase / (decrease) in cash and cash equivalents		49,470,899	822,296,934	(8,116,658)	44,847,850
Cash and cash equivalents at the beginning of the year		(418,899,619)	(1,241,196,553)	3,344,397	(41,503,453)
Cash and cash equivalents at the end of the year (Note A)		(369,428,720)	(418,899,619)	(4,772,261)	3,344,397
Note A					
Analysis of Cash and cash equivalents					
Cash in hand and cash at bank		9,856,728	14,436,268	1,267,423	1,812,109
Short term deposits with original maturity less than three months		60,643,505	49,384,667	13,567,157	12,499,499
Bank overdrafts		(439,928,953)	(482,720,554)	(19,606,841)	(10,967,211)
Total cash and cash equivalents		(369,428,720)	(418,899,619)	(4,772,261)	3,344,397

The accounting policies and notes on pages 72 through 160 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 March 2020

1. CORPORATE INFORMATION

The consolidated financial statements of Citrus Leisure PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2020 were authorized for issue in accordance with a resolution of the directors on 8th December 2020. Citrus Leisure 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 7/5, Gregory's Road, Colombo 07.

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

In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is George Steuart & Company Ltd, which is incorporated in Sri Lanka.

2. SIGNIFICANT 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 recognized 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 recognized 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 Lankan rupees (Rs.).

Comparative Information

The consolidated financial statements provide comparative information in respect of the previous year. The accounting policies have been consistently applied by the Group except for the adoption of new accounting standards and interpretations with effect from 01 April 2019, the Group has consistently applied the accounting policies with those adopted in the previous financial year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

The impact of adopting this new accounting standard of SLFRS 16 is disclosed in note 03 to the financial statements.

2.1.1 *Effect of COVID 19 on the Business and Operations of the Group and Going Concern*

a) Going Concern

The Citrus Leisure PLC and its subsidiaries operate in the tourist sector that has been significantly affected by the outbreak of COVID – 19. With the spread of the virus on a global scale in mid-March 2020 and rightly the stringent measures taken by the Government including the closure of airports and lock downs, have compelled the temporary closure of all the Group's hotels. The Board of Directors has made an assessment of the Group's ability to continue as a going concern considering all the current internal and external environmental factors including the business impact of the overall tourism industry decline due to the impact of Covid-19 pandemic and they do not intend either to liquidate or to cease trading.

Even though the Hotel's key performance indicators were at significantly lower level in the month of March 2020, the management believes that the situation is solely due to the cancellation of bookings due to the Covid-19. The Management is being negotiated with travel agents to pick up the business once the global pandemic is managed and success in attracting tourists from the mid of next year.

In determining the basis of preparing the financial statements for the year ended 31 March 2020, based on available information, the management has assessed the existing and anticipated effects of COVID-19 on the Group Companies and the appropriateness of the use of the going concern basis.
In March 2020, the Group evaluated the resilience of its businesses considering a wide range of factors under multiple stress tested scenarios , relating to expected revenue streams, cost management, profitability, the ability to defer nonessential capital expenditure, debt repayment schedules, if any, cash reserves and potential sources of financing facilities, if required, and the ability to continue providing services to ensure businesses continue as least impacted as possible.

Having presented the outlook for each company in the group to the Board of Citrus Leisure PLC and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiaries and associate have 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.

b) Effect of COVID 19 on the Business and subsequent Initiatives

The Travel and leisure sector is facing an unprecedented challenge of global scale and proportion. The government of Sri Lanka has successfully managed the Covid-19 pandemic in the country thus far by making health and saving lives its number one priority. The manner in which the local authorities are handling this crisis will no doubt resonate well with the world and the global traveler will have more confidence in our destination when our borders open.

Notes to the Financial Statements

Year ended 31 March 2020

Today, Sri Lanka along with many other countries around the world is slowly attempting to relax its internal restrictions. However, the future of the sector remains quite uncertain and a slow learning experience lies ahead of us until a permanent global solution for Covid-19 is reached. Hence any immediate attempts to reliably forecast the future of the current financial year 2020/21 would be futile. Nonetheless the company is vigilantly following the developments and approaching the current challenges and constraints with a sense of creativity and open mindedness.

In keeping with the Group's nation mindedness ethos in support of the valiant efforts of those in the front line, we were the first to offer our resort facilities at Citrus Waskaduwa to be used as a Quarantine Center, creating a trend amongst our peers in the leisure sector. However, as the need did not arise at that juncture, the authorities decided to utilise same to house Sri Lankan overseas returnees opting for the Government's offer of paid quarantine facilities along with other hotel operators. Accordingly, Citrus Waskaduwa commenced operations on 04th May 2020 as a paid quarantine centre under the stringent supervision of the Sri Lanka Army and strict guidance issued by the Medical Authorities. Under their guidance, we have taken extra care to implement measures and protocols to ensure the highest standards of health and safety for all our guests and staff which is our number one priority. Once the requirement for such a quarantine centre by the Government is fulfilled, Citrus Waskaduwa will be completely decontaminated in keeping with highest international standards before normal resort operations commence.

The Steuart by Citrus has been in operation in limited capacity throughout this time to serve the needs of a few long staying guests. On 26th May 2020, the restaurant and the hotel was opened to the public under the instructions received from Health Authorities. Stringent measures are in place in line with the guidelines set out by the World Health Organization (WHO) and Ministry of Health. While we are unable to go back to full scale operations anytime soon, the current operations are generating vital cashflows for the company.

Citrus Hikkaduwa was closed from 31st March 2020, and has been re-opened for local travelers from 10th June 2020.

During this time, the group has made every effort to curtail all costs and will continue to implement such initiatives to manage our finances. We are in constant discussions and negotiations with our financial partners and lending institutions in order to maneuver through this critical cash constrained period. All properties are being managed and maintained using small but efficient cross functional teams. Regular consultations and representations with the industry bodies are also being done in order to obtain the much needed concessions and protective measures which could be highlighted to the government to sustain the sector.

The manner in which the borders will open, and to which markets we open and what measures will be required for travellers is still unclear. These will no doubt be planned and implemented soon but will evolve with the dynamic global situation we are faced with. In the meantime, we will continue to keep our brand at the top of the minds of our travel agents, potential customers and stakeholders. As the situation in Sri Lanka becomes "near normal", we will focus our energies on the local market while ensuring to adhere to all precautionary health and safety measures as per the local and international guidelines. We are actively trying to think outside the traditional model and are evaluating all possible opportunities. While in the medium to long term, the industry is bound to bounce back, our commitment to provide "happiness moments" to all our guests with utmost safety and responsibility, and the continued wellbeing of our staff will remains our top priority.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the Group) as for the year ended 31 March 2020.

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

Notes to the Financial Statements

Year ended 31 March 2020

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 subsidiaries 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 Subsidiaries

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 subsidiaries are prepared for the same reporting period as the parent Company, which is 12 months ended 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 recognized in profit or loss. Any investment retained is recognized at fair value.

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

Subsidiary	Effective Holding 2020	Effective Holding 2019	Principal Activities
1. Hikkaduwa Beach Resort PLC	**82.86%**	76.18%	Provision of food and beverage, lodging, other hospitality industry related activities.
2. Waskaduwa Beach Resort PLC	**81.12%**	71.93%	
3. Citrus Sliver Limited	**100%**	100%	
4. Citrus Aqua Limited	**58.20%**	58.20%	The company carried out all range of watersports and related activities. However, the commercial operations have been ceased temporary since February 2014.
5. Citrus Vacations Limited	**98%**	98%	Carrying out inbound and outbound travels and business of travel agents. However, the commercial operations of the company have been ceased temporary since April 2018.
6. Citrus Equity Limited	**100%**	100%	Dormant Company
7. Citrus Villas Limited	**100%**	100%	Dormant Company

2.2.2 Investment in Associates

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 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.

Notes to the Financial Statements

Year ended 31 March 2020

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.

	Effective Holding		Principal Activities
	2020	2019	
Colombo Land & Development Company PLC	**20.22%**	20.22%	Development and leasing out of investment property under operating leases and renting of vehicle parking.

2.3 Summary of significant 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
- 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.

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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, thesenior 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:

Fair value measurement	Disclosure Notes
Disclosures for valuation methods, significant estimates and assumptions	Notes 13 and 14.3.1
Quantitative disclosures of fair value measurement hierarchy	Note 13
Investment in quoted equity shares	Notes 13 and 25.1
Property, plant and equipment under revaluation model	Note 14.3
Investment properties	Note 15
Financial Instruments (Including those carried at amortized cost)	Note 12

d) Revenue

(i) Revenue from contracts with customers

Revenue from contracts with customers is recognized 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 Group's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related

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activities. The net Group'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 recognizes 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 subsidiaries, 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
- In respect of deductible temporary differences associated with investments in subsidiaries, 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 utilized.

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

Notes to the Financial Statements
Year ended 31 March 2020

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 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.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Revaluation of land is 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.

Notes to the Financial Statements

Year ended 31 March 2020

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
Motor vehicles	4 Years
Furniture and fittings	6 Years
Plant & machinery	10 Years
Entertainment equipment	4 Years
Office equipment	6 Years
Gardening and other equipment	5 - 6 Years
Sundry equipment	5 Years
Linen and furnishing	3 Years
Kitchen utensils and other equipment	10 - 13 Years
Air conditioner	10 - 13 Years
Computer equipment	3 - 6 Years
Generator and transformers	15 Years
Electrical Fittings	10 Years
Crockery and Cutlery	3 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) 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.

j) 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.

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.

Notes to the Financial Statements

Year ended 31 March 2020

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 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.

Notes to the Financial Statements

Year ended 31 March 2020

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 assetsarealsoprovidedin the following notes:

Disclosures for significant assumptions	Note 05
Financial assets	Note 25
Trade receivables	Note 23

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.

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.

Notes to the Financial Statements

Year ended 31 March 2020

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 recognized 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 isderecognised 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 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.

Notes to the Financial Statements

Year ended 31 March 2020

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-taxrate 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 postemployment 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 recognized in the Statement of Profit or Loss while any actuarial gains or losses arising are recognized 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 30. 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.

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

Accounting policy applied up to 31 March 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Notes to the Financial Statements

Year ended 31 March 2020

Accounting policy applied from 1 April 2019

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.

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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied SLFRS 16; Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

The following are the new significant accounting policies applied by the Group in preparing its Financial Statements. Several other amendments and interpretations apply for the first time in financial year 2019/20, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

a) SLFRS 16 Leases

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

The Group adopted SLFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 April 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying LKAS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). However, there were no any short-term leases or low value leases were identified.

The Group has lease contracts for lands and offices. Property leases are the major asset included in the right of use assets category, typically made for in between 2 to 99 years of lease term and have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. On adoption of SLFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of the transition date.

Notes to the Financial Statements
Year ended 31 March 2020

The effect of adoption SLFRS 16 as at 1 April 2019 is as follows:

	Group Rs.	Company Rs.
Assets		
Property, plant and equipment	(6,407,142)	-
Right-of-use assets	418,008,610	81,255,423
Leasehold property	(73,063,962)	(51,853,654)
Advances and prepayments	(6,325,000)	(6,325,000)
Total assets	**332,212,506**	**23,076,769**
Liabilities		
Lease liabilities	337,710,560	23,076,769
Interest bearing loans and borrowings	(5,498,054)	-
Total Liabilities	**332,212,506**	**23,076,769**

Leases previously accounted for as operating leases

On adoption of SLFRS 16, the Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 14%.

Leases previously classified as finance leases

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The requirements of SLFRS 16 was applied to these leases from 1 April 2019.

Presentation of Financial Statements

Right-of-use assets were recognised and presented separately in the statement of financial position. Lease Motor Vehicles recognised previously under finance leases, which were included under 'Property, plant and equipment', were derecognised.

Additional lease liabilities were recognised and presented separately in the statement of financial position.

There is no impact to the comparative statement of profit or loss, cash flows and earnings per share as the Group has adopted the SLFRS 16 using Modified retrospectives approach.

b) IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

Upon adoption of the interpretation, the group considered whether it has any significant uncertain tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated Financial Statements.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

SLFRS 17: Insurance Contracts

SLFRS 17; Insurance Contracts, is issued by the CA Sri Lanka and up to the date of issuance of the Group financial statements that standard is not effective. SLFRS 17 is effective from 01 January 2023. However, the adoption of SLFRS 17 does not expecting to have an impact on the Group Financial Statements.

Amendments to SLFRS 3: Definition of a Business

The Institute of Chartered Accountants of Sri Lanka issued amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to LKAS 1 and LKAS 8: Definition of Material

The Institute of Chartered Accountants of Sri Lanka issued amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

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Year ended 31 March 2020

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

5. 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 41
Financial risk management and objectives and policies	Note 40
Sensitivity analyses disclosures	Notes 14.3.1 and 30.3

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 30.

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 Group's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The Group has considered the current decline in the tourism industry due to the impact of Covid19 Pandemic 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. More than 8% of above receivables are due from well-established foreign travel agents and the dues are still within the credit period. Travel agents have agreed to release the payments on due dates. More than 74% of the receivables are due from local travel agreements and most of the dues have been settled subsequently.

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 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.

Going Concern

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

Notes to the Financial Statements

Year ended 31 March 2020

management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Fair value of freehold land and buildings

The Group measures freehold land and buildings at fair value with changes in fair value being recognized 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 summarized in the Note 13 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 20.4
Cash Generating Units (CGU) of the Group	Note 14.6

Leases - Estimating the incremental borrowing rate for discounting land lease commitments

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and making certain entity-specific adjustments based on the type, terms and conditions of the lease.

6. REVENUE FROM CONTRACT WITH CUSTOMERS

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Revenue				
Hotel income (Note 6.1)	1,193,499,804	1,454,604,976	-	-
Other revenues (Note 6.2)	-	20,071	48,248,851	69,772,667
	1,193,499,804	1,454,625,047	48,248,851	69,772,667

6.1 Hotel income

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Room revenue	610,626,704	770,690,317	-	-
Food revenue	300,737,352	347,465,104	-	-
Beverage revenue	120,953,810	130,105,593	-	-
Banquet revenue	157,366,061	199,489,345	-	-
Spa Income	3,260,006	5,633,126	-	-
Laundry income	546,495	915,026	-	-
Gift shop sales	7,389	304,221	-	-
Other incomes	1,988	2,245	-	-
	1,193,499,804	1,454,604,976	-	-

6.2 Other revenue

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Income from air tickets	-	20,071	-	-
Management fees	-	-	48,248,851	69,772,667
	-	20,071	48,248,851	69,772,667

Notes to the Financial Statements

Year ended 31 March

7 OTHERINCOME AND GAINS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Income from sublease	-	-	1,792,932	1,792,932
Exchange gain	555,573	618,192	-	-
Commission and service charge income	-	7,138	-	-
Swimming pool income	362,316	358,804	-	-
Gain on disposal of property, plant and equipment	3,637,115	3,539,239	-	-
Shop rent income	3,485,786	3,331,265	-	-
Sundry income	2,596,338	5,647,591	-	2,128,204
	10,637,128	13,502,229	1,792,932	3,921,136

8 FINANCE COSTS AND INCOME

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
8.1 Finance expenses				
Interest expenses on bank overdrafts	66,138,588	112,528,910	2,935,933	3,807,068
Interest expenses on finance leases	-	694,221	-	-
Interest expenses on lease liabilities	44,585,001	-	3,230,748	-
Interest expenses on bank loans	297,992,620	298,674,661	-	-
Interest on related party payables	28,594,629	94,705,819	28,747,059	99,366,964
Mortgage fee	-	-	1,704,658	1,700,000
Fair value loss on financial assets at fair value through profit or loss	118,680	76,360	-	-
	437,429,518	506,679,971	36,618,398	104,874,032
8.2 Finance Income				
Interest income on fixed deposits and savings accounts	4,878,561	9,685,903	1,101,717	962,209
Interest on related party receivables	-	-	22,281,613	35,218,263
	4,878,561	9,685,903	23,383,330	36,180,472

9 LOSS BEFORE TAX

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

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Auditors' remuneration				
- Statutory audit fee	1,675,000	1,675,000	290,000	290,000
- Internal audit fee	1,372,172	1,270,530	190,000	175,440
Costs of defined employee benefits				
- Defined benefit plan costs	7,870,428	5,031,454	2,116,390	1,315,767
- Defined contribution plan cost EPF and ETF	31,423,980	29,538,272	6,220,440	5,650,177
- Other staff cost	285,651,622	253,748,199	51,579,531	48,065,454
Depreciation of property, plant and equipment	209,040,680	210,357,741	2,846,566	2,716,215
Amortisation of intangible assets	1,482,315	696,011	104,525	11,449
Depreciation of right-of-use assets	61,123,646	-	6,451,734	-
Impairment of trade receivables	2,783,818	9,408,916	-	-
Written-off of irrecoverable tax receivables and others	3,188,040	-	1,658,770	-
Donations	121,277	42,744	-	18,744
Impairment of capital work in progress	-	22,996,149	-	-
Directors' emoluments	10,380,000	8,400,000	10,380,000	8,400,000
Business promotion and advertising costs	20,214,658	22,138,776	-	24,000

Notes to the Financial Statements

Year ended 31 March

10 TAX EXPENSE

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

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current income tax				
Income statement				
Current income tax charge (Note 10.1)	1,148,387	-	-	-
Income tax under/(over) provision in respect of previous years	-	3,363,966	-	(4,345,576)
	1,148,387	3,363,966	-	(4,345,576)
Deferred tax expense				
Deferred tax charge/(reversal) (Note 10.3)	(7,977,595)	(10,245,209)	119,479	152,753
Income tax expense/(reversal) reported in the statement of profit or loss	(6,829,209)	(6,881,242)	119,479	(4,192,823)

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

	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Accounting loss before income tax	(429,968,226)	(302,872,055)	(44,602,553)	(70,187,640)
Share of loss/(profit) of associate	(62,624,772)	(66,132,414)	-	-
	(492,592,998)	(369,004,469)	(44,602,553)	(70,187,640)
Less: Aggregate allowable items	(442,798,023)	(379,568,426)	(7,765,471)	(1,323,572)
Add: Aggregate disallowed items	427,859,488	283,067,201	19,311,252	6,395,022
Less: Non business income	(46,076,219)	(151,879,300)	(25,176,262)	(36,180,472)
Losses exempt from tax	354,235,176	343,538,121	-	-
Business loss	(199,372,576)	(273,846,873)	(58,233,034)	(101,296,662)

10. TAX EXPENSE (Contd.)

	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Other sources of income				
Interest income	41,987,538	151,879,300	23,383,330	36,180,472
Other taxable incomes	1,792,932	-	1,792,932	-
Less: Tax losses deducted against other sources of income	(38,995,525)	(151,879,300)	(25,176,262)	(36,180,472)
Total taxable income	4,784,945	-	-	-
Income tax on other source of income @ 24%	1,148,387	-	-	-
Current income tax charge	1,148,387	-	-	-

10.2 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% (2018/19 : 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) Agricultural income

Income from agricultural income are taxed at the rate of 14% (2018/19 : 14%)

(iii) Other income and gains

Income from other sources are taxed at the rate of 24% (2018/19 : 14%)

Notes to the Financial Statements

Year ended 31 March

10. TAX EXPENSE (Contd.)

10.3 Deferred tax expense /(reversal)

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Deferred tax arising from				
- Accelerated depreciation for tax purposes	9,591,369	2,720,538	1,578,968	2,234,698
- Retirement benefit obligation	(1,771,993)	(1,524,934)	(1,601,284)	(1,122,822)
- Right-of-use assets	(790,402)	-	1,152,936	-
- Benefit arising from tax losses and others	(15,006,569)	(11,440,813)	(1,011,141)	(959,123)
Total deferred tax charge/(reversal)	(7,977,595)	(10,245,209)	119,479	152,753

11. 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	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Amounts used as the numerator :				
Net profit/(loss) for the year attributable to the owners of the parent	(365,870,308)	(237,496,643)	(44,722,032)	(65,994,817)
Amounts used as the denominator :				
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	249,003,442	96,650,427	249,003,442	96,650,427
Basic/diluted loss per share (Rs.)	(1.47)	(2.46)	(0.18)	(0.68)

12. FINANCIAL INSTRUMENTS

12.1 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	2020		2019	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Other current financial assets				
- Listed equity investments	266,800	-	385,480	-
- Investments in bank deposits	-	60,643,505	-	55,993,336
Trade and other receivables	-	133,656,348	-	193,612,327
Total financial assets	266,800	194,299,853	385,480	249,605,663

As at 31 March	2020		2019	
	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	-	3,060,210,646	-	2,755,105,020
Trade and other payables	-	512,896,784	-	1,316,154,432
Total financial liabilities	-	3,573,107,430	-	4,071,259,452

Notes to the Financial Statements

Year ended 31 March

12. FINANCIAL INSTRUMENTS (Contd.)

b) Financial assets and liabilities by categories - Company

As at 31 March	2020		2019	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets				
Trade and other receivables	-	217,452,389	-	511,249,492
Other current financial assets				
- Investments in bank deposits	-	13,567,157	-	12,499,499
Total financial assets	-	231,019,545	-	523,748,991

As at 31 March	2020		2019	
	Fairvalue through profit or loss Rs.	Other Financial liabilities Rs.	Fairvalue through profit or loss Rs.	Other Financial liabilities Rs.
Financial liabilities				
Interest bearing loans and borrowings	-	19,606,841	-	10,967,211
Trade and other payables	-	275,580,848	-	1,060,423,467
Total financial liabilities	-	295,187,689	-	1,071,390,678

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 at their fair value

The management assessed that the fair values of trade and other payables and interest bearing loans and borrowings 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.

13. FAIR VALUE MEASUREMENT

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

13.1 Group

Fair value measurement hierarchy for assets as at 31 March 2019 and 2020:

Assets measured at fair value:		Date of valuation	Fair value measurement using			
			Total Rs.	Quoted prices in active markets (Level 1) Rs.	Significant observable inputs (Level 2) Rs.	Significant unobservable inputs (Level 3) Rs.
As at 31 March 2020						
Non-financial assets						
Property, plant and equipment						
- Land	(Note 14)	31 March 2018	1,359,457,500	-	-	1,359,457,500
- Buildings	(Note 14)	31 March 2018	3,338,648,285	-	-	3,338,648,285
Investment properties						
- Land	(Note 15)	31 March 2018	553,625,000	-	-	553,625,000
- Buildings	(Note 15)	31 March 2018	5,366,266	-	-	5,366,266
Non financial assets as at 31 March 2020			5,257,097,051	-	-	5,257,097,051
Financial assets						
Equity instruments designated at fair value through profit or loss						
Quoted equity shares	(Note 25)	31 March 2020	266,800	266,800	-	-
Financial assets as at 31 March 2020			266,800	266,800	-	-
As at 31 March 2019						
Non-financial assets						
Property, plant and equipment						
- Land	(Note 14)	31 March 2018	1,696,457,500	-	-	1,696,457,500
- Buildings	(Note 14)	31 March 2018	3,459,683,494	-	-	3,459,683,494
Assets held for sale						
- Land	(Note 27)	31 March 2018	216,625,000	-	-	216,625,000
- Buildings	(Note 27)	31 March 2018	5,366,266	-	-	5,366,266
Non financial assets as at 31 March 2019			5,378,132,260	-	-	5,378,132,260
Financial assets						
Equity instruments designated at fair value through profit or loss						
Quoted equity shares	(Note 25)	31 March 2019	385,480	385,480	-	-
Financial assets as at 31 March 2019			385,480	385,480	-	-

Notes to the Financial Statements
Year ended 31 March

14. PROPERTY, PLANT AND EQUIPMENT
14.1 Group
14.1.1 Gross Carrying Amounts

	Balance as at 01.04.2019 Rs.	Additions/ Transfers in Rs.	Transfers to Investment properties Rs.	Disposals Rs.	Balance as at 31.03.2020 Rs.
At cost or valuation					
Freehold land	1,696,457,500	-	(337,000,000)	-	1,359,457,500
Buildings	3,459,683,494	57,651,924	-	-	3,517,335,418
Motor vehicles	5,544,248	-	-	-	5,544,248
Furniture and fittings	258,062,777	11,432,222	-	(1,162,332)	268,332,667
Plant and machinery	131,671,892	717,977	-	-	132,389,869
Entertainment equipment	58,023,573	9,142,859	-	(447,651)	66,718,781
Office equipment	15,570,480	1,165,549	-	-	16,736,029
Gardening and other equipment	34,589,927	-	-	-	34,589,927
Sundry equipment	22,772,355	564,400	-	-	23,336,755
Linen and furnishing	86,603,738	12,132,157	-	(400,000)	98,335,895
Kitchen utensils and other equipment	153,743,601	5,529,499	-	(334,261)	158,938,839
Air conditioner	244,431,408	1,388,145	-	-	245,819,553
Computer equipment	23,876,918	3,055,889	-	-	26,932,808
Generator	48,804,092	-	-	-	48,804,092
Electrical fittings	112,431,217	3,445,699	-	-	115,876,916
Crockery and cutlery	13,726,776	4,028,558	-	(3,326,492)	14,428,843
	6,365,993,996	110,254,879	(337,000,000)	(5,670,736)	6,133,578,139

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

Assets on finance leases	Balance as at 01.04.2019 Rs.	Additions/ Transfers in Rs.	Transfers to 'Right-of-use assets" Rs.	Disposals / Transfers out Rs.	Balance as at 31.03.2020 Rs.
Motor vehicle	21,500,000	-	(21,500,000)	-	-
	21,500,000	-	(21,500,000)	-	-
Total value of depreciable assets	6,387,493,996	110,254,879	(358,500,000)	(5,670,736)	6,133,578,139

In the course of construction	Balance as at 01.04.2019 Rs.	Incurred during the Rs.	Transfers to 'Right-of-use assets" Rs.	Transfers out Rs.	Balance as at 31.03.2020 Rs.
Building work in progress	6,439,640	-	-	(6,439,640)	-
	6,439,640	-	-	(6,439,640)	-
Total gross carrying amount	6,393,933,636	110,254,879	(358,500,000)	(12,110,376)	6,133,578,139

Notes to the Financial Statements

Year ended 31 March

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.1.2 Depreciation

	Balance as at 01.04.2019 Rs.	Charge for the year Rs.	Disposals Rs.	Balance as at 31.03.2020 Rs.
At cost or valuation				
Buildings	89,771,195	88,915,939	-	**178,687,134**
Motor vehicles	5,322,569	188,153	-	**5,510,722**
Furniture and fittings	195,875,847	37,690,953	(976,382)	**232,590,417**
Plant and machinery	61,556,326	13,230,170	-	**74,786,496**
Entertainment equipment	53,185,850	1,994,053	(447,651)	**54,732,252**
Office equipment	10,906,165	1,420,181	-	**12,326,346**
Gardening and other equipment	24,925,469	5,212,962	-	**30,138,430**
Sundry equipment	20,849,947	766,253	-	**21,616,200**
Linen and furnishing	74,567,396	8,214,276	(188,858)	**82,592,813**
Kitchen utensils and other equipment	71,485,719	15,638,929	(29,140)	**87,095,508**
Air condition	88,133,470	17,019,051	-	**105,152,521**
Computer equipment	20,254,648	1,570,750	-	**21,825,398**
Generator	17,973,159	3,366,121	-	**21,339,280**
Electrical fitting	56,359,520	11,278,674	-	**67,638,194**
Crockery and cutlery	10,665,176	2,534,216	(3,326,492)	**9,872,900**
	801,832,454	209,040,680	(4,968,523)	**1,005,904,611**
Assets on finance leases				
Motor vehicle	15,092,858	-	(15,092,858)	-
	15,092,858	-	(15,092,858)	-
Total depreciation	816,925,312	209,040,680	(20,061,381)	**1,005,904,611**

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.1.3 Net Book Values

	2020 Rs.	2019 Rs.
At cost or valuation		
Freehold land	1,359,457,500	1,696,457,500
Buildings	3,338,648,285	3,369,912,300
Motor vehicles	33,526	221,679
Furniture and fittings	35,742,250	62,186,930
Plant and machinery	57,603,374	70,115,566
Entertainment equipment	11,986,529	4,837,723
Office equipment	4,409,683	4,664,315
Gardening and other equipment	4,451,496	9,664,458
Sundry equipment	1,720,555	1,922,408
Linen and furnishing	15,743,081	12,036,342
Kitchen utensils and other equipment	71,843,330	82,257,882
Air condition	140,667,032	156,297,938
Computer equipment	5,107,410	3,622,271
Generator	27,464,813	30,830,934
Electrical fittings	48,238,722	56,071,697
Crockery and cutlery	4,555,943	3,061,600
	5,127,673,527	5,564,161,542
Assets on finance leases		
Motor vehicle	-	6,407,142
	-	6,407,142
In the course of construction		
Building work in progress	-	6,439,640
	-	6,439,640
Total carrying amount of property, plant and equipment	5,127,673,527	5,577,008,324

14.1.4 During the financial year, the Group acquired property, plant and equipment for cash to the aggregate value of Rs. 103,815,239/- (2019: Rs. 59,180,139/-).

Notes to the Financial Statements

Year ended 31 March

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.2 Company

14.2.1 Gross carrying amounts

	Balance as at 01.04.2019 Rs.	Additions Rs.	Disposals/ Transfers Rs.	Balance as at 31.03.2020 Rs.
At cost				
Buildings	10,239,676	712,882	-	**10,952,558**
Furniture and fittings	4,356,916	47,647	-	**4,404,563**
Office equipment	6,401,322	42,275	-	**6,443,597**
Sundry equipment	85,563	-	-	**85,563**
Linen and furnishing	93,743	-	-	**93,743**
Kitchen utensils and other equipment	1,686,734	458,009	-	**2,144,743**
Electrical fittings	1,541,882	-	-	**1,541,882**
	24,405,836	1,260,813	-	**25,666,649**

14.2.2 Depreciation

	Balance As At 01.04.2019 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As At 31.03.2020 Rs.
At cost				
Buildings	2,314,835	1,661,802	-	**3,976,637**
Furniture and fittings	4,122,758	112,059	-	**4,234,817**
Office equipment	3,362,604	860,004	-	**4,222,608**
Sundry equipment	84,093	1,471	-	**85,563**
Linen and furnishing	93,743	-	-	**93,743**
Kitchen utensils and other equipment	1,140,506	211,231	-	**1,351,737**
Electrical fitting	1,541,882	-	-	**1,541,882**
Total depreciation	12,660,421	2,846,566	-	**15,506,987**

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.2.3 Net book values

	2020 Rs.	2019 Rs.
At cost		
Buildings	6,975,922	7,924,841
Furniture and fittings	169,746	234,158
Office equipment	2,220,989	3,038,717
Sundry equipment	-	1,471
Kitchen utensils and other equipment	793,006	546,228
Total carrying amount of property, plant and equipment	10,159,662	11,745,415

14.2.4 During the financial year, the Company acquired property, plant and equipment for cash to the aggregate value of Rs. 1,260,813/- (2019: Rs. 4,302,534/-).

14.3 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. (Sri Lanka), Incorporated Valuer as at 31 March 2018. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2018. 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.

Notes to the Financial Statements
Year ended 31 March

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)
14.3.1 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	Open marketvalue method 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 2018	Price per perch of land Rs. 750,000 - Rs. 1,200,000	Estimated fair value would increase/ (decrease) if;- Price per perch increases/ (decreases)
Buildings	Depreciated replacement cost method	31 March 2018	Rate per square feet of building Rs. 2,750 - Rs. 16,500	Estimated fair value would increase/ (decrease) if;- Rate per square feet increases/ (decreases)

Covid 19 effect on fair value of land and buildings

On 11 March 2020, world health organization has declared the Covid 19 as a global pandemic and as at 31 March 2020, the pandemic condition was at its initial stage and considered too premature to reasonably assess its impact on the market prices of the properties at the reporting date. Therefore, the management has determined that the value of land and building does not reflect any material deviation with prevailing market conditions as at the reporting date and carrying value of the assets approximate the fair value as at 31 March 2020.

14. PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.4 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	374,520,000
		Building	01	Freehold	80,700 Sq. ft	614,989,222
Waskaduwa Beach Resort PLC	No. 427. Kudawaskaduwa, Waskaduwa.	Land	-	Freehold	1313.25 Perches	984,937,500
		Building	01	Freehold	79,781 Sq. ft	2,708,554,588

14.5 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.

Class of assets	Cost Rs.	Cumulative depreciation if assets were carried at cost Rs.	Net carrying amount 2020 Rs.	Net carrying amount 2019 Rs.
Lands	869,823,714	-	**869,823,714**	1,133,670,395
Buildings	3,202,968,466	(450,935,097)	**2,752,033,368**	2,753,391,264
	4,072,792,180	(450,935,097)	**3,621,857,082**	3,887,061,659

14.6 Impairment assessment of Cash Generating Units (CGU)

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 value in use. In determining the value in use for the CGU, the cash flows were calculated based on the below mentioned assumptions. The recoverable amount of the CGU was higher than the book value as of 31 March 2020, and no impairment loss was recognized.

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

Discount Rate	:	12.85%
Annual Revenue Growth	:	8 - 15% (over ensuing 5 year period)
Terminal Growth Rate	:	4.00%

Notes to the Financial Statements

As at 31 March

15. INVESTMENT PROPERTY

	Group	
	2020 Rs.	2019 Rs.
Carrying value		
At the beginning of the year		
Transfer from non current assets held for sale	221,991,266	-
Transfer from property, plant and equipment	337,000,000	-
At the end of the year	558,991,266	-
The details relating to assets were classified as held for sale as at 31 March 2020 are stated below;		
Assets		
Land	553,625,000	-
Buildings	5,366,266	-
	558,991,266	-

Valuation details of investment property

Fair value of the investment property is ascertained by independent valuations carried out by Mr. S. Sivaskantha - F. I. V. (Sri Lanka) and Mr. T. M. H. Mutaliph - D. I. V. (Sri Lanka), Incorporated Valuer Incorporated Values, who have 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.

15. INVESTMENT PROPERTY (Contd.)

Impact of COVID-19

As a result of the COVID-19 outbreak in Sri Lanka during the last part of the quarter ended 31 March 2020, a reassessment of the valuation was obtained by the same independent professional valuers who determined no significant change to the revalued carrying amount provided as at 31 March 2018.

In the reassessment reports to the Group, the valuers stated following facts as basis for the judgement;

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted both local and global markets.

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	Effective date of valuation	Value Rs.
Land	Munaithottam, Pasikkudah, Kalkudah.	Open market value method	31 March 2018	337,000,000
Land	Kajuwatta Road, Mukkuthoduwawa, Madurankuliya	Open market value method	31 March 2018	216,625,000
Building	Kajuwatta Road, Mukkuthoduwawa, Madurankuliya	Depreciated replacement cost method	31 March 2018	5,366,266

Notes to the Financial Statements

As at 31 March

16. RIGHT-OF-USE ASSETS

	Group			Company
	Lease hold properties Rs.	Motor vehicles Rs.	Total Rs.	Lease hold properties Rs.
Cost				
As at 1 April 2019 - Recognition of operating leases under SLFRS 16	332,212,506	-	332,212,506	23,076,769
Transferred from previously recognised leasehold properties	73,063,962	-	73,063,962	51,853,654
Transferred from advance payments	6,325,000	-	6,325,000	6,325,000
Transferred from property, plant and equipment	-	6,407,142	6,407,142	-
As at 31 March 2020	411,601,468	6,407,142	418,008,610	81,255,423
Accumulated depreciation				
As at 1 April 2019	-	-	-	-
Depreciation charge for the year	56,814,929	4,308,717	61,123,646	6,451,734
As at 31 March 2020	56,814,929	4,308,717	61,123,646	6,451,734
Carrying value	**354,786,538**	**2,098,425**	**356,884,963**	**74,803,689**

17. LEASEHOLD PROPERTY

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 01 April	73,063,962	73,868,432	51,853,653	52,425,033
Amortisation for the year	-	(804,470)	-	(571,380)
Transfer to right-of-use assets	(73,063,962)	-	(51,853,653)	-
At 31 March	-	73,063,962	-	51,853,653

The above balances represent 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, a subsidiary company for 99 years. Both Citrus Leisure PLC and Hikkaduwa Beach Resort PLC amortise the leasehold right over 99 years.

The details of the property are as follows,
Property: Sanathoduwa, Kalpitiya, Puttalam
Land Extent (In Perches) : 5,680

On adoption of SLFRS 16 on 01 April 2019, the balances in the leasehold property was transferred to right-of-use assets.

Notes to the Financial Statements
As at 31 March

18. INTANGIBLE ASSETS
18.1 Group

	Website Development Cost Rs.	Computer Software Rs.	2020 Rs.	2019 Rs.
Cost				
At the beginning of the year	500,192	4,370,885	4,871,077	3,942,525
Acquisitions during the year	-	4,102,532	4,102,532	928,552
At the end of the year	500,192	8,473,417	8,973,609	4,871,077
Amortization				
At the beginning of the year	500,192	2,302,534	2,802,726	2,106,715
Amortization for the year	-	1,482,315	1,482,315	696,011
At the end of the year	500,192	3,784,849	4,285,041	2,802,726
Carrying amount	-	2,068,351	4,688,568	2,068,351

18.2 Company

	Computer software	
	2020 Rs.	2019 Rs.
Cost		
At the beginning of the year	104,666	104,666
Acquisitions during the year	1,152,973	-
At the end of the year	1,257,639	104,666
Amortization		
At the beginning of the year	104,666	93,217
Amortization for the year	104,525	11,449
At the end of the year	209,191	104,666
Carrying amount	1,048,448	-

19. INVESTMENT IN SUBSIDIARIES - COMPANY

	2020 Rs.	2019 Rs.
Investment in subsidiaries - Quoted (Note 19.1)	3,488,915,800	3,176,669,472
Investment in subsidiaries - Non-quoted (Note 19.2)	62,878,576	62,878,576
Total carrying value of investments in subsidiaries	3,551,794,376	3,239,548,048

19. INVESTMENT IN SUBSIDIARIES - COMPANY (Contd.)

19.1 Investment in subsidiaries - Quoted

	Holding		Carrying value	
	2020	2019	2020	2019
	%	%	Rs.	Rs.
Hikkaduwa Beach Resort PLC	82.86%	76.18%	3,488,915,800	3,176,669,472
Total Quoted Investment in Subsidiaries			3,488,915,800	3,176,669,472

19.2 Investment in subsidiaries - Non-quoted

	Holding		Carrying value	
	2020	2019	2020	2019
	%	%	Rs.	Rs.
Citrus Aqua Limited	58.20%	58.20%	12,000,000	12,000,000
Citrus Vacations Limited	97.76%	97.76%	25,612,000	25,612,000
Citrus Equity Limited	100%	100%	10	10
Citrus Silver Ltd	100%	100%	25,266,556	25,266,556
Citrus Villas Limited	100%	100%	10	10
Total non-quoted investment in subsidiaries			62,878,576	62,878,576

Notes to the Financial Statements

As at 31 March

20. 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 & 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.

Carrying value of the investment	2020 Number of shares	2019 Number of shares	2020 Rs.	2019 Rs.
Colombo Land & Development Company PLC	40,413,200	40,413,200	2,158,272,791	2,085,321,113
Share of profit of associate			62,624,772	66,132,414
Share of other comprehensive income/(loss) of associate			(4,207,317)	6,819,264
Group's carrying amount of the investment			2,216,690,246	2,158,272,791

20.1 Summarised Financial information of associate - Group

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

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Statement of financial position		
Current assets	240,611,315	455,831,876
Non- current assets	12,946,402,680	12,767,753,515
Current liabilities	(536,671,586)	(641,035,504)
Non- current liabilities	(4,992,458,215)	(4,920,516,197)
Total equity	7,657,884,194	7,662,033,690

20. INVESTMENT IN ASSOCIATE (Contd.)

20.1 Summarised statement of profit or loss and other comprehensive income

	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
Revenue	459,323,128	485,810,403
Direct expenses	(134,719,690)	(122,846,091)
Other operating income	1,465,262	47,965,862
Change in fare value of investment properties	591,454,431	424,461,800
Selling and marketing expenses	(20,002,796)	(8,116,897)
Administrative expenses	(108,553,902)	(100,958,759)
Finance expenses	(239,892,733)	(220,494,496)
Profit before tax	549,073,700	505,821,822
Tax expenses	(239,356,725)	(178,757,460)
Profit for the year	309,716,975	327,064,362
Group's share of profit for the year	62,624,772	66,132,414
Other comprehensive income		
Other comprehensive income/(loss) for the year	(20,807,699)	33,725,340
Group's share of other comprehensive income/(loss) for the year	(4,207,317)	6,819,264

20.2 Contingent liabilities

The associate does not have significant contingent liabilities as at 31 March 2020 (31 March 2019 - 108 Million).

20.3 Market value of the investment as at 31 March,

	2020 Rs.	2019 Rs.
Market value of a share	13.70	11.80
Market value of the investment	553,660,840	476,875,760

20.4 The Group performed an impairment test of carrying value of the investment considering indicators of impairment identified as at 31 March 2020. 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 & Development Company PLC. The investment in associate has been considered as a single cash-generating unit for purposes of the impairment test where, the fair value of all operated properties has been considered together with the fair value of lease rights legally vesting on the investees.

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. Whilst appropriate discounts have been applied by the Group in factoring in uncertainties over timing of obtaining physical possession of the lease right, the impairment test remains sensitive to the valuation attached to the same.

Notes to the Financial Statements
As at 31 March

21. DEFERRED TAXATION

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred tax assets	(19,360,929)	(13,278,139)	-	-
Deferred tax liabilities	186,626,398	188,964,069	-	-
Net deferred tax liabilities	167,265,469	175,685,930	-	-

21.1 Net deferred tax liabilities

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
At the beginning of the year	175,685,930	186,257,036	-	-
Amount origination/ (reversal) of temporary differences				
- Recognised in profit or loss				
Accelerated depreciation for tax purposes	9,591,369	2,720,538	1,578,968	2,234,698
Right-of-use assets	(790,402)	-	1,152,936	-
Retirement benefit obligation	(1,771,993)	(1,524,934)	(1,601,284)	(1,122,822)
Carried forward business losses	(15,006,569)	(11,440,813)	(1,011,141)	(959,123)
- Recognised in other comprehensive income				
Actuarial gains and losses on define d benefit plans	(442,865)	(325,897)	(119,479)	(152,753)
At the end of the year	167,265,469	175,685,930	-	-

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

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred tax liability				
Capital allowances for tax purpose	53,406,220	45,671,325	1,578,968	2,234,698
Deferred tax effect on revaluation of land and buildings	153,925,374	153,925,374	-	-
Right-of-use assets	-	-	1,152,936	-
Deferred tax assets				
Right-of-use assets	(790,402)	-	-	-
Carried forward business losses	(34,032,278)	(19,984,832)	(1,011,141)	(959,123)
Retirement benefit obligation	(5,243,445)	(3,925,936)	(1,720,763)	(1,275,575)
	167,265,469	175,685,930	-	-

21. DEFERRED TAXATION (Contd.)

21.3 Unrecognised deferred tax

Deferred tax asset of Rs. 60,954,393/- of Citrus Leisure PLC and ("Company") has not been recognised in the statement of financial position as the management is of the opinion that the reversal of the taxable asset will not be crystalised in the foreseeable future.

22. INVENTORIES

	Group	
	2020 Rs.	2019 Rs.
Food & Beverage	17,836,847	18,106,313
House Keeping and Maintenance	6,577,464	6,861,533
Other Stocks	6,236,964	6,421,908
	30,651,275	31,389,754

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade debtors - others (Note 23.1)	118,438,791	154,853,143	-	-
- Related parties (Note 23.3)	8,646,642	9,332,357	-	-
	127,085,432	164,185,500	-	
Less: Impairment for trade debtors (Note 23.2)	(19,142,537)	(16,358,719)	-	-
	107,942,895	147,826,782	-	-
Other receivables - Related parties (Note 23.3)	8,122,614	4,236,207	210,882,690	486,062,794
- Others	17,590,839	41,549,338	6,569,699	25,186,697
	133,656,348	193,612,327	217,452,389	511,249,492
Current trade and other receivables	133,656,348	193,612,327	37,385,492	86,919,405
Non-current other receivables - related parties	-	-	180,066,897	424,330,086

Notes to the Financial Statements
As at 31 March

23. TRADE AND OTHER RECEIVABLES (Contd.)

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

Group		Total	Past due but not impaired				
			< 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2020	Trade Debtors	127,085,432	30,959,649	35,391,489	20,637,110	3,852,459	36,244,726
	Less: Impairment for trade debtors	(19,142,537)	-	-	-	-	(19,142,537)
		107,942,895	30,959,649	35,391,489	20,637,110	3,852,459	17,102,189
2019	Trade Debtors	164,185,500	81,517,190	29,757,643	8,915,905	234,399	43,760,364
	Less: Impairment for trade debtors	(16,358,719)	-	-	-	-	(16,358,719)
		147,826,782	81,517,190	29,757,643	8,915,905	234,399	27,401,645

23.2 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.

The Group has considered the current decline in the tourism industry due to the impact of Covid19 pandemic as a specific factor to the economic environment. The Management has monitored the effect of the global economic downturn to its travel agents through frequent discussions with them and based on the financial strength and negotiated the payment terms and future arrangements accordingly. All above receivables are due from well-established travel agents and most of the dues are still within the credit period. The Management has considered the subsequent settlements of receivables and results of negotiations with travel agents on arriving the default rates.

- Refer Note 40 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 37.1.

23. TRADE AND OTHER RECEIVABLES (Contd.)

23.3 Trade and other Receivables - Related Parties

	Relationship	Group					
		2020			2019		
		Total Rs.	Current-Trade Rs.	Current - Other Rs.	Total Rs.	Current-Trade Rs.	Current - Other Rs.
George Steuarts Health (Pvt) Ltd	Affiliate Company	814,805	814,805	-	988,732	988,732	-
George Steuart Teas (Pvt) Ltd	Affiliate Company	-	-	-	19,000	19,000	-
George Steuart & Company Ltd	Parent Company	20,891	20,891	-	29,083	29,083	-
George Steuart Solutions (Pvt) Ltd	Affiliate Company	8,757,479	634,865	8,122,614	4,359,497	609,865	3,749,632
George Steuart Travel Ltd	Affiliate Company	584,621	584,621	-	459,111	459,111	-
Emagewise (Pvt) Ltd	Affiliate Company	-	-	-	1,063,225	576,650	486,575
Triad (Pvt) Ltd	Affiliate Company	3,210,124	3,210,124	-	3,855,543	3,855,543	-
Adpack Production (Pvt) Ltd	Affiliate Company	4,606	4,606	-	-		-
George Steuart Investment (Pvt) Ltd	Affiliate Company	21,568	21,568	-	13,360	13,360	-
Power House Ltd	Affiliate Company	2,962,458	2,962,458	-	2,781,012	2,781,012	-
Liberty Publishers (Pvt) Ltd	Affiliate Company	370,952	370,952	-	-	-	-
Colombo Land & Development Company PLC	Associate entity	21,751	21,751	-	-	-	-
		16,769,255	8,646,642	8,122,614	13,568,564	9,332,357	4,236,207

Other Receivables - Related Parties

	Relationship	Company					
		2020			2019		
		Total Rs.	Current Rs.	Non-current Rs.	Total Rs.	Current Rs.	Non-current Rs.
Waskaduwa Beach Resort PLC	Subsidiary	-	-	-	24,699,672	-	24,699,672
Hikkaduwa Beach Resort PLC	Subsidiary	121,424,905	15,502,389	105,922,516	408,711,415	47,552,693	361,158,722
Citrus Vacations Ltd	Subsidiary	50,954,099	1,701,248	49,252,851	44,036,444	5,564,752	38,471,692
Citrus Silver Ltd	Subsidiary	30,381,073	5,489,542	24,891,530	4,865,632	4,865,632	-
George Steuart Solutions (Pvt) Ltd	Affiliate Company	8,122,614	8,122,614	-	3,749,632	3,749,632	-
		210,882,690	30,815,793	180,066,897	486,062,794	61,732,708	424,330,086

Notes to the Financial Statements

As at 31 March

24. ADVANCES AND PREPAYMENTS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Advances	10,769,968	11,231,901	-	-
Prepayments	9,422,899	15,705,008	605,741	6,542,895
Deposits	11,966,848	11,246,480	-	-
Other receivables	-	3,306,605	-	-
	32,159,716	41,489,994	605,741	6,542,895

25. OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Equity instruments designated at fair value through profit or loss				
Listed equity investments (Note 25.1)	266,800	385,480	-	-
Other financial assets at amortized cost				
Investments in bank deposits (Note 25.2)	60,643,505	55,993,336	13,567,157	12,499,499
Total other financial assets	60,910,305	56,378,816	13,567,157	12,499,499

25.1 Investment in quoted securities - current - Group

	No. of shares		Carrying value	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Quoted				
Asian Hotels and Properties PLC	9,200	9,200	266,800	385,480
	9,200	9,200	266,800	385,480

25. OTHER CURRENT FINANCIAL ASSETS (Contd.)

25.2 Investments in bank deposits

	Credit Rating	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Sampath Bank PLC	A+(lka)	50,884,777	46,917,328	13,567,157	12,499,499
Hatton National Bank PLC	AA-(lka)	7,258,728	6,576,008	-	-
Pan Asia Banking Corporation PLC	BBB-(lka)	2,500,000	2,500,000	-	-
		60,643,505	55,993,336	13,567,157	12,499,499

Impairment of investments in fixed deposits

Management has assessed the provision of impairment of fixed deposits by considering the credit ratings of these institutions and considering other economic factors and concluded that the resulting impairment provision is immaterial to the financial statements.

26. CASH AND BANK BALANCES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash in hand	5,471,172	7,280,033	250,000	250,000
Cash at bank	4,385,556	7,156,235	1,017,423	1,562,109
	9,856,728	14,436,268	1,267,423	1,812,109

27. ASSETS HELD FOR SALE

The management were unable to sell the land and building at the expected bid price. Therefore, the Board has changed its original intention of selling the said properties and, decided to develop the agricultural land or hold for capital appreciation. Accordingly, net book value of land and buildings amounting to Rs. 221,991,266/- have been reclassified and reported as "Investment Property" as at the reporting date.

27.1 The details relating to assets were classified as held for sale as at 31 March 2020 are stated below;

	2020 Rs.	2019 Rs.
Assets		
Land	-	216,625,000
Buildings	-	5,366,266
	-	221,991,266

Notes to the Financial Statements

As at 31 March

28. STATED CAPITAL

	2020		2019	
	Number	Rs.	Number	Rs.
Issued and fully-paid - ordinary shares				
As at the beginning of the year	96,650,427	2,403,276,182	96,650,427	2,403,276,182
Issue of shares	170,579,296	852,896,480	-	-
As at the end of the year	267,229,723	3,256,172,662	96,650,427	2,403,276,182

Pursuant to the Rights Issue of Shares approved by the shareholders at the Extraordinary General Meeting held on 08 April 2019, 170,579,296 Ordinary Voting Shares were allotted on 10 May 2019. The company issued total number of shares 170,579,296 (at Rs. 5/-) in Colombo Stock Exchange in the proportion of Nine (9) new ordinary shares for every Five (5) ordinary voting shares held by the shareholders as at 08 April 2019, of which 153,802,734 shares were allotted to George Steuart & Company Limited and 16,723,758 shares to Divasa Equity (Pvt) Ltd, thereby converting the restructured debt Rs.769,013,672/- that was payable to George Steuart & Company Limited and Rs. 83,618,790/- to Divasa Equity (Pvt) Ltd. The cash subscription received of Rs.264,020/- in respect of 52,804 shares was utilised to reduce the debt owed to Sampath Bank PLC on 04 June 2019. The new 170,579,296 Ordinary Voting Shares were listed on the Colombo Stock Exchange on 23 May 2019.

29. REVALUATION RESERVES

Nature and purpose of the reserve

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.

	Group	
	2020	2019
	Rs.	Rs.
Revaluation reserve at the beginning of the year	709,775,182	704,487,773
Share of other comprehensive income attributable to associate, net of tax	(3,111,351)	5,287,410
Revaluation reserve at the end of the year	706,663,831	709,775,182

30. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Balance as at 01 April	23,486,777	18,088,993	4,555,625	2,694,312
Current service cost	5,286,883	3,279,805	1,615,271	1,046,336
Interest cost	2,583,545	1,751,649	501,119	269,431
Actuarial (gain)/loss arising from changes in assumptions	2,807,731	1,782,290	497,830	545,547
Payments made during the year	(1,833,076)	(1,415,961)	-	-
Balance as at 31 March	32,331,861	23,486,777	7,169,845	4,555,625

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

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Expense recognized in profit or loss				
Current service cost	5,286,883	3,279,805	1,615,271	1,046,336
Interest cost	2,583,545	1,751,649	501,119	269,431
	7,870,428	5,031,454	2,116,390	1,315,767
Actuarial gains and losses recognized directly in OCI				
Recognized during the period	2,807,731	1,782,290	497,830	545,547

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2020. 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.

Notes to the Financial Statements

As at 31 March

30. RETIREMENT BENEFIT OBLIGATION (Contd.)

30.2 Assumptions used

The principal assumptions used were as follows,

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Discount rate	10%	11%	10%	11%
Future salary increment rate	8% - 10%	8% - 10%	10%	10%
Staff turnover rates	5% - 50%	10% - 50%	5%	10%
Retirement age	55 years	55 years	55 years	55 years

The principal demographic assumption underlying the valuation is the retirement age of 55 years, applied consistently for both years.

Assumptions regarding future mortality are based on A 1967/70 mortality table, issued by the Institute of Actuaries, London.

30.3 Sensitivity of 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,

	Expected future salaries		Discount Rate	
	+1% Rs.	-1% Rs.	+1% Rs.	-1% Rs.
Company				
A one percentage point change				
Effect on defined benefit obligation liability	469,900	(409,868)	(373,370)	438,112
Group				
A one percentage point change				
Effect on defined benefit obligation liability	1,165,538	(1,082,454)	(936,144)	1,030,617

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.

30. RETIREMENT BENEFIT OBLIGATION (Contd.)

30.4 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years;

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Less than or equal 1 year	12,259,010	7,380,747	3,667,287	2,817,542
Over 1 year and less than or equal 2 years	5,217,235	5,110,227	105,854	122,128
Over 2 years and less than or equal 5 years	8,170,773	6,384,719	381,900	339,097
Over 5 years and less than or equal 10 years	4,675,232	3,930,230	1,259,264	809,780
Over 10 years	2,009,610	680,854	1,755,540	467,078
Total expected payments	32,331,861	23,486,777	7,169,845	4,555,625

30.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3.30 years (2019: 2.28 years).

31. INTEREST BEARING LOANS AND BORROWINGS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Other Financial Liabilities				
Current Interest -bearing loans and borrowings				
Bank loans (Note 31.1)	-	209,663,411	-	-
Obligations under finance leases (Note 31.2)	-	4,036,645	-	-
Bank overdrafts	439,928,953	482,720,554	19,606,841	10,967,211
	439,928,953	696,420,610	19,606,841	10,967,211
Non-Current Interest -bearing loans and borrowings				
Bank Loans (Note 31.1)	2,620,281,693	2,057,223,001	-	-
Obligations under finance leases (Note 31.2)	-	1,461,409	-	-
	2,620,281,693	2,058,684,410	-	-
Total Interest-bearing loans and borrowings	3,060,210,646	2,755,105,020	19,606,841	10,967,211

Notes to the Financial Statements

As at 31 March

31. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

31.1 Bank Loans - Group

	As at 01.04.2019 Rs.	Obtained during the year Rs.	Interest accrued during the moratorium period Rs.	Repayments Rs.	As at 31.03.2020 Rs.
Sampath Bank PLC	1,749,080,000	-	223,538,985	(13,780,000)	**1,958,838,985**
Hatton National Bank PLC	100,406,412	41,975,000	13,771,505	(10,294,412)	**145,858,504**
National Development Bank PLC	25,000,000	100,000,000	-	(75,000,000)	**50,000,000**
Pan Asia Banking Corporation PLC	392,400,000	-	54,745,406	(3,600,000)	**443,545,406**
Nations Trust Bank PLC	-	25,000,000	-	(2,961,203)	**22,038,797**
	2,266,886,412	166,975,000	292,055,896	(105,635,615)	**2,620,281,693**

	2020 Rs.	2019 Rs.
Current	**-**	209,663,411
Non-current	**2,620,281,693**	2,057,223,001
	2,620,281,693	2,266,886,412

31. INTEREST BEARING LOANS AND BORROWINGS (Contd.)

31.2 Finance Lease - Group

	As at 01.04.2019 Rs.	New lease obtained Rs.	Transfer to Lease liability Rs.	As at 31.03.2020 Rs.
Hatton National Bank PLC	5,916,272	-	(5,916,272)	-
Gross liability	5,916,272	-	(5,916,272)	-
Less: Finance charges allocated to future period	(418,218)	-	418,218	-
Net Liability	5,498,054	-	(5,498,054)	-

	2020 Rs.	2019 Rs.
Current	-	4,036,645
Non Current	-	1,461,409
	-	5,498,054

The minimum lease payments and the present value of minimum lease payments are as follows;

	Gross liability		Net liability	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Payable within 1 year	-	4,148,940	-	4,036,645
Payable after 1 year before 5 years	-	1,767,332	-	1,461,409
	-	5,916,272	-	5,498,054
Less: Amount representing finance charges	-	(418,218)		
Net liability	-	5,498,054		

Notes to the Financial Statements
As at 31 March

31. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

31.3 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Citrus Leisure 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. 11,500,000/- & 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 – Off FD No. 2029 1594 5356 - Rs.12,777,655.93	19,606,841	10,967,211	13,567,157	12,499,499
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. 17,250,000/- & 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 – Off FD No. 2029 1587 7947 for Rs.13,375,026.80 & 2029 1601 9091 for Rs.6,281,362.48/-.	15,843,797	21,275,034	20,811,330	19,219,192
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 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.	84,981,757	77,766,912	3,693,492,088	3,764,373,754
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	134 Monthly Installments starting from from April 2021	Loan Agreement for Rs. 602,000,000/- 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.	540,500,000	541,250,000	3,693,492,088	3,764,373,754

31. INTEREST-BEARING LOANS AND BORROWINGS(Contd.)

31.3 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	134 Monthly Installments starting from April 2021	Loan Agreement for Rs. 1,048,000,000/- 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 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	845,150,000	3,693,492,088	3,764,373,754
Sampath Bank PLC	Term Loan Facility (Moratorium)	10% Per annum payable monthly together with statutory taxes	60 Monthly Installments Starting from July 2021	Loan Agreement for Rs.209,870,000/- 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 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.	171,078,840	-	3,693,492,088	-
Sampath Bank PLC	Term Loan Facility (Moratorium)	10% Per annum payable monthly together with statutory taxes	60 Monthly Installments Starting from July 2021	Loan Agreement for Rs.11,780,000/- 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 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.	8,382,308	-	3,693,492,088	-

Notes to the Financial Statements

As at 31 March

31. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

31.3 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Commercial Bank of Ceylon PLC	Permanent Overdraft	AWPLR+2.5% p.a. 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.	56,030,135	57,979,697	216,625,000	216,625,000
Hikkaduwa Beach Resort PLC								
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	40 Monthly Installments Starting from April 2021	Overdraft Agreement for Rs. 480,000,000/- 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.	210,400,000	222,680,000	989,509,222	951,251,803

31. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

31.3 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Sampath Bank PLC	Term Loan Facility	AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly)	84 Monthly Installments Starting from April 2021	Overdraft 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	140,000,000	140,000,000	989,509,222	951,251,803
Sampath Bank PLC	Term Loan Facility (Moratorium)	10% p.a. (fixed) payable monthly together with statutory taxes.	60 Monthly Installments Starting from July 2021	Overdraft Agreement for Rs. 53,100,000/- 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	53,100,000	-	989,509,222	-
National Development Bank PLC	Short Term Loan	14.5% per annum and adjusted periodically whenever necessary.	2 Monthly Installments Starting from April 2021	196,078,432 nos. shares (As at 31.03.2019 - 75,862,100) of Waskaduwa Beach Resort PLC	50,000,000	25,000,000	942,842,950	708,219,554
Pan Asia Banking Corporation PLC	Term Loan Facility	14.5% p.a. with a rebate of 2% p.a.	75 Monthly Installments Starting from April 2021	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	388,800,000	392,400,000	2,216,690,246	2,158,658,271

Notes to the Financial Statements
As at 31 March

31. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)
31.3 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Pan Asia Banking Corporation PLC	Permanent Overdraft	12.5% p.a.	On demand	Quoted Equity Shares of 40,338,600 invested in Colombo Land & Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	200,951,735	197,591,726	2,216,690,246	2,158,658,271
Pan Asia Banking Corporation PLC	Term Loan Facility Moratorium)	1 Year TB Rate+3% p.a with a rebate of 2% p.a	24 Monthly Installments Starting from April 2021	Quoted Equity Shares of 40,338,600 invested in Colombo Land & Development Company PLC & 9,200 Shares invested in Asian Hotel Properties PLC by Hikkaduwa Beach Resort PLC	54,745,406	-	2,216,690,246	-
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	25,039,821	55,592,459	-	-
Nations Trust Bank PLC	Term Loan Facility	06 Month AWPLR+3.25% p.a.	60 Monthly Installments Starting from April 2021	Term Loan Facility for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	22,038,797	-	-	-
Citrus Silver Limited								
Hatton National Bank PLC	Term Loan Facility	AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly)	84 Monthly Installments Starting from April 2021	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	95,112,000	100,406,412	337,000,000	337,000,000

31. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

31.3 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Hatton National Bank PLC	Permanent Overdraft	FD Rate + 2%	On demand	Overdraft Agreement for Rs. 4,900,000/- & 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 – Off FD No. 0813 0001 2306 Rs. 5,460,000/-	5,405,648	29,343,570	6,534,194	5,986,682
Hatton National Bank PLC	Term Loan Facility	15% p.a	21 Monthly Installments Starting from March 2021	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	26,975,000	-	337,000,000	-
Hatton National Bank PLC	Term Loan Facility	3.46% p.a	24 Monthly Installments Starting from March 2021	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC & Corporate Guarantee from Citrus Leisure PLC	15,000,000	-	337,000,000	-

Notes to the Financial Statements

Year ended 31 March

31. INTEREST-BEARING LOANS AND BORROWINGS (Contd.)

31.3 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying value of facility		Carrying value of asset pledged	
					2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Hatton National Bank PLC	Term Loan Facility (Moratorium)	One year fixed deposits rate	18 Monthly Installments Starting from March 2021	Immovable property situated at Passikudah depicted as Lot No. 1 & 2 in Survey Plan No. Sa/195/2075/W dated 22/07/2015 made by Mr. S. Anthonypillai – L.S. officially valued at Rs. 198 Mn (Fsv) by Mr. G K D K Abeytunga (Frv) belonging to Hikkaduwa Beach Resort PLC	3,326,233	-	337,000,000	-
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. 10,500,000/- & 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 – Off FD No. 2029 1587 6256 - Rs.6,488,496.09 & FD No. 2029 1587 8509 - Rs.5,190,796.89	12,221,341	9,509,274	12,657,959	11,679,293
Citrus Vacations Limited								
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable monthly	On demand	Overdraft Agreement for Rs. 3,200,000/- & 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 – Off FD No. 2001 1611 6746 - Rs.3,597,660.67	3,239,690	3,206,331	3,822,913	3,519,343

32. ADVANCE RECEIVED FOR LEASEHOLD RIGHTS

	Company	
	2020	2019
	Rs.	Rs.
Balance as at 01st April	163,156,553	164,949,485
Deferred income on amortization of lease right	(1,792,932)	(1,792,932)
Balance as at 31st March	161,363,621	163,156,553
Current advance received for leasehold rights	1,792,932	1,792,932
Non-Current advance received for leasehold rights	159,570,689	161,363,621

*This amount reflects the advance amount received from Hikkaduwa Beach Resort PLC on leasehold land.

33. LEASE LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
As at 1 April 2019 - Recognition of operating lease liability under SLFRS 16	332,212,506	-	23,076,769	-
Transferred from interest bearing loans and borrowings	5,498,054	-	-	-
Interest expense	44,585,001	-	3,230,748	-
Payments	(88,354,193)	-	(7,590,000)	-
As at 31 March 2020	293,941,368	-	18,717,516	-
Current lease liabilities	40,665,535	-	4,969,548	-
Non-current lease liabilities	253,275,833	-	13,747,969	-

In the previous year, the group only recognized lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under LKAS 17 Leases (Motor Vehicles). The assets were presented in property, plant and equipment and the respective lease liabilities as part of the Group's borrowings. For adjustments recognized on adoption of SLFRS 16 on 1 April 2019, please refer to note 03.

Notes to the Financial Statements

Year ended 31 March

33.1 Total amount recognised in profit or loss

The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Depreciation expense of right-of-use assets	61,123,646	-	6,451,734	-
Interest expense on lease liabilities	44,585,001	-	3,230,748	-
Expense relating to short-term leases (included in administrative expenses)	1,122,521	-	-	-
Expense relating to short-term leases (included in other operating expenses	660,000	-	-	-
Expense relating to leases of low-value assets (included in administrative expenses)	1,180,000	-	-	-
Total amount recognised in profit or loss	108,671,168	-	9,682,481	-

33.2 Details of lease liabilities recognised due to ROU assets

Company	Nature of the lease activities	Remaining lease period as at 31.03.2020 (No. of years) Rs.
Citrus Leisure PLC	Lease land and building	3
Citrus Silver Limited	Lease land and building	5.2
Waskaduwa Beach Resort PLC	Lease motor vehicles	0.7

Notes 2.3 (r) and 03 provides the details of the above lease liabilities.

34 TRADE AND OTHER PAYABLES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade payables - others	44,079,958	36,596,035	-	-
- Related parties (Note 34.1)	5,209,367	-	-	-
Sundry creditors including accrued expenses	127,443,221	183,102,545	8,516,844	12,842,996
Notes payable	151,946,948	173,913,540	15,896,091	18,573,041
Trade payables - others	51,862,569	51,895,127	-	-
- Related parties (Note 34.1)	259,797,942	1,053,749,729	249,374,983	1,041,850,425
Advance received for leasehold rights (Note 32)	-	-	1,792,930	1,792,930
	640,340,004	1,499,256,977	275,580,848	1,075,059,393
Non-current other payables - related parties	-	852,632,462	12,866,462	881,172,155
Current trade and other payables	640,340,004	646,624,515	262,714,385	193,887,238

For terms and conditions with related parties, refer to Note 37.1.

For explanations on the Group's liquidity risk management processes, refer to Note 40.

Notes to the Financial Statements

Year ended 31 March

34. TRADE AND OTHER PAYABLE (Contd.)

34.1 Other Payables to Related Parties -Group

	Relationship	2020			2019		
		Total Rs.	Current-Trade Rs.	Current - Other Rs.	Total Rs.	Non current Rs.	Current - Other Rs.
George Steuart & Company Ltd	Parent Company	259,797,942	-	259,797,942	961,104,190	769,013,672	192,090,518
Triad (Pvt) Ltd	Affiliate Company	771,251	771,251	-	1,074,510	-	1,074,510
Divasa Equity (Pvt) Ltd	Affiliate Company	460,239	460,239	-	88,573,571	83,618,790	4,954,781
Adpack Productions (Pvt) Ltd	Affiliate Company	879,618	879,618	-	1,068,310	-	1,092,943
George Steuart Teas (Pvt) Ltd	Affiliate Company	50,848	50,848	-	166,826	-	166,826
George Steuart Solutions (Pvt) Ltd	Affiliate Company	587,291	587,291	-	75,587	-	75,587
George Steuart Laboratories (Pvt) Ltd	Affiliate Company	1,417,194	1,417,194	-	672,942	-	1,872,392
Emagewise (Pvt) Ltd	Affiliate Company	885,442	885,442	-	1,013,793	-	1,128,033
Printage (Pvt.) Ltd.	Affiliate Company	92,483	92,483	-	-	-	407,458
Hammer BTL (Pvt.) Ltd.	Affiliate Company	65,000	65,000	-	-	-	-
		265,007,309	5,209,367	259,797,942	1,053,749,729	852,632,462	202,863,048

Other Payables to Related Parties - Company

	Relationship	2020			2019		
		Total Rs.	Current-Trade Rs.	Current - Other Rs.	Total Rs.	Non current Rs.	Current - Other Rs.
George Steuart & Company Ltd	Parent Company	236,081,942	-	236,081,942	923,259,385	769,013,672	154,245,713
Waskaduwa Beach Resort PLC	Subsidiary	-	-	-	2,150,945	-	2,150,945
Citrus Silver Ltd	Subsidiary	-	-	-	17,052,565	17,052,565	-
Citrus Aqua Ltd	Subsidiary	13,293,041	12,866,462	426,578	11,900,814	11,487,128	413,686
Triad (Pvt) Ltd	Affiliate Company	-	-	-	-	-	-
Divasa Equity (Pvt) Ltd	Affiliate Company	-	-	-	87,486,717	83,618,790	3,867,927
		249,374,983	12,866,462	236,508,520	1,041,850,425	881,172,155	160,678,270

35. CONTRACT LIABILITIES

	Company	
	2020 Rs.	2019 Rs.
Advance received for future bookings	36,707,646	34,788,336
	36,707,646	34,788,336

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

36. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below.

36.1 Non-controlling interest (NCI) in subsidiaries

Year ended 31 March	2020		2019	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
NCI Percentage (%)	18.88%	17.14%	28.06%	23.82%

36.2 Summarised statement of total comprehensive income

Year ended 31 March	2020		2019	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Revenue	623,288,584	313,220,221	795,987,336	370,751,284
Cost of sales	(167,552,229)	(69,170,885)	(185,112,210)	(81,265,994)
Administrative expenses	(289,417,403)	(113,777,211)	(304,095,788)	(146,620,924)
Finance costs	(202,270,978)	(168,962,479)	(308,875,324)	(195,644,781)
Profit/(loss) before tax	(252,037,700)	(59,646,434)	(213,511,203)	(118,068,553)
Income tax	(457,165)	1,535,932	197,660	(3,860,026)
Profit/(loss) for the year	(252,494,865)	(58,110,502)	(213,313,543)	(121,928,579)
Total comprehensive income/ (loss) for the year	(253,513,420)	(62,821,715)	(213,151,454)	(115,906,597)

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Year ended 31 March

36.3 Summarised statement of financial position

As at 31 March	2020		2019	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Current assets	118,350,503	63,699,245	161,445,060	301,511,484
Non-current assets	4,092,382,930	6,658,244,040	4,179,697,260	6,473,219,982
Current liabilities	(384,592,889)	(360,629,725)	(430,117,954)	(646,520,409)
Non-current liabilities	(1,691,932,683)	(1,164,471,858)	(2,382,767,518)	(1,054,430,515)
Total equity	2,134,207,860	5,196,841,702	1,528,256,848	5,073,780,542

36.4 Summarised cash flow information

Year ended 31 March	2020		2019	
	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.	Waskaduwa Beach Resort PLC Rs.	Hikkaduwa Beach Resort PLC Rs.
Operating	105,205,914	(71,347,031)	(117,176,409)	(135,606,901)
Investing	(75,638,811)	(58,738,445)	(24,620,907)	285,006,487
Financing	(28,805,089)	158,788,204	241,695,294	558,773,213
Net increase / (decrease) in cash and cash equivalents	762,015	28,702,728	99,897,977	708,172,799

The above information is based on amounts before inter-company eliminations.

37. 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.

37.1 Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and interest is charge at 12% for George Steuart & Co. Ltd, and other related party balances are subject to an interest at AWPLR [six (06) months]. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, 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 9.3.2 (a) and 9.3.2 (b) are on page 56 - Related Party Transactions Review Committee Report.

37. RELATED PARTY DISCLOSURES (Contd.)

37.2 Transaction with the parent and related entities - Group

Details of significant related party disclosures are as follows:

Nature of transactions	Parent company 2020 Rs.	Parent company 2019 Rs.	Affiliate entities* 2020 Rs.	Affiliate entities* 2019 Rs.	Total 2020 Rs.	Total 2019 Rs.
As at 1 April	(961,075,108)	(293,357,128)	(80,851,838)	(439,318,051)	(1,041,926,946)	(732,675,179)
Recurrent transactions						
Fund transfer from	(57,000,000)	(205,328,845)	-	(326,613,485)	(57,000,000)	(531,942,330)
Fund transfer to	22,840,247	55,000,000	-	-	22,840,247	55,000,000
Expenses incurred on behalf of the related party	-	-	5,085,882	3,747,191	5,085,882	3,747,191
Inter-company interest expense	(20,185,105)	(19,584,805)		(40,736,621)	(20,185,105)	(60,321,427)
Other settlements made	-	-	35,909,394	201,875,110	35,909,394	201,875,110
Settlement payments received for expenses incurred on behalf of the related party	-	-	(712,900)	-	(712,900)	-
Building lease payable	(87,044,245)	(89,418,367)	-	-	(87,044,245)	(89,418,367)
Settlement of building leases	74,277,143	81,966,837	-	-	74,277,143	81,966,837
Settlement of outstanding building lease payables	-	44,587,696	-	-	-	44,587,696
WHT deduction on interest expense	1,134,655	2,698,456	41,237	2,039,269	1,175,892	4,737,726
WHT deduction on rent	5,818,673	7,775,510	-	-	5,818,673	7,775,510
Trading nature transactions (sales)	210,702	112,655	11,022,323	10,577,768	11,233,025	10,690,423
Settlements for trading nature transactions (sales receipts)	(182,892)	(83,573)	(11,048,589)	(9,627,150)	(11,231,481)	(9,710,722)
Purchase of goods/ services	-	-	(30,700,566)	(25,314,721)	(30,700,567)	(25,314,721)
Non-recurrent transactions						
Inter-company interest expense on pending share issue balances	(7,584,792)	(34,384,392)	(824,734)	-	(8,409,527)	(34,384,392)
Funds received on group debt restructure and right issue	-	(605,840,777)	-	(52,441,354)	-	(658,282,131)
Funds transferred on group debt restructure and right issue	-	94,781,626	-	594,960,205	-	689,741,831
Consideration on issue of shares	769,013,670	-	83,618,790	-	852,632,460	-
As at 31 March	(259,777,051)	(961,075,108)	11,538,998	(80,851,838)	(248,238,053)	(1,041,926,946)
Included in						
Trade and other receivables - current (Note 23.3)	20,891	29,083	16,748,364	13,539,481	16,769,255	13,568,564
Trade and other payable - non current (Note 34.1)	-	(769,013,672)	-	(83,618,790)	-	(852,632,462)
Trade and other payable - current (Note 34.1)	(259,797,942)	(192,090,518)	(5,209,367)	(10,772,529)	(265,007,309)	(202,863,048)
	(259,777,051)	(961,075,108)	11,538,998	(80,851,838)	(248,238,053)	(1,041,926,946)

* Affiliate Companies include: Triad (Pvt) Limited, Divasa Equity (Pvt) Ltd, George Steuart Teas (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, Power House Limited, Adpack Productions (Pvt) Ltd, Emagewise (Pvt) Ltd, George Steuart Capital (Pvt) Ltd, George Steuart Travel Ltd, Printage (Pvt) Ltd, Triad Digital (pvt) Ltd. George Steuart Health (Pvt) Ltd, George Steuart Leborataries (Pvt) Ltd, George Steuart Investment (Pvt) Ltd, Hard Talk (Pvt) Ltd, Liberty Publishers (Pvt) Ltd, Hammer BTL (Pvt) Ltd and Colombo Land & Development Company PLC.

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Year ended 31 March

37 RELATED PARTY DISCLOSURES (Contd.)

37.3 Transaction with the parent, subsidiaries and related entities - Company

Nature of Transaction	Parent company		Subsidiaries		Affiliate entities*		Total	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 1 April	(923,259,385)	(140,182,491)	451,208,839	(70,517,892)	(83,737,085)	(241,204,577)	(555,787,631)	(451,904,960)
Recurrent transactions								
Fund transfer from	(57,000,000)	(160,328,845)	(179,223)	(68,050,000)	-	(271,613,485)	(57,179,223)	(499,992,330)
Fund transfer to	-	30,000,000	134,682,992	153,580,000	-	55,847,183	134,682,992	239,427,183
Fund transfer to settlement of outstanding opening balances	-	-	-	91,600,000	-	2,615,985	-	94,215,985
Expenses incurred on behalf of the company	-	-	(891,843)	(2,472,809)	-	-	(891,843)	(2,472,809)
Expenses incurred on behalf of the related parties	-	-	28,094,214	26,096,141	5,085,882	3,749,632	33,180,095	29,845,773
Inter-company interest income	-	-	19,160,860	21,399,368	-	-	19,160,860	21,399,368
Inter-company interest expense	(18,291,405)	(14,991,680)	(2,046,128)	(22,168,301)	-	(27,822,594)	(20,337,534)	(64,982,575)
Interest and other settlements made	-	-	120,000	-	11,178,336	4,606,262	11,298,336	4,606,262
Funds received for interest, management fees, and other settlements	-	-	(189,079,298)	(85,018,782)	(712,900)	-	(189,792,198)	(85,018,782)
Management fees	-	-	52,686,085	82,562,031	-	-	52,686,085	82,562,031
Mortgage fee charges	-	-	(1,704,658)	(1,700,000)	-	-	(1,704,658)	(1,700,000)
Collection made by the company on behalf of others	-	-	(75,000)	(958,219)	-	-	(75,000)	(958,219)
WHT deduction on interest income	-	-	(932,686)	(1,776,601)	-	-	(932,686)	(1,776,601)
WHT deduction on interest expense	1,039,968	2,468,801	94,208	1,118,651	41,237	1,391,130	1,175,413	4,978,583
Goods/ Service obtined	-	-	-	-	(6,526,911)	-	(6,526,911)	-
Collection made by the Related Party on behalf of the Company	-	-	7,454,249	-	-	-	7,454,249	-
Non-recurrent transactions								
Inter-company interest income on pending share acquisition balances	-	-	3,120,752	13,819,167	-	-	3,120,752	13,819,167
Inter-company interest expense on right issue balance	(7,584,792)	(34,384,392)	-	-	(824,734)	-	(8,409,527)	(34,384,392)
Funds received on group debt restructure and right issue	-	(605,840,777)	-	(477,066,539)	-	(52,441,354)	-	(1,135,348,670)
Funds transferred on group debt restructure and right issue	-	-	-	790,762,623	-	441,134,732	-	1,231,897,355
Investment in subsidiary's shares on right issue	-	-	(312,246,328)	-	-	-	(312,246,328)	-
Consideration on right issue	769,013,672	-	-	-	83,618,790	-	852,632,462	-
As at 31 March	(236,081,942)	(923,259,385)	189,467,035	451,208,839	8,122,614	(83,737,085)	(38,492,293)	(555,787,631)
Included in								
Trade and other receivables - non current (Note 23.3)	-	-	180,066,897	424,330,086	-	-	180,066,897	424,330,086
Trade and other receivables - current (Note 23.3)	-	-	22,693,179	57,983,076	8,122,614	3,749,632	30,815,793	61,732,708
Trade and other payable - non current (Note 34.1)	-	(769,013,672)	(12,866,462)	(28,539,693)	-	(83,618,790)	(12,866,462)	(881,172,155)
Trade and other payable - current (Note 34.1)	(236,081,942)	(154,245,713)	(426,578)	(2,564,631)	-	(3,867,927)	(236,508,520)	(160,678,270)
	(236,081,942)	(923,259,385)	189,467,035	451,208,839	8,122,614	(83,737,085)	(38,492,293)	(555,787,631)

* Affiliate Companies include: Triad (Pvt) Limited, Divasa Equity (Pvt) Ltd, George Steuart Teas (Pvt) Ltd, George Steuart Solutions (Pvt) Ltd, Power House Limited, Adpack Productions (Pvt) Ltd, Emagewise (Pvt) Ltd, George Steuart Capital (Pvt) Ltd, George Steuart Travel Ltd, Printage (Pvt) Ltd and Triad Digital (pvt) Ltd.

37. RELATED PARTY DISCLOSURES (Contd.)

37.4 Transactions with key management personnel of the company and its parent

The key management personal (KMP's) includes the Board of Directors of the Company.

	2020 Rs.	2019 Rs.
Key Management Personnel Compensation		
Short-term employee benefits	10,380,000	8,400,000

38. COMMITMENTS AND CONTINGENCIES

38.1 Commitments

(a) Capital Commitments

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

(b) Operating Lease Commitments

The future aggregate minimum lease payments under non cancellable operating leases are as follows:

As at 31 March	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Not later than 1 year	83,790,000	85,345,102	7,590,000	7,590,000
Later than 1 year and no later than 5 years	29,398,000	115,002,286	16,698,000	24,288,000
	113,188,000	200,347,388	24,288,000	31,878,000

38.2 Contingent Liabilities

There were no contingent liabilities as at the reporting date.

39 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the reporting date, on 17 June 2020, the Hikkaduwa Beach Resort PLC has divested 44,878,568 shares out of its 548,598,552 shares held in the capital of the Waskaduwa Beach Resort PLC, consequent to which the shareholding of Hikkaduwa Beach Resort PLC dropped from 97.99% to 89.97% and effective shareholding of Citrus Leisure PLC has dropped from 81.19% to 74.55%. In turn, the Group's non-controlling interests has been increased by Rs. 335 mn as at the aforesaid transaction date.

Apart from above and the temporary closure of hotels due to COVID -19 outbreak as stated in note no. 2.1.1, there has been no other material events occurring after the reporting date that requires adjustment to or disclosure in the financial statements.

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Year ended 31 March

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

40.1 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.

40.2 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 summarized below.

40.3 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 2020 and 2019.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

40.3.1 Interest rate risk

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

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

The Group's exposure to interest rate risk as at the reporting dates and sensitivity analysis to profit & loss if interest rate increased /decrease by 50 basis points for loans and borrowings affected, with all other variables held constant.

	Increase/decrease in basis points Rs.	Effect on profit before tax Rs.
2020	+50	(8,315,539)
	-50	8,315,539
2019	+50	(11,334,432)
	-50	11,334,432

40.3.2 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 Group's exposure to foreign currency risk as at 31st March 2020 and sensitivity analysis to profit & loss and equity if exchange rate increased / (decrease) by 5%.

	Change in rates		Effect on profit before tax	
			Rs.	Rs.
As at 31 March 2020				
USD	+ 5%	- 5%	1,042,358	(1,042,358)
EURO	+ 5%	- 5%	1,004,855	(1,004,855)
As at 31 March 2019				
USD	+ 5%	- 5%	2,236,166	(2,236,166)
EURO	- 5%	- 5%	2,865,484	(2,865,484)

Notes to the Financial Statements

Year ended 31 March

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

40.4 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.

The table below summarizes exposure to liquidity risk and the maturity profile of the Group's financial liabilities based on contractual discounted payments:

	Carrying Amount Rs.	Current Rs.	Non-current Rs.	Payable on demand Rs.
Year ended 31 March 2020				
Financial liabilities				
Lease liabilities	293,941,368	40,665,535	253,275,833	-
Trade and other payables	640,340,004	640,340,004	-	-
Interest bearing loans and borrowings	3,060,210,646	386,851,326	2,620,281,693	53,077,627
	3,994,492,018	1,067,856,866	2,873,557,526	53,077,627
Year ended 31 March 2019				
Financial liabilities				
Trade and other payables	1,499,256,977	646,624,515	852,632,462	-
Interest bearing loans and borrowings	2,755,105,020	625,325,521	2,058,684,410	71,095,089
	4,254,361,997	1,271,950,037	2,911,316,872	71,095,089

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

40.5 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;

	2020 Rs.	2019 Rs.
Trade and other receivables	152,798,885	209,971,046
Investments in bank deposits	60,643,505	55,993,336
Cash at bank	4,385,556	7,156,235
	217,827,946	273,120,617

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 2020 and 2019 is the carrying amounts as disclosed in Note 23.

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

	2020 Rs.	2019 Rs.
Individual debtors	8,723,500	7,979,540
Corporate debtors	124,932,848	185,632,787
	133,656,348	193,612,327

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 23.1 to the financial statements.

Notes to the Financial Statements

Year ended 31 March

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

40.5 Credit risk

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 75.5 mn at 31 March 2020 (2019 -Rs. 63.8 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 – AA(lka)

Hatton National Bank PLC– AA-(lka)

People's Bank – AA+(lka)

Pan Asia Banking Corporation PLC Bank– BBB-(lka)

National Development Bank PLC - A+(lka)

Bank of Ceylon - AA+ (lka)

Nations Trust Bank PLC - A(lka)

Union Bank of Colombo PLC - BB(lka)

41 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).

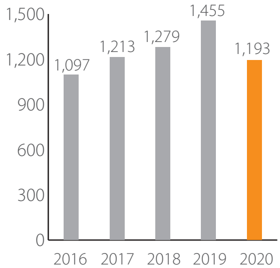
2. Group's future developments, investments and business strategies.

The Gearing ratio of the Group is 61% (2019 - 75%) and the Company is 6% (2019 - 34%). 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.

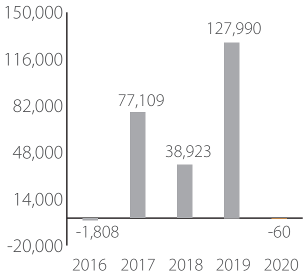
Five Year Summary

Year ended 31st March	2020 Rs. 000	2019 Rs. 000	2018 Rs. 000	2017 Rs. 000	2016 Rs. 000
TRADING RESULTS					
Revenue	**1,193,500**	1,454,625	1,278,950	1,212,956	1,097,252
Operating profit /(loss)	**(60,042)**	127,990	38,923	77,109	(1,808)
Profit/(loss) before tax	**(429,968)**	(302,872)	(47,014)	(278,043)	(37,832)
Tax (expense)/reversal	**6,829**	6,881	(84,796)	(36,534)	(22,138)
Profit/(loss) after tax	**(423,139)**	(295,991)	(131,810)	(314,576)	(59,970)
Profit/(loss) attributable to owners of the parent	**(365,870)**	(237,497)	(153,785)	(244,599)	(51,091)
Non-controlling interest	**(57,269)**	(58,494)	21,975	(69,977)	(8,879)
Funds employed					
Stated capital	**3,256,173**	2,403,276	2,403,276	2,403,276	2,403,276
Capital reserves	**706,664**	709,775	704,488	258,930	258,930
Revenue reserves	**(561,897)**	(668,104)	(429,203)	58,418	301,470
Equity attributable to owners of the company	**3,400,940**	2,444,947	2,678,561	2,720,624	2,963,676
Non-controlling interests	**926,093**	1,458,644	1,515,659	845,858	915,985
Borrowings	**2,620,282**	2,911,317	1,748,185	1,842,807	2,013,074
Assets Employed					
Non-current assets	**8,284,289**	7,823,692	8,143,153	7,016,439	7,109,102
Current assets	**292,901**	581,501	709,488	640,796	785,244
Current liability of borrowings	**439,929**	696,421	1,714,008	1,388,921	1,554,392
Capital employed	**6,947,314**	6,814,908	5,942,404	5,409,289	5,892,734
Cashflow					
Net cash inflow/(outflow) from operating activities	**101,351**	(391,396)	(187,156)	50,107	(93,783)
Net cash inflow/(outflow) from investing activities	**(93,092)**	192,301	(33,542)	(26,808)	(75,081)
Net cash inflow/(outflow) from financing activities	**41,213**	1,021,392	53,138	(277,098)	493,308
Increase /(decrease) in cash and cash equivalents	**49,471**	822,297	(167,559)	(253,799)	307,580
Key Indicators					
Earnings/(loss) per Share - Basic (Rs.)	**(1.47)**	(2.46)	(1.59)	(2.53)	(0.53)
Dividend per share (Rs.)	**-**	-	-	-	-
Dividend payout ratio (%)	**-**	-	-	-	-
Net assets value per share (Rs.)	**12.73**	25.30	27.71	28.15	30.66
Market price per share (Rs.)	**5.80**	4.20	7.50	7.00	6.70
Return on capital employed (%)	**-0.9**	1.9	0.7	1.4	-0.03
Current ratio (times)	**0.25**	0.42	0.26	0.29	0.40
Debt to equity ratio (times)	**0.61**	0.75	0.42	0.52	0.52

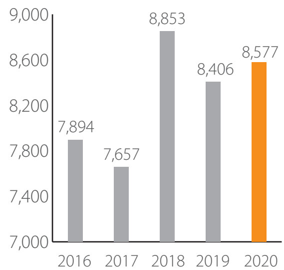
Revenue
Rs.Mn.



Operating Profit/(loss)
Rs.Mn.

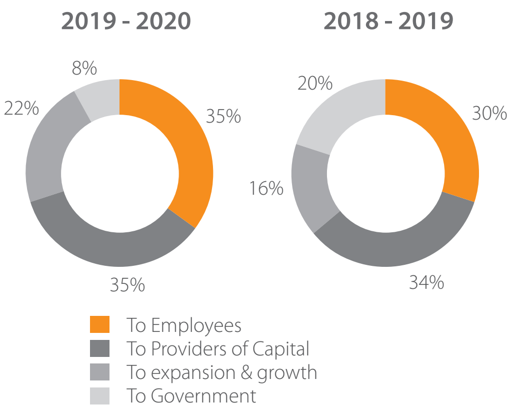


Total Assets
Rs.Mn.



Statement of Value Added

	2019/2020		2018/2019	
Turnover	1,417,834,820		1,910,827,353	
Other income	78,140,461		89,320,546	
	1,495,975,281		2,000,147,899	
Less: Cost of material & services bought in	(664,921,163)		(798,593,205)	
	831,054,118		1,201,554,694	
Value allocated to employees				
Salaries & wages and other benefits	444,886,000	35%	445,374,636	30%
To Government				
VAT & NBT & other taxes	105,543,433	8%	302,728,094	20%
To providers of capital				
Loan Interest & Dividend	437,310,838	35%	506,679,971	34%
To expansion & growth				
Impairment, depreciation & Retained in business	274,430,460	22%	242,762,807	16%
	1,262,170,731	100%	1,497,545,507	100%



Share Information

Ordinary shareholders

There were 3,205 registered shareholders as at 31st March 2020, distributed as follows.

Shareholders categorized summary report - as at 31st March 2020

From	To	No of Holders	No of Shares	%
1	1,000	2,155	534,669	0.20
1,001	10,000	764	2,630,508	0.99
10,001	100,000	243	7,008,527	2.62
100,001	1,000,000	32	6,256,450	2.34
Over 1,000,000		11	250,799,569	93.85
Total		3,205	267,229,723	100

Categories of shareholders

Categories of shareholders	No of Holders	No of Shares	%
Local Individuals	3,036	14,414,970	5.39
Local Institutions	147	252,479,295	94.48
Foreign Individuals	19	52,058	0.02
Foreign Institutions	3	283,400	0.11
Total	3,205	267,229,723	100

The percentage of issued shares held by the public as at 31st March 2020 was 13.951% (As at 31 March 2019 was 58.772%) and the number of shareholders was 3,187(As at 31 March 2019 was 3,326).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2020 is Rs. 216,227,300.20 and the Company falls under Option 5 of Rule 7.13.1 (a) of the Listing Rules of the CSE. The Company has not complied with the minimum public holding requirement under the said Option with effect from 15th July 2019 consequent to the transfer of 19,554,965 shares of the Company under the mandatory offer made by George Steuart and Company Limited. The proposed rectification plan in order to be complied with Listing Rule 7.13.1 (a) will be announced in due course.

Share Prices for the year

Market price per share	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Highest during the year	15.40 (19.11.2019)	8.00 (27.04.2018)
Lowest during the year	3.80 (23.04.2019)	3.80 (13.03.2019)
As at end of the year	5.80	4.20

20 Major Shareholders of the Company

	Name	No of Shares as at 31.03.2020	(%)	No of Shares as at 31.03.2019	(%)
1	George Steuart & Company Limited A/C No 1	129,023,799	48.28	1,846,000	1.91
2	Union Bank of Colombo PLC / George Steuart & Company Limited	71,835,400	26.88	25,655,500	26.54
3	Pan Asia Banking Corporation PLC /				
	Divasa Equity (Pvt) Ltd 24,295,796				
	Divasa Equity (Pvt) Ltd 2,003,930	26,316,246	9.85	9,592,488	9.92
	Seylan Bank PLC/ Divasa Equity (Pvt) Ltd 16,520				
4	Vallibel One PLC	8,377,563	3.13	8,672,810	8.97
5	Lotus Technologies (Pvt) Ltd	7,063,819	2.64	7,063,819	7.31
6	Royal Ceramics Lanka PLC	2,768,276	1.04	2,768,276	2.86
7	Corona T Stores (Pvt) Ltd	1,585,331	0.59	1,585,331	1.64
8	Laugfs Gas PLC	1,500,000	0.56	1,500,000	1.55
9	Mr. H A K N Priyadharshana	1,214,600	0.45	134,329	0.14
10	Seylan Bank PLC / Jayantha Dewage	1,131,055	0.42	1,131,055	1.17
11	Mr. T G Thoradeniya	732,310	0.27	732,310	0.76
12	Mrs. K M Goonewardene	486,519	0.18	486,519	0.50
13	Admiral. W K J Karannagoda	373,824	0.14	373,824	0.39
14	Mr. S Srikanth	296,601	0.11	346,601	0.36
15	Commercial Bank of Ceylon PLC./ Mr. R. H. Galappatti	252,800	0.09	252,800	0.26
16	Mr. R G Seneviratne	248,665	0.09	248,665	0.26
17	Sarva Integrated (Pvt) Ltd	227,763	0.09	227,763	0.24
18	Mrs. A Seneviratne	223,382	0.08	223,382	0.23
19	Citizens Development Business Finance PLC/ T K Fernando	195,000	0.07	94,851	0.10
20	Mrs. L A I Silva	186,358	0.07	389,528	0.40
	Sub Total	254,039,311	95.06	63,325,851	65.52
	Others	13,190,412	4.94	33,324,576	34.48
	Total	267,229,723	100	96,650,427	100

Directors' and CEO's Shareholding

	Director Name		As at 31.03.2020		As at 31.03.2019	
			No of shares	%	No of shares	%
1	Mr. E P A Cooray		32,200	0.01	11,500	0.01
2	Mr. D S Jayaweera		30,240	0.01	30,240	0.03
3	Ms. V S F Amunugama		30,240	0.01	30,240	0.03
4	Mr. J M B Pilimatalawwe		Nil	-	Nil	-
5	Mr. S D De Mel		100,000	0.04	100,000	0.10
6	Mr. P C B Talwatte		Nil	-	Nil	-
7	Mr. S A Ameresekere		Nil	-	Nil	-
8	Mr. P V S Premawardhane		Nil	-	Nil	-
9	Mr. Rajinda G Seneviratne - Share held in the following manner					
	Mr. Rajinda G Seneviratne	248,665				
	Mr. Rajinda G Seneviratne & Mrs. Amitha Seneviratne	175,100	429,665	0.16	429,665	0.44
	Ms. Keshini K K Goonathileke Seneviratne & Mr Rajinda G Seneviratne	5,900				

* The fractional shares of 14 issued jointly in the names of E P A Cooray and D S Jayaweera

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty Eighth Annual General Meeting of Citrus Leisure PLC will be held at Sri Lanka Foundation Institute, Lecture Hall No 03, No 100 Sri Lanka Padanama Mawatha, Independent Square, Colombo 07 on 06th January 2021 at 10.30 a.m. for the following purposes.

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 2020 and the Report of the Auditors thereon.
2. To pass the ordinary resolution set out below to re-appoint Mr. E P A Cooray who is 73 years of age, as a Director of the Company;

   "IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.07 of 2007 shall not apply to Mr. E P A Cooray who is 73 years of age and that he be and is hereby re-appointed a Director of the Company."
3. To re-elect as a Director Mr. R Seneviratne who retires by rotation in terms of Article 84 of the Articles of Association of the Company.
4. To re-elect as a Director Mrs. V S F Amunugama who retires by rotation in terms of Article 84 of the Articles of Association of the Company.
5. To re-appoint M/s Ernst & Young, as Auditors of the Company and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine donations for the year ending 31st March 2021 and up to the date of the next Annual General Meeting.

By order of the Board
CITRUS LEISURE PLC

P W CORPORATE SECRETARIAL (PVT) LTD
Director / Secretaries

8th December 2020
Colombo

Notes
1. A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on behalf of him/her.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy must be deposited at the Registered Office of the Company, No. 7/5, Gregory's Road, Colombo 7 by 10.30 a.m. on 4th January 2021.

Form of Proxy

*I/We.. holder of
NIC No .... of ....
being a shareholder /shareholders of Citrus Leisure PLC hereby appoint ....
.... holder of NIC No ....of
.... or failing him/her

Mr. E P A Cooray	or failing him*
Mr. D S Jayaweera	or failing him*
Mr. R Seneviratne	or failing him*
Ms. V S F Amunugama	or failing her*
Mr. J M B Pilimatalawwe	or failing him*
Mr. S D De Mel	or failing him*
Mr. P C B Talwatte	or failing him *
Mr. P V S Premawardhana	or failing him*
Mr. S A Ameresekere	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Eighth Annual General Meeting of the Company to be held on 06th January 2021 at 10.30 a.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

		FOR	AGAINST
i)	To pass the ordinary resolution set out under item 2 of the Notice of Meeting for the re-appointment of Mr. E P A Cooray as a Director.		
ii)	To re-elect Mr. R Seneviratne as a Director in terms of Article 84 of the Articles of Association the Company.		
iii)	To re-elect Mrs. V S F Amunugama as a Director in terms of Article 84 of the Articles of Association the Company.		
iv)	To re-appoint Messrs Ernst & Young, Charted Accountants, as Auditors of the Company and to authorize the Directors to determine their remuneration.		
v)	To authorize the Directors to determine donations for the year ending 31st March 2021 and up to the date of the next Annual General Meeting.		

Signed this .... day of .... Two Thousand and ....

*Please delete as appropriate

....
Signature of Shareholder

Notes:
1. A proxy need not be a shareholder of the Company
2. Instructions as to completion appear overleaf.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name address and signing in the space provided and filling in the date of signature.

2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a shareholder, to attend and vote instead of him. Please indicate with an "X" in the boxes 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.

3. 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 (above the names of the Board of Directors) on the Proxy Form.

4. If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration if such Power of Attorney has not already been registered with the Company.

5. If the appointer is a Company / Incorporated body this Form must be executed in accordance with the Articles of Association / Statute.

6. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 7/5, Gregory's Road, Colombo 7 by 10.30 a.m. on 4th January 2021.

Corporate Information

Name of Company
Citrus Leisure PLC

Legal Form
Public Quoted Company with limited liability Incorporated in Sri Lanka.

Company Registration No.
PQ 211

Registered Office
No: 7/5 Gregory's Road, Colombo 07.

Telephone	:	0115 755 055
Fax	:	0115 470 000
E-mail	:	direct@citrusleisure.com
Website	:	www.citrusleisure.com

Board of Directors
Mr. E P A Cooray (Chairman)
Mr. D S Jayaweera
Ms. V S F Amunugama
Mr. S A Ameresekere
Mr. P C B Talwatte
Mr. P V S Premawardhene
Mr. R Seneviratne
Mr. J M B Pilimatalawwe
Mr. S D De Mel

Director/ Chief Executive Officer
Mr. Chandana Talwatte

Director Marketing
Mr. Mani Sugathapala

Stock Exchange Listing
The Shares of the Company are listed on the Colombo Stock Exchange.

Company Secretaries
P W Corporate Secretarial (Pvt) Ltd.
No.3/17, Kynsey Road, Colombo 08.

Auditors
Ernst & Young Chartered Accountants
201, De Saram Place, Colombo 10.

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

Designed & produced by
emagewise
Digital Plates & Printing by Printage (Pvt) Ltd

www.citrusleisure.com

Citrus Leisure PLC
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E-mail : direct@citrusleisure.com