citrus

Hikkaduwa Beach Resort PLC

Annual Report 2020/21

Contents

Chairman's Review

It gives me great pleasure to welcome you to the Annual General Meeting of Hikkaduwa Beach Resort PLC, and to present the annual report and audited financial statements for the year ended 31st March 2021.

This last year has been exceptionally challenging for Sri Lanka's tourist industry and indeed the whole world - yet despite these trialling times we remain optimistic and confident in our ability to navigate our way through and create better opportunities for the future.

Industry Overview

Beginning with the Easter bombings in April 2019, Sri Lanka's tourism industry has been hard hit and conditions have continued to deteriorate with the COVID-19 pandemic. The industry coped well during the first months of the pandemic in early 2020, with hotels still retaining good occupancy levels and managing to make up losses from the aftermath of the attacks. As the pandemic escalated around the world, many countries began closing their borders, with Sri Lanka shutting down its airport in March 2020 and halting all international tourism – dealing a devastating blow to the industry.

As the second wave hit Sri Lanka, the industry was virtually ground to a halt, kept afloat by the trickle of local traffic till the end of 2020. During this time, many hotels remained closed while others were converted into Quarantine and Intermediate Care Centres (ICC). Compared to the previous year however, the numbers have taken a steep dive across the board and many hotels were forced to permanently close or take drastic steps to curb losses.

The COVID-19 pandemic has certainly dealt a devastating blow to the tourism industry globally as well as locally, with the Sri Lankan sector experiencing its worst year in history. Given the severity of the situation, the coming financial year will be a struggle for the tourism industry and its allies along the value chain, with adaption being a necessary key to survival.

Government Contribution

It is with great appreciation that we acknowledge the contributions of the government in extending its support to the tourism industry, through timely intervention and loan moratorium extensions with the help of commercial banks in Sri Lanka. Innovative ideas like the travel "Bio Bubble" helped boost tourism in a small way providing some relief to the industry. While the third wave of COVID halted travel yet again, the "Bio Bubble" concept is one that will prove a useful tool once international tourism resumes.

It is my firm belief that the future looks bright for Sri Lankan tourism and that the recent restructuring of the Tourist board will bring about much needed unification of the institute. By merging the Conventions Bureau, Promotions Bureau, Tourism Development Authority and Hotel Schools into one body under the purview of the new Chairperson, Sri Lankan tourism has been given the opportunity to grow in a positive direction and function cohesively.

Group Performance

The Citrus Hikkaduwa Group posted revenue of Rs. 344 Mn for the financial year ended 31 March 2021, with all Group hotels recording massive drops in occupancy due to COVID-19 related incidents and travel restrictions. Timely adaption has allowed us to sustain ourselves despite the challenges. These details are further discussed within the Annual Report.

Chairman's Review

The tourism advantages of an island nation have also been a disadvantage during the pandemic - Sri Lanka was severely impacted by travel bans and restrictions due to its geographic positioning. Unlike nations that share borders, we are a country that relies heavily on international tourism, as such, 60 – 70% of our business was affected and what occupancy we did have was largely thanks to local patrons.

With the halting of tourism to the country and the implementation of curfew and travel restrictions, the Citrus Group made adaptive decisions to initiate the hotel quarantine and intermediate care concepts. With the coorporation of the government under the strict regulation of the health authorities, Citrus Waskaduwa was the first to join the quarantine hotel initiative in May 2020 and continued operation in this capacity until February 2021. ICC operations resumed from March 2021 in collaboration with a Colombo based private hospital and continues to date. This allowed the hotel some breathing space, with occupancy during this period provided at modest rates. Citrus Hikkaduwa remained closed until the end of May 2020 when they were reopened for local tourists. With the need for COVID care facilities rising, Citrus Hikkaduwa commenced ICC operations from May 2021 which continues to this day.

Addressing the Future

At this present stage, the situation for the industry is quite disturbing, although the government must be applauded for accelerating the vaccination drive. With the availability of sufficient stocks, the country is well on its way to vaccinating a significant percentage of the population with the possibility of up to 60-70 % being vaccinated within the coming months. The move to vaccinate en-masse is the only viable solution and the government is well on the way to achieving their goals, particularly by concentrating on the over 60 age population who are more prone to complications due to existing medical conditions.

It is my prediction that within the coming months, not only Sri Lanka, but the world will start to look and feel a little more positive. By the end of the year and with the coming season, the global situation is expected to make a turn around and we should be able to look forward to some normalcy in the future.

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 to 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

31st August 2021
Colombo

CEO's Review

It is with great pride that I present this review of the Hikkaduwa Beach Resort PLC's operations during the financial year ended 31st March 2021. This year has been particularly challenging with the country and indeed the world, still reeling from the effects of the pandemic. This has had a substantial impact on performance across the board, however our resilience of managing these difficult times is truly a reflection of the collective efforts and perseverance of our team and the trust you, our stakeholders, have placed in your company.

The deep economic impact of the pandemic will certainly be a lingering one that will throw some challenges our way in the months to come. However I believe that unity in the face of hardship is one of our strongest virtues as a nation, and as we have done in the past, we will overcome these challenges together.

Performance Review

The Sri Lankan tourism industry experienced the worst year in its history due to COVID-19 related airport closures, travel restrictions and lockdowns. During the year under review, all properties across the group were non-operational during the initial months with Citrus Waskaduwa being the first to restart operations under a new programme as a quarantine centre. With the support of the government, we are proud to have been the first hotel to offer our 5-star property as a facility for COVID-19 management. While the army that provided security and protection, our staff worked alongside the army medical teams to provide a safe, sterile and comfortable environment for the guests under our care. As the quarantine programme concluded, the Citrus Board made the decision to continue offering the property to assist with COVID management. At the time of writing, Citrus Waskaduwa is functioning as an Intermediary Care Centre in a collaboration with Kings Hospital in Colombo.

Citrus Hikkaduwa recommenced normal operations from the end of May 2020. Occupancy during this period consisted of mainly of local patrons with very few international guests. At this time we decided to change direction with our offers and services by catering especially to Sri Lankans. Despite running at very low occupancy rates we are proud to have been one of the few businesses to have not retrenched staff or imposed any salary or benefit restrictions. Citrus Hikkaduwa began operations as an Intermediary Care Centre in May of 2021 in partnership with Ruhunu Hospitals and is currently functioning as such at the time of this report's publication.

Forward Thinking

While the pandemic has raged on, the Group has taken measures to ensure the sustainability and performance of your company during the coming financial year. We are committed to continuing our work in this industry and firmly believe that Sri Lanka has a lot more potential to offer the international traveller thanks to factors like our biodiversity and strategic location – it is simply a matter of time before we are able to showcase the remarkable destinations of this island again.

Acknowledgements & Appreciation

I am deeply grateful to the Chairman and the Board for the support through tough decisions and for offering their guidance and wisdom through the difficult situations this year has challenged us with. I would also like to thank the government, non-government associations, all our stakeholders and our suppliers for respecting and believing in our brand to deliver on the promise of serving to the best of our capabilities.

CEO's Review

Finally, I would like to give a special note of appreciation and gratitude to all the staff members at the Citrus Group. The commitment and support shown by each and every member of the Citrus family needs to be highlighted and applauded. Despite the tremendous health risks and challenging new operational procedures, the teams were able to learn new ways of doing things and new ways of looking after guests while providing the same standard of service our customers have come to expect from us. This level of perseverance isn't something that is found everywhere and is a testament to the power of teamwork and the possibilities of what we can achieve when we work together with dedication.

P C B Talwatte
Chief Executive Officer

31st August 2021
Colombo

Board of Directors

Mr. Prema Cooray

Mr. Prema Cooray, the immediate Past Chairman of Aitken Spence PLC counts well over 40 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 signalled 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 Susantha Jayaweera is a Sri Lankan corporate leader with over three decades of experience building businesses that have grown to enjoy industry leadership.

He is the Group Chairman of George Steuart & Co., Sri Lanka's oldest mercantile establishment in which he took a controlling interest in 2011. He also sits on the Boards of Citrus Leisure PLC and Colombo Land and Development Company PLC, which are listed on the Colombo Stock Exchange.

He first rose to prominence in the advertising industry by co-founding Triad (Pvt) Ltd., in 1993. Triad is Sri Lanka's largest and most awarded communications entity today and is the single largest indigenous provider of brand building, advertising, and creative services through its extensive diversification into many related services.

Mr. Jayaweera is the Chairman of Powerhouse (Pvt) Ltd., the holding company of Derana, Sri Lanka's preeminent media offering with a wide presence across multiple platforms. He also established Liberty Publishers (Pvt) Limited, which is the publisher of three national broadsheets – "Aruna", "The Morning" and "Thamilan".

Mr. Jayaweera holds an LLB from the University of Colombo and an MBA from the University of Wales, and is an Attorney-at-Law.

Board of Directors

Mr. Sarva Ameresekere

Qualified in both business and engineering, Sarva Ameresekere has extensive local and foreign exposure in diverse areas of business.

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

He also serves as the Director / CEO of Triad (Pvt) Ltd, one of Sri Lanka's leading creative communication companies. The Triad group integrates a cluster of specialised communications companies, which offer its clients an unmatched holistic and synchronised communication solution.

He holds a Master's degree in Engineering Management from the University of Southern California, Los Angeles and a Bachelor's degree in Industrial and Operations Engineering from the University of Michigan, Ann Arbor.

Mr. Rajinda Seneviratne

Mr. Rajinda Seneviratne's family established Reefcomber Hotel in Hikkaduwa in the 1980s which is currently known as Citrus Hikkaduwa Hotel. 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. 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 30 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 Group Chief Executive Officer of Colombo Land & Development 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 operates a chain of unique properties renowned for magical experiences, authentic Sri Lankan hospitality and personalised service.

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

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

Global Economy

The world economy has been severely impacted by COVID-19 which has resulted in a global contraction. Advanced economies are expected to regrow by 5.4 percent in 2021, with substantial fiscal support and fast vaccination processes. Growth in emerging markets and developing economies is also projected to strengthen in 2021. China is expected to show strong recovery although oil exporters and tourism-based economies are expected to follow a slower recovery trajectory due to continued restrictions on cross border travel and a subdued outlook for oil prices.

Sri Lankan Economy

The Sri Lankan economy contracted by 3.6% in 2020 due to mobility restrictions and other containment measures imposed locally and internationally, with a view to preventing the spread of COVID-19. Reflecting the combined effect of the contraction in Gross Domestic Product (GDP) at current market prices and the depreciation of the Sri Lankan rupee against the US dollar, GDP per capita declined to US $3,682 in 2020 from US $3,852 in the previous year. The pandemic also caused a decline in the overall size of the economy to US $80.7 billion in 2020 from US $84.0 billion in 2019.

The exchange rate which depreciated by 2.6% in 2020 continued to record intermittent volatility in early 2021, depreciating 4.5% during the first 3 months of 2021 mainly due to excessive speculation. Meanwhile, the monetary easing measures taken by the CBSL to support the revival of the economy resulted in market interest rates declining sharply in 2020 and remaining in the single digit range going into 2021. Both headline and core inflation also remained low, reflecting the subdued demand conditions in the country. Although 2021 commenced on an optimistic note with the vaccination drive getting off the ground, the current third wave of the pandemic and expected impact on the economy has put a dampener on the CBSL projected GDP growth of 6%.

Global Tourism

Global tourism was severely affected by COVID-19, dropping international arrivals by 74%. The closure of country borders led to the collapse of the global tourism industry with international tourist arrivals declining sharply by 86%. According to the United Nations World Tourism Organisation (UNWTO) 27% of all destinations worldwide kept their borders completely closed for international tourism due to the COVID-19 global pandemic. Asia and the Pacific region were most impacted with a decline of 84% in tourist arrivals compared to a growth of 4% in 2019. The fall in international travel is estimated to cause a loss of US $1.3 trillion in export revenues. However as per a survey carried out by UNWTO, full recovery to pre-pandemic levels is unlikely to happen before 2023.

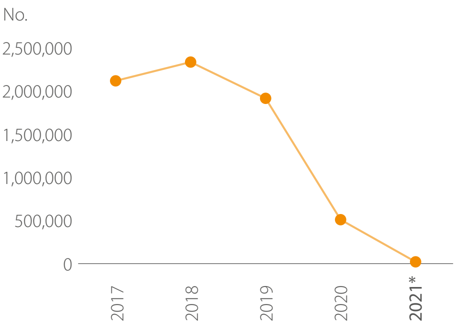
Management Discussion and Analysis

Tourism in Sri Lanka

The Sri Lanka tourism industry is the third biggest foreign exchange earner with a total earning of US $4.4 billion in 2018 and US $3.7 billion in 2019. The effects of the global COVID-19 pandemic crippled the sector in 2020, which is currently catering almost exclusively to local tourists and international arrivals under strict "travel bubble" restrictions. Tourist arrivals in 2019 were recorded at 1,913,702 while 2020 was limited to 507,704 – showing the worst numbers in recent history (Please refer Graph 1.1).

In fact, major tourist destinations in Sri Lanka have been suffering due to the travel bans which were applied locally and internationally as a health measure. China, which contributed the second largest number of tourists till January 2020, will most likely not be part of the top 10 countries with the most tourist arrivals in Sri Lanka in 2021. Because of this situation the contribution of the tourism sector to Sri Lanka's economy declined sharply in 2020.

Tourist Arrivals to Sri Lanka



Graph 1.1
*2021 arrivals up to July

The Government of Sri Lanka extended several relief measures to support the recovery of the tourism industry, by granting a debt moratorium and introducing Saubhagya COVID-19 Renaissance Working Capital Facility for many sectors including tourism. This initiative was a success in helping maintain the stability of the tourism industry.

In addition to this the Government approved the concept of Hotel Quarantine and Intermediate Care Centres for COVID patients under the strict supervision of the health authorities. Most of the tourist hotels were converted into Quarantine Centres and Intermediate Care Centres in the financial year 2020-21 with the demand for such facilities rising with the number of COVID patients in Sri Lanka.

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 expanding our offerings 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, during 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 programme, personal development and career progression opportunities, staff entertainment programme and numerous other benefits have helped Citrus to retain the best talent in the industry. Citrus is one of the few companies that has not curtailed any benefits given to its staff during the current pandemic situation.

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 industry organisations and associations 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 systematised 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, whilst regularly monitoring products and material.

Way Forward

While numerous factors made negative impact on the tourism industry, the Company still remains confident of its long-term prospects.

With the opening of the tourism industry by lifting border restrictions, the curtailment of COVID-19 spread through the global vaccination process, and the Bio bubble concept introduced by the Sri Lanka Tourism Development Authority (SLTDA), the group

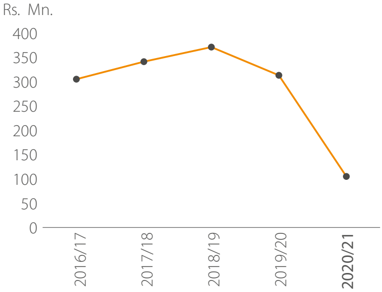
Management Discussion and Analysis

is confident of the revival of the tourism industry. The Group will continue to proactively monitor demand and is well positioned to capitalise on the medium-to-long term recovery of the country's tourism sector.

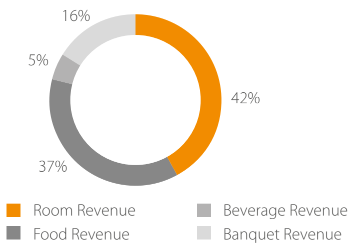
As Citrus Hotels & Resorts continues to work closely with all our stakeholders, we are confident that our efforts and their impact will boost the market as well as the sector in the years ahead.

Financial Performance of the Company

Revenue

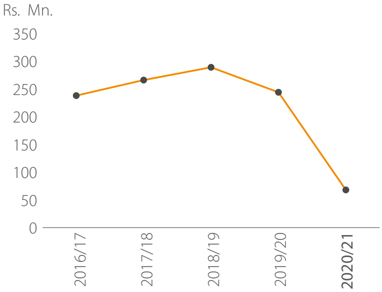


Revenue Composition



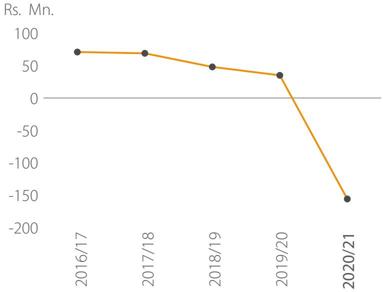
The Performance of the Company was significantly affected due to the COVID-19 pandemic. The hotel recorded Rs. 105 Mn revenue compared to previous financial year (FY) recorded Rs. 313 Mn revenue. Occupancy also dropped form 62% to 17% with lower ARR compared to previous FY. The hotel was closed during the months of April & May 2020 with the country lockdown due to the COVID first wave. However, easing of restrictions in May 2020 aided resumption of limited activity with occupancy rates showing improvement in Q2 of FY 2021 (July to September 2020) on the back of domestic tourism. The Hikkaduwa Hotel reported 30% average occupancy for the said quarter. Whilst the outbreak of a second wave of the pandemic in early October 2020 prompted isolation measures in selected areas during the month, the impact of these measures on business was less pronounced than witnessed during the lockdown in the first quarter of 2020/21 as local tourists adapted to the health and safety guidelines issued by the authorities. In turn, the average occupancy of Hikkaduwa reduced to 10.3% during Q 3 while showing an improvement in its performance in last quarter recording 22% occupancy along with Rs. 37 Mn total revenue.

Gross Profit



Impact on the revenue for the year directly affected the reduction of the company's gross profit. However, the company was able to manage the Gross profit ratio at 64% even with the challenging operating environment and price increase in almost all the supplies during the financial year under review.

Operating Profit / (loss)



The company implemented stringent expense controls and cost optimisation strategies to mitigate the impact of low revenues on company profitability. Such measures enabled the company to limit its operating losses to Rs. 155 million. Concurrently, working capital management measures implemented through negotiations with suppliers and by securing loan facilities, particularly through the various relief measures extended by the Government and the Central Bank, assisted in managing liquidity.

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

The Directors of Hikkaduwa Beach Resort PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2021.

General

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

Principal Activity

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

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 62 to 158.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Company is given on pages 55 to 61.

Accounting Policies

The accounting policies adopted by the Company in the preparation of financial statements are given on pages 70 to 98 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 5 to 6.

Executive Director

Mr. D S Jayaweera

Non-Independent Non-Executive Directors

Mr. S A Ameresekere
Mr. P V S Premawardhana

Independent Non-Executive Directors

Mr. E P A Cooray
Mr. R Seneviratne

Recommendation for re-election of Director who retires by rotation

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

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 Company

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

Board of Directors and Relevant Interest in Shares

The Board consists of five Directors, comprising of one Executive Director and four Non-Executive Directors, of whom two are Independent.

Directors' interest in the shares of the Company as at 31st March 2021 and 31st March 2020 were as follows:

	As at 31.03.2021	As at 31.03.2020
Mr. E P A Cooray	333,334	333,334
Mr. D S Jayaweera	Nil	Nil
Mr. R Seneviratne	212,749	212,749
Mr. P V S Premawardhana	Nil	Nil
Mr. S A Ameresekere	Nil	Nil

Independence of Directors

Based on the declarations submitted by the Non-Executive Directors, the Board has determined that two (02) Non-Executive Directors, namely, Messrs E P A Cooray and R Seneviratne are 'Independent' as per the criteria set out in the Listing Rules of the Colombo Stock Exchange.

Directors' Interests in Contracts or Proposed Contracts and Interest Register

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

Directors' Remuneration

The Directors were not paid any remuneration during the year under review.

Corporate Governance

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

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

The report on Corporate Governance is given on pages 21 to 45 of the Annual Report.

Delegation of Authority

The Board has delegated the authority of the day to day management of the Company to Mr. P C B Talwatte (Chief Executive Officer) who is responsible for delivering services according to the policies and the budgets approved by the Board.

Delegation to Board Members

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

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

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

Appraisal of Board Performance

The Board is aware that appraising their own performance periodically would enhance the understanding of individual performance of the Board as a whole. However, though there is no formal system in place, the Board members ensure that Board responsibilities are satisfactorily discharged.

Directors' Responsibilities for Financial Reporting

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

The Directors are of the view that the Statement of Profit and Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 62 to 158 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act, No.07 of 2007, Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 19.

Auditors

Messrs Ernst & Young, Chartered Accountants served as the Auditors during the year under review and also provided non audit/consultancy services.

A total amount of Rs. 880,885/- is payable by the Company to Messrs Ernst & Young for the year under review comprising Rs. 680,000/- as audit fee and Rs. 200,885/- as taxation fee respectively.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 31st August 2021 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 31st March 2021 was Rs.4,624,023,566/- representing 284,898,354 ordinary shares (Rs.4,624,023,566/- representing 284,898,354 ordinary shares as at 31st March 2020).

Internal Controls

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

Major Transactions

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

Major Shareholders, Distribution Schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings per share, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are on pages 161 to 163 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 2021, 135 persons were in employment (150 persons as at 31st March 2020). 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 on page 67 in the Financial Statements.

Land Holdings

The Company holds a freehold lands of 9,360 perches as stated in Notes 14 and 15 to the Financial Statements.

Property, Plant & Equipment

Details and movements of property, plant and equipment are given under Note 14 to the Financial Statements on page 108 to 115.

Investments

Details of the Company's quoted and unquoted investments as at 31st March 2021 are given in Notes 18, 19 and 22.1 to the Financial Statements.

Material Foreseeable Risk Factors

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

Donations

The Company has not made donations during the year under review.

Dividends

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

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

Audit Committee

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

The Audit Committee comprises of five (05) Non-Executive Directors of whom three (03) are Independent.

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

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

The Report of the Audit Committee appears on page 46.

Remuneration Committee

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

The Remuneration Committee comprises of five (05) Non-Executive Directors of whom three (03) are Independent;

Mr. J M B Pilimatalawwe	- Non-Independent Non-Executive Director	- Chairman of the Committee
Mr. E P A Cooray	- Independent Non-Executive Director	- Member
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

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

The Report of the Remuneration Committee appears on page 49.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee of Citrus Leisure PLC, the parent company functions as the Related Party Transactions Review Committee of the Company.

The Related Party Transactions Review Committee comprises of five (04) Non-Executive Directors of whom two (02) are Independent and one (01) an Executive Director;

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. P C B Talwatte	- Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

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

The Report of the Related Party Transactions Review Committee appears on page 51.

Declaration - Compliance with Rule 9 of the Listing Rules

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year ended 31st March 2021.

Related Party Transactions/Disclosures during the year

Presented below are the recurrent and non-recurrent related party transactions which required additional disclosures in the 2020/21 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2.

Non-Recurrent Related Party Transactions – Disclosure in terms of Rule 9.3.2(a) of the Listing Rules

There were no non-recurrent Related Party Transactions, where aggregate value of the non-recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets, which ever is lower in the Audited Financial Statements as at 31st March 2020, which requires an additional disclosure in the 2020/21 Annual Report under Section 9.3.2(a) of the Listing Rules of the Colombo Stock Exchange.

Recurrent Related Party Transactions – Disclosure in terms of Rule 9.3.2(b) of the Listing Rules

There were no recurrent Related Party Transactions, where aggregate value of the recurrent Related Party Transactions exceeds 10% of Company turnover in the Audited Financial Statements as at 31st March 2020, which requires an additional disclosure in the 2020/21 Annual Report under Section 9.3.2(b) of the Listing Rules of the Colombo Stock Exchange.

Events after the reporting date

There were no events after reporting date which would require adjustment to or disclosure in the financial statements except Note no 2.1.1 (b) to the Financial Statements.

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

Going Concern

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

Annual General Meeting

The Annual General Meeting of the Company will be held by electronic means on 27th September 2021 at 11.00 a.m. centred at the Registered Office of the Company at No. 56/1, Kynsey Road, Colombo 8.

The Notice of the Annual General Meeting appears on page 166.

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

31st August 2021
Colombo

Statement of Directors' Responsibility

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

The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Report of the Auditors given on pages 55 to 61 of the Annual Report.

As per the Sections 150(1), 151, 152(1) and (2), 153 (1) and (2) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and its subsidiary as at the end of the financial year and of the results of its operations for the financial year, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that they are in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

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

The Directors consider that in preparing these Financial Statements set out on pages 62 to 158, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgment and that all applicable Accounting Standards, as relevant, have been followed.

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

Further, the Directors have a responsibility to ensure that the Company and its subsidiary maintains sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and its subsidiary.

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

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

Statement of Directors' Responsibility

Compliance Report

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

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

By Order of the Board of

Hikkaduwa Beach Resort PLC

P W Corporate Secretarial (Pvt) Ltd

31 August 2021
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 Hikkaduwa Beach Resort PLC (CITH). At CITH, the approach to CG is guided by ethical culture, stewardship, accountability, independence, continuous improvement, oversight of strategy and risk. The fundamental relationship among the Board, Management, Shareholders and other Stakeholders is established by our governance structure, through which the ethical values and corporate objectives are set and plans for achieving those objectives and monitoring performance are determined.

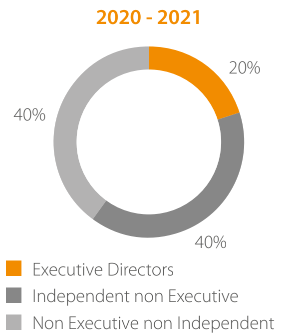
To serve the interests of shareholders and other stakeholders, CITH's Corporate Governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts good governance policies and practices designed to align the interests of the Board and Management with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

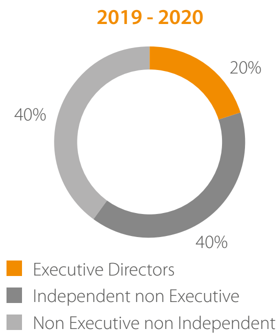
The Board provides strategic leadership and guidance and sets the tone to ensure that the development of the Company is based on values. We believe that our values are the driving force across the Group and are our guiding force for good governance.

Corporate Governance

Board of Directors

The Board of Directors is committed to maintain the highest standards of corporate governance and ethical business conduct in the operations and decision making process. In this regard, the Board of Directors is responsible for the governance of the Company whilst the shareholders' role in governance is to appoint the Directors and the Auditors to satisfy themselves that an appropriate governance structure is in place.





Board Composition and Directors' Independence as at 31st March 2021.

Name of Director	Status of Director	Shareholding
Mr. E P A Cooray	Chairman and Independent non Executive Director	Yes
Mr. D S Jayaweera	Executive Director	No
Mr. R. Seneviratne	Independent non Executive Director	Yes
Mr. P V S Premawardhana	Non Executive non Independent Director	No
Mr. S A Ameresekere	Non Executive non Independent Director	No

Directors' Responsibility for the preparation of the Financial Statements

The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, and preventing and detecting fraud and/or other irregularities. The Board of Directors also confirms 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 are consistency applied and supported by reasonable and prudent judgement and estimates, and have been applied in the preparation of the financial statements.

Compliance regarding Payments

The Board of Directors confirms 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 2020/21 is given below.

Name of Director	03-07-2020	14-08-2020	16-11-2020	08-12-2020	15-02-2021	Meetings Attended	Percentage Attended
Mr. E P A Cooray	√	√	√	√	√	5/5	100%
Mr. D S Jayaweera	√	√	-	√	√	4/5	80%
Mr. R Seneviratne	√	√	√	-	-	3/5	60%
Mr. P V S Premawardhana	√	√	√	√	√	5/5	100%
Mr. S A Ameresekere	√	√	√	√	√	5/5	100%

Corporate Governance

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 Principle	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	Hikkaduwa Beach Resort PLC is headed by an effective board, which is responsible for the leadership, stewardship and governance of the Company. The Board of Directors comprises of, • One Executive Director (ED) • Two Non-Executive Independent Directors (NED/ID) • Two Non-Executive Non Independent Directors (NED/NID)
Board Meetings	A.1.1		Compliant	Five (5) Board Meetings were held during the year and the Company is compliant with the Code of Best Practice as the Board has met in every quarter of the financial year 2020/21. 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 is not limited to,

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				• Financial and operating results for each quarter. • Key Performance Indicators. • Financial Performance compared to previous periods and budgets. • Forecasts for the future period. • Statutory Compliance. • Management Audit Report and Internal Audit Scope. • Details of Related Party Transactions. • Capital Expenditure Schedules
Board Responsibilities	A.1.2		Compliant	The Board of Directors of Hikkaduwa Beach Resort PLC bears the responsibility for providing strategic direction, achieving objectives, responsible corporate behaviour, risk management, utilisation of resources responsibly, for ensuring leadership through effective oversight and review, whilst 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,

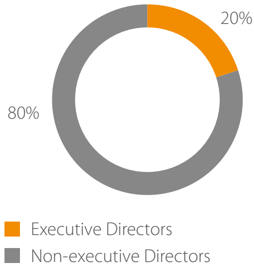
Corporate Governance

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				• Providing the leadership for formulation and implementation of an effective business strategy, by emphasising 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. • 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.

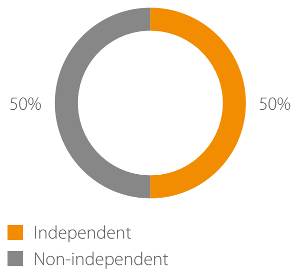
Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Compliance with Laws and access to Professional Advice	A.1.3		Compliant	The Board acts in conformity with the laws of the country, and the Board and the Audit Committee table a compliance statement on statutory requirements on quarterly basis at the Board and Audit Committee meeting. 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 judgement 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	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 Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Call for resolution to be presented	A.1.7		Compliant	A Director and the secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
Training for Directors	A.1.8		Compliant	Existing Directors are encouraged to improve their knowledge base and skills on a continuous basis and the newly appointed Directors are introduced to the Board and the Senior Management after induction sessions conducted on Governance Framework, Company's culture and values, business model and strategy, duties and responsibilities of the Directors, current laws and regulations applicable to the tourism and hotel industry and important matters that were discussed during prior meetings.
The Role of the Chairman and Chief Executive Officer (CEO)	A.2: & A.3		Compliant	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 a 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 possess knowledge on financial matters, based on experience gathered in their respective fields.

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Board Balance	A.5		Compliant	The Board comprises of an Executive Director and four non-executive Directors out of which two are Independent Directors and two 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 judgement. 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 Principle	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 of four non-executive Directors out of which two 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 judgement. None of the Independent Directors have held executive responsibilities in their capacity as Independent Directors and have submitted a declaration confirming their Independence as at 31st March 2021 in accordance with section 07 of the CSE listing regulations on Corporate Governance. The biographical details of the Directors are set out on pages 5 and 6 of this report.
Alternative Director	A.5.6		Not Applicable	This principal is not applicable as an Alternate Director has not been appointed during the financial year 2020/21.
Senior Independent Director	A.5.7 & A.5.8		Not Applicable	This principal is not applicable as the Chairman is an Independent Non-executive Director.
Interactions between the Chairman and Non-executive Directors	A.5.9		Compliant	The Chairman holds meetings with the Non-executive Directors, without the presence of the Executive Directors as and when necessary.

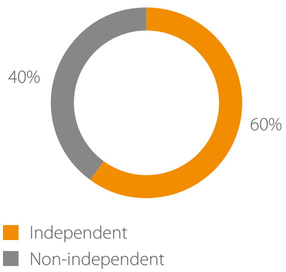
Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Minutes on Directors concerns	A.5.10		Compliant	Any concerns of Directors on matters of the Company that cannot be unanimously resolved will be recorded in Board Minutes, as and when such concerns arise.
Supply of Information	A.6		Compliant	The Board is provided with timely information on a regular basis as well as ad hoc reports and information as and when it is requested from the management.
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	Hikkaduwa Beach Resort PLC has a formal and transparent procedure for the appointment of Directors to the Board.
Nomination Committee & annual assessment of Board composition	A.7.1 & A.7.2		Compliant	The Company does not have a separate committee for nomination. However, the existing Board Members function in a manner that is similar to a formally appointed Nomination Committee in matters concerning new appointments to the Board. During the year, the Board critically evaluated the "quality" of the Board in terms of their qualifications, experience, independence and the value that can be added to the Company to effectively meet the demands of the Company. The Board is satisfied with its composition and the level of qualifications, knowledge and experience it possesses as a whole in order to meet strategic demands facing the Company.

Corporate Governance

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Disclosure of new Board Appointments	A.7.3		Compliant	Shareholders must formally approve all new appointments at the first opportunity after their appointment, as provided by the Articles of Association of the Company; subsequently to the submission of a brief resume, nature of expertise, details about directorships in other companies, and the independence of a new Director, to the shareholders.
Re-election	A.8		Compliant	One third of the Directors shall retire at each AGM and be eligible for the re-election.
Approval from shareholders for election and re-election of Directors	A.8.1 & A.8.2		Compliant	All Directors including the Chairman over the age of seventy years and the Directors retiring by rotation in terms of the Articles of Association of the Company, submit themselves to be re-elected at the AGM to be held on the 27th of September 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 2020/21.
Appraisal of Board Performance	A.9		Compliant	Performance of the Board is evaluated from time to time and at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually coordinated by the Company Secretary and overseen by the Chairman.
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:

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				• 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 5 and 6 of this Annual Report.
Short, medium and long term objective and evaluation of CEO's performance	A.11.1 & A.11.2		Complied	The Board sets out the short, medium and long term, financial and non-financial objectives at the commencement of each financial year, and evaluates the performance of the CEO in respect of the achievement of such set targets.
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)		Hikkaduwa Beach Resort PLC has established a formal and transparent procedure for determining the remuneration packages of the Directors, by delegating the responsibility and the authority to a sub-committee of the Board.

Corporate Governance

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				The Remuneration Committee of the Group consists exclusively of Non-executive Directors as prescribed by the Code of Best Practice, out of which three Directors are Non-executive Independent Directors and two Non-executive Non-independent Director, namely: Mr. J M B Pilimatalawwe - (NED /NID) -Chairman Mr. S A Ameresekere - (NED /NID) Mr. E P A Cooray - (NED / ID) Mr. R Seneviratne - (NED / ID) Mr. S D de Mel. - (NED / ID)  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 proposals 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.

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Executive Share Options	B.2.5		Not Applicable	This section is not applicable to the Group as, there were no share option schemes in effect during the financial period under review.
Remuneration Policy	B.2.6		Compliant	The details of the remuneration policy have been set out in the Remuneration Committee Report on pages 49 and 50.
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 152 under the note 34.4.1 as a part of the financial statements of this report.
Constructive use of the AGM and General Meetings	C.1		Compliant	The Company uses the AGM to effectively communicate and enhance the relationship with shareholders.
Constructive use of the AGM and General Meetings	C.1.1 – C.1.5		Compliant	The Shareholders have the right to voice their concerns to the Board of Directors and exercise their votes at the Annual General Meetings/ Extraordinary General Meetings of the Company. The notice of the meeting, a summary of the procedures governing the voting process at the meeting, and other relevant documents as required by the Companies Act No.07 of 2007 and Listing Rules of Colombo Stock Exchange are circulated to all the shareholders within the time frame stipulated in the relevant statutes. Separate resolutions shall be proposed for each substantially separate issue, including a resolution for the adoption of the report and the accounts.

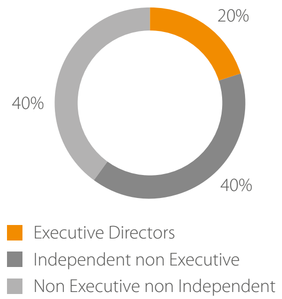
Corporate Governance

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Communication with Shareholders	C.2		Compliant	The Board has implemented effective communication with shareholders.
Communication with Shareholders	C.2.1 – C.2.7		Compliant	P W Corporate Secretarial (Pvt) Ltd. functions as Secretaries of the Company, and the shareholders are provided a channel to communicate with the Board/individual Directors effectively via the Company Secretaries. All matters in relation to shareholders should be communicated to the Company Secretary. The Company Secretary shall maintain all correspondence with the shareholders and disseminate timely responses to the shareholders.
Major and Material Transactions	C.3		Compliant	Refer the Related Party Transactions Review Committee Report on pages 51 and 52, and Note 34 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.

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
The Board's responsibility on interim and other price sensitive public reports and reports to regulators	D.1.2		Compliant	The Board ensures that the Interim Financial Statements are submitted to the CSE as per listing requirements and other public reports/ submitted regulators present a balanced and understandable assessment of Company's performance.
Directors' responsibility for preparation and presentation of Financial Statements	D.1.3		Compliant	The Annual Report of the Directors as well as the Independent Auditors' Report declares the responsibility of the Board for the preparation and presentation of Financial Statements. The Consolidated Financial Statements of the company were audited by Messrs Ernst and Young, Chartered Accountants.
Annual Report of the Directors	D.1.4		Compliant	The Annual Report of the Board of Directors sets out at, a. The Company is in 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 is meted 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.

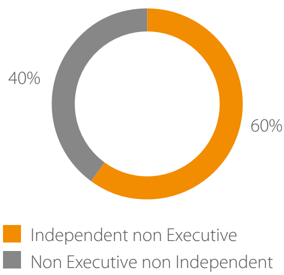
Corporate Governance

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Responsibility of the Board for preparation and presentation of Financial Statements and Statement of Internal Controls	D.1.5		Compliant	The Audit Report on pages 55 to 61 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.
Management Discussion Analysis	D.1.6		Compliant	The "Management Discussion Analysis" of this Annual Report contains, among other issues; Industry Review (Page 9) Risk Management (Pages 53 - 54) Stakeholder relationships (Pages 8 - 9) Financial Performance (Pages 10 -11) Prospect for the future (Pages 9 - 10)
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, an 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 Principle	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 51 to 52. 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. 34 to the Financial Statements.

Corporate Governance

Corporate Governance Principle	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 the 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 the same.
Disclosure on Risk Assessment and Mitigation	D.2.2		Compliant	The Audit Committee Report and Risk Management Report set in pages 46 - 48 and pages 53 - 54 respectively explains the risk assessment procedure, including those that would threaten its business model, future performance, solvency and liquidity; and specific risk mitigation strategies.
Internal Audit Function & Audit Committee review of Internal Control System	D.2.3 & D.2.4		Compliant	The Audit Committee oversees the Internal Audit Function of the Company by agreeing on an annual work plan, reviewing its performance and ensuring that the internal audit function has sufficient and appropriate resources to perform their duties effectively and efficiently in the maintenance of a sound risk management process and internal control system.

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Responsibilities of the Directors in maintaining a sound system of Internal Controls	D.2.5		Compliant	The "Statement of Directors' Responsibility" on pages 19 and 20 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 Non independent Directors. 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)  The Audit committee focuses principally on assisting the Board to fulfil its duties by providing an independent and objective view of the financial reporting process, internal controls, risk review and the audit function.

Corporate Governance

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
				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 46 - 48. 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 46 - 48 of the annual report.
Best Practices on Related Party Transactions	D.4 & D.4.1		Compliant	The purpose of the Related Party Transactions Review Committee is to review all proposed Related Party Transactions other than those transactions explicitly exempted in conformity with the Listing Rules and LKAS 24 and to ensure that related parties are not granted "more favourable treatment".
Related Party Transactions Review Committee	D.4.2		Compliant	The Related Party Transactions Review Committee consists of two Non-executive Independent Directors, an Executive Director and, two Non-executive Non Independent Directors, 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 51 to 52.

Corporate Governance Principle	Ref. to ICASL code	Ref. to SEC code	Compliance Status	Compliance Details
Adoption of Code of Business Conduct & Ethics and Chairman's affirmation	D.5 – D.5.4		To be complied	Adoption of a Code of Business Conduct and Ethics for Directors and members of senior management team is yet to be complied by the Company.
Corporate Governance Disclosure	D.6		Compliant	The Corporate Governance section of the annual report from pages 21 - 45 sets out the manner and extent to which the company has adopted the principles 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 Principle	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 utilised 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 set out in the Internal Audit Report and the same is reported to the Audit Committee. High risk matters are referred to the Board for further actions.
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 53 - 54 provides a detailed explanation of cybersecurity risks faced by Hikkaduwa Beach Resort PLC and risk management strategies.
Environment, Society and Governance	H		To be complied	

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

Principle	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

Audit Committee Report

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

Composition of the Committee

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

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

Meetings

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

Members' Attendance at the Audit Committee Meetings from 01.04.2020 to 31.03.2021 is as follows:

Name of the Director	2020				2021
	03.07.2020	14.08.2020	16.11.2020	08.12.2020	15.02.2021
Mr. E P A Cooray (Chairman)	√	√	√	√	√
Mr. S D De Mel	√	√	√	√	√
Mr. P V S Premawardhana	√	√	√	√	√
Mr. S A Ameresekere	√	√	√	√	√
Mr. R Seneviratne	√	√	√	-	-

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

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 2021.

The Audit Committee's Duties include:

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

Internal Control and Risk Management

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

Audit Committee Report

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 2021/22.

Re-appointment of Auditors

The Audit Committee, having considered the External Auditors' performance during their period in office, recommends their re-appointment for the financial year ending 31st March 2022, subject to the approval of the shareholders at the next Annual General Meeting. A full breakdown of the audit and non-audit related fees are set out in Note No 9 to the Consolidated Financial Statements on page 101.

Conclusion

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

The Committee further assessed that future prospects of its business operations and is satisfied with the going concern assumption used in the preparation of the Financial Statements as being appropriate.

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

E P A Cooray
Chairman - Audit Committee

31st August 2021
Colombo

Report of the Remuneration Committee

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

Composition of the Committee

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

Mr. J M B Pilimatalawwe	- Non-Independent Non-Executive Director	- Chairman of the Committee
Mr. E P A Cooray	- Independent Non-Executive Director	- Member
Mr. R Seneviratne	- Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

Meetings

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

Members' Attendance at the Remuneration Committee Meetings from 01.04.2020 to 31.03.2021 is as follows.

Name of the Director	2020			2021
	03.07.2020	14.08.2020	16.11.2020	14.02.2021
Mr. J M B Pilimatalawwe (Chairman)	√	√	√	√
Mr. E P A Cooray	√	√	√	√
Mr. R Seneviratne	√	√	√	-
Mr. S D De Mel	√	√	√	√
Mr. S A Ameresekere	√	√	√	√

Remuneration Policy

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

Report of the Remuneration Committee

Scope

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

Fees

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

Professional Advice

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

Committee Evaluation

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

J M B Pilimatalawwe
Chairman - Remuneration Committee

31st August 2021
Colombo

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee of Citrus Leisure PLC, the Parent Company functions as the Related Party Transactions Review Committee of the Company.

Composition of the Committee

The Committee comprises of one Executive Director and four Non-Executive Directors of whom two are Independent. The names of the members of the Related Party Transactions Review Committee are as follows ;

Mr. E P A Cooray	- Independent Non-Executive Director	- Chairman of the Committee
Mr. P C B Talwatte	- Executive Director	- Member
Mr. P V S Premawardhana	- Non-Independent Non-Executive Director	- Member
Mr. S D De Mel	- Independent Non-Executive Director	- Member
Mr. S A Ameresekere	- Non-Independent Non-Executive Director	- Member

Meetings

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.

Members' Attendance at the Related Party Transactions Review Committee Meetings from 01.04.2020 to 31.03.2021;

Name of the Director	2020			2021
	03.07.2020	14.08.2020	16.11.2020	15.02.2021
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	√	√	√	√

The Company Secretary functions as the Secretary to the Related Party Transactions Review Committee.

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.

Report of the Related Party Transactions Review Committee

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 are in accordance with Sri Lanka Accounting Standard 24 (LKAS 24) are disclosed under Note No. 34 to the Financial Statements.

Key Management Personnel

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

Declaration

A Declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to related party transactions is given on page 17 of the Annual Report.

E P A Cooray
Chairman - Related Party Transactions Review Committee

31st August 2021
Colombo

Risk Management

Hikkaduwa Beach Resort 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 the Group operates in. Listed below are some of the risks and risk mitigation strategies used by Hikkaduwa Beach Resort 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 moratoriam in place for interest and capital repayment until September 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 on COVID-19 for guests and staff guests. • 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.
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.

Risk Management

Risk	Mitigation Strategies
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. • Comprehensive talent management program to build talent pipelines including succession planning. • Updating Human Resources policies and practices cognisant 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 Centre, creating a trend amongst 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.
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. • Regular follow-up on debtors.
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

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TO THE SHAREHOLDERS OF HIKKADUWA BEACH RESORT PLC

Report on the audit of the Consolidated Financial Statements

Opinion

We have audited the financial statements of Hikkaduwa Beach Resort PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flow 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 2021, 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Independent Auditors' Report

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the Key Audit Matters</th></tr>
<tr><td>Assessment of impairment of investment in associate
As at 31 March 2021, the Group's Investment in associate amounted to Rs. 2,235,848,227/- which represents 26% of the total assets of the Group.

As disclosed in Note 18, an assessment of impairment was carried out by the management to ascertain the recoverable value of the investment in associate based on which no impairment loss was required to be recognised during the year.

The assessment of impairment of investment in associate was identified as a key audit matter due to the following;
• Materiality of the account balance, and
• Significant judgements applied by management together with valuation experts engaged by management to ascertain the recoverable value of investment in associate, particularly relating to the leasehold right held by the associate for which physical possession has not been obtained.</td><td>Our audit procedures included the following;
• We obtained an understanding and assessed the reasonableness of the Group's process of assessing impairment of investment in associate together with management assessment over lease rights held by the investee.
• We evaluated the competence, independence and capability of the valuation expert engaged by the Group to ascertain the recoverable value of the investment in associate.
• We engaged our internal specialised 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 have also assessed the adequacy of the disclosures made in Notes 5 and 18 to these financial statements.</td></tr>
</table>

Key Audit Matters	How our audit addressed the Key Audit Matters
Assessment of impairment of Property, Plant and Equipment As at 31 March 2021, the Group's property, plant and equipment amounted to Rs. 5,372,724,005/- which represents 63% of the total assets of the Group. The Group evaluates the carrying value of its property, plant, and equipment if indicators of impairment are present, such as operational losses and adverse macroeconomic conditions. The continued impact of COVID-19 pandemic on the operations of the Group, necessitated the management to carry out impairment assessment of related property, plant and equipment. The Group tested property, plant and equipment for impairment based on the recoverable amount determined using fair value less cost to sell and value in use computations (VIU) based on the discounted cash-flow models of each Cash Generating Unit (CGU).	Our audit procedures included the following; a. Obtained an understanding of the Group's process for impairment assessment. b. In relation to fair value less cost to sell we have, • assessed the competency, capability and objectivity of the valuer engaged by the Group. • read the external valuer's report and understood key judgements and estimates made as well as the approach taken by the valuer in determining fair values. • engaged our internal specialised resources to assist us in assessing the appropriateness of valuation techniques applied and reasonableness of the significant judgements and assumptions (including probable effects of COVID – 19 pandemic).

Independent Auditors' Report

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the Key Audit Matters</th></tr>
<tr><td>We selected management's assessment of the impairment of property, plant and equipment as a key audit matter due to;

• the degree of assumptions, judgements and estimation uncertainties associated with fair value less cost to sell of land and buildings including the impacts of COVID-19. Such fair value less cost to sell calculation contains higher estimation uncertainties as there were fewer market transactions, which are ordinarily a strong source of evidence regarding fair value;
• the degree of underlying assumptions coupled with inherent estimation uncertainties that arise when deriving the estimated future cashflows used for value in use calculations.

Key areas of significant judgments, estimates and assumptions included the following;

• estimate of per perch value and of the land and per square foot value of buildings.
• key inputs and assumptions related to the value in use computations of future cash flows, growth rates and discount rates including the potential impacts of the prevailing COVID-19 pandemic.</td><td>c. In relation to VIU computations we have,

• checked the calculations of the future discounted cash flows and traced the data to underlying accounting records, to evaluate their reasonableness.

• engaged our internal specialised resources to assist us in:

  • assessing the reasonableness of significant assumptions used such as expected period of time for recovery, growth rates and discount rates. This included comparing assumptions used with available industry data, and;
  • evaluating the sensitivity of the projected cashflows considering possible changes in key assumptions.

We have also assessed the adequacy of the disclosures made in Note no 14 in the consolidated financial statements.</td></tr>
</table>

Other information included in the Group's 2021 Annual Report

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Ernst & Young

31 August 2021
Colombo

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

Principals: G B Goudian ACMA Ms. P S Paranavitane ACMA LLB (Colombo) T P M Ruberu FCMA FCCA C A Yalagala ACMA

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Statement of Profit or Loss

Year Ended 31 March	Note	Group		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
Revenue from contracts with customers	6	344,394,655	936,508,805	105,787,559	313,220,220
Cost of sales		(88,229,989)	(236,723,115)	(37,653,945)	(69,170,885)
Gross profit		256,164,666	699,785,690	68,133,613	244,049,335
Other income and gains	7	939,838	10,722,068	545,606	2,765,942
Administrative expenses		(320,827,672)	(403,194,614)	(146,722,005)	(113,777,211)
Selling and marketing expenses		(9,754,929)	(39,905,555)	(7,799,020)	(22,019,549)
Other operating expenses		(207,542,421)	(286,799,855)	(69,997,497)	(75,591,347)
Operating profit / (loss)		(281,020,518)	(19,392,266)	(155,839,302)	35,427,170
Finance income	8.1	8,297,052	4,530,322	7,472,985	11,264,103
Finance expenses	8.2	(296,877,033)	(359,446,963)	(135,490,446)	(168,962,480)
Share of profit of associate	18	13,863,978	62,624,772	13,863,978	62,624,772
Impairment of subsidiary	19.1	-	-	-	(367,531,153)
Change in fair value of investment property	15	17,505,000	-	17,505,000	-
Loss before Tax	9	(538,231,521)	(311,684,135)	(252,487,786)	(427,177,588)
Tax reversal	10	19,892,008	1,078,766	21,153,485	1,535,932
Loss for the year		(518,339,512)	(310,605,369)	(231,334,300)	(425,641,656)
Loss attributable to:					
Equity holders of the parent		(491,347,916)	(305,527,779)	(231,334,300)	(425,641,656)
Non-controlling interests		(26,991,596)	(5,077,590)	-	-
		(518,339,512)	(310,605,369)	(231,334,300)	(425,641,656)
Basic/Diluted loss per share	11	(1.72)	(1.11)	(0.81)	(1.54)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 70 through 158 form an integral part of these financial statements.

Statement of Comprehensive Income

Year Ended 31 March	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Loss for the year		(518,339,512)	(310,605,369)	(231,334,300)	(425,641,656)
Other comprehensive income/(loss)					
Other comprehensive income / (loss) not to be reclassified to profit or loss in subsequent periods					
Revaluation of land and building	14	440,146,475	-	62,537,257	-
Income tax effect on revaluation of land and buildings	28	(61,620,507)	-	(8,755,216)	-
Actuarial gain / (loss) on defined benefit plan	27	174,202	(1,770,292)	553,246	(585,926)
Income tax effect on defined benefit plan	28	(24,388)	247,841	(77,454)	82,030
Share of other comprehensive income / (loss) of associate	18	5,293,996	(4,207,317)	5,293,996	(4,207,317)
Other comprehensive income / (loss) for the year, net of tax		383,969,779	(5,729,768)	59,551,829	(4,711,213)
Total comprehensive loss for the year, net of tax		(134,369,734)	(316,335,137)	(171,782,472)	(430,352,869)
Total comprehensive loss attributable to:					
Equity holders of the parent		(139,907,665)	(311,237,065)	(171,782,472)	(430,352,869)
Non-controlling interests		5,537,931	(5,098,072)	-	-
		(134,369,734)	(316,335,137)	(171,782,472)	(430,352,869)

Figures in brackets indicate deductions.

The accounting policies and notes on pages 70 through 158 form an integral part of these financial statements.

Statement of Financial Position

As At 31 March	Note	Group		Company	
		2021	2020	2021	2020
		Rs.	Rs.	Rs.	Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	14	5,372,724,005	5,083,005,026	1,113,754,657	1,061,186,618
Investment properties	15	576,496,266	558,991,266	576,496,266	558,991,266
Right-of-use assets	16	180,314,907	184,439,340	180,314,907	182,340,915
Intangible assets	17	1,655,400	2,570,537	788,808	1,099,389
Investment in associate	18	2,235,848,227	2,216,690,253	2,235,848,227	2,216,690,253
Investment in subsidiary	19	-	-	2,044,251,775	2,270,404,452
		8,367,038,805	8,045,696,422	6,151,454,640	6,290,712,893
Current assets					
Inventories	21	20,856,413	24,231,633	7,328,750	8,551,349
Trade and other receivables	20	24,932,006	94,233,581	10,339,246	38,630,472
Other current financial assets	22	27,981,885	21,078,130	5,993,080	266,800
Tax receivables		12,534,883	15,337,366	6,321,146	7,578,866
Advances and prepayments	23	17,266,544	17,912,932	3,114,903	4,952,286
Cash and bank balances	24	6,858,666	7,635,569	4,381,923	3,719,475
		110,430,397	180,429,211	37,479,048	63,699,248
Total assets		8,477,469,202	8,226,125,633	6,188,933,688	6,354,412,141
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	25	4,624,023,566	4,624,023,566	4,624,023,566	4,624,023,566
Revaluation reserve		1,144,664,963	852,998,343	305,171,709	246,064,194
Merger reserve		332,134,791	332,134,791	332,134,791	332,134,791
Retained earnings		(1,563,782,060)	(1,144,062,022)	(603,801,981)	(372,911,994)
Equity attributable to owners of the company		4,537,041,260	4,665,094,678	4,657,528,085	4,829,310,557
Non-controlling interests		199,634,429	28,019,270	-	-
Total equity		4,736,675,689	4,693,113,948	4,657,528,085	4,829,310,557

As At 31 March	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Non-current liabilities					
Interest bearing loans and borrowings	26	2,410,539,358	2,474,423,188	809,186,145	910,062,040
Retirement benefit obligation	27	25,686,029	22,437,487	16,075,866	15,331,043
Deferred tax liability	28	225,576,804	186,626,399	52,582,774	66,161,308
Other payables - related parties	29	42,416,290	105,922,516	94,777,585	172,917,468
		2,704,218,481	2,789,409,590	972,622,370	1,164,471,859
Current liabilities					
Interest bearing loans and borrowings	26	638,313,993	399,455,434	418,104,481	242,599,745
Lease liabilities	30	-	2,337,252	-	-
Trade and other payables	29	386,695,837	308,162,845	132,672,634	108,847,245
Contract liabilities	31	11,565,202	33,646,564	8,006,118	9,182,735
		1,036,575,032	743,602,095	558,783,233	360,629,725
Total equity and liabilities		8,477,469,202	8,226,125,633	6,188,933,688	6,354,412,141

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 70 through 158 form an integral part of these financial statements.

31st August 2021
Colombo

Statement of Changes in Equity

Group	Note	Attributable to Equity holders of the Parent					Non-Controlling Interest	Total Equity
		Stated Capital	Revaluation Reserves	Merger Reserves	Retained Earnings	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2019		4,311,571,166	856,753,294	332,134,791	(888,639,489)	4,611,819,762	85,126,890	4,696,946,652
Net loss for the year		-	-	-	(305,527,779)	(305,527,779)	(5,077,590)	(310,605,369)
Other comprehensive income/(loss)								
Actuarial loss on defined benefit plan	27	-	-	-	(1,746,475)	(1,746,475)	(23,817)	(1,770,292)
Income tax effect on defined benefit plan	28	-	-	-	244,506	244,506	3,334	247,841
Share of other comprehensive loss of associate	18	-	(3,754,951)	-	(452,366)	(4,207,317)	-	(4,207,317)
Total other comprehensive loss net of tax		-	(3,754,951)	-	(1,954,334)	(5,709,285)	(20,483)	(5,729,768)
Total comprehensive loss for the year, net of tax		-	(3,754,951)	-	(307,482,113)	(311,237,064)	(5,098,073)	(316,335,137)
Issue of Shares	25	312,452,400	-	-	-	312,452,400	-	312,452,400
Share issue to Non Controlling Interest		-	-	-	-	-	50,033	50,033
Acquisition of Non Controlling Interest on right issue		-	-	-	52,059,580	52,059,580	(52,059,580)	-
Balance as at 31 March 2020		4,624,023,566	852,998,343	332,134,791	(1,144,062,022)	4,665,094,678	28,019,270	4,693,113,948
Balance as at 01 April 2020		4,624,023,566	852,998,343	332,134,791	(1,144,062,022)	4,665,094,678	28,019,270	4,693,113,948
Adjustment on changes to non-controlling interest in subsidiaries		-	(59,622,609)	-	71,476,856	11,854,248	166,077,227	177,931,475
Net loss for the year		-	-	-	(491,347,916)	(491,347,916)	(26,991,596)	(518,339,512)
Other comprehensive income/(loss)								
Revaluation of land and building	14	-	402,283,436	-	-	402,283,436	37,863,039	440,146,475
Income tax effect on revaluation of land and buildings	28	-	(56,319,681)	-	-	(56,319,681)	(5,300,825)	(61,620,507)
Actuarial gain / (loss) on defined benefit plan	27	-	-	-	212,209	212,209	(38,007)	174,202
Income tax effect on defined benefit plan	28	-	-	-	(29,709)	(29,709)	5,321	(24,388)
Share of other comprehensive income / (loss) of associate	18	-	5,325,474	-	(31,478)	5,293,996	-	5,293,996
Total other comprehensive income / (loss), net of tax		-	351,289,229	-	151,022	351,440,251	32,529,527	383,969,779
Total comprehensive income / (loss) for the year, net of tax		-	351,289,229	-	(491,196,894)	(139,907,665)	5,537,932	(134,369,734)
Balance as at 31 March 2021		4,624,023,566	1,144,664,963	332,134,791	(1,563,782,060)	4,537,041,260	199,634,429	4,736,675,689

Company	Note	Stated Capital Rs.	Revaluation Reserves Rs.	Merger Reserves Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2019		4,311,571,166	249,819,145	332,134,791	53,685,924	4,947,211,026
Net loss for the year		-	-	-	(425,641,656)	(425,641,656)
Other comprehensive income/(loss)						
Actuarial loss on defined benefit plan	27	-	-	-	(585,926)	(585,926)
Income tax effect on defined benefit plan	28	-	-	-	82,030	82,030
Share of other comprehensive loss of associate	18	-	(3,754,951)	-	(452,366)	(4,207,317)
Other comprehensive loss, net of tax		-	(3,754,951)	-	(956,262)	(4,711,213)
Total comprehensive loss for the year, net of tax		-	(3,754,951)	-	(426,597,918)	(430,352,869)
Issue of Shares	25	312,452,400	-	-	-	312,452,400
Balance as at 31 March 2020		4,624,023,566	246,064,194	332,134,791	(372,911,994)	4,829,310,557
Balance as at 01 April 2020		4,624,023,566	246,064,194	332,134,791	(372,911,994)	4,829,310,557
Net loss for the year		-	-	-	(231,334,300)	(231,334,300)
Other comprehensive income/(loss)						
Revaluation of land and building	14	-	62,537,257	-	-	62,537,257
Income tax effect on revaluation of land and buildings	28	-	(8,755,216)	-	-	(8,755,216)
Actuarial gain on defined benefit plan	27	-	-	-	553,246	553,246
Income tax effect on defined benefit plan	28	-	-	-	(77,454)	(77,454)
Share of other comprehensive income / (loss) of associate	18	-	5,325,474	-	(31,478)	5,293,996
Total other comprehensive income, net of tax		-	59,107,515	-	444,314	59,551,829
Total comprehensive income/(loss) for the year, net of tax		-	59,107,515	-	(230,889,987)	(171,782,472)
Balance as at 31 March 2021		4,624,023,566	305,171,709	332,134,791	(603,801,981)	4,657,528,085

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

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

The accounting policies and notes on pages 70 through 158 form an integral part of these financial statements.

Cash Flow Statement

Year ended 31 March	Note	Group 2021 Rs.	Group 2020 Rs.	Company 2021 Rs.	Company 2020 Rs.
Cash flows from/(used in) operating activities					
Loss before income tax expense		(538,231,521)	(311,684,135)	(252,487,786)	(427,177,588)
Adjustments for :					
Depreciation	14	178,949,590	199,562,908	35,219,377	33,494,396
Amortisation of intangible assets	17	915,137	486,333	310,581	190,438
Provision for defined benefit plans	27	5,732,561	4,870,159	3,080,150	2,769,921
Depreciation of right-of-use assets	16	4,124,433	6,334,725	2,026,008	2,026,008
Unrealised exchange gain	7	-	(708,420)	-	-
Finance income	8.1	(6,203,140)	(4,530,322)	(5,379,073)	(11,264,103)
Finance costs	8.2	296,877,033	359,328,283	135,490,446	168,843,799
(Gain) / loss on financial assets at fair value	8	(2,093,912)	118,680	(2,093,912)	118,680
Change in fair value of investment property	15	(17,505,000)	-	(17,505,000)	-
Loss on disposal of subsidiary's shares		-	-	48,221,202	-
Gain on disposal of property, plant & equipment	7	(308,093)	(3,637,115)	-	(639,677)
Impairment of trade receivables	9	2,548,916	671,824	281,662	360,000
Impairment of subsidiary	19	-	-	-	367,531,153
Written off of irrecoverable tax receivables and others		287,696	3,802,215	287,696	-
Share of profits from investment in associate	18	(13,863,978)	(62,624,772)	(13,863,978)	(62,624,772)
Operating profit/ (loss) before working capital changes		(88,770,278)	191,990,363	(66,412,627)	73,628,255
Decrease in inventories		3,375,220	1,422,165	1,222,598	897,069
Decrease in trade and other receivables		66,506,391	52,502,178	28,221,869	14,341,500
Decrease in advances and prepayments		646,388	2,734,253	1,837,383	2,356,864
Increase/ (decrease) in contract liabilities		(22,081,362)	1,765,818	(1,176,617)	1,941,650
Decrease in trade and other payables		(51,147,594)	(137,117,140)	(34,864,149)	(104,699,083)
Cash generated from/(used in) operations		(91,471,233)	113,297,637	(71,171,543)	(11,533,745)
Finance cost paid		(44,807,138)	(65,808,587)	(29,884,457)	(55,151,908)
Tax paid		-	(4,339,617)	-	(3,672,114)
Defined benefit plan cost paid		(2,309,817)	(1,833,076)	(1,782,081)	(1,334,426)
Net cash flow from/(used in) operating activities		(138,588,188)	41,316,357	(102,838,081)	(71,692,193)

Year ended 31 March	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment	14	(27,373,802)	(88,234,728)	(25,250,158)	(69,748,109)
Acquisition of intangible assets		-	(1,977,207)	-	(894,116)
Purchase of financial instruments - fair valued through profit or loss		(22,028,992)	-	(22,028,992)	-
Proceeds from sale of financial instruments - fair valued through profit or loss		18,396,624	-	18,396,624	-
Net proceed from disposal of subsidiary's shares		177,931,475	-	177,931,475	-
Finance income received		6,161,712	4,466,043	4,879,073	11,264,103
Proceed from sale of fixed assets		308,093	3,932,376	-	639,677
Net cash flow from/(used in) investing activities		153,395,110	(81,813,516)	153,928,022	(58,738,445)
Cash flows from/(used in) financing activities					
Proceeds from interest bearing loans and borrowings	26	49,400,000	125,000,000	24,600,000	125,000,000
Repayment of interest bearing loans and borrowings	26	(2,089,106)	(95,341,203)	(2,089,106)	(93,841,203)
Principal payment under lease liabilities	30	(2,388,814)	(3,527,458)	-	-
Net financed (to) / from related parties		(63,506,226)	42,382,347	(78,139,882)	127,751,596
Proceeds from issue of shares		-	206,072	-	206,072
Proceeds from shares issue to non-controlling shareholders		-	50,033	-	-
Net cash flows from/ (used in) financing activities		(18,584,146)	68,769,791	(55,628,989)	159,116,465
Net increase/ (decrease) in cash and cash equivalents		(3,777,224)	28,272,632	(4,539,048)	28,685,827
Cash and cash equivalents at the beginning of the year		(371,008,535)	(399,281,167)	(238,880,270)	(267,566,097)
Cash and cash equivalents at the end of the year (note A)		(374,785,759)	(371,008,535)	(243,419,318)	(238,880,270)
Note A					
Analysis of cash and cash equivalents					
Cash in hand and cash at bank	24	6,858,666	7,635,569	4,381,923	3,719,475
Short term deposits with original maturity less than three months	22	21,988,805	20,811,330	-	-
Bank overdrafts	26	(403,633,230)	(399,455,434)	(247,801,241)	(242,599,745)
Total cash and cash equivalents		(374,785,759)	(371,008,535)	(243,419,318)	(238,880,270)

The accounting policies and notes on pages 70 through 158 form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 March 2021

1. CORPORATE INFORMATION

The consolidated financial statements of the Hikkaduwa Beach Resort PLC and its subsidiary (collectively, the Group) for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 31st August 2021. Hikkaduwa Beach Resort PLC (the Company or the parent) is a public limited company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded. The registered office of the Company is located at No. 56/1, Kynsey Road, Colombo 8.

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

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

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

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

Comparative Information

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

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

a.) Going Concern

The Hikkaduwa Beach Resort PLC and its subsidiary 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.

In determining the basis of preparing the financial statements for the year ended 31 March 2021, 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 2021, 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 Hikkaduwa Beach Resort PLC and after due consideration of the range and likelihood of outcomes, the Directors are satisfied that the Company, its subsidiary 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.) Status of the operations and subsequent Initiatives

Waskaduwa Beach Resort PLC entered into an Agreement with Kings Hospital Colombo (Private) Limited (Kings Hospital Colombo) on 3rd March 2021, to operate an Intermediary Care Centre at the Company's Resort at Waskaduwa to provide accommodation and medical care for asymptomatic and mild symptomatic Covid-19 patients in line with the approval granted by the Director General of Health Services, according to the Ministry of Health's admission protocols. The Intermediary Care Centre is operating as a joint collaboration between the Company and Kings Hospital Colombo. In view of the new arrangement, the Company has discontinued its Quarantine Operations with effect from 3rd March 2021.

Hikkaduwa Beach Resort PLC also entered into an Agreement with Ruhunu Hospitals (Pvt) Ltd (Ruhunu Hospital) on 13th May 2021, to operate an Intermediary Care Centre at the Company's Resort at Hikkaduwa to provide accommodation and medical care for asymptomatic and mild symptomatic Covid-19 patients in line with the provisional approval granted by the Director General of Health Services, according to the Ministry of Health's admission protocols. The Intermediary Care Centre is operating as a joint collaboration between the Company and Ruhunu Hospital. In view of the new

Notes to the Financial Statements
Year ended 31 March 2021

arrangement, the Company has temporary discontinued its normal Operations with effect from 13th May 2021.

In arriving at its decisions to collaborate with the Hospitals to operate an Intermediary Care Centres as aforesaid, the Board considered all attendant circumstances such as restrictions in revenue generation in travel and tourism industries resulting from the Covid-19 Pandemic world over, the need to maintain and up-keep the Company's Resorts, which involves heavy expenditure, the financial evaluation of operating a Quarantine Centre/ Operating for Srilankan Guests vis-à-vis an Intermediary Care Centre, and also the Company's duty as a responsible corporate citizen, to provide its fullest cooperation to facilitate the exigencies that have arisen due to the Pandemic situation in the country whilst making every endeavour to facilitate at least a modest revenue generation in the interests of all stakeholders during this difficult period of time.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as for the year ended 31 March 2021.

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

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

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

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

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

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

Profit or loss and each component of Other Comprehensive Income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting under separate financial statements

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

2.2.1 Subsidiary

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

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

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiary is prepared for the same reporting period as the parent Company, which is 12 months ending 31 March, using consistent accounting policies.

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

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

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

Subsidiary	Effective Holding		Principal Activities
	2021	2020	
Waskaduwa Beach Resort PLC	89.97%	97.99%	Provision of food and beverage, lodging, other hospitality industry related activities.

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

Notes to the Financial Statements

Year ended 31 March 2021

2.2.2 Investment in Associate

The Group's investment in associate is accounted for using the equity method of accounting. An associate is an entity in which the Company has significant influence, and which is neither a subsidiary nor a joint venture. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

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

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

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

Associate	Effective Holding		Principal Activities
	2021	2020	
Colombo Land & Development Company PLC	20.22%	20.22%	Development and leasing out of investment property under operating leases and renting of vehicle parking.

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

2.3 Summary of 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

Notes to the Financial Statements

Year ended 31 March 2021

- 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.

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

c) Fair value measurement

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

- In the principal market for the asset or liability

  or

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

External valuers are involved for valuation of Land, Buildings of the Group. Involvement of external valuers is determined annually by the senior management and the board after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

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

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

Notes to the Financial Statements

Year ended 31 March 2021

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, 14.3.1 and 15
Quantitative disclosures of fair value measurement hierarchy	Note 13
Investment in quoted equity shares	Notes 13 and 22.1
Property, plant and equipment under revaluation model	Note 14.3
Investment properties	Note 15
Financial Instruments (Including those carried at amortised cost)	Note 12

d) Revenue

(i) Revenue from contracts with customers

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

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

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

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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

(ii) Interest income

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

(iii) Rental income, other income and gains

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

(iv) Gains and losses on disposal of assets

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

(v) Dividend income

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

e) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

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

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

Notes to the Financial Statements

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

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

Deferred tax on undistributed profits of investment in associate

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

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

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

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

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of an assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.
- The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

f) Foreign currencies

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

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss.

g) Cash dividend

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

h) Property, plant and equipment

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

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

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

Notes to the Financial Statements

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

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

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

Useful lives as follows;

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

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

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

Capital work-in-progress

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

i) Investment properties

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

Recognition and measurement

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

Derecognition

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

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

j) Borrowing costs

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

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.

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

The useful life of intangible assets are as follows;

Computer Software	Over 4 Years
Website Development	Over 4 Years

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

l) Financial instruments – initial recognition and subsequent measurement

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

i. Financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

  And

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

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

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

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

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

Derecognition

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

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

  Or

- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the group has transferred substantially all the risks and rewards of the asset,

or

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

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

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

Impairment of financial assets

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

- Disclosures for significant assumptions Note 05
- Financial assets Note 22
- Trade receivables Note 20.2

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

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.

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ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group financial liabilities include trade and other payables, lease liabilities and interest bearing loans and borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

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

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

m) Inventories

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

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

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

n) Impairment of non-financial assets

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

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the 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.

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o) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

p) Assets Held for Sale

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

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

q) Provisions

General

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

If the effect of the time value of money is material, provisions are discounted using a current pre-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 post employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in Statement of Profit or Loss in the periods during which services are rendered by employees. The Group contributes 12% and

3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

Defined Benefit Plans

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

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

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in note 27. 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

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

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term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

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

Description	Period
Land and Buildings	91 Years
Motor vehicles	4 Years

ii) Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 16 COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification. The group has applied practical expedient for COVID-19 related rent concessions.

Amendments to SLFRS 3: Definition of a Business

The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to LKAS 1 and LKAS 8: Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating o 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." The amendments clarify that materiality will depend on the nature or magnitude of information either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expect to be any future impact to the Group.

Amendments to references to the conceptual framework in SLFRS standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

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

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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 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, nonlife, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The amendments are effective for reporting periods beginning on or after 1 January 2023, with early application permitted. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/ or amount of benchmark-based cash flows of the hedged item or the hedging instrument. IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform. These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021 , ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively. Pending the completion of detail review of the above amendment the extent of the probable impact is not reasonably estimable.

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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 36
• Financial instruments risk management and policies	Note 35
• Sensitivity analyses disclosures	Notes 14.3.1 and 27.3

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 27.

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 analysed. 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 65% of above receivables are due from well-established local and foreign travel agents 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. The assessment includes the existing and anticipated effects of the COVID-19 pandemic on the significant assumptions that are sensitive or susceptible to change or are inconsistent with historical trends. As the economic effects of COVID-19 continue to evolve, management considered a range of scenarios to determine the potential impact on underlying performance and future funding requirements. Furthermore, management is not aware

Notes to the Financial Statements

Year ended 31 March 2021

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 recognised in other comprehensive income. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Fair value related disclosures for assets measured at fair value are summarised in the Note 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 18.4)
- Cash Generating Units (CGU) of the Group (Note 14.6)
- Investments in Subsidiaries (Note 19)

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue				
Room revenue	**211,977,729**	520,790,998	**44,641,930**	197,724,904
Food revenue	**109,457,808**	214,519,974	**38,799,696**	76,206,450
Beverage revenue	**5,990,801**	40,113,072	**5,572,679**	15,007,136
Banquet revenue	**16,949,953**	157,366,061	**16,754,890**	22,877,341
Other income	**-**	1,988	**-**	1,427
Laundry income	**18,364**	449,317	**18,364**	239,243
Ayurvedic spa income	**-**	3,260,006	**-**	1,163,719
Shop sales	**-**	7,389	**-**	-
	344,394,655	936,508,805	**105,787,559**	313,220,220

7 OTHER INCOME AND GAINS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Swimming pool income	**19,818**	362,316	**19,818**	362,316
Foreign currency encashment income	**-**	133,815	**-**	133,815
Exchange gain	**11,135**	708,420	**5,368**	-
Sundry income	**405,839**	2,394,616	**325,467**	626,328
Gain on disposal of property, plant and equipment	**308,093**	3,637,115	**-**	639,677
Shop rent income	**194,953**	3,485,786	**194,953**	1,003,806
	939,838	10,722,068	**545,606**	2,765,942

Notes to the Financial Statements
Year ended 31 March

8 FINANCE COSTS AND INCOME

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
8.1 Finance Income				
Interest income on fixed deposits and savings accounts	4,305,255	1,818,438	3,179,073	5,308
Mortgage fee	1,700,000	1,704,658	2,200,000	2,206,027
Interest on related party receivables	197,885	1,007,226	-	9,052,768
Fair value gain on financial assets at fair value through profit or loss	2,093,912	-	2,093,912	-
	8,297,052	4,530,322	7,472,985	11,264,103
8.2 Finance expenses				
Interest expense on overdrafts	44,755,577	58,726,331	29,884,457	37,172,836
Interest expenses on bank loans	244,791,196	282,728,118	93,214,843	112,197,731
Interest on related party payables	7,278,698	17,507,178	12,391,146	19,473,233
Fair value loss on financial assets at fair value through profit or loss	-	118,680	-	118,680
Interest Expenses on Lease liabilities	51,562	366,656	-	-
	296,877,033	359,446,963	135,490,446	168,962,480

9 LOSS BEFORE TAX

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

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Employees benefits including the following				
- Salaries and wages	124,218,917	137,401,297	49,420,409	47,644,092
- Defined benefit plan costs - gratuity	5,732,561	4,870,159	3,080,150	2,769,921
- Defined contribution plan costs - EPF and ETF	18,636,832	20,634,927	7,416,207	7,155,750
Auditors' remuneration				
- Statutory audit fee	1,060,000	1,060,000	680,000	680,000
- Internal audit fee	-	874,800	-	464,400
Depreciation of property, plant and equipment	178,949,590	199,562,908	35,219,377	33,494,396
Amortisation of intangible assets	915,137	486,333	310,581	190,438
Depreciation of right-of-use assets	4,124,433	6,334,725	2,026,008	2,026,008
Impairment of trade receivables	2,548,916	671,824	281,662	360,000
Donations	3,695	90,277	-	66,119
Impairment of subsidiary	-	-	-	367,531,153
Business promotion and advertising costs	6,133,753	17,159,023	3,710,867	7,558,899
Loss on disposal of subsidiary's shares	-	-	48,221,202	-

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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current income tax				
Income tax expense (10.1)	**2,834,856**	1,011,064	**1,290,093**	707,901
Income tax over provision inrespect of previous years	**(32,373)**	-	**(32,373)**	-
	2,802,483	1,011,064	**1,257,720**	707,901
Deferred Income tax				
Deferred taxation charge/ (reversal) (10.3)	**(22,694,491)**	(2,089,830)	**(22,411,205)**	(2,243,833)
Income tax expense/ (reversal) reported in the statement of profit or loss	**(19,892,008)**	(1,078,766)	**(21,153,485)**	(1,535,932)

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

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Accounting loss before income tax	**(538,231,521)**	(311,684,135)	**(252,487,786)**	(427,177,588)
Share of profit of associate	**(13,863,978)**	(62,624,772)	**(13,863,978)**	(62,624,772)
	(552,095,499)	(374,308,907)	**(266,351,764)**	(489,802,360)
Less: Aggregate allowable items	**(336,339,879)**	(358,446,416)	**(65,425,187)**	(69,456,721)
Add: Aggregate disallowed items	**253,450,860**	283,899,088	**149,651,421**	464,638,022
Less: Non business income	**(31,722,593)**	(11,903,780)	**(24,977,985)**	(11,903,780)
Loss/(profits) exempt from tax	**459,603,596**	354,235,176	**-**	-
Business loss	**(207,103,515)**	(106,524,839)	**(207,103,515)**	(106,524,839)

10 TAX EXPENSE (Contd.)

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Other sources of income				
Interest income	11,815,588	16,315,489	5,379,073	11,262,777
Interest income exempt from tax	(3,686)		(3,686)	
Total statutory income	11,811,901	16,315,489	5,375,387	11,262,777
Tax losses deducted against other sources of income	-	(12,102,724)	-	(8,313,190)
Total taxable income	11,811,901	4,212,765	5,375,387	2,949,587
Income tax provision for the year is made up of the following:				
- Income tax on interest income @ 24%	2,834,856	1,011,064	1,290,093	707,901
Current income tax charge	2,834,856	1,011,064	1,290,093	707,901

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% (2019/20 : 14%) in terms of Revenue Act No. 24 of 2017 and amendments thereto.

Waskaduwa Beach Resort PLC

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

(ii) Other income and gains

Income from other sources are taxed at the rate of 24% (2019/20 : 24%).

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

Notes to the Financial Statements

Year ended 31 March

10 TAX EXPENSE (Contd.)

10.4 Deferred tax expense /(reversal)

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred tax arising from				
- Accelerated depreciation for tax purposes	4,964,540	8,103,041	4,950,372	8,103,041
- Retirement benefit obligation	(479,184)	(46,966)	(181,730)	(200,969)
- Benefit arising from tax losses and others	(28,930,347)	(10,145,905)	(28,930,347)	(10,145,905)
- Revaluation of investment property to fair value	1,750,500	-	1,750,500	-
Total deferred tax charge/(reversal)	(22,694,491)	(2,089,830)	(22,411,205)	(2,243,833)

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	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Amounts used as the numerator :				
Net loss for the year attributable to the owners of the parent	(491,347,916)	(305,527,779)	(231,334,300)	(425,641,656)
Amounts used as the denominator :				
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	284,898,354	276,142,507	284,898,354	276,142,507
Basic/diluted loss per share (Rs.)	(1.72)	(1.11)	(0.81)	(1.54)

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	2021		2020	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets				
Other current financial assets				
- Listed equity investments	5,993,080	-	266,800	-
- Investments in bank deposits	-	21,988,805	-	20,811,330
Trade and other receivables	-	24,932,007	-	94,233,581
Total financial assets	5,993,080	46,920,812	266,800	115,044,911

As at 31 March	2021		2020	
	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	-	3,048,853,351	-	2,873,878,622
Trade and other payables	-	225,288,731	-	319,482,144
Lease liabilities	-	-	-	2,337,252
Total financial liabilities	-	3,274,142,082	-	3,195,698,018

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	2021		2020	
	Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets				
Other current financial assets				
- Listed equity investments	5,993,080	-	266,800	-
Trade and other receivables	-	10,339,244	-	38,630,472
Total financial assets	5,993,080	10,339,244	266,800	38,630,472

As at 31 March	2021		2020	
	Fair value through profit or loss Rs.	Other Financial liabilities Rs.	Fair value through profit or loss Rs.	Other Financial liabilities Rs.
Financial liabilities				
Interest bearing loans and borrowings	-	1,227,290,626	-	1,152,661,785
Trade and other payables	-	134,087,998	-	231,075,820
Total financial liabilities	-	1,361,378,624	-	1,383,737,604

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

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

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

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

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

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 2020 and 2021:

Assets measured at fair value	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1) Rs.	Significant observable inputs (Level 2) Rs.	Significant unobservable inputs (Level 3) Rs.
As at 31 March 2021					
Non-financial assets					
Property, plant and equipment					
- Land (Note 14)	31 March 2021	1,508,114,000	-	-	1,508,114,000
- Buildings (Note 14)	31 March 2021	3,545,126,115	-	-	3,545,126,115
Investment properties					
- Land (Note 15)	31 March 2021	571,130,000	-	-	571,130,000
- Buildings (Note 15)	31 March 2021	5,366,266	-	-	5,366,266
Non financial assets as at 31 March 2021		5,629,736,381	-	-	5,629,736,381
Financial assets					
Equity instruments designated at fair value through profit or loss					
Quoted equity shares (Note 22)	31 March 2021	5,993,080	5,993,080	-	-
Financial assets as at 31 March 2021		5,993,080	5,993,080	-	-
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	3,323,543,809	-	-	3,323,543,809
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		5,241,992,575	-	-	5,241,992,575
Financial assets					
Equity instruments designated at fair value through profit or loss					
Quoted equity shares (Note 22)	31 March 2020	266,800	266,800	-	-
Financial assets as at 31 March 2020		266,800	266,800	-	-

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 01.04.2020 Rs.	Additions / Transfers in Rs.	Disposals Rs.	Revaluations Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2021 Rs.
At cost or valuation						
Freehold Land	1,359,457,500	-	-	148,656,500	-	1,508,114,000
Buildings	3,527,601,262	17,539,517	-	291,489,975	(291,504,638)	3,545,126,115
Furniture and Fittings	248,726,616	1,472,545	(261,859)	-	-	249,937,302
Plant & Machinery	132,389,869	-	-	-	-	132,389,869
Office Equipment	10,217,632	147,500	(7,082,121)	-	-	3,283,011
Computer equipment	20,254,173	279,900	(2,073,087)	-	-	18,460,986
Sundry Equipment	23,251,192	344,520	(1,016,794)	-	-	22,578,918
Linen and Furnishing	89,901,280	3,301,359	(23,652,459)	-	-	69,550,181
Kitchen Utensils and Other Equipments	144,640,693	441,483	-	-	-	145,082,176
Air Condition Systems	245,819,553	91,770	-	-	-	245,911,323
Gardening & Other Equipments	347,512	1,715,586	(347,512)	-	-	1,715,586
Electrical Fittings	110,790,813	622,305	-	-	-	111,413,117
Cutlery Crockery & Glassware	12,907,632	200,008	(938,985)	-	-	12,168,655
Generator & Transformers	48,804,093	-	-	-	-	48,804,093
Motor Vehicles	5,120,828	-	-	-	-	5,120,828
Entertainment and Security Equipment	63,997,460	2,039,371	(4,434,319)	-	-	61,602,512
	6,044,228,107	28,195,864	(39,807,136)	440,146,475	(291,504,638)	6,181,258,672

	Balance as at 01.04.2020 Rs.	Incurred during the year Rs.	Transfers out Rs.	Revaluations Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2021 Rs.
In the course of construction						
Building work in progress	-	1,552,062	(1,187,062)	-	-	365,000
	-	1,552,062	(1,187,062)	-	-	365,000
Total gross carrying amount	6,044,228,107	29,747,926	(40,994,198)	440,146,475	(291,504,638)	6,181,623,672

14.1.2 Depreciation

	Balance As at 01.04.2020 Rs.	Charge for the year Rs.	Disposals Rs.	Transfers on revaluation Rs.	Balance As at 31.03.2021 Rs.
At cost or valuation					
Buildings	202,677,744	88,826,894	-	(291,504,638)	-
Furniture and Fittings	218,591,671	15,655,505	(248,081)	-	233,999,095
Plant & Machinery	74,786,496	13,167,780	-	-	87,954,276
Office Equipment	8,053,216	580,748	(7,082,121)	-	1,551,843
Computer equipment	18,797,675	808,209	(2,073,087)	-	17,532,797
Sundry Equipment	21,530,634	640,107	(1,016,794)	-	21,153,947
Linen and Furnishing	75,250,212	7,738,023	(23,627,466)	-	59,360,769
Kitchen Utensils and Other Equipments	82,298,286	14,479,717	-	-	96,778,003
Air Condition Systems	105,152,521	17,028,207	-	-	122,180,728
Gardening & Other Equipments	347,512	120,755	(347,512)	-	120,755
Electrical Fittings	65,470,385	11,124,596	-	-	76,594,981
Cutlery Crockery & Glassware	8,951,515	1,890,446	(938,985)	-	9,902,977
Generator & Transformers	21,339,280	3,359,130	-	-	24,698,409
Motor Vehicles	5,120,828	-	-	-	5,120,828
Entertainment and Security Equipment	52,855,104	3,529,474	(4,434,319)	-	51,950,258
	961,223,081	178,949,590	(39,768,365)	(291,504,638)	808,899,666

Notes to the Financial Statements

Year ended 31 March

14 PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.1.3 Net book values

	2021 Rs.	2020 Rs.
At cost or valuation		
Freehold Land	1,508,114,000	1,359,457,500
Buildings	3,545,126,115	3,324,923,517
Furniture and Fittings	15,938,207	30,134,945
Plant & Machinery	44,435,593	57,603,373
Office Equipment	1,731,168	2,164,416
Computer equipment	928,189	1,456,498
Sundry Equipment	1,424,970	1,720,558
Linen and Furnishing	10,189,411	14,651,069
Kitchen Utensils and Other Equipments	48,304,173	62,342,407
Air Condition Systems	123,730,595	140,667,032
Gardening & Other Equipments	1,594,832	-
Electrical Fittings	34,818,136	45,320,428
Cutlery Crockery & Glassware	2,265,678	3,956,116
Generator & Transformers	24,105,683	27,464,813
Entertainment and Security Equipment	9,652,254	11,142,356
	5,372,359,005	5,083,005,028
In the course of construction		
Building work in progress	365,000	-
	365,000	-
Total carrying amount of property, plant and equipment	5,372,724,005	5,083,005,026

14.1.4 During the financial year, the Group acquired property, plant and equipment for cash to the aggregate value of Rs. 27,373,802/- (2020: Rs. 88,234,728/-).

14.1.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 409,651,910/- (2020: Rs. 204,425,670/-)

14.2 Company

14.2.1 Gross carrying amounts

	Balance as at 01.04.2020 Rs.	Additions / Transfers in Rs.	Disposals Rs.	Revaluations Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2021 Rs.
At cost or valuation						
Freehold Land	374,520,000	-	-	31,210,000	-	405,730,000
Buildings	645,305,937	17,033,517	-	31,327,257	(46,536,710)	647,130,000
Furniture and Fittings	54,653,144	1,104,545	(247,359)	-	-	55,510,330
Plant & Machinery	885,272	-	-	-	-	885,272
Office Equipment	10,539,810	147,500	(7,082,121)	-	-	3,605,189
Sundry Equipment	23,251,192	344,520	(1,016,794)	-	-	22,578,918
Linen and Furnishing	25,586,080	3,301,359	(16,888,381)	-	-	11,999,058
Kitchen Utensils and Other Equipments	17,726,388	441,483	-	-	-	18,167,871
Air Condition Systems	62,037,914	91,770	-	-	-	62,129,684
Gardening & Other Equipment	347,512	1,715,586	(347,512)	-	-	1,715,586
Electrical Fittings & Other Equipments	33,727,392	433,371	-	-	-	34,160,763
Cutlery Crockery & Glassware	3,663,751	200,008	(562,339)	-	-	3,301,420
Generator and Transformers	10,525,893	-	-	-	-	10,525,893
Motor Vehicles	3,970,062	-	-	-	-	3,970,062
Entertainment & Security Equipment	7,887,179	71,500	(4,434,319)	-	-	3,524,360
	1,274,627,526	24,885,158	(30,578,825)	62,537,257	(46,536,710)	1,284,934,407

	Balance as at 01.04.2020 Rs.	Incurred during the year Rs.	Disposals Rs.	Revaluations	Transfers on revaluation Rs.	Balance as at 31.03.2021 Rs.
In the course of construction						
Building work in progress	-	365,000	-	-	-	365,000
Total Gross Carrying Amount	1,274,627,526	25,250,158	(30,578,825)	62,537,257	62,537,257	1,285,299,407

Notes to the Financial Statements
Year ended 31 March

14 PROPERTY, PLANT AND EQUIPMENT (Contd.)

14.2.2 Depreciation

	Balance as at 01.04.2020 Rs.	Charge for the year Rs.	Disposals Rs.	Transfers on revaluation Rs.	Balance as at 31.03.2021 Rs.
At cost or valuation					
Buildings	30,316,715	16,219,995	-	(46,536,710)	-
Furniture & Fittings	42,617,275	2,748,415	(247,359)	-	45,118,331
Plant & Machinery	721,104	88,524	-	-	809,628
Office Equipment	8,375,394	580,748	(7,082,121)	-	1,874,021
Sundry Equipment	21,530,634	640,107	(1,016,794)	-	21,153,948
Linen and Furnishing	19,441,177	3,430,503	(16,888,381)	-	5,983,300
Kitchen Utensils and Other Equipments	11,136,349	1,788,286	-	-	12,924,635
Air Condition Systems	36,487,694	4,776,097	-	-	41,263,791
Gardening & Other Equipments	347,512	120,755	(347,512)	-	120,755
Electrical Fitting	22,077,387	3,392,923	-	-	25,470,310
Cutlery Crockery & Glassware	3,119,667	115,285	(562,339)	-	2,672,613
Generator and Transformers	6,673,492	807,250	-	-	7,480,741
Motor Vehicles	3,970,062	-	-	-	3,970,062
Entertainment & Security Equipment	6,626,446	510,488	(4,434,319)	-	2,702,615
Total Depreciation	213,440,908	35,219,377	(30,578,825)	(46,536,710)	171,544,749

14.2.3 Net book values

	2021 Rs.	2020 Rs.
At cost or valuation		
Freehold land	405,730,000	374,520,000
Buildings	647,130,000	614,989,222
Furniture & Fittings	10,391,999	12,035,869
Plant & Machinery	75,644	164,168
Office Equipment	1,731,168	2,164,416
Sundry Equipment	1,424,970	1,720,558
Linen and Furnishing	6,015,759	6,144,903
Kitchen Utensils and Other Equipments	5,243,236	6,590,039
Air Condition Systems	20,865,893	25,550,220
Gardening & Other Equipments	1,594,832	-
Electrical Fitting	8,690,452	11,650,005
Cutlery Crockery & Glassware	628,807	544,084
Generator and Transformers	3,045,152	3,852,401
Entertainment & Security Equipment	821,745	1,260,733
	1,113,389,657	1,061,186,618
In the course of construction		
Building work in progress	365,000	-
	365,000	-
Total carrying amount of property, plant and equipment	1,113,754,657	1,061,186,618

14.2.4 During the financial year, the company acquired property, plant and equipment for cash to the aggregate value of Rs. 25,250,158/- (2020: Rs. 69,748,109/-).

14.2.5 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amount of Rs. 65,911,080/- (2020: Rs. 90,481,812/-)

Notes to the Financial Statements

Year ended 31 March

14 PROPERTY, PLANT AND EQUIPMENT (Contd.)

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 – F.P (CTC - Sri Lanka), Chartered Valuer as at 31 March 2021. The results of such revaluation were incorporated in these financial statements from its effective date which is 31 March 2021. 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.

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 categorised 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 market value 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 2021	Price per perch of land Rs. 800,000 - Rs. 1,300,000	Estimated fair value would increase/(decrease) if ;- Price per perch increases/(decreases)
Buildings	Depreciated replacement cost method	31 March 2021	Rate per square feet of building Rs. 3,100 - Rs. 17,000	Estimated fair value would increase/(decrease) if ;- Rate per square feet increases/(decreases)

Covid 19 effect on fair value of land and buildings

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 the valuer's considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

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	405,730,000
		Building	01	Freehold	80,700 Sq. ft	647,130,000
Waskaduwa Beach Resort PLC	No. 427. Kuda waskaduwa, Waskaduwa.	Land	-	Freehold	1377.98 Perches	1,102,384,000
		Building	04	Freehold	234,180 Sq. ft	2,897,996,115

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.

	Cost Rs.	Cumulative depreciation if assets were carried at cost Rs.	Net carrying amount 2021 Rs.	Net carrying amount 2020 Rs.
Class of assets				
Lands	869,823,714	-	**869,823,714**	869,823,714
Buildings	3,212,837,593	(517,404,860)	**2,695,432,733**	2,758,195,789
	4,082,661,307	(517,404,860)	**3,565,256,447**	3,628,019,503

14.6 Impairment assessment of property, plant and equipment

Hotel properties were identified as separate CGUs by the group for purposes of assessing impairment. The impairment test was carried out for the Group's Hotel properties in subsidiaries considering their fair value less cost to sell and value in use. In determining the recoverable value for the CGU, following assumptions were applied. The recoverable amount of the CGU was higher than the book value as of 31 March 2021, and no impairment loss was recognised.

	2021	2020
Discount rate:	**12.00%**	12.85%
Terminal growth rate :	**2.25%**	4.00%
Price per perch of land:	**Rs. 800,000 - Rs. 1,300,000**	Rs. 750,000 - Rs. 1,200,000
Rate per square feet of building:	**Rs. 2,855 - Rs. 17,000**	Rs. 2,750 - Rs. 16,500

Notes to the Financial Statements

As at 31 March

15 INVESTMENT PROPERTY

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Carrying value				
At the beginning of the year	558,991,266	-	558,991,266	-
Transfer from non current assets held for sale	-	221,991,266	-	221,991,266
Transfer from property, plant and equipment	-	337,000,000	-	337,000,000
Change in fair value during the year	17,505,000	-	17,505,000	-
At the end of the year	576,496,266	558,991,266	576,496,266	558,991,266

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

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Assets				
Land	571,130,000	553,625,000	571,130,000	553,625,000
Buildings	5,366,266	5,366,266	5,366,266	5,366,266
	576,496,266	558,991,266	576,496,266	558,991,266

Valuation details of investment property

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

Impact of COVID-19

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	Significant unobservable inputs	Effective date of valuation	Value Rs.
Land	Munaithottam, Pasikkudah, Kalkudah.	Open market value method	Estimated price per perch Rs. 135,000 - 175,000	31 March 2021	343,680,000
Land	Kajuwatta Road, Mukkuthoduwawa, Madurankuliya	Open market value method	Estimated price per perch Rs. 31,250	31 March 2021	227,450,000

16 RIGHT-OF-USE ASSETS

16.1 Group

	Lease hold properties	Motor vehicles	Total	
			2021	2020
	Rs.	Rs.	Rs.	Rs.
Cost				
As at 1 April	184,366,923	6,407,142	**190,774,065**	-
Transferred from previously recognised leasehold properties	-	-	-	184,366,923
Transferred from property, plant and equipment	-	-	-	6,407,142
As at 31 March	184,366,923	6,407,142	**190,774,065**	190,774,065
Accumulated depreciation				
As at 1 April 2020	2,026,008	4,308,717	**6,334,725**	-
Depreciation charge for the year	2,026,008	2,098,425	**4,124,433**	6,334,725
As at 31 March	4,052,016	6,407,142	**10,459,158**	6,334,725
Carrying value	180,314,907	-	**180,314,907**	184,439,340

Notes to the Financial Statements

As at 31 March

16 RIGHT-OF-USE ASSETS (Contd.)

16.2 Company

	Land and buildings Total	
	2021 Rs.	2020 Rs.
Cost		
As at 1 April	184,366,923	-
Transferred from previously recognised leasehold properties	-	184,366,923
As at 31 March	184,366,923	184,366,923
Accumulated depreciation		
As at 1 April	2,026,008	-
Depreciation charge for the year	2,026,008	2,026,008
As at 31 March	4,052,016	2,026,008
Carrying value	180,314,907	182,340,915

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

Details of the said land is given below:

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

17 INTANGIBLE ASSETS

17.1 Group

	Website Development Cost Rs.	Computer Software Rs.	2021 Rs.	2020 Rs.
Cost				
At the beginning of the year	1,067,582	2,796,028	3,863,610	1,886,403
Acquisitions during the year	-	-	-	1,977,207
At the end of the year	1,067,582	2,796,028	3,863,610	3,863,610
Amortisation				
At the beginning of the year	681,196	611,877	1,293,073	806,740
Amortisation for the year	193,478	721,659	915,137	486,333
At the end of the year	874,674	1,333,536	2,208,210	1,293,073
Carrying amount	192,908	1,462,492	1,655,400	2,570,537

17.2 Company

	Computer software	
	2021 Rs.	2020 Rs.
Cost		
As at 01 April	1,552,936	658,820
Additions during the year	-	894,116
As At 31 March	1,552,936	1,552,936
Amortisation		
As at 01 April	453,547	263,109
Amortisation for the year	310,581	190,438
At 31 March	764,128	453,547
Net book value	788,808	1,099,389

18 INVESTMENT IN ASSOCIATE

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

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

			Group / Company	
Carrying value of the investment	2021 No of shares	2020 No of shares	2021 Rs.	2020 Rs.
Colombo Land & Development Company PLC	40,413,200	40,413,200	2,216,690,253	2,158,272,798
Share of profit/(loss) of associate			13,863,978	62,624,772
Share of other comprehensive income/ (Loss) of associate			5,293,996	(4,207,317)
			2,235,848,227	2,216,690,253
Impairment of investment in associate (Note 18.4)			-	-
Group's carrying amount of the investment			2,235,848,227	2,216,690,253

Notes to the Financial Statements

As at 31 March

18 INVESTMENT IN ASSOCIATE (Contd.)

18.1 Summarised Financial information of associate - Group

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

	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Statement of financial position		
Current assets	344,213,670	240,611,315
Non- current assets	13,514,497,326	12,946,402,680
Current liabilities	(582,750,808)	(536,671,586)
Non- current liabilities	(5,289,417,390)	(4,992,458,215)
Total equity	7,986,542,798	7,657,884,194

Summarised statement of profit or loss and other comprehensive income

	Year ended 31.03.2021 Rs.	Year ended 31.03.2020 Rs.
Revenue	433,473,925	459,323,128
Direct expenses	(106,538,128)	(134,719,690)
Other operating income	3,768,090	1,465,262
Change in fare value of investment properties	199,291,679	591,454,431
Selling and marketing expenses	(23,595,269)	(20,002,796)
Administrative expenses	(102,912,271)	(108,553,902)
Finance expenses	(219,058,474)	(239,892,733)
Finance income	456,746	-
Profit before tax	184,886,298	549,073,700
Tax Expenses	(116,320,629)	(239,356,725)
Profit for the year	68,565,669	309,716,975
Group's share of profit for the year	13,863,978	62,624,772
Other Comprehensive Income/(Expenses)		
Other Comprehensive Income/(Expenses) for the year	26,181,978	(20,807,699)
Group share of other comprehensive Income for the year	5,293,996	(4,207,317)

18.2 Contingent Liabilities

The associate does not have significant contingent liabilities as at 31 March 2020 and 2021

18.3 Market value of the investment as at 31 March,

	2021 Rs.	2020 Rs.
Market value of a share	**24.00**	13.70
Market value of the investment	**969,916,800**	553,660,840

18.4 The Group performed an impairment test of carrying value of the investment considering indicators of impairment identified as at 31 March 2021. 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 deep discount have been applied on the fair value of the lease right 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.

19 INVESTMENT IN SUBSIDIARY - COMPANY

	Holding		Carrying value	
	2021 %	2020 %	2021 Rs.	2020 Rs.
Quoted				
Waskaduwa Beach Resort PLC	**89.97%**	97.99%	**2,538,352,445**	2,764,505,122
Less: Impairment of subsidiary (Note 19.1)			**(494,100,670)**	(494,100,670)
			2,044,251,775	2,270,404,452
Gross Investment as at 1 April			**2,764,505,122**	1,905,090,720
Investment during the Year			**-**	859,414,402
Share Disposal during the year			**(226,152,677)**	-
Less: Impairment of Subsidiary			**(494,100,670)**	(494,100,670)
Investment as at 31 March			**2,044,251,775**	2,270,404,452

Notes to the Financial Statements

As at 31 March

19 INVESTMENT IN SUBSIDIARY (Contd.)

19.1 Impairment of subsidiary

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

	2021 Rs.	2020 Rs.
Impairment of Subsidiary as at 1 April	494,100,670	126,569,517
Charge to the statement of profit or loss	-	367,531,153
Impairment of Subsidiary as at 31 March	494,100,670	494,100,670

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

	2021	2020
Discount Rate :	12.00%	12.85%
Terminal Growth Rate :	2.25%	4%

19.2 Sensitivity of the principal assumptions used

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

A Sensitivity analysis was carried out as follows,

	Company	
	2021 Rs.	2020 Rs.
Discount Rate		
Effect on Impairment due to decrease in the discount rate by 0.25%	198,865,985	135,260,505
Effect on Impairment due to increase in the discount rate by 0.25%	(24,594,493)	(127,686,479)
Terminal Growth Rate :		
Effect on Impairment due to decrease in terminal growth rate by 0.25%	6,750,639	(94,216,866)
Effect on Impairment due to increase in terminal growth rate by 0.25%	165,760,375	99,694,591

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade debtors - Others	16,346,128	91,243,913	7,899,973	38,106,288
- Related parties (Note 20.3)	4,051,286	5,344,109	198,055	713,272
Total trade debtors (Note 20.1)	20,397,414	96,588,022	8,098,028	38,819,560
Less: Impairment for trade debtors (Note 20.1)	(8,972,736)	(6,423,821)	(3,007,314)	(2,725,652)
	11,424,677	90,164,201	5,090,714	36,093,908
Other debtors - Others	13,507,329	4,069,380	5,248,532	2,536,564
	24,932,006	94,233,581	10,339,246	38,630,472
Current trade and other receivables	24,932,006	94,233,581	10,339,246	38,630,472

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

Group	Neither past due nor impaired < 30 days	Past due not Impaired				Total
		31 - 60 days	61 - 90 days	91 - 120 days	> 120 days	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2021						
Trade Debtors	465,056	148,125	-	69,854	19,714,378	20,397,414
Less: Impairment for trade debtors	-	-	-	-	(8,972,736)	(8,972,736)
	465,056	148,125	-	69,854	10,741,642	11,424,677
2020						
Trade Debtors	32,449,413	29,311,273	18,988,418	2,787,783	13,051,135	96,588,022
Less: Impairment for trade debtors	-	-	-	-	(6,423,821)	(6,423,821)
	32,449,413	29,311,273	18,988,418	2,787,783	6,627,314	90,164,201

Notes to the Financial Statements

As at 31 March

20 TRADE AND OTHER RECEIVABLES (Contd.)

Company	Neither past due nor impaired < 30 days	Past due not Impaired				Total
		31 - 60 days	61 - 90 days	91 - 120 days	> 120 days	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2021						
Trade Debtors	334,861	148,125	-	69,854	7,545,188	8,098,028
Less: Impairment for trade debtors	-	-	-	-	(3,007,314)	(3,007,314)
	334,861	148,125	-	69,854	4,537,874	5,090,714
2020						
Trade Debtors	11,829,669	11,995,754	9,462,634	1,389,502	4,142,001	38,819,560
Less: Impairment for trade debtors	-	-	-	-	(2,725,652)	(2,725,652)
	11,829,669	11,995,754	9,462,634	1,389,502	1,416,349	36,093,908

20.2 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 35 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 34.1.

20.3 Trade debtors - Related Parties

	Relationship	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
George Steuart Health (Pvt) Ltd	Affiliate Company	112,810	394,280	112,810	157,780
Triad (Pvt) Ltd	Affiliate Company	1,376,616	1,376,616	71,545	71,545
George Steuart Travels Ltd	Affiliate Company	13,700	190,252	13,700	129,161
George Steuart Solutions (Pvt) Ltd	Affiliate Company	154,850	634,865	-	-
Liberty Publishers (Pvt) Ltd	Affiliate Company	-	354,786	-	354,786
Power House Limited	Affiliate Company	2,393,310	2,393,310	-	-
		4,051,286	5,344,109	198,055	713,272

21 INVENTORIES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Food & Beverage	9,169,270	12,882,693	3,573,352	3,788,536
House keeping and Maintenance	6,258,613	6,551,662	3,239,473	3,993,384
Other Stocks	5,428,530	4,797,278	515,925	769,429
	20,856,413	24,231,633	7,328,750	8,551,349

22 OTHER CURRENT FINANCIAL ASSETS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Equity instruments designated at fair value through profit or loss				
Listed equity investments (Note 22.1)	5,993,080	266,800	5,993,080	266,800
Other financial assets at amortised cost				
Investments in bank deposits (Note 22.2)	21,988,805	20,811,330	-	-
Total other financial assets	27,981,885	21,078,130	5,993,080	266,800

Notes to the Financial Statements
As at 31 March

22 OTHER CURRENT FINANCIAL ASSETS (Contd.)

22.1 Investment in quoted securities - Group/Company

	No. of shares		Carrying value	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Quoted				
Asian Hotels and Properties PLC	9,200	9,200	344,080	266,800
Sampath Bank PLC	105,000	-	5,649,000	-
	114,200	9,200	5,993,080	266,800

22.2 Investments in bank deposits

	Credit Rating	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sampath Bank PLC	AA-(lka)	21,988,805	20,811,330	-	-
		21,988,805	20,811,330	-	-

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.

23 ADVANCES AND PREPAYMENTS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Advances	9,330,639	10,749,968	758,544	2,579,205
Prepayments	7,440,142	6,442,596	1,860,596	2,198,993
Deposits	495,763	720,368	495,763	174,088
	17,266,544	17,912,932	3,114,903	4,952,286

24 CASH AND BANK BALANCES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash in hand	1,585,608	4,727,068	889,562	2,602,150
Cash at bank	5,273,058	2,908,501	3,492,361	1,117,325
	6,858,666	7,635,569	4,381,923	3,719,475

25 STATED CAPITAL

	2021		2020	
	Number	Rs.	Number	Rs.
Issued and fully-paid - ordinary shares				
As at the beginning of the year	284,898,354	4,624,023,566	204,782,354	4,311,571,166
Issue of shares	-	-	80,116,000	312,452,400
As at the end of the year	284,898,354	4,624,023,566	284,898,354	4,624,023,566

26 INTEREST BEARING LOANS AND BORROWINGS

Other Financial Liabilities

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Interest -bearing loans and borrowings				
Bank Loans (Note 26.1)	234,680,763	-	170,303,239	-
Bank Overdrafts	403,633,230	399,455,434	247,801,241	242,599,745
	638,313,993	399,455,434	418,104,481	242,599,745
Non-Current Interest -bearing loans and borrowings				
Bank Loans (Note 26.1)	2,410,539,358	2,474,423,188	809,186,145	910,062,040
	2,410,539,358	2,474,423,188	809,186,145	910,062,040
Total Interest-bearing loans and borrowings	3,048,853,351	2,873,878,622	1,227,290,626	1,152,661,785

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26 INTEREST BEARING LOANS AND BORROWINGS (Contd.)

26.1 Bank Loans - Group

	As at 01.04.2020 Rs.	Obtained during the year Rs.	Interest accrued during the moratorium period Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Sampath Bank PLC	1,958,838,985	49,400,000	95,928,424	-	2,104,167,409
National Development Bank PLC	50,000,000	-	-	-	50,000,000
Pan Asia Banking Corporation PLC	443,545,406	-	26,778,524	-	470,323,930
Nations Trust Bank PLC	22,038,797	-	779,091	(2,089,106)	20,728,781
	2,474,423,188	49,400,000	123,486,039	(2,089,106)	2,645,220,121

	2021 Rs.	2020 Rs.
Current	234,680,763	-
Non-current	2,410,539,358	2,474,423,188
	2,645,220,121	2,474,423,188

26.2 Bank Loans - Company

	As at 01.04.2020 Rs.	Obtained during the year Rs.	Interest accrued during the moratorium period Rs.	Repayments Rs.	As at 31.03.2021 Rs.
Sampath Bank PLC	394,477,837	24,600,000	19,358,836	-	438,436,673
National Development Bank PLC	50,000,000	-	-	-	50,000,000
Pan Asia Banking Corporation PLC	443,545,406	-	26,778,524	-	470,323,930
Nations Trust Bank PLC	22,038,797	-	779,091	(2,089,106)	20,728,781
	910,062,040	24,600,000	46,916,451	(2,089,106)	979,489,385

	2021 Rs.	2020 Rs.
Current	170,303,239	-
Non-current	809,186,145	910,062,040
	979,489,385	910,062,040

26.3 Security and repayment terms

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Waskaduwa Beach Resort PLC								
Sampath Bank PLC	Permanent Overdraft	Annual effective rate of the Fixed Deposits + applicable margin percentage payable monthly together with statutory taxes	On demand	Overdraft Agreement for Rs. 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.14,953,469 & 2029 1601 9091 for Rs.7,035,336	**17,158,614**	15,843,797	**21,988,805**	20,811,330
Sampath Bank PLC	Permanent Overdraft	AWPLR+2% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	On demand	Overdraft Agreement for Rs. 75,000,000/- Primary Mortgage Bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional Mortgage Bond for Rs.617,000,000/- over Land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	**82,939,718**	84,981,757	**4,000,380,115**	3,693,492,088

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As at 31 March

26 INTEREST BEARING LOANS AND BORROWINGS (Contd.)

26.3 Security and repayment terms (Contd.)

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 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 Instalments starting from October 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**	540,500,000	**4,000,380,115**	3,693,492,088
Sampath Bank PLC	Term Loan Facility	AWPLR+1.5% p.a. payable monthly together with statutory taxes (AWPLR to be reviewed monthly)	134 Monthly Instalments starting from October 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 building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	**844,400,000**	844,400,000	**4,000,380,115**	3,693,492,088

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sampath Bank PLC	Term Loan Facility (Moratorium)	10% Per annum payable monthly together with statutory taxes	60 Monthly Instalments Starting from October 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**	171,078,840	**4,000,380,115**	3,693,492,088
Sampath Bank PLC	Term Loan Facility (Moratorium)	10% Per annum payable monthly together with statutory taxes	60 Monthly Instalments Starting from October 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 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.	**9,110,935**	8,382,308	**4,000,380,115**	3,693,492,088

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26 INTEREST BEARING LOANS AND BORROWINGS (Contd.)

26.3 Security and repayment terms (Contd.)

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sampath Bank PLC	Term Loan Facility (Moratorium)	0% Interest	24 Monthly Instalments Starting from July 2021	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.	23,464,641	-	4,000,380,115	-
Sampath Bank PLC	Term Loan Facility (Moratorium)	0% Interest	24 Monthly Instalments Starting from July 2021	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.	36,657,803	-	4,000,380,115	-
Sampath Bank PLC	Term Loan Facility (Moratorium)	0% Interest	24 Monthly Instalments Starting from July 2021	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.	14,961,277	-	4,000,380,115	-

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sampath Bank PLC	Term Loan Facility (Moratorium)	0% Interest	24 Monthly Instalments Starting from July 2021	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.	757,240	-	4,000,380,115	-
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	18 Monthly Instalments starting from October 2021	Loan agreement for Rs. 15,000,000/- primary mortgage bond for USD 8,120,000/- (Equivalent to Rs.1,258,600,000/- approx.) and additional mortgage bond for Rs.617,000,000/- over land and building of Hotel Citrus Waskaduwa at No.427, Samanthara Road, Kuda Waskaduwa, Kaluthara , depicted as Lot 1 in Plan No.1761 dated 28 April 2011 made by J R Alahakone Licensed Surveyor.	15,000,000	-	4,000,380,115	-

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26 INTEREST BEARING LOANS AND BORROWINGS (Contd.)

26.3 Security and repayment terms (Contd.)

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility 2021 Rs.	Carrying Value of Facility 2020 Rs.	Carrying Value of Assets pledged 2021 Rs.	Carrying Value of Assets pledged 2020 Rs.
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	18 Monthly Instalments starting from October 2021	Loan agreement for Rs.9,800,000/- 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.	9,800,000	-	4,000,380,115	-
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.	55,724,116	56,030,135	227,450,000	216,625,000

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
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 Instalments Starting from October 2021	Loan 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**	210,400,000	**1,052,860,000**	989,509,222
Sampath Bank PLC	Term Loan Facility	AWPLR+2.0% p.a. payable monthly together with statutory taxes. (AWPLR to be reviewed monthly)	84 Monthly Instalments Starting from October 2021	Loan Agreement for Rs. 140,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	**140,000,000**	140,000,000	**1,052,860,000**	989,509,222

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As at 31 March

26 INTEREST BEARING LOANS AND BORROWINGS (Contd.)

26.3 Security and repayment terms (Contd.)

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sampath Bank PLC	Term Loan Facility (Moratorium)	10% p.a. (fixed) payable monthly together with statutory taxes.	60 Monthly Instalments Starting from July 2021	Loan 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	53,100,000	1,052,860,000	989,509,222
Sampath Bank PLC	Term Loan Facility (Moratorium)	0% Interest	24 Monthly Instalments Starting from July 2021	Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	3,854,354	-	1,052,860,000	-
Sampath Bank PLC	Term Loan Facility (Moratorium)	0% Interest	24 Monthly Instalments Starting from July 2021	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	9,134,061	-	1,052,860,000	-

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sampath Bank PLC	Term Loan Facility (Moratorium)	0% Interest	24 Monthly Instalments Starting from July 2021	Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	6,370,421	-	1,052,860,000	-
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	18 Monthly Instalments Starting from October 2021	Loan Agreement for Rs. 9,600,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	9,600,000	-	1,052,860,000	-
Sampath Bank PLC	Term Loan Facility (Under Saubagya - Covid 19 Renaissance Loan Scheme)	4% Per annum payable monthly together with statutory taxes	18 Monthly Instalments Starting from October 2021	Loan Agreement for Rs. 15,000,000/- Land and building of Hotel, Citrus – Hikkaduwa owned by Hikkaduwa Beach resort PLC at Hikkaduwa depicted as Lot A in survey Plan No.1647 dated 15.06.2004. & a Letter of Undertaking from Citrus Leisure PLC	15,000,000	-	1,052,860,000	-

Notes to the Financial Statements

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26 INTEREST BEARING LOANS AND BORROWINGS (Contd.)

26.3 Security and repayment terms (Contd.)

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
National Development Bank PLC	Short Term Loan	Fixed rate	2 Monthly Instalments Starting from October 2021	Shares of Waskaduwa Beach Resort PLC worth of LKR 333,334,000/- which shall be deposited in a Slash Account jointly with the Bank maintained at NDB securities (Private) Limited as per condition 8.2 (v) in the Letter of offer No of Shares 196,078,432	50,000,000	50,000,000	795,747,072	811,481,079
Pan Asia Banking Corporation PLC	Term Loan Facility	Fixed rate	75 Monthly Instalments Starting from October 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	388,800,000	2,232,065,078	2,216,690,246
Pan Asia Banking Corporation PLC	Permanent Overdraft	Fixed rate	On demand	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	216,443,555	200,951,735	2,232,065,078	2,216,690,246

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Details of collaterals	Carrying Value of Facility		Carrying Value of Assets pledged	
					2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
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 Instalments Starting from October 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	**54,745,406**	54,745,406	**2,232,065,078**	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	**24,447,008**	25,039,821	-	-
Nations Trust Bank PLC	Term Loan Facility	06 Month AWPLR+3.25% p.a.	60 Monthly Instalments Starting from October 2021	Term Loan Facility for Rupees 25,000,000/-, Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	**19,949,690**	22,038,797	-	-
Nations Trust Bank PLC	Term Loan Facility	0% Interest	2 Monthly Instalments Starting from October 2021	Term Loan Facility for Assignment over AMEX Receivables from the Company, Letter of Comfort from Citrus Leisure PLC	**779,091**	-	-	-

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27 RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 01 April	**22,437,487**	17,630,112	**15,331,043**	13,309,622
Current service cost	**3,488,813**	2,930,847	**1,547,046**	1,305,863
Interest cost	**2,243,748**	1,939,312	**1,533,104**	1,464,058
Actuarial (gain)/loss arising from changes in assumptions	**(174,202)**	1,770,292	**(553,246)**	585,926
Payments made during the year	**(2,309,817)**	(1,833,076)	**(1,782,081)**	(1,334,426)
Balance as at 31 March	**25,686,029**	22,437,487	**16,075,866**	15,331,043

27 .1 Following amount are recognised in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Expense recognised in profit or loss				
Current service cost	**3,488,813**	2,930,847	**1,547,046**	1,305,863
Interest cost	**2,243,748**	1,939,312	**1,533,104**	1,464,058
	5,732,561	4,870,159	**3,080,150**	2,769,921
Actuarial (gains) and losses recognised directly in OCI				
Recognised during the period	**(174,202)**	1,770,292	**(553,246)**	585,926

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2021. 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.

27.2 Assumptions used

The principle assumptions used were as follows,

	Group		Company	
	2021	2020	2021	2020
Discount rate	7%	10%	7%	10%
Future salary increment rate	8% - 10%	8% - 10%	10%	10%
Staff turnover rates	35% - 45%	35% - 50%	35%	35%
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.

27.3 Sensitivity of the principal assumptions used

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

A Sensitivity analysis was carried out as follows,

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Discount Rate				
Effect on DBO due to decrease in the discount rate by 1%	649,652	483,503	440,171	352,579
Effect on DBO due to increase in the discount rate by 1%	(617,845)	(461,155)	(417,499)	(335,428)
Salary Escalation				
Effect on DBO due to decrease in salary escalation rate by 1%	(709,620)	(560,823)	(470,451)	(404,431)
Effect on DBO due to increase in salary escalation rate by 1%	732,809	578,055	486,965	417,880

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27 RETIREMENT BENEFIT OBLIGATION (Contd.)

27.3 Sensitivity of the principal assumptions used (Contd.)

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

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

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

27.4 Maturity analysis of the payments

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Less than or equal 1 year	**7,564,394**	8,193,222	**4,328,012**	5,325,088
Over 1 year and less than or equal 2 years	**5,122,289**	4,850,130	**3,109,381**	3,196,875
Over 2 years and less than or equal 5 years	**10,805,093**	6,314,912	**7,024,363**	4,252,491
Over 5 years and less than or equal 10 years	**1,975,774**	2,961,621	**1,427,666**	2,446,256
Over 10 years	**218,479**	117,603	**186,444**	110,334
Total expected payments	**25,686,029**	22,437,487	**16,075,866**	15,331,043

27.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 2.54 years (2020 - 2.2 years).

28 DEFERRED TAX LIABILITIES

28.1 Net deferred tax liabilities

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
At the beginning of the year	**186,626,399**	188,964,070	**66,161,308**	68,487,171
Amount origination/ (reversal) of temporary differences				
- Recognised in profit or loss				
Accelerated depreciation for tax purposes	**4,964,540**	8,103,041	**4,950,372**	8,103,041
Retirement benefit obligation	**(479,184)**	(46,966)	**(181,730)**	(200,969)
Carried forward business losses	**(28,930,347)**	(10,145,905)	**(28,930,347)**	(10,145,905)
Revaluation of investment property to fair value	**1,750,500**		**1,750,500**	
- Recognised in other comprehensive income				
Revaluation of land and buildings	**61,620,507**	-	**8,755,216**	-
Actuarial gains and losses on defined benefit plans	**24,389**	(247,841)	**77,454**	(82,030)
At the end of the year	**225,576,804**	186,626,399	**52,582,774**	66,161,308

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

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred tax liability				
Capital allowances for tax purpose	**55,720,292**	50,755,750	**55,327,897**	50,377,525
Deferred tax effect on revaluation of land and buildings	**217,296,381**	153,925,374	**43,349,322**	32,843,606
Deferred tax assets				
Carried forward business losses	**(43,843,823)**	(14,913,477)	**(43,843,823)**	(14,913,477)
Retirement benefit obligation	**(3,596,045)**	(3,141,248)	**(2,250,621)**	(2,146,346)
	225,576,804	186,626,399	**52,582,774**	66,161,308

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29 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade payables - Others	34,341,239	37,118,574	1,638,545	1,865,182
- Related Parties (Note 29.1)	3,090,186	4,487,931	125,587	606,709
Other Payables - Others	56,613,874	51,862,569	-	-
- Related parties (Note 29.2)	47,374,897	121,424,905	100,877,170	190,040,375
Notes payable	83,868,534	104,588,164	31,446,695	38,563,554
Sundry creditors including accrued expenses	203,823,396	94,603,218	93,362,221	50,688,893
	429,112,127	414,085,361	227,450,219	281,764,713
Non-current other payables - related parties	42,416,290	105,922,516	94,777,585	172,917,468
Current trade and other payables	386,695,837	308,162,845	132,672,634	108,847,245

For terms and conditions with related parties, refer to Note 34.1.

For explanations on the Group's liquidity risk management processes, refer to Note 35.4

29.1 Trade payable - Related parties

	Relationship	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
George Steuart Laboratories (Pvt) Ltd	Affiliate Company	676,355	1,417,194	60,000	198,130
George Steuart Teas (Pvt) Ltd	Affiliate Company	-	37,821	-	-
Divasa Equity (Pvt) Ltd	Affiliate Company	460,239	460,239	-	-
Triad (Pvt) Ltd	Affiliate Company	624,693	604,646	-	26,393
Printage (Pvt) Ltd	Affiliate Company	65,587	91,996	65,587	91,996
Adpack Productions (Pvt) Ltd	Affiliate Company	663,200	879,618	-	-
Emagewise (Pvt) Ltd	Affiliate Company	595,252	885,442	-	290,190
George Steuart Solutions (Pvt) Ltd	Affiliate Company	4,860	110,975	-	-
		3,090,186	4,487,931	125,587	606,709

29.2 Other payables to related parties - Group

	Relationship	2021			2020		
		Total Rs.	Non current Rs.	Current Rs.	Total Rs.	Non current Rs.	Current Rs.
Citrus Leisure PLC	Parent Company	47,374,897	42,416,290	4,958,607	121,424,905	105,922,516	15,502,389
		47,374,897	42,416,290	4,958,607	121,424,905	105,922,516	15,502,389

29.3 Other payables to related parties - Company

	Relationship	2021			2020		
		Total Rs.	Non current Rs.	Current Rs.	Total Rs.	Non current Rs.	Current Rs.
Citrus Leisure PLC	Parent Company	47,374,897	42,416,290	4,958,607	121,424,905	105,922,516	15,502,389
Waskaduwa Beach Resort PLC	Subsidiary Company	53,502,272	52,361,295	1,140,977	68,615,470	66,994,952	1,620,518
		100,877,170	94,777,585	6,099,585	190,040,375	172,917,468	17,122,907

Notes to the Financial Statements

As at 31 March

30 LEASE LIABILITIES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
At the beginning of the year	2,337,252	-	-	-
Transferred from interest bearing loans and borrowings	-	5,498,054	-	-
Interest expense	51,562	366,656	-	-
Payments	(2,388,814)	(3,527,458)	-	-
At the end of the year	-	2,337,252	-	-

30.1 Total amount recognised in profit or loss

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Depreciation expense of right-of-use assets	4,124,433	6,334,725	2,026,008	2,026,008
Interest expense on lease liabilities	51,562	366,656	-	-
Expense relating to short-term leases (included in administrative expenses)	520,000	520,000	-	-
Expense relating to leases of low-value assets (included in administrative expenses)	1,180,000	1,180,000	600,000	600,000
Total amount recognised in profit or loss	5,875,994	8,401,381	2,626,008	2,626,008

31 CONTRACT LIABILITIES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Advance received for future bookings	11,565,202	33,646,564	8,006,118	9,182,735
	11,565,202	33,646,564	8,006,118	9,182,735

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

32 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Apart from the temporally changes in the normal business operations of Hikkaduwa Beach Resort PLC as stated in note no. 2.1.1 (b) there has been no other material events occurring after the reporting date that requires adjustment to or disclosure in the financial statements.

33 COMMITMENTS AND CONTINGENCIES

33.1 Capital Commitments

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

33.2 Contingent Liabilities

There were no contingent liabilities as at the reporting date.

34 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.

34.1 Terms and conditions of transactions with related parties

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

Outstanding balances at the year-end are unsecured and interest is charge at 2019/2020 : 12% for George Steuart & Co. Ltd, and other related party balances are subject to an interest at AWPLR [six (06) months]. For the year ended 31 March 2021, 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 17 - Annual Report of the Board of Directors on the Affairs of the Company.

Notes to the Financial Statements

Year ended 31 March

34 RELATED PARTY DISCLOSURES (Contd.)

34.2 Transaction with the parent and related entities - Group

Details of significant related party disclosures are as follows:

Nature of Transaction	Ultimate parent company	
	2021 Rs.	2020 Rs.
Balance as at 1 April	-	(21,041,235)
Recurrent transactions		
Fund Transfer to / Settlements made	-	-
Collection made by the company on behalf of others	-	-
Collection made by the other companies on behalf of the company	-	-
Expense incurred on behalf the related parties	-	-
Expense incurred on behalf of the company	-	-
Funds received from / Settlements received	-	-
Inter-company Interest Income	-	-
Inter-company Interest Expense	-	(1,893,699)
Management Fee	-	-
Interest and other settlements made	-	22,840,249
Mortgage Fee Income	-	-
WHT Deduction on Interest Income	-	-
WHT Deduction on Interest Expense	-	94,685
Trading nature transactions (Sales)	-	-
Settlements for trading nature Transactions (sales receipts)	-	-
Purchase of Goods/ Services	-	-
Settlements made for trading nature Transactions (payments)	-	-
Non-recurrent transactions		
Transfer of Assets	-	-
Inter-company Interest Expense on Right Issue Balance	-	-
Funds received on group debt restructure and right issue	-	-
Funds transferred on group debt restructure and right issue	-	-
Shares issued through right issue	-	-
Total	-	-
Included under		
Trade and other receivables - current (Note 20)	-	-
Trade and other payables - current (Note 29)	-	-
Trade and other payables - non current (Note 29)	-	-
	-	-

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

	Parent company		Affiliate companies*		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
	(121,424,905)	(431,260,147)	856,177	13,811,394	(120,568,728)	(438,489,987)
	17,000,000	-	-	40,605,267	17,000,000	40,605,267
	-	(7,454,249)	-	-	-	(7,454,249)
	-	75,000	-	37,000	-	112,000
	5,125,749	47,472	-	2,305,222	5,125,749	2,352,694
	(11,686,209)	(21,640,207)	-	-	(11,686,209)	(21,640,207)
	(62,259,671)	(101,214,030)	(1,700,000)	(58,943,176)	(63,959,671)	(160,157,205)
	197,885	24,966	-	982,260	197,885	1,007,226
	(7,278,698)	(12,452,776)	-	(39,950)	(7,278,698)	(14,386,426)
	(10,331,086)	(44,190,229)	-	-	(10,331,086)	(44,190,229)
	143,282,037	186,823,484	-	208,425	143,282,037	209,872,158
	-	-	1,700,000	1,704,658	1,700,000	1,704,658
	-	(2,389)	-	(51,390)	-	(53,779)
	-	692,624	-	1,242	-	788,551
	-	-	646,223	6,161,274	646,223	6,161,274
	-	-	(1,459,031)	(6,196,097)	(1,459,031)	(6,196,097)
	-	-	(8,605,827)	(18,893,469)	(8,605,827)	(18,893,469)
	-	-	9,523,558	19,163,517	9,523,558	19,163,517
	-	-	-	-	-	-
	-	(3,120,752)	-	-	-	(3,120,752)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	312,246,328	-	-	-	312,246,328
	(47,374,897)	(121,424,905)	961,100	856,177	(46,413,798)	(120,568,728)
	-	-	4,051,286	5,344,109	4,051,286	5,344,109
	(4,958,607)	(15,502,389)	(3,090,186)	(4,487,932)	(8,048,793)	(19,990,321)
	(42,416,290)	(105,922,516)	-	-	(42,416,290)	(105,922,516)
	(47,374,897)	(121,424,905)	961,100	856,177	(46,413,798)	(120,568,728)

Notes to the Financial Statements

Year ended 31 March

34 RELATED PARTY DISCLOSURES (Contd.)

34.3 Transaction with the parent and related entities - Company

Details of significant related party disclosures are as follows:

Nature of Transaction	Ultimate parent company	
	2021 Rs.	2020 Rs.
Balance as at 1 April	-	(21,041,235)
Recurrent transactions		
Fund Transfer to / Settlements made	-	-
Collection made by the Company on behalf of others	-	-
Collection made by the other companies on behalf of the company	-	-
Expense incurred on behalf of other companies	-	-
Expense incurred on behalf of the company	-	-
Funds received from/ settlements received	-	-
Inter-company Interest Income	-	-
Inter-company Interest Expense	-	(1,893,699)
Management Fee	-	-
Interest and other settlements made	-	22,840,249
Mortgage Fee Income	-	-
WHT Deduction on Interest Income	-	-
WHT Deduction on Interest Expense	-	94,685
Trading nature transactions (Sales)	-	-
Settlements for trading nature Transactions (sales receipts)	-	-
Settlements made for trading nature Transactions (payments)	-	-
Purchase of goods/ services	-	-
Non-recurrent transactions		
Inter-company Interest Income on pending share acquisition balances	-	-
Inter-company Interest Expense on Right Issue Balance	-	-
Shares issued through right issue	-	-
Share acquisition of Waskaduwa Beach Resort PLC on right issue	-	-
Total	-	-
Included under		
Trade and other receivables - current (Note 20)	-	-
Trade and other payables - current (Note 29)	-	-
Trade and other payables - non current (Note 29)	-	-
	-	-

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

	Parent company		Subsidiary Company		Affiliate companies*		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
	(121,424,905)	(408,711,415)	(68,615,470)	856,438,762	106,564	3,492,246	(189,933,811)	430,178,359
	-	-	70,100,000	92,150,000	-	23,700,000	70,100,000	115,850,000
	-	-	(7,000)	(2,011,426)	-	-	(7,000)	(2,011,426)
	-	75,000	2,022,356	310,870	-	37,000	2,022,356	422,870
	5,125,749	42,038	246,512	1,046,520	-	8,926	5,372,261	1,097,484
	(6,800,948)	(9,218,732)	(110,625)	(839,990)	-	-	(6,911,573)	(10,058,722)
	(44,000,000)	(82,314,030)	(52,240,794)	(162,243,715)	(1,700,000)	(30,759,007)	(97,940,794)	(275,316,751)
	-	-	-	-	-	468,132	-	468,132
	(7,278,698)	(11,758,293)	(5,112,448)	(2,700,487)	-	-	(12,391,146)	(16,352,480)
	(3,172,873)	(14,915,217)	-	-	-	-	(3,172,873)	(14,915,217)
	130,176,778	95,596,995	-	-	-	-	130,176,778	118,437,245
	-	-	500,000	501,370	1,700,000	1,704,658	2,200,000	2,206,027
	-	-	-	(430,119)	-	(24,868)	-	(454,987)
	-	653,174	-	59,010	-	-	-	806,868
	-	-	54,711	-	527,810	1,834,605	582,521	1,834,605
	-	-	-	-	(1,043,027)	(1,480,639)	(1,043,027)	(1,480,639)
	-	-	-	-	4,463,386	5,254,165	4,463,386	5,254,165
	-	-	(339,514)	(66,500)	(3,982,266)	(4,128,653)	(4,321,779)	(4,195,153)
	-	-	-	8,584,636	-	-	-	8,584,636
	-	(3,120,752)	-	-	-	-	-	(3,120,752)
	-	312,246,328	-	-	-	-	-	312,246,328
	-	-	-	(859,414,402)	-	-	-	(859,414,402)
	(47,374,897)	(121,424,905)	(53,502,272)	(68,615,470)	72,468	106,564	(100,804,702)	(189,933,811)
	-	-	-	-	198,055	713,272	198,055	713,272
	(4,958,607)	(15,502,389)	(1,140,977)	(1,620,518)	(125,587)	(606,708)	(6,225,172)	(17,729,615)
	(42,416,290)	(105,922,516)	(52,361,295)	(66,994,952)	-	-	(94,777,585)	(172,917,468)
	(47,374,897)	(121,424,905)	(53,502,272)	(68,615,470)	72,468	106,564	(100,804,702)	(189,933,811)

Notes to the Financial Statements

Year ended 31 March

34 RELATED PARTY DISCLOSURES (Contd.)

34.4 Key Management Personnel (KMP)

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

KMP of the Company

The Board of Directors (including Executive and Non-Executive) of the Company have been classified as KMP of the Company.

KMP of the Group

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

34.4.1 Other Transactions with Key Management Personnel

Loans to Directors

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

Key Management Personnel Compensation

No Directors emoluments (Key Management benefits) were incurred for the year ended 31 March 2021 (2020 - Nill).

Other Transactions with Key Management Personnel

Details of Directors' shareholdings are given in the Annual Report of the Directors' on the Affairs of the Company on page 13.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

35.1 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.

35.2 Risk management framework

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

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

35.3 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 2021.

35.3.1 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	Effect on profit before tax Rs.
2021	+50	(10,942,802)
	-50	10,942,802
2020	+50	(8,273,846)
	-50	8,273,846

Notes to the Financial Statements

Year ended 31 March

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

35.3.2 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 2021, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decrease) by 5%.

As at 31 March 2021	Change in rate		Effect on profit before tax	
			Rs.	Rs.
USD	+ 5%	- 5%	18,540	(18,540)
EURO	+ 5%	- 5%	89,577	(89,577)

As at 31 March 2020	Change in rate		Effect on profit before tax	
			Rs.	Rs.
USD	+ 5%	- 5%	1,042,358	(1,042,358)
EURO	+ 5%	- 5%	1,004,855	(1,004,855)

35.4 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.

Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2021 based on contractual undiscounted payments:

Year ended 31 March 2021	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
Financial liabilities					
Trade and other payables	-	386,695,837	42,416,290	-	429,112,127
Interest bearing loans and borrowings	559,465,219	208,680,570	1,326,026,602	1,114,419,705	3,208,592,097
	559,465,219	595,376,407	1,368,442,892	1,114,419,705	3,637,704,224

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

Year ended 31 March 2020	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
Financial liabilities					
Lease liabilities	-	2,337,252	-	-	2,337,252
Trade and other payables	-	308,162,845	105,922,516	-	414,085,361
Interest bearing loans and borrowings	556,311,123	-	1,228,565,170	1,274,401,170	3,059,277,464
	556,311,123	310,500,098	1,334,487,686	1,274,401,170	3,475,700,078

Notes to the Financial Statements

Year ended 31 March

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

35.4 Liquidity risk (Contd.)

Maturity analysis - Company

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2021 based on contractual undiscounted payments.

Year ended 31 March 2021	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
Financial liabilities					
Trade and other payables	-	132,672,634	94,777,585	-	227,450,219
Interest bearing loans and borrowings	247,801,241	135,763,796	634,161,222	193,919,705	1,211,645,965
	247,801,241	268,436,430	728,938,807	193,919,705	1,439,096,184

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2020 based on contractual undiscounted payments.

Year ended 31 March 2020	Payable on demand Rs.	Within 1 year Rs.	Between 2-5 years Rs.	More than 5 years Rs.	Total Rs.
Financial liabilities					
Trade and other payables	-	108,847,245	172,917,468	-	281,764,712
Interest bearing loans and borrowings	242,599,745	-	628,205,627	290,901,170	1,161,706,541
	242,599,745	108,847,245	801,123,094	290,901,170	1,443,471,254

35.5 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;

	2021 Rs.	2020 Rs.
Trade and other receivables	**33,904,744**	100,657,401
Investments in bank deposits	**21,988,805**	20,811,330
Cash at bank	**5,273,058**	2,908,501
	61,166,606	124,377,232

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 2021 is the carrying amounts as disclosed in Note 20.

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

	2021 Rs.	2020 Rs.
Individual debtors	**3,898,196**	2,120,590
Corporate debtors	**21,033,811**	92,112,991
	24,932,007	94,233,581

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 recognised in a separate provision for impairment. Details of trade receivables aging and provision is provided in Note 20.1 to the financial statements.

Notes to the Financial Statements

Year ended 31 March

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

35.5 Credit risk (Contd.)

Cash and cash equivalents

The Group held cash in hand and at bank equivalents of Rs. 28.8 mn at 31 March 2021 (2020 - Rs. 28.4 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	- AA-(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	- BBB-(lka)

36 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.

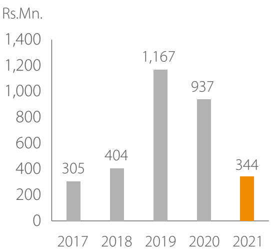
1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act).
2. Group's future developments, investments and business strategies.

The Gearing ratio of the Group is 52% (2020 - 55%) and the Company is 19% (2020 - 22%). 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.

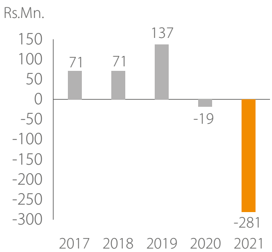
Five Year Summary

	2021 Rs. 000	2020 Rs. 000	2019 Rs. 000	2018 Rs. 000	2017 Rs. 000
TRADING RESULTS					
Revenue	344,395	936,509	1,166,739	403,867	304,804
Operating profit /(loss)	(281,021)	(19,392)	136,618	70,676	70,667
Profit/(loss) before tax	(538,232)	(311,684)	(205,010)	(130,237)	101,185
Tax (expense)/reversal	19,892	1,079	(3,662)	(65,304)	(22,795)
Profit/(loss) after tax	(518,340)	(310,605)	(208,673)	(195,540)	78,390
Profit/(loss) attributable to owners of the parent	(491,348)	(305,528)	(196,791)	(194,143)	78,390
Non-controlling interest	(26,992)	(5,078)	(11,882)	(1,397)	-
Funds employed					
Stated capital	4,624,024	4,624,024	4,311,571	4,311,571	778,568
Capital reserves	1,144,665	852,998	856,753	849,934	124,179
Revenue reserves	(1,563,782)	(1,144,062)	(888,639)	(691,205)	353,394
Equity attributable to owners of the company	4,537,041	4,665,095	4,611,820	4,802,435	1,256,141
Non-controlling interests	199,634	28,019	85,127	97,000	-
Borrowings	2,452,956	2,580,346	2,372,069	1,620,029	291,080
Assets Employed					
Non-current assets	8,367,039	8,045,696	7,889,292	8,498,503	1,652,494
Current assets	110,430	180,429	460,861	512,848	204,847
Current liability of borrowings	638,314	399,455	615,160	1,584,242	190,391
Capital employed	7,189,631	7,273,460	7,069,016	6,519,464	1,547,221
Cashflow					
Net cash inflow/(outflow) from operating activities	(138,588)	41,316	(289,138)	73,482	83,272
Net cash inflow/(outflow) from investing activities	153,395	(81,814)	209,399	(1,192,994)	(47,475)
Net cash inflow/(outflow) from financing activities	(18,584)	68,770	887,810	(8,572)	79,617
Increase /(decrease) in cash and cash equivalents	(3,777)	28,273	808,071	(1,128,084)	(43,820)
Key Indicators					
Earnings/(loss) per Share - Basic (Rs.)	(1.72)	(1.11)	(0.96)	(2.57)	1.36
Dividend per share (Rs.)	-	-	-	0.09	0.10
Dividend payout ratio (%)	-	-	-	(0.03)	0.07
Net assets value per share (Rs.)	15.93	16.37	22.52	23.45	21.82
Market price per share (Rs.)	5.30	3.20	3.70	7.20	13.20
Return on capital employed (%)	-3.91	-0.27	1.93	1.08	4.57
Current ratio (times)	0.11	0.24	0.43	0.22	0.69
Debt to equity ratio (times)	0.52	0.55	0.51	0.33	0.23

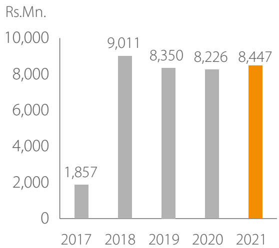
Revenue



Operating Profit/(loss)

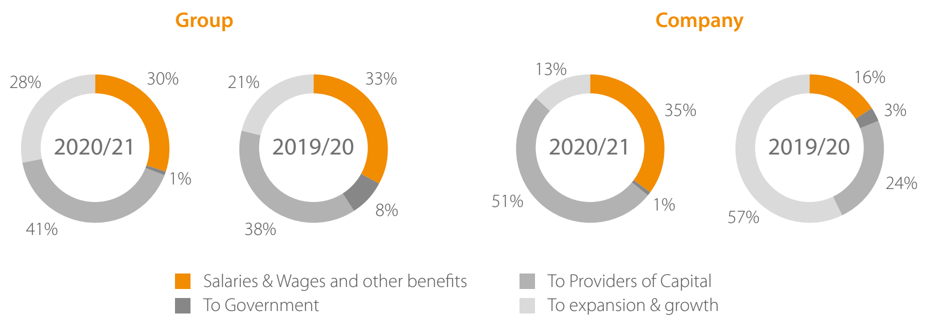


Total Assets



Statement of Value Added

	Group				Company			
	2020/21		2019/20		2020/21		2019/20	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Turnover	382,338,886		1,101,526,259		117,449,056		366,131,267	
Other income	40,605,867		77,877,162		39,387,569		76,654,817	
	422,944,753		1,179,403,421		156,836,624		442,786,084	
Less: Cost of material & services bought in	(240,389,153)		(547,195,309)		(143,953,967)		(161,515,246)	
	182,555,601		632,208,112		12,882,658		281,270,838	
Value allocated to employees								
Salaries & wages and other benefits	215,674,207	30%	313,074,806	33%	92,998,516	35%	116,539,949	16%
To Government								
VAT, income tax, and other taxes	6,286,423	1%	71,779,152	8%	2,327,582	1%	22,196,591	3%
To providers of capital								
Loan Interest	296,877,033	41%	359,328,283	38%	135,490,446	51%	168,843,799	24%
To expansion & growth								
Impairment, depreciation & Retained in business	204,751,942	28%	200,721,067	21%	35,811,619	13%	401,575,987	57%
	723,589,604	100%	944,903,308	100%	266,628,163	100%	709,156,326	100%



Share Information

ORDINARY SHAREHOLDERS

There were 2,118 registered shareholders as at 31 March 2021, distributed as follows.

Shareholders Categorised Summary Report - As at 31st March 2021

From	To	No. of Shareholders	No. of Shares	%
1	1,000	1,280	344,432	0.12
1,001	10,000	558	2,096,524	0.74
10,001	100,000	230	7,570,605	2.66
100,001	1,000,000	43	13,333,683	4.68
Over 1,000,000		7	261,553,110	91.80
Total		2,118	284,898,354	100.00

Categories of Shareholders

Category	No. of Holders	No. of Shares	%
Local Individuals	1,995	37,079,205	13.02
Local Institutions	108	247,644,961	86.92
Foreign Individuals	14	144,188	0.05
Foreign Institutions	1	30,000	0.01
Total	2,118	284,898,354	100.00

The percentage of the shares held by public as at 31 March 2021 was 15.661% (As at 31 March 2020 was 15.661%) Compressing 2,109 shareholders (As at 31 March 2020 was 2,136 shareholders).

The Float Adjusted Market Capitalisation of the Company as at 31 March 2021 was Rs. 236,473,417 and the Company complies with the minimum public holding requirement under Option 5 of the Listing Rules 7.13.1 (a).

Market price per share	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Highest during the year	6.80 (27-07-2020)	8.70 (19-11-2019)
Lowest during the year	2.30 (12-05-2020)	2.60 (28-05-2019)
As at end of the year	5.30	3.20

Share Information

20 MAJOR SHAREHOLDERS OF THE COMPANY

	Name	No. of Shares As At 31.03.2021	(%)	No. of Shares As At 31.03.2020	(%)
1	Citrus Leisure PLC	236,058,408	82.86	236,058,408	82.86
2	Mr. K D D Perera	11,998,035	4.21	13,108,748	4.60
3	Mrs. K M Goonewardene	3,647,054	1.28	3,647,054	1.28
4	Hatton National Bank PLC/Capital Trust Holdings Limited	3,568,519	1.25	2,473,067	0.87
5	Mr. T G Thoradeniya	3,192,570	1.12	3,192,570	1.12
6	Mr. C Yatawara	1,630,191	0.57	1,630,191	0.57
7	Mr. G R W De Soysa	1,458,333	0.51	1,458,333	0.51
8	Seylan Bank PLC/Tharana Gangul Thoradeniya	887,586	0.31	987,586	0.35
9	Hatton National Bank PLC/Ravindra Erle Rambukwelle	805,000	0.28	-	0.00
10	Merchant Bank of Sri Lanka & Finance PLC/S Gobinath	650,000	0.23	382,543	0.13
11	Mr. S Gobinath	600,745	0.21	230,000	0.08
12	People's Leasing & Finance PLC / Mr. D M P Disanayake	597,242	0.21	200,100	0.07
13	Royal Ceramics Lanka PLC	583,393	0.20	583,393	0.20
14	Dr. M A M S Cooray	557,812	0.20	557,812	0.20
15	Ms. M R H Galappatti	534,357	0.19	534,357	0.19
16	Bansei Securities Capital (Pvt) Ltd / A Nissanka	510,000	0.18	500,000	0.18
17	Hatton National Bank PLC / Padmesh Sajjeewa Weerasekera	456,931	0.16	-	0.00
18	Mr. R E Rambukwella	453,578	0.16	672,177	0.24
19	Mr. S M A D S Sugathapala	436,041	0.15	82,500	0.03
20	Admiral W K J Karannagoda	416,666	0.15	416,666	0.15
		269,042,461	94.43	266,715,505	93.62
	Others	15,855,893	5.57	18,182,849	6.38
	Total	284,898,354	100.00	284,898,354	100.00

Directors' and CEO's Shareholding

	Name	No. of Shares As At 31.03.2021	(%)	No. of Shares As At 31.03.2020	(%)
1	Mr. E P A Cooray	333,334	0.117	333,334	0.117
2	Mr. D S Jayaweera	Nill	-	Nill	-
3	Mr. R Seneviratne				
	Shares held in the following manner				
	Seylan Bank PLC / Mr. R Seneviratne	212,749	0.075	Nill	-
	Mr. R Seneviratne	Nill	-	212,749	0.075
4	Mr. P V S Premawardhana	Nill	-	Nill	-
5	Mr. S A Ameresekere	Nill	-	Nill	-
	Chief Executive Officer				
	Mr. P C B Talwatte	5,000	0.002	5,000	0.002

Notes

Notes

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Tenth (10th) Annual General Meeting of Hikkaduwa Beach Resort PLC will be held by electronic means on 27th September 2021 at 11.00 a.m. centered at the Registered Office of the Company at No. 56/1, Kynsey Road, Colombo 8 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 2021 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 88 of the Articles of Association of the Company.
4. To re-appoint M/s Ernst & Young, as Auditors of the Company and to authorise the Directors to determine their remuneration.
5. To authorise the Directors to determine donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.

By order of the Board

Hikkaduwa Beach Resort PLC

P W Corporate Secretarial (Pvt) Ltd
Secretaries

31st August 2021

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 by electronic means.
2. A proxy need not be a Shareholder of the Company.
3. The Form of Proxy is enclosed for this purpose.
4. Shareholders are advised to follow the Guidelines and Registration Process for the Annual General Meeting attached hereto.

Form of Proxy

I/We*...

(NIC/Passport/Co. Reg. No. ....)

of .... being a shareholder

/shareholders of **Hikkaduwa Beach Resort PLC** hereby appoint ....

(NIC/Passport No. ....) of ....or failing him,

Mr. E P A Cooray	or failing him*
Mr. D S Jayaweera	or failing him*
Mr. R Seneviratne	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 Tenth Annual General Meeting of the Company to be held by electronic means on 27th September 2021 at 11.00 a.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. 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."		
2. To re-elect as a Director Mr. R Seneviratne who retires by rotation in terms of Article 88 of the Articles of Association of the Company.		
3. To re-appoint M/s Ernst & Young, as Auditors of the Company and to authorise the Directors to determine their remuneration.		
4. To authorise the Directors to determine donations for the year ending 31st March 2022 and up to the date of the next Annual General Meeting.		

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

....

Signature of Shareholder/s

*Please delete what is inapplicable.

Notes: 1. A proxy need not be a shareholder of the Company.

2. Instructions as to completion appear overleaf.

Form of Proxy

Instructions for completion

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be forwarded to the Company for deposit at the Registered Office through the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd, No. 3/17, Kynsey Road, Colombo 08 (email - cith.pwcs@gmail.com) by 11.00 p.m. on 25th September 2021.

   In forwarding the completed and duly signed Proxy to the Company, please follow the Guidelines and Registration Process for the Annual General Meeting attached to the Notice of Annual General Meeting.

3. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)

4. Please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

Corporate Information

Name of Company
Hikkaduwa Beach Resort PLC

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

Company Registration No.
PB 4520 PQ

Registered Office
No. 56/1, Kynsey Road, Colombo 08.

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

Board of Directors
Mr. E P A Cooray (Chairman)

Mr. D S Jayaweera

Mr. R Seneviratne

Mr. P V S Premawardhana

Mr. S A Ameresekere

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
No. 201, De Saram Place, Colombo 10.

Bankers
Sampath Bank PLC

Pan Asia Banking Corporation PLC

National Development Bank PLC

Nations Trust Bank PLC

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

Bank of Ceylon

Peoples Bank

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www.citrusleisure.com

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