



University of Westminster
4ACCN009C.3 Accounting and Finance for Business
Individual Coursework

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Executive Summary

This Assessment evaluate the financial performance of The Lanka Hospitals Corporation PLC, with Nawaloka Hospitals PLC as the direct competitor. The Financial analysis focused to utilize publicly available financial statements and its impact on decision making.

Main outcomes draw attention to The Lanka Hospitals Corporation PLC generated strong consistent revenue growth and profitability. Additionally, it provides favorable financial ratios for example current and Dividend Yield ratio. On the other hand, Nawaloka Hospitals PLC measures better performance than its previous year yet it lacks a long-term perspective.

In conclusion, The Lanka Hospitals Corporation PLC emphasis continual market leadership and reputation. Further it is recommended since its digital services growth and technological advancements increased the positive word of mouth by target market.

Introduction

The Lanka Hospitals Corporation PLC, established in 2002 7th of June which is a main player in the Healthcare sector that was built by Dr. Pratap C. Reddy in India. Main purpose of the Hospital provides cost effective and high standards of healthcare service. Reaching the Sri Lankans as their target market especially people in Colombo. Revenues generated through various ways, for broader explanation; Lanka Hospitals Corporation PLC is in the top line of cardiac, Gyn & Obs, Internal Medicine and Pediatrics. Along with expansion of learning academy, has increased generating income. Since the strong financial returns The Lanka hospitals Corporation PLC sharpening competitiveness in the industry through approaching strategies such as infrastructure efficiency, focusing on customer care framework, performance driven culture of employees and clinical governance.

Since bringing up the topic of competition, Nawaloka Hospitals PLC is a very well renowned private healthcare service provider, established in 1985 (direct competitor), which is taken to compare the financial performance with The Lanka Hospitals corporation PLC. Nawaloka Hospitals PLC strengthening safety and Quality along with driving innovation, technology, and research. Founding Ethos says “Good Health is Supreme Wealth” where Nawaloka Hospitals PLC is overcoming obstacles with a patient-centered approach. Inpatient, outpatient services, pharmacy sales and more revenue streams contribute to the overall performance of Nawaloka hospital.

Finally, Financial ratio analysis and other evaluation that are extracted from financial statements of respective Hospitals’ financial reports of 2022 and 2023. Assessing financial health and stability of Lanka Hospitals Corporation PLC, benchmarking against Nawaloka Hospitals PLC. Examining financial ratios that led the fluctuation in monetary values of both the company. The analysis will consider the current and future financial environment, concluding with an investment recommendation for potential investors.

Financial Analysis

a) Financial Ratio Calculation:

a) Profitability

Ratio	2023	2023	2022	2022
	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Gross profit margin	42.0%	49.8%	41.5%	51.2%
Operating profit margin	10.0%	-0.8%	11.3%	10.9%
Return on ordinary shareholder's funds	10.7%	-49.5%	27.1%	-1.5%
Return on capital employed	8.4%	-0.7%	8.9%	11.2%

b) Liquidity

Ratio	2023	2023	2022	2022
	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Current ratio	5.0 Times	0.2 Times	5.6 Times	0.8 Times
Quick ratio (Acid test)	4.6 Times	0.2 Times	5.0 Times	0.7 Times

c) Efficiency

Ratio	2023	2023	2022	2022
	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Inventories turnover period	44 Days	27 Days	57 Days	27 Days
Settlement period for trade receivables	15 Days	9 Days	14 Days	35 Days
Settlement period for trade payables	14 Days	52 Days	10 Days	47 Days
Sales revenue per employee	5,741,381 Rs per employee	4,043,921 Rs per employee	5,327,633 Rs per employee	7,304,185 Rs per employee

d) Financing

Ratio	2023	2023	2022	2022
	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Gearing ratio	11.7 %	56.5 %	11.9 %	54.7 %
Interest cover ratio	36.4 Times	0.0 Times	39.8 Times	1.3 Times

e) Investment potential

Ratio	2023	2023	2022	2022
	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Earnings per share	6.0 Rs	-1.7 Rs	14.5 Rs	-0.1 Rs
Price/Earnings ratio	20.0 Times	-3.3 Times	6.6 Times	-92.9 Times
Dividend per share	3.0 Rs	-	3.0 Rs	-
Dividend yield ratio	2.5 %	-	3.1 %	-

b) Financial Statements Analysis:

Financial Statements Analysis of 2023 and 2022 of The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC, respectively.

a) Profitability

Primary purpose is to assess the increase in wealth of shareholders.

⇒ Gross profit margin

In 2023, The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set the Gross profit margin of 42.0% and 49.8%, respectively. In 2022, Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set Gross profit of 41.5% and 51.2%, respectively. Where Lanka Hospitals Corporation PLC 0.5% increase from the previous year and due to the gross profit greater than sales reduction, Nawaloka Hospitals PLC decreased by 1.4%. The Lanka Hospitals Corporation PLC maintains gross profit margin with the slight increase, but Nawaloka Hospitals PLC still holds a higher gross profit than Lanka Hospitals Corporation PLC.

⇒ Operating profit margin

The Lanka Hospitals Corporation PLC reported 10.0% of Operating profit margin in 2023, a decline from 11.3% in 2022. However, Nawaloka Hospitals PLC experienced a drastic drop in operating profit margin from 10.9% in 2022 to -0.8% in 2023. Both the companies have reduction in this financial health because of declining in operating profit. Overall, Lanka Hospitals Corporation PLC remains profitable, and Nawaloka Hospitals PLC needs to find strategies to increase sales and operating profit as well. Additionally, if there is an increase in sales the ratio will increase as its impact.

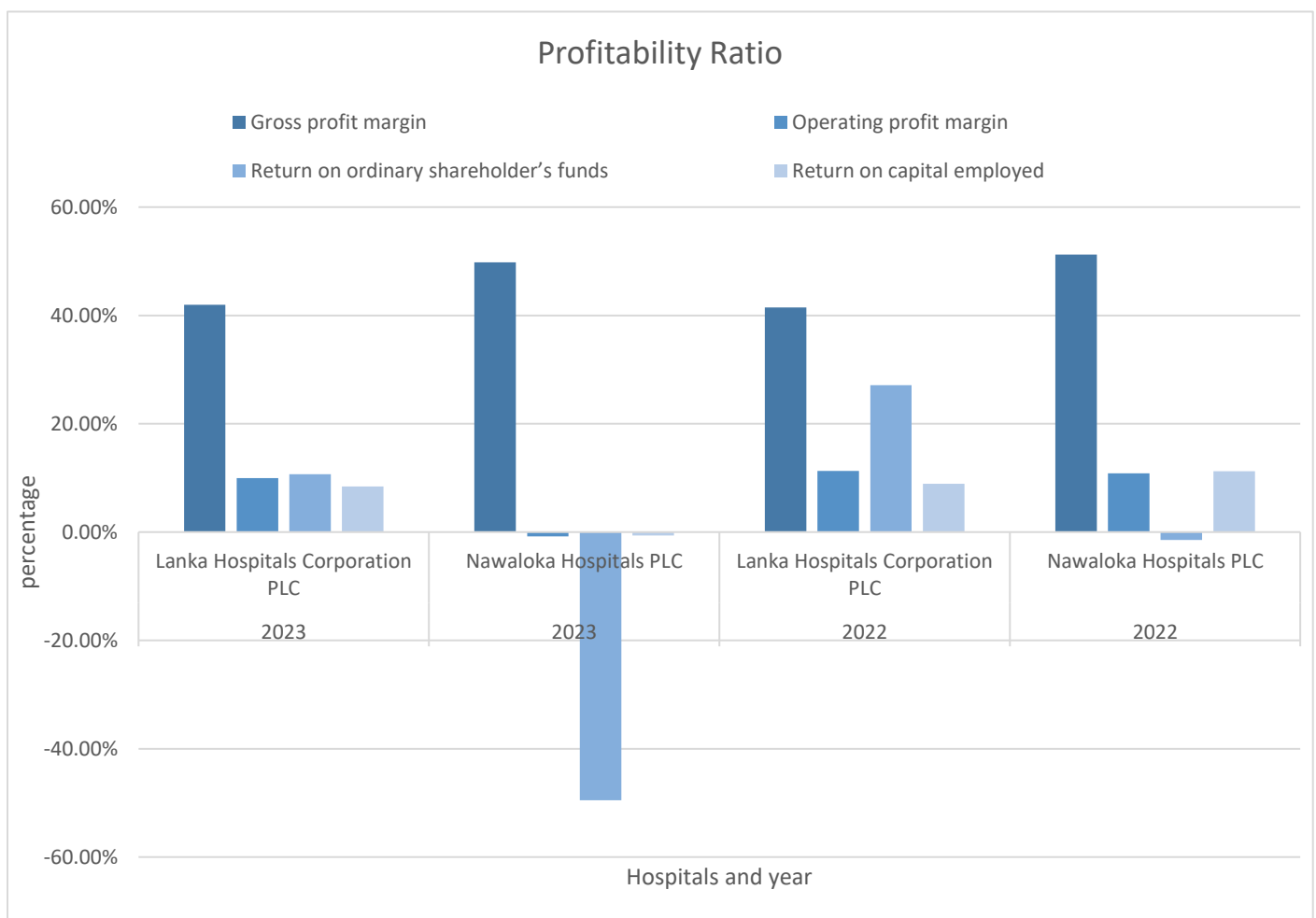
⇒ Return on ordinary shareholder's funds (ROSF)

In 2023, The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set the ROSF of 10.7% and -49.5%, respectively. In 2022, Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set ROSF of 27.1% and -1.5%, respectively. Where Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC decreased by 16.4% and 48%, respectively from the previous year. Though owner's equity increased in The Lanka Hospitals Corporation PLC the Net profit for the year is in negative impact and Nawaloka Hospitals PLC performance shows a severe financial distress. The Lanka Hospitals Corporation PLC maintains a better ROSF ratio compared to Nawaloka Hospitals PLC.

⇒ Return on capital employed (ROCE)

The Lanka Hospitals Corporation PLC reported 8.4% of ROCE in 2023, a decline from 8.9% in 2022. This occurred since Operating profit reduced although total equity is stable. It is not a major decrease. However, Nawaloka Hospitals PLC dropping from 11.2% in 2022 to -0.7% in 2023 which means it failed to generate sufficient operating profit that causes a potential financial distress. Therefore, Lanka Hospitals Corporation PLC continues with effective capital employed and Nawaloka Hospitals PLC highlighting to improve their operational activities.

In Conclusion of profitability Ratio, The Lanka Hospital Corporation PLC shows stable and strong profitability, while Nawaloka Hospitals PLC stepping in financial challenges in operational efficiencies.



b) Liquidity

Ability to meet their short-term financial obligations.

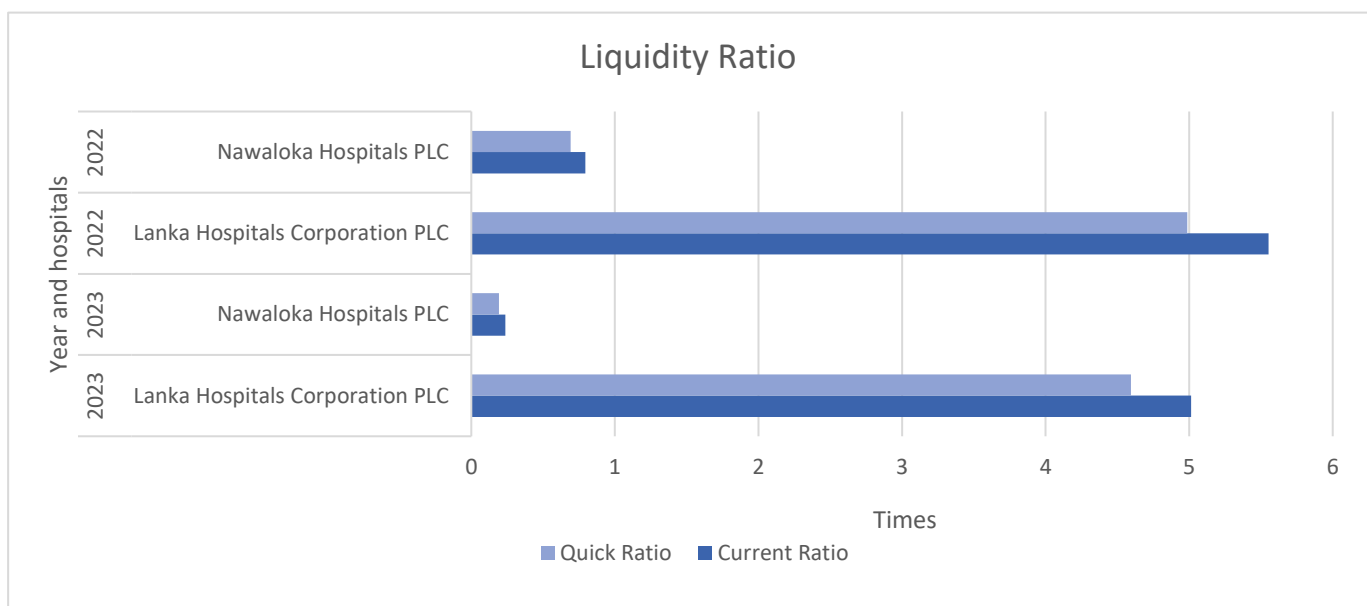
⇒ Current ratio

In 2023, The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set the Current Ratio of 5.0 Times and 0.2 Times, respectively. In 2022, The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set Current Ratio of 5.6 Times and 0.8 Times, respectively. Where The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC dropped by 0.6 times from the previous year due to the increase of current liabilities and decrease in current assets where this will lead both the companies to struggle with meeting its short-term obligations. Although Nawaloka Hospitals PLC cannot handle its short-term liabilities compared to The Lanka Hospitals Corporation PLC because it is in an urgent need for improving its liquidity.

⇒ Quick ratio (Acid test)

The Lanka Hospitals Corporation PLC reported 4.6 Times of Quick ratio in 2023, a decline from 5.0 Times in 2022. This occurred since the reduction in closing inventory where it has excellent ability to meet its short-term liabilities without rely on inventory sales. However, Nawaloka Hospitals PLC dropping from 0.7 Times in 2022 to 0.2 Times in 2023 which means it is facing severe liquidity issues and struggle to cover short term liabilities without selling inventory.

In Conclusion of Liquidity Ratio, The Lanka Hospital Corporation PLC maintains strong liquidity, where Nawaloka Hospitals PLC on the other hand has significantly weakened and facing many short-term obligations.



c) Efficiency

Measures the efficiency with the resources have been used within the business.

⇒ Inventories turnover period

The Lanka Hospitals Corporation PLC sets the Inventory turnover ratio of 44 days in 2023 and 57 days in 2022. Nawaloka Hospitals PLC set Inventory turnover ratio 27 Days in both 2023 and 2022. Where The Lanka Hospitals Corporation PLC in 2023 proves the lesser the ratio becomes it means higher the sales achievement and Nawaloka Hospitals PLC reflects consistent and stability in period that explains its unimproved performance. The Lanka Hospitals Corporation PLC can manage and sell inventory with leading faster inventory turnover and Nawaloka Hospitals PLC should aim to reduce turnover period.

⇒ Settlement period for trade receivables

In 2023, The Lanka Hospitals Corporation PLC reported settlement period for trade receivables of 15 days that slightly raised from 14 days in 2022. Where Nawaloka Hospitals PLC most importantly improved in settlement period reducing it from 35 Days in 2022 to 9 days in 2023. Lanka Hospitals Corporation PLC will not be affected in the collection majorly, yet it could be a sign to take efforts on strong receivables collection period. In comparison Nawaloka marked improvement in optimizing receivables process rather than the Lanka Hospitals Corporation PLC.

⇒ Settlement period for trade payables

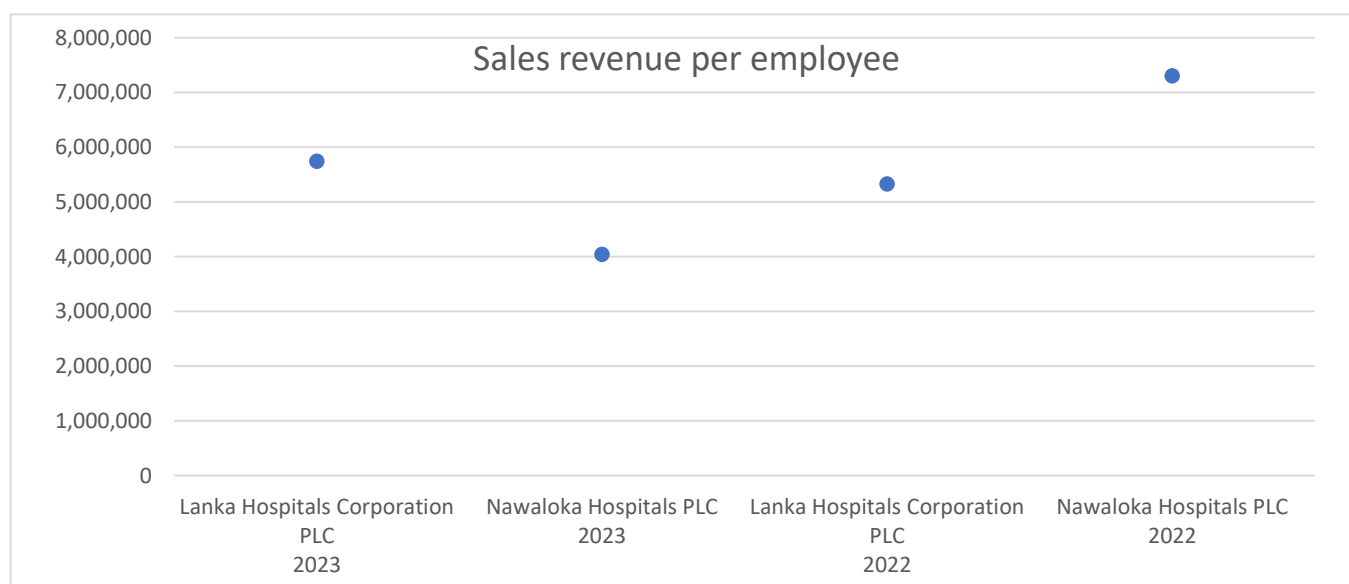
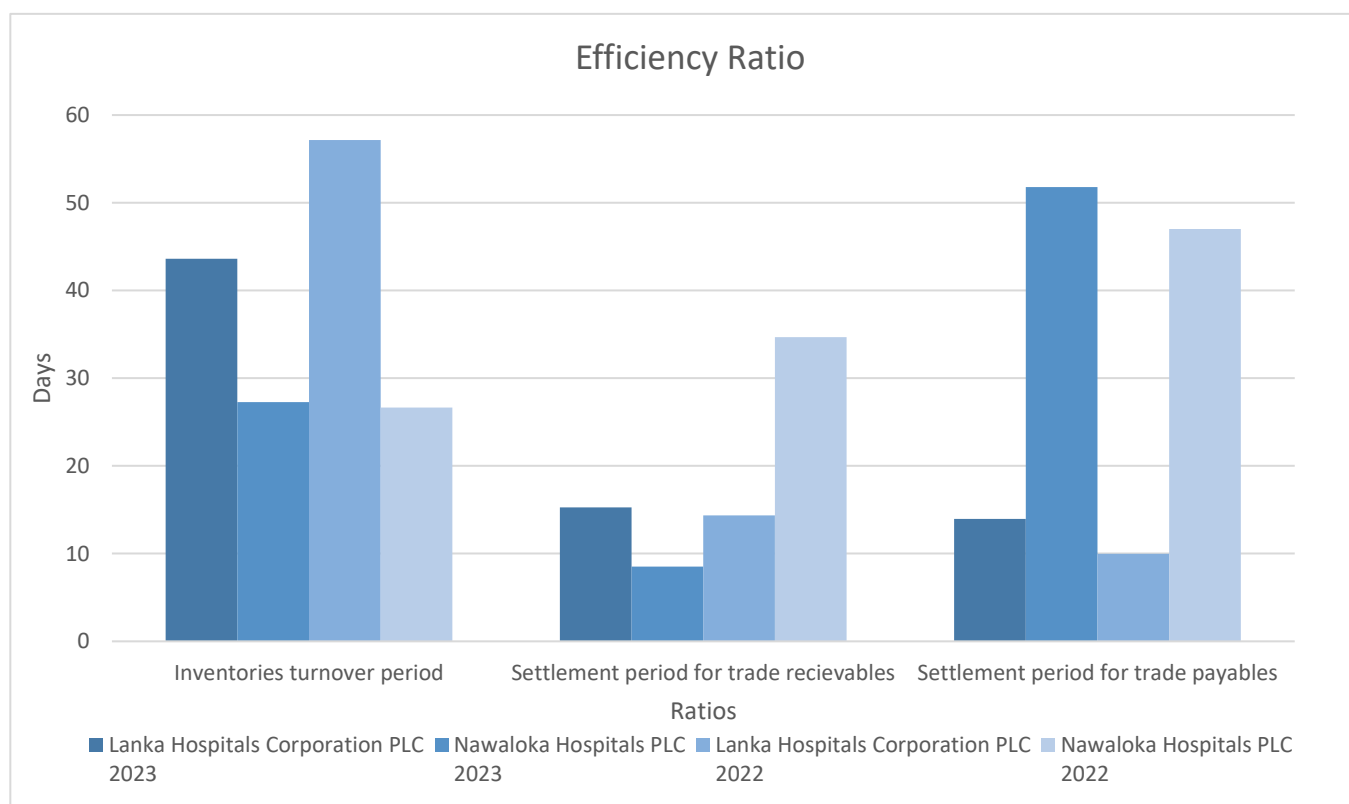
The Lanka Hospitals Corporation PLC had a settlement period for trade receivables of 14 days in 2023, up from 10 days in 2022. Nawaloka Hospitals PLC had a settlement period for trade receivables of 52 days in 2023, up from 47 days in 2022. This indicates that both hospitals taking longer period to pay its trade payables which will affect supplier relationship. Even though The Lanka Hospitals Corporation PLC relatively quick settlement period that express its good cash management. In contrast Nawaloka Hospitals PLC expresses high period which means poor liquidity and overdraft.

⇒ Sales revenue per employee

In 2023, The Lanka Hospitals Corporation PLC achieved sales revenue of 5,741,381 Rs per employee, an increase from 5,327,633 Rs per employee in 2022. This indicates measurement of productivity of workforce has been increased. Conversely, Nawaloka Hospitals PLC declined in sales revenue per employee from 7,304,185 Rs in 2022 to 4,043,921 in 2023. Which means

employees performance reduced and effected the efficiency. Where The Lanka Hospitals Corporation PLC has positive and effective use of human resources and Nawaloka Hospitals PLC drops and sign to motivate their workforce.

In Conclusion of Efficiency Ratio, The Lanka Hospital Corporation PLC shows a manageable efficiency and productivity, conversely Nawaloka Hospitals PLC faces declining efficiency challenges despite improved settlement period of trade receivables.



d) Financing

Owners' equity and long-term loans financing where some debts can increase profitability by providing funds for profitable investments. Additionally, too much debt will lead to high risk.

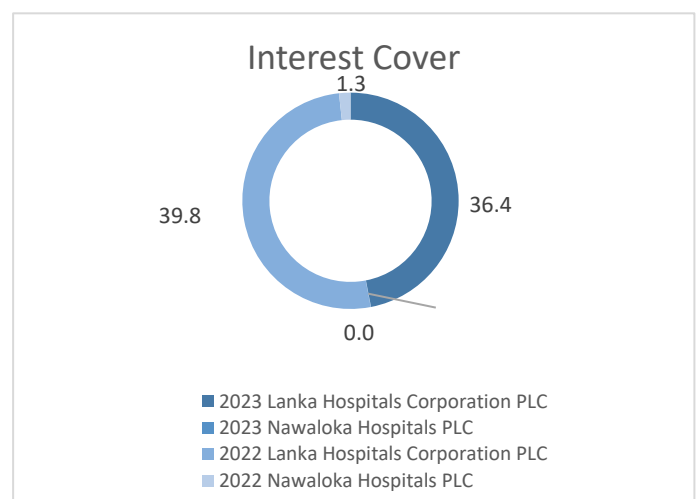
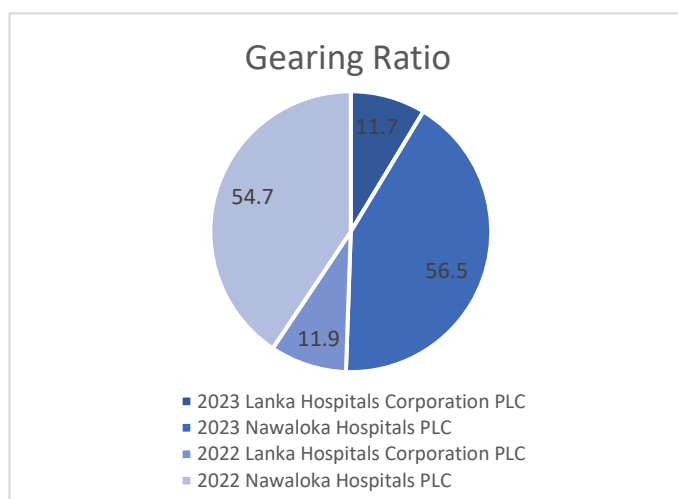
⇒ Gearing ratio

In 2023, The Lanka Hospitals Corporation PLC maintained a low gearing ratio of 11.7% which is slightly reduced from 11.9% in 2022. Where Nawaloka Hospitals PLC on the other hand increased to 56.5% in 2023 from 54.7% in 2022. The Lanka Hospitals Corporation PLC has minimal reliance on debt and lower financial risk. In comparison Nawaloka Hospitals PLC marked higher ratio that cause higher financial risk and interest payments. Overall, The Lanka Hospitals Corporation PLC appears to be more stabilized gearing ratio position than Nawaloka Hospitals PLC.

⇒ Interest cover ratio

In 2023, The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set the Interest cover ratio of 36.4 times and 0.0 times, respectively. In 2022, The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set Interest cover ratio of 39.8 times and 1.3 times, respectively. Where The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC decreased by 3.4 times and 1.3 times, respectively from the previous year. Both the hospitals should involve in restricting their interest cover through earning operating profits otherwise this will lead the inability to cover interest payments and financial instability. Although The Lanka Hospitals Corporation PLC maintains a better Interest cover ratio compared to Nawaloka Hospitals PLC.

Finally, Efficiency Ratio of The Lanka Hospital Corporation PLC shows strong financial stability and Efficiency ratio of Nawaloka Hospitals PLC faces severe lending issue.



e) Investment Ratio

Relationship between amount of money invested and profit for the year

⇒ Earnings per share (EPS)

The Lanka Hospitals Corporation PLC reported the Earnings per share of 6 Rs, a notable decline from 14.5 Rs in 2022. Nawaloka Hospitals PLC reported Earnings per share -1.7 Rs in 2023, down from -0.1 Rs in 2022. Where The Lanka Hospitals Corporation PLC decreased by 8.5 which is because of reduction in net profit for the year. Nawaloka Hospitals PLC reflects worsening negative earnings per share which is in urgent financial improvement action. The Lanka Hospitals Corporation dropping from its previous year still it is in positive value therefore it is in manageable situation than Nawaloka Hospitals PLC.

⇒ Price/Earnings ratio

In 2023, The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set the Price/Earnings ratio of 20 times and -3.3 times, respectively. In 2022, The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC set Price/Earnings ratio of 6.6 times and -92.9 times, respectively. Where The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC increased by 13.4 times and 89.6 times, respectively from the previous year. Both the hospitals suggests that the investors willing to pay higher price. Though the decline in EPS there is a confidence in its growth. Therefore, The Lanka Hospitals Corporation PLC maintains a better and positive ratio which signals market confidence and potential growth compared to Nawaloka Hospitals PLC.

⇒ Dividend per share

In 2023 and 2022, The Lanka Hospitals Corporation PLC maintained a stable dividend per share of Rs 3. higher the ratio will investor expect though the stability in Rupee will also attract them by ensuring their profitability. On the contrary, Nawaloka Hospitals PLC did not declare any dividends in either 2022 or 2023. This addresses their financial difficulties or not having sufficient profits that can be divided and provided to shareholders. Overall, Lanka Hospitals Corporation PLC has strong investment stability while Nawaloka needs to improve their profits and solve ongoing financial challenges.

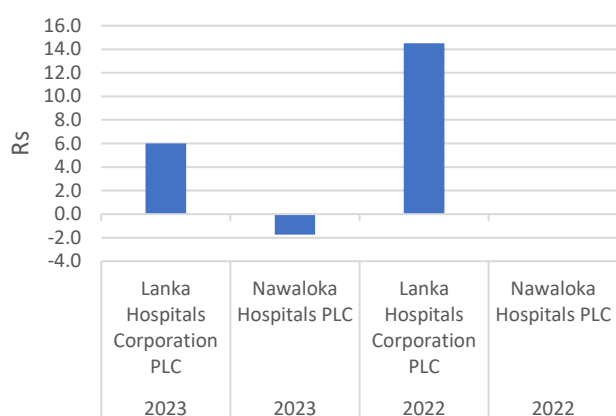
⇒ Dividend yield ratio

Lanka Hospitals Corporation PLC reported the Dividend yield ratio of 2.5% in 2023, a notable reduction from 3.1% in 2022. On the other hand, Nawaloka Hospitals PLC did not declare any

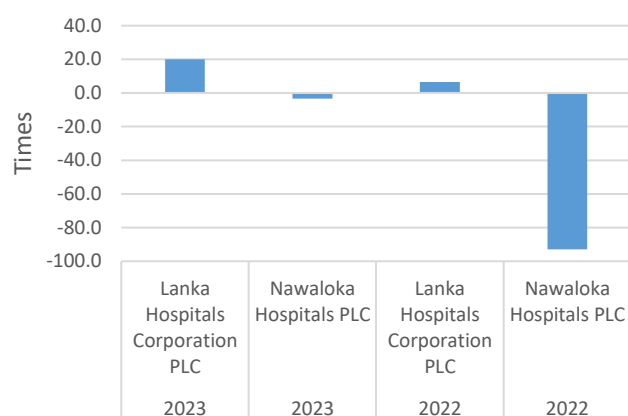
dividends in either 2022 or 2023 that results 0% dividend yield ratio. The Lanka Hospitals Corporation PLC dividend per share constant market price per share has been increased from 95.8Rs to 120.25 Rs. Still the present percentage of Dividend yield ratio is shareholder-friendly approach compared to Nawaloka Hospitals PLC.

Finally, Investment Ratio of The Lanka Hospitals Corporation PLC improving financial situation where Nawaloka Hospitals PLC needs financial strength because of its inability to pay dividends will discourage investors.

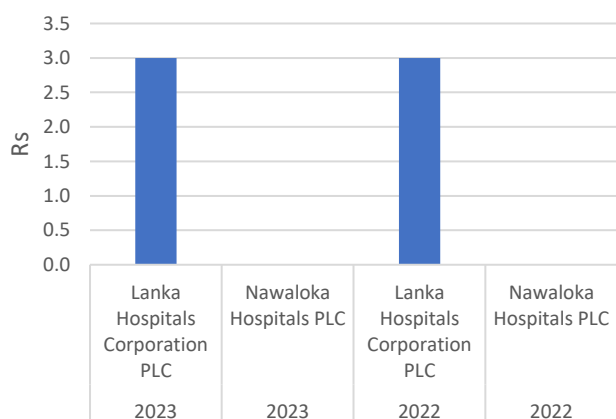
Earnings per share (EPS)



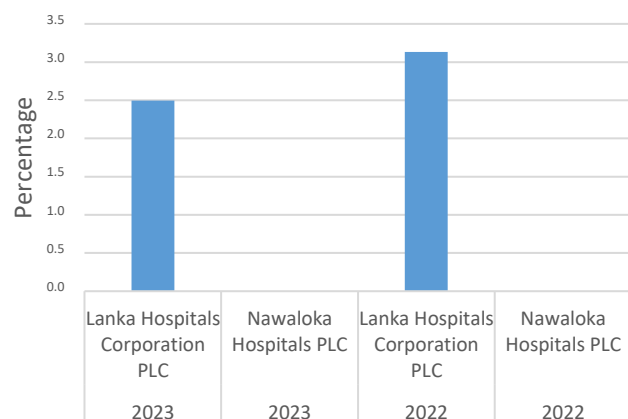
Price/Earnings ratio



Dividend per share



Dividend Yield ratio



Limitations of Analysis

Financial ratios have been used as the technique to assess financial health and performance of both the companies. We have taken financial reports of The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC of 2022 and 2023.

Limitations

- The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC have both *Group* and *company* financial measurements which gave insights of these traded companies are parent company that consolidate data of all its subsidiaries. Choosing a broader picture will reveal entire organization's financial health. Additionally, Investors concerned about overall performance therefore fairness purpose, group financial reports are preferred choice.
- Calculating settlement period of gross trade receivables and payables are not efficient it will show larger amount and increase settlement period which is not good management therefore we utilized the net amount of trade receivables and payables for settlement periods measurement. Obtaining days that are in continual values and had to round it up to whole numbers for effective comparison and graph.
- Lack of context: where Nawaloka Hospitals PLC did not declare dividends for past few years that shows their inability divide their profits to shareholders. Because of this poor performance we cannot calculate dividend per share and dividend yield ratio. Though The Lanka Hospitals PLC measured both dividend per share and dividend yield ratio still we cannot compare Hospitals' performance. Therefore, we cannot make a strong decision in investment ratio.

Financial health of both the organizations are determined by their strengths and weaknesses through ratio calculations. It can be used effectively to provide insights for decision making of investors by comparing profitability, liquidity, efficiency, solvency, and investment. Since choosing broader view in measurements will provide more balanced view of companies' performance. Despite the limitations, this financial ratio analysis valuable for analyzing trends over time.

Conclusion

After analyzing financial health and financial performance of both The Lanka Hospitals Corporation PLC and Nawaloka Hospitals PLC thoroughly, we can provide recommendations to invest in The Lanka Hospitals Corporation PLC. As we have taken Annual reports as evidence for this conclusion, it gives trust and clear insights. Investors commonly concern financial ratios that evaluated data that bring suggestions on buying shares in a company.

Firstly, Price to Earnings ratio, The Lanka Hospitals PLC has increased 13.4 times greater than 2022 and is in positive value. The high price indicates a fast growing and has market confidence. Negative P/E ratio is not a good sign to Nawaloka Hospitals PLC which will lead to constant loss.

Earnings per share ratio, The Lanka Hospitals Corporation PLC has dropped 8.5 Rs from previous year yet it is in positive value which is in manageable position than Nawaloka Hospitals PLC. Ratio will provide information about major factors affecting market value of company shares.

Dividend yield ratio, Since Nawaloka Hospitals PLC has not declared dividend for past few years we cannot assess dividend yield ratio. Though a decrease in this ratio of Lanka Hospitals Corporation PLC will demotivate investors who is looking for profit and dividends. Comparing both the companies The Lanka Hospitals Corporation PLC stands better than Nawaloka Hospitals PLC. This ratio assesses the cash return on investors investment in business.

Based on comprehensive analysis of financial ratios, The Lanka Hospitals PLC shows more attractive investment opportunity. Lanka Hospital has proved its strong financial performance and financial health through ratios comparing with its direct competitor Nawaloka Hospitals PLC. Nawaloka Hospitals PLC faces financial difficulties inability of paying dividends will demotivate shareholders.

In conclusion, this analysis report is evidence to ensure my advice to invest in The Lanka Hospitals PLC.

Individual Assessment

Completing this assignment, I have learnt and developed many skills that will be utilized in my future projects as well. In the beginning choosing the main company was a challenge where it should be a listed and good at performance. additionally, I was certain about choosing a service providing business. Likewise, jotted down criteria and chose The Lanka Hospitals Corporation PLC. Then after researching its competitive companies in health sector, Nawaloka Hospitals PLC have similar service offerings and taken as direct competitor.

I understood to extract information while going through a financial report that consists detailed information about its financial performance and difficulty in finding the important insights that could be taken to include in our document. Collecting information that are necessary to increase the value of the report was tough since there are various books and websites provide unique opinions therefore, learnt to select the content that could be related to our companies. Specification has provided the format and structure. therefore, completing everything after main financial analysis was quite efficient and time saving.

Since each ratio outcomes are in different measurements such as percentage, times and Rs. Therefore, it is impossible to graph everything in one chart in EXCEL. The unavoidable situation to represent data in various formats were difficult to handle. Though handled very well to represent it in document.

Appendices

Profitability Ratios					
Ratio	Formula	2023	2023	2022	2022
		Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Gross profit margin	$\frac{\text{Gross Profit} \times 100}{\text{Sales Revenue}}$	$\frac{5,209,025,396 \times 100}{12,418,607,926}$	$\frac{4,635,090,908 \times 100}{9,305,061,318}$	$\frac{4,437,994,594 \times 100}{10,697,887,913}$	$\frac{7,840,936,166 \times 100}{15,302,268,206}$
Operating profit margin	$\frac{\text{Operating Profit} \times 100}{\text{Sales Revenue}}$	$\frac{1,203,399,492 \times 100}{12,418,607,926}$	$\frac{(73,460,408) \times 100}{9,305,061,318}$	$\frac{1,209,208,931 \times 100}{10,697,887,913}$	$\frac{1,660,285,220 \times 100}{15,302,268,206}$
Return on ordinary shareholder's funds	$\frac{\text{Net Profit for the year} \times 100}{\text{Total Equity}}$	$\frac{1,345,226,193 \times 100}{12,598,959,711}$	$\frac{(2,438,455,495) \times 100}{4,923,500,887}$	$\frac{3,246,856,363 \times 100}{11,981,050,826}$	$\frac{(96,588,317) \times 100}{6,682,364,430}$
Return on capital employed	$\frac{\text{Operating Profit} \times 100}{\text{Total Equity} + \text{Non current Liabilities}}$	$\frac{1,203,399,492 \times 100}{12,598,959,711 + 1,664,681,671}$	$\frac{(73,460,408) \times 100}{4,923,500,887 + 6,384,585,276}$	$\frac{1,209,208,931 \times 100}{11,981,050,826 + 1,618,574,910}$	$\frac{1,660,285,220 \times 100}{6,682,364,430 + 8,083,494,179}$

Liquidity Ratios					
Ratio	Formula	2023	2023	2022	2022
		Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Current Ratio	$\frac{\text{Current Asset}}{\text{Current Liabilities}}$	$\frac{10,304,655,446}{2,055,150,072}$	$\frac{1,821,294,137}{7,686,973,076}$	$\frac{9,630,558,945}{1,734,304,096}$	$\frac{4,239,067,448}{5,334,188,248}$
Quick Ratio	$\frac{\text{Current Asset} - \text{Inventories}}{\text{Current Liabilities}}$	$\frac{10,304,655,446 - 861,831,926}{2,055,150,072}$	$\frac{1,821,294,137 - 349,074,338}{7,686,973,076}$	$\frac{9,630,558,945 - 979,995,750}{1,734,304,096}$	$\frac{4,239,067,448 - 544,859,488}{5,334,188,248}$

Efficiency Ratios					
Ratio	Formula	2023	2023	2022	2022
		Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Inventories turnover period	$\frac{\text{Inventories} \times 365 \text{ days}}{\text{Cost of Sales}}$	$\frac{861,831,926 \times 365}{7,209,582,530}$	$\frac{349,074,338 \times 365}{4,669,970,410}$	$\frac{979,995,750 \times 365}{6,259,893,319}$	$\frac{544,859,488 \times 365}{7,461,332,040}$
Settlement period for trade receivables	$\frac{\text{Trade Receivables} \times 365 \text{ days}}{\text{Sales revenue}}$	$\frac{519,083,062 \times 365}{12,418,607,926}$	$\frac{216,993,050 \times 365}{9,305,061,318}$	$\frac{420,681,579 \times 365}{10,697,887,913}$	$\frac{1,453,515,683 \times 365}{15,302,268,206}$
Settlement period for trade payables	$\frac{\text{Trade Payables} \times 365 \text{ days}}{\text{Cost of Sales}}$	$\frac{275,444,899 \times 365}{7,209,582,530}$	$\frac{662,740,032 \times 365}{4,669,970,410}$	$\frac{170,904,264 \times 365}{6,259,893,319}$	$\frac{961,218,678 \times 365}{7,461,332,040}$
Sales revenue per employee	$\frac{\text{Sales Revenue}}{\text{Number of employee}}$	$\frac{12,418,607,926}{2,163}$	$\frac{9,305,061,318}{2,301}$	$\frac{10,697,887,913}{2,008}$	$\frac{15,302,268,206}{2,095}$

Financial Gearing Ratios					
Ratio	Formula	2023	2023	2022	2022
		Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Gearing Ratio	$\frac{\text{Non current Liability} \times 100}{\text{Owners' Equity} + \text{Non Current liabilities}}$	$\frac{1,664,681,671 \times 100}{12,598,959,711 + 1,664,681,671}$	$\frac{6,384,585,276 \times 100}{4,923,500,887 + 6,384,585,276}$	$\frac{1,618,574,910 \times 100}{11,981,050,826 + 1,618,574,910}$	$\frac{8,083,494,179 \times 100}{6,682,364,430 + 8,083,494,179}$
Interest Cover Ratio	$\frac{\text{Operating Profit}}{\text{Interest Payables}}$	$\frac{1,203,399,492}{33,031,212}$	$\frac{(73,460,408)}{2,055,781,949}$	$\frac{1,209,208,931}{30,383,252}$	$\frac{1,660,285,220}{1,257,723,446}$

Investment Ratios					
Ratio	Formula	2023	2023	2022	2022
		Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC	Lanka Hospitals Corporation PLC	Nawaloka Hospitals PLC
Earnings per share (EPS)	$\frac{\text{Profit for the period}}{\text{Number of ordinary shares}}$	$\frac{1,345,226,193}{223,732,169}$	$\frac{(2,438,455,495)}{1,409,505,596}$	$\frac{3,246,856,363}{223,732,169}$	$\frac{(96,588,317)}{1,409,505,596}$
Price/Earnings ratio	$\frac{\text{Market price per share}}{\text{EPS}}$	$\frac{120.25}{6.01}$	$\frac{5.70}{(1.73)}$	$\frac{95.8}{14.51}$	$\frac{6.50}{(0.07)}$
Dividend per share	$\frac{\text{Dividend}}{\text{Number of ordinary shares}}$	$\frac{671,196,507}{223,732,169}$	$\frac{1,409,505,596}{1,409,505,596}$	$\frac{671,196,507}{223,732,169}$	$\frac{1,409,505,596}{1,409,505,596}$
Dividend yield ratio	$\frac{\text{Dividend per share} \times 100}{\text{Market share price}}$	$\frac{3 \times 100}{120.25}$	$\frac{5.70}{5.70}$	$\frac{3 \times 100}{95.8}$	$\frac{6.50}{6.50}$

Financial statements of Lanka Hospitals Corporation PLC of 2023 & 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December,	Notes	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue from contracts with customers	5	12,418,607,926	10,697,887,913	9,696,877,423	7,957,422,116
Cost of services		(7,209,582,530)	(6,259,893,319)	(5,567,911,696)	(4,735,624,497)
Gross profit		5,209,025,396	4,437,994,594	4,128,965,727	3,221,797,619
Other income	6	76,934,050	86,061,173	85,026,344	89,323,513
Administrative expenses		(2,824,016,851)	(2,388,908,713)	(2,224,625,718)	(1,885,312,857)
Other operating expenses		(1,258,543,103)	(925,938,123)	(1,122,199,691)	(817,014,117)
Change in fair value of investment property	14.2	-	-	15,000,000	8,300,000
Profit from the operations		1,203,399,492	1,209,208,931	882,166,662	617,094,158
Finance income	7.1	739,617,612	2,882,371,900	252,811,699	2,642,642,732
Finance cost	7.2	(33,031,212)	(30,383,252)	(13,914,343)	(16,332,997)
Net finance income		706,586,400	2,851,988,649	238,897,356	2,626,309,735
Profit before taxation	8	1,909,985,892	4,061,197,580	1,121,064,018	3,243,403,892
Income tax expense	9	(564,759,699)	(814,341,217)	(320,897,359)	(565,289,886)
Profit for the year		1,345,226,193	3,246,856,363	800,166,659	2,678,114,006
Attributable to:					
Equity holders of the company		1,345,226,193	3,246,856,363	800,166,659	2,678,114,006

Notes from pages 112 to 168 form an integral part of these Financial Statements. Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December,	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	12	5,384,713,047	5,125,085,680	4,906,536,543	4,683,680,410
Right of use assets	26	550,362,680	531,471,112	419,990,517	422,523,261
Intangible assets	13	79,060,281	46,814,095	62,571,202	37,422,214
Investment property	14	-	-	170,000,000	155,000,000
Investment in subsidiary	15	-	-	414,000,020	414,000,020
		6,014,136,008	5,703,370,887	5,973,098,282	5,712,625,905
Current assets					
Inventories	16	861,831,926	979,995,750	580,010,290	716,850,386
Trade and other receivables	17	1,457,492,605	1,015,529,407	1,219,388,589	798,782,611
Amounts due from related companies	18	9,743,380	235,232	228,492,602	133,716,741
Financial assets measured at amortized cost	19	6,976,008,910	6,923,207,563	4,763,739,952	5,241,046,466
Cash and cash equivalents	20	999,578,625	711,590,993	901,447,953	624,549,496
		10,304,655,446	9,630,558,945	7,693,079,386	7,514,945,700
Total assets		16,318,791,454	15,333,929,832	13,666,177,668	13,227,571,605
EQUITY AND LIABILITIES					
Equity					
Stated capital	21	2,671,543,090	2,671,543,090	2,671,543,090	2,671,543,090
Revaluation reserve	22	1,306,246,491	1,361,084,883	1,215,823,026	1,266,920,410
Retained earnings		8,621,170,130	7,948,422,853	6,256,785,301	6,124,927,684
Total equity		12,598,959,711	11,981,050,826	10,144,151,417	10,063,391,184
Non-current liabilities					
Employee benefits	23	369,816,913	254,261,408	318,883,389	218,336,229
Deferred tax liabilities	24	1,134,820,682	1,212,337,694	1,063,346,727	1,136,551,969
Lease liability	26	160,044,076	151,975,808	54,017,701	70,469,960
		1,664,681,671	1,618,574,910	1,436,247,817	1,425,358,158
Current liabilities					
Trade and other payables	25	1,192,661,584	765,627,228	1,552,567,813	1,048,501,117
Lease liability	26	89,051,355	87,055,794	50,180,964	49,344,349
Income tax payable		483,705,763	353,794,340	288,769,771	190,568,078
Bank overdraft	20	289,731,370	527,826,734	194,259,886	450,408,719
		2,055,150,072	1,734,304,096	2,085,778,434	1,738,822,263
Total liabilities		3,719,831,743	3,352,879,006	3,522,026,251	3,164,180,421
Total equity and liabilities		16,318,791,454	15,333,929,832	13,666,177,668	13,227,571,605

1.4 Number of Employees

The staff strength of the Group and Company as at 31st December 2023 was 2,163 and 1,670 (Group: 2,008 and Company: 1,582 as at 31st December 2022)

10. Earnings and Dividend per share

10.1 Basic earnings per share

Basic per share is calculated by dividing the profit attributable to the equity holders of the number of ordinary shares outstanding during the year.

For the year ended 31st December,	Group	
	2023 Rs.	2022 Rs.
Profit attributable to the shareholders (Rs.)	1,345,226,193	3,246,856,363
Weighted average number of ordinary shares in issue	223,732,169	223,732,169
Earnings per ordinary share (Rs.)	6.01	14.51

10.2 Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit for the year attributable to the equity holders of the company by the weighted average number of ordinary shares outstanding during the year after adjusting for potential ordinary shares.

There were no dilutive potential ordinary shares as at 31st December 2023 (2022 - Nil). Hence, the diluted earnings per share is the same as basic earnings per share as per note 10.1.

11. Dividend per share

For the year ended 31st December,	Group	
	2023 Rs.	2022 Rs.
Dividend (Rs.)	671,196,507	671,196,507
Number of ordinary shares in issue	223,732,169	223,732,169
Dividend per share (Rs.)	3.00	3.00

17. Trade and other receivables

As at 31st December,	Group	
	2023 Rs.	2022 Rs.
Trade receivables (Note 17.1)	576,617,123	475,137,403
Impairment loss on trade receivables (Note 17.2)	(57,534,061)	(54,455,825)
	519,083,062	420,681,579

Financial statements of Nawaloka Hospitals PLC 2023 & 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue	10	9,305,061,318	15,302,268,206	4,779,052,407	6,119,455,452
Cost of services		(4,669,970,410)	(7,461,332,040)	(2,424,266,002)	(3,152,249,596)
Gross profit		4,635,090,908	7,840,936,166	2,354,786,405	2,967,205,856
Other income	11	138,255,580	136,521,897	62,281,914	665,981,996
(Loss)/Gain on disposal of the subsidiary	42	-	(258,701,696)	-	144,147,680
Staff costs	12.1	(1,696,623,177)	(2,115,870,039)	(583,365,588)	(594,289,265)
Administrative expenses		(2,162,892,333)	(2,740,355,942)	(874,996,703)	(1,000,098,359)
Other operating expenses		(397,161,765)	(364,066,481)	(212,566,539)	(251,422,489)
Impairment of financial assets	25.1/25.2 & 26.1	(590,129,621)	(838,178,685)	(234,937,794)	(678,421,183)
(Loss)/Profit from operations	12	(73,460,408)	1,660,285,220	511,201,695	1,253,104,236
Finance income	13	58,575,634	53,456,881	44,051,027	17,810,383
Finance costs	13	(2,055,781,949)	(1,257,723,446)	(1,447,769,528)	(960,359,010)
Net finance costs		(1,997,206,315)	(1,204,266,565)	(1,403,718,501)	(942,548,627)
Share of profits of equity accounted investee, net of tax	22.1	159,885,388	-	159,885,388	-
(Loss)/Profit before tax		(1,910,781,335)	456,018,655	(732,631,418)	310,555,609
Income tax reversal/(expense)	14.1	(527,674,160)	(552,606,972)	77,905,196	(60,700,437)
(Loss)/Profit for the year		(2,438,455,495)	(96,588,317)	(654,726,222)	249,855,172
Other comprehensive income/(expense) that will not be reclassified to profit or loss					
Remeasurement of retirement benefit liability	31.2.c	120,336,137	52,806,508	72,773,906	39,295,962
Related tax on remeasurement of retirement benefit liability	14.2	(36,100,842)	(7,798,784)	(21,832,172)	(5,501,434)
Change in fair value of financial assets measured at FVOCI	23.1	(14,805,000)	-	(14,805,000)	-
Gain on revaluation of buildings	18.1	1,968,409,187	3,064,009,228	161,306,154	384,867,407
Related tax on revaluation gains	32.3	(590,522,756)	(428,978,652)	(48,391,846)	(53,881,437)
Deferred tax impact on revaluation reserve due to tax rate change	14.2	(767,724,774)	-	(70,068,057)	-
Other comprehensive income for the year, net of tax		679,591,952	2,680,038,300	78,982,985	364,780,498
Total comprehensive (expense)/income for the year		(1,758,863,543)	2,583,449,983	(575,743,237)	614,635,670
Earnings/(Loss) per share					
Basic earnings/(loss) per share (Rs.)	15	(1.73)	(0.07)	(0.46)	0.18
Diluted earnings/(loss) per share (Rs.)	15	(1.73)	(0.07)	(0.46)	0.18

STATEMENT OF FINANCIAL POSITION

As at 31 March,	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	18	16,750,561,760	15,480,986,688	2,056,365,289	2,110,115,703
Right-of-use assets	19	212,822,954	365,187,721	56,343,810	69,138,431
Investment property	20	-	-	-	-
Investment in subsidiaries	21	-	-	945,933,066	945,933,066
Investment in equity – accounted investees	22	210,380,388	-	210,380,388	-
Other investments	23	-	14,805,000	-	14,805,000
Total non-current assets		17,173,765,102	15,860,979,409	3,269,022,553	3,139,992,200
Current assets					
Inventories	24	349,074,338	544,859,488	156,140,258	235,297,411
Trade and other receivables	25	552,510,371	1,766,815,618	453,869,806	1,722,755,798
Amounts due from related parties	26	629,691,151	1,124,518,985	4,358,228,728	4,767,427,663
Other investments	23	169,704,685	340,974,024	127,947,094	114,651,310
Cash and cash equivalents	27	120,313,592	461,899,333	87,233,537	305,772,893
Total current assets		1,821,294,137	4,239,067,448	5,183,419,423	7,145,905,075
Total assets		18,995,059,239	20,100,046,857	8,452,441,976	10,285,897,275
Equity and liabilities					
Capital and reserves					
Stated capital	28	1,207,388,876	1,207,388,876	1,207,388,876	1,207,388,876
Revaluation reserve	29	4,539,320,195	3,929,158,538	419,462,058	376,615,807
Retained earnings/(accumulated losses)		(823,208,184)	1,545,817,016	(887,317,104)	(268,727,616)
Total equity		4,923,500,887	6,682,364,430	739,533,830	1,315,277,067
Non-current liabilities					
Retirement benefit obligation	31.2	252,546,976	328,076,235	172,779,008	224,066,102
Deferred tax liabilities	32	3,333,362,513	1,306,100,275	237,354,157	45,290,554
Borrowings	33	2,779,697,782	6,326,328,678	2,750,124,755	4,717,488,064
Lease liabilities	34	18,978,005	122,988,991	2,303,482	11,520,377
Total non-current liabilities		6,384,585,276	8,083,494,179	3,162,561,402	4,998,365,097
Current liabilities					
Debentures	30	11,043,082	22,993,457	11,043,082	22,993,457
Trade creditors and other payables	35	2,239,098,120	1,859,404,871	1,622,991,079	1,612,543,942
Unclaimed dividends		4,592,917	4,592,917	4,592,883	4,592,883
Current tax liabilities	36	86,468,332	195,868,081	-	129,676,724
Amounts due to related companies	37	13,202,002	65,428,041	89,704,029	59,402,033
Borrowings	33	4,505,470,265	1,607,748,762	2,354,375,196	1,162,066,457
Lease liabilities	34	16,589,210	91,971,272	13,870,438	15,281,044
Bank overdrafts	27	810,509,148	1,486,180,847	453,770,037	965,698,571
Total current liabilities		7,686,973,076	5,334,188,248	4,550,346,744	3,972,255,111
Total liabilities		14,071,558,352	13,417,682,427	7,712,908,146	8,970,620,208
Total equity and liabilities		18,995,059,239	20,100,046,857	8,452,441,976	10,285,897,275
Net assets per share		3.49	4.74	0.52	0.93

> 25. TRADE AND OTHER RECEIVABLES

See accounting policies in Note 17 .

		Group	
	Note	2023 Rs.	2022 Rs.
Financial assets			
Trade receivables			
– Key management personnel		863,351	123,003,610
– Other related companies		220,806,752	146,056,167
– Others		509,030,277	2,076,327,837
		730,700,380	2,345,387,614
Less: Provision for impairment	25.1	(513,707,330)	(891,871,931)
		216,993,050	1,453,515,683

Snapshot of staff profile

Number of employees

	2018/19	2019/20	2020/21	2021/22	2022/23
Total number of employees	2,765	2,305	2,754	2,095	2,301

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