



SENTIDO

HERITANCE NEGOMBO

BROWNS BEACH HOTELS PLC

Annual Report 2023/24

SENTIDO

HERITANCE NEGOMBO

The Warmest of Welcomes

Sentido Heritance Negombo positions itself at the forefront of hospitality with the confidence to deliver superior service to our customers, that embodies the characteristic generosity and warmth that every Sri Lankan exudes.

The deeply-entrenched values that guide our operations, and the treasured relationships that we continue to nurture with our people, propel us forward through waves of prosperity to the shores of success. We bring the best of Sri Lanka's heritage, packaged in contemporary form and couched in an unmatched experience of relaxation and rejuvenation. Our sole purpose is to provide the warmest of welcomes.



Contents

03-14

About the Group

- 03 About this Report
- 04 About Us
- 06 Our Socioeconomic Impact
- 07 Performance Highlights
- 09 Group Performance Highlights
- 10 Our Commitment to Sustainability
- 12 Chairman's Review
- 14 Board of Directors



18-41

Management Discussion and Analysis

- 18 Risk Management
- 24 Financial Capital
- 27 Manufactured Capital
- 29 Human Capital
- 34 Social Relationship Capital
- 38 Intellectual Capital
- 41 Natural Capital



45-84

Governance

- 45 Corporate Governance
- 73 Audit Committee Report
- 76 Related Party Transactions
- Review Committee Report
- 77 Remuneration Committee Report
- 78 Statement of Directors' Responsibilities
- 79 Annual Report of the Board of Directors
- 84 The Board of Directors' Statement on Internal Controls



146-159

Supplementary Information

- 146 Statement of Value Added
- 147 Decade at a Glance
- 148 Shareholder and Investor Information
- 152 Glossary of Financial Terms
- 154 Corporate Information
- 155 Notice of Meeting
- 157 Form of Proxy
- 159 Investor Feedback Form



88-145

Financial Reports

- 88 Independent Auditor's Report
- 91 Income Statement
- 92 Statement of Profit or Loss and Other Comprehensive Income
- 93 Statement of Financial Position
- 94 Statement of Changes in Equity
- 95 Statement of Cash Flows
- 96 Notes to the Financial Statements
- 145 Financial Calendar

About this Report

We are pleased to present the Integrated Annual Report of Browns Beach Hotels PLC which provides a concise and balanced view of the progress made towards achieving our strategic objectives and the value created for our stakeholders for the financial year ended 31st March 2024. The Report also provides relevant information on the operating environment, corporate governance practices and risk management, while reflecting on the future.

REPORTING PERIOD

We adopt an annual reporting cycle for both financial and sustainability reporting, and this report covers the financial period from 1st April 2023 to 31st March 2024. The report builds on the most recent report for the year ended 31st March 2023, for which comparatives are presented where applicable. Material events subsequent to the reporting period and up to the Board approval date of 15th July 2024 have also been included in this report.

SCOPE AND BOUNDARY

The report covers the operations of Browns Beach Hotels PLC or the "Company", including its subsidiary Negombo Beach Resorts (Pvt) Ltd, collectively referred to as the "Group". While the financial statements on pages 88 and discussion of financial aspects in the narrative report provide a consolidated view of the Group unless

otherwise stated, the non-financial information in the narrative report is specific to Sentido Heritage Negombo. Governance and risk management align with the <IR> Framework published by the International Integrated Reporting Council.

There were no significant changes requiring restatements of financial or sustainability information during the reporting period.

MATERIALITY

The report highlights material themes that can significantly impact the Group's ability to create value over the short, medium, and long term. Material topics have been identified by carefully considering the operating context, stakeholder concerns, and the Group's strategic objectives. These topics are discussed within the six capitals.

STATEMENT OF RESPONSIBILITY

The Board is ultimately responsible for ensuring the integrity of this report. We hereby confirm that the 2023/24 Annual Report fairly represents the Group's performance and addresses all relevant material matters that have a bearing on our ability to create value over the short, medium and long term. Accordingly, the report was unanimously approved by the Board and is signed on its behalf by,



Chairman



Feedback

We welcome your comments and suggestions on further improving the quality of our report and kindly invite you to direct your feedback through the Investor Feedback Form on page 159.



Our contact details are:

Email:
gm.negombo@heritancehotels.com

Group Business
Development Unit -
Browns Beach Hotels PLC

NAVIGATION – CAPITALS ICONS



Financial Capital



Manufactured Capital



Human Capital



Social and Relationship Capital



Intellectual Capital



Natural Capital



This Annual
Report is also
available online

About Us

OUR VISION

"To achieve excellence in all our activities, establish high growth businesses in Sri Lanka and across new frontiers, and become a globally competitive market leader in the region"

OUR VALUES

- Reliable
- Honest and Transparent
- Warm and Friendly
- Genuine
- Inspiring Confidence



OUR PRESENCE IN THE VALUE CHAIN

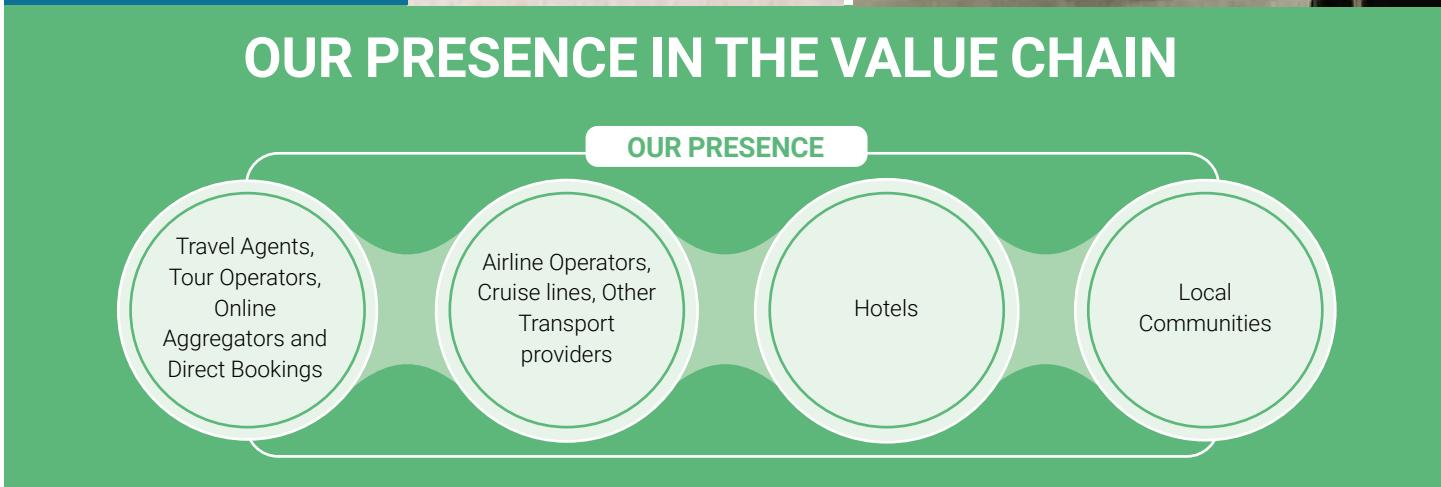
OUR PRESENCE

Travel Agents,
Tour Operators,
Online
Aggregators and
Direct Bookings

Airline Operators,
Cruise lines, Other
Transport providers

Hotels

Local
Communities



OUR HOTEL AT A GLANCE

Sprawling across 6.5 acres of beach-front land, Browns Beach Hotel was re-designed and redeveloped as Heritance Negombo in 2016. The five-star hotel, ideal for families and businesses alike draws inspiration from the rich Sri Lankan heritage to portray a truly local yet contemporary feel by offering upscale accommodation and contemporary comforts at every step.

The hotel entered into a franchise partnership with Sentido in November 2023 and was rebranded as Sentido Heritance Negombo. The exceptional standards of Heritance combined with Sentido's global standards position the hotel to become a beacon of distinguished hospitality in the region.

Located in close proximity to the Bandaranaike International Airport, a getaway at Sentido Heritance Negombo offers guests a city hotel experience with ocean-facing rooms, an elevated spa and an inviting pool. Vibrant colours adorn the decor, reflecting the lively surroundings and emitting the essence of true Sri Lankan hospitality.

With 7 dining options to choose from, guests can embark on a tantalizing culinary journey at our renowned restaurants, where flavours from around the World converge to create unforgettable experiences.

BLUETAN RESTAURANT

A spacious restaurant located at the heart of the resort, Bluetan serves a delightful array of local and global cuisine against a backdrop of breathtaking views

MAD DOGS

Mad Dogs offers guests a gastronomic experience that radiates flair and elegance

SEE LOUNGE

Our bar lounge perched on the top floor of the hotel, sets the mood for a perfect evening as you relax and enjoy sunset views from your private love chair.

B-BUMS

Relax by the poolside while B-Bums caters to all your unwinding needs.

SWISS BAKERY

Swiss Bakery serves a variety of sweets and savouries for neighbourhoods in and around Negombo

ROUGE BAR & LOUNGE

Offers a range of beverages and a curated menu featuring distinctive tapas and food-sharing platters with a modern twist.

162

DIRECT
EMPLOYEES

2,256 tCO₂e

CARBON
FOOTPRINT

55,455 m³

WATER
FOOTPRINT

139

ROOMS

80.3 MT

WASTE
FOOTPRINT

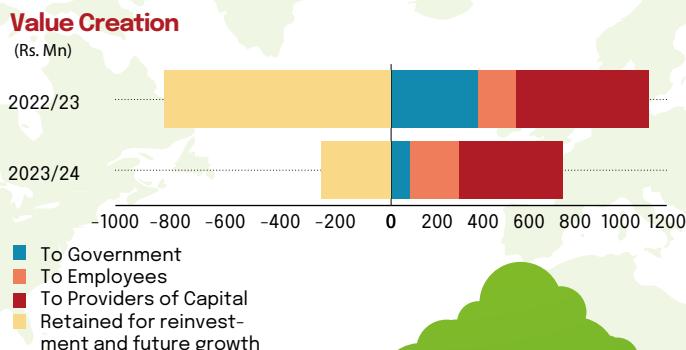
183

SUPPLIERS



Our Socio-economic Impact

As the country emerges from its worst economic crisis the tourism sector plays a pivotal role in its economic recovery. Being in the tourism industry, we are cognizant of our socio-economic responsibility and are actively involved in working towards the betterment of all stakeholders. Presented below is a brief overview of our socio-economic impact and value-added statement for the year.



PROMOTING ENVIRONMENTAL SUSTAINABILITY

We encourage guests and employees to be responsible in the consumption of resources and adopt sustainable business practices in line with the integrated sustainability framework of the parent entity.

DEVELOPING THE LOCAL SUPPLY CHAIN

We maintain close relationships with the local community and support local suppliers including over 183 SME's, by procuring materials locally whenever possible.

- Payments of Rs. 798 Mn to local suppliers
- 98% of our procurement is done locally.

CONTRIBUTOR OF GOVERNMENT TAX REVENUE

Rs. 103 Mn was paid as taxes to the Government in compliance with relevant regulations thereby supporting the Government's fiscal policy.

FOREIGN EXCHANGE EARNER

USD 1.87 Mn of foreign exchange was generated into the country through earnings from tourist arrivals.

SUPPORTING EMPLOYMENT & LIVELIHOODS

The direct and indirect employment opportunities created through our operations uplift livelihoods of the people. We give preference to persons from the locality with 100% of our employees being from the surrounding community.

- 162 direct employment opportunities
- Rs. 210 Mn as payments to employees
- Creating opportunities for local artisans to showcase their talents

Nurturing Economic Growth & Stability

VALUE ADDED STATEMENT	2023/24	2022/23	Change %
To the Government	Rs'000 103,387	378,639	(72.7)
To Employees	Rs'000 210,409	163,721	28.5
To Providers of Capital	Rs'000 456,397	576,425	(20.8)
Retained for reinvestment and future growth	Rs'000 (273,091)	(823,685)	66.8
Total Value Added	Rs'000 497,102	295,100	68.5

Performance Highlights

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE	Unit	2023/24	2022/23	Change %
Gross Revenue	Rs.'000	1,317,468	668,440	97.1
Group Profit/ (Loss) Before Tax	Rs. '000	(385,805)	(646,721)	40.3
Group Profit/ (Loss) After Tax	Rs. '000	(466,967)	(1,017,004)	54.1
Group Profit/ (Loss) Attributable to Equity Holders of Parent	Rs. '000	(466,967)	(1,017,004)	54.1
Earnings/ (Deficit) per Share (EPS)	Rs.	(3.60)	(7.85)	54.1
Cost of Finance	Rs. '000	456,397	576,425	(20.8)
Interest Cover	No. of times	0.15	(0.12)	226.8
Return on Equity	%	(71.14)	(538.96)	86.8

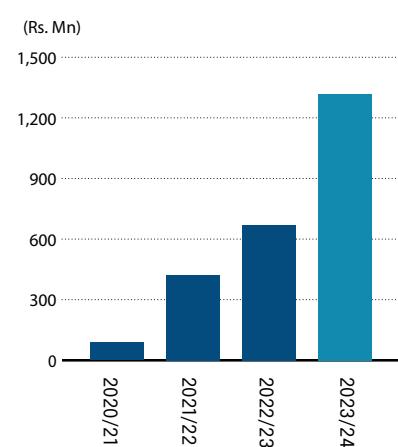
FINANCIAL POSITION

Total assets	Rs.'000	5,302,077	5,283,868	0.3
Long-term interest-bearing borrowings	Rs.'000	4,291,411	3,984,681	7.7
Total Equity	Rs.'000	(656,444)	(188,697)	(247.9)
Number of shares in issue	Number	129,600,000	129,600,000	0.0
Net Assets per Share	Rs.	(5.07)	(1.46)	(247.9)
Gearing- Debt/(Debt + Equity)	%	115.75	104.59	10.7
Debt/ Total Assets	%	90.97	81.39	11.8
Current Ratio	Times	0.63:1	0.42:1	50.0
Quick Assets Ratio	Times	0.60:1	0.39:1	53.8

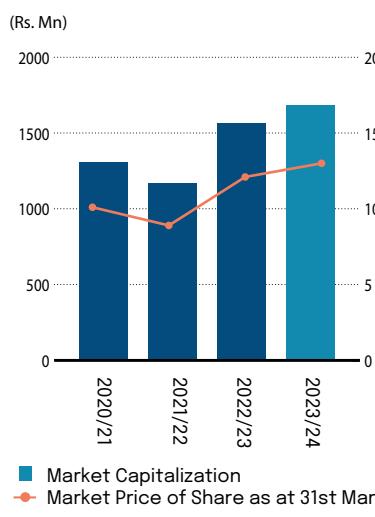
SHAREHOLDER INFORMATION

Market price per share	Rs.	13.00	12.10	7.4
Market capitalisation	Rs.'000	1,684,800	1,568,160	7.4
Price/Earnings ratio	Times	(3.61)	(1.54)	(134.41)

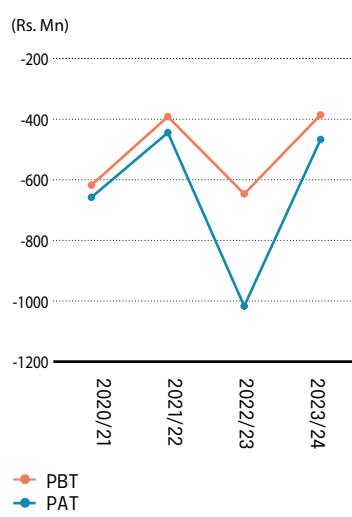
Gross Revenue



Investor Information



Profitability

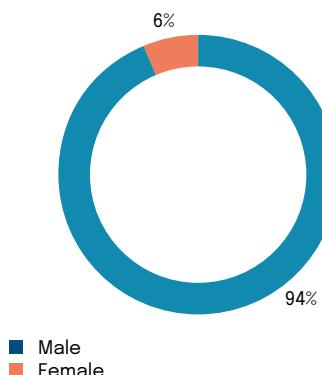


Performance Highlights

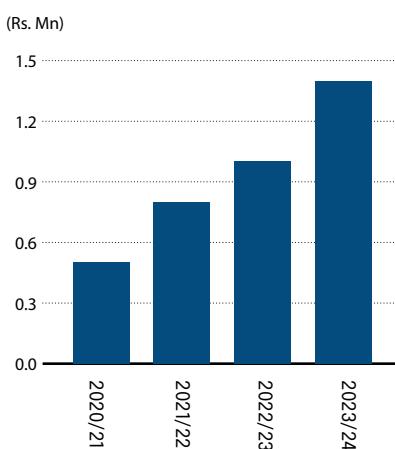
SOCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE	Unit	2023/24	2022/23
Number of employees	No.	162	132
Gender diversity			
- Male	No.	152	126
- Female	No.	10	6
Average training hours per employee	No.	36	19.3
Number of promotions	No.	14	18
Employee turnover rate	%	2.33	9
Average length of service of an employee	Years	3	4
Payments to Employees	Rs. Mn	210	164

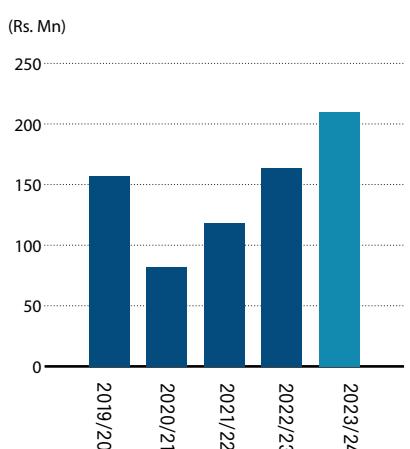
Gender Diversity



Investment in Training



Salaries and Benefits



ENVIRONMENTAL HIGHLIGHTS

FINANCIAL PERFORMANCE	Unit	2023/24	2022/23
Total Energy Consumption	GJ	17,855	14,139
Energy Consumption per Guest Night	MJ	349	662
Water Consumption	m³	55,455	37,446
Water Consumption per Guest Night	Litres	1,084	1,790
Waste to Landfill- per Guest Night	kg	1:33	1:35

Group Performance Highlights

PERFORMANCE FOR THE YEAR ENDED 31ST MARCH	Unit	2024	2023	Change
Gross Revenue	Rs. '000	1,317,468	668,440	97.1
Group Profit Before Tax	Rs. '000	(385,805)	(646,721)	40.3
Group Profit/(Loss) After Tax	Rs. '000	(466,967)	(1,017,004)	54.1
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Interest Cover	Number of Times	(0.15)	0.12	226.8
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POSITION AS AT THE YEAR ENDED 31ST MARCH	Unit	2024	2023	Change
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Gearing - Debt/(Debt+Equity)		115.75	104.59	10.7
Debt/Total Assets		90.97	81.39	11.8
Current Ratio		0.63:1	0.42:1	50.0
Quick Asset Ratio		0.60:1	0.39:1	53.8
MARKET / SHAREHOLDER INFORMATION AS AT YEAR ENDED 31ST MARCH	Unit	2024	2023	Change
Market Price per Share	Rs.	13.00	12.10	7.4
Market Capitalisation	Rs. '000	1,684,800	1,568,160	7.4
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VALUE ADDED FOR THE YEAR				
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Retained for reinvestment and future growth	Rs. '000	(273,091)	(823,685)	66.8
Total Value Added	Rs. '000	497,102	295,100	68.5
SUSTAINABILITY INDICATORS				
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Energy Consumption Per Guest Night	MJ	349	662	(47.3)
Water Consumption	m³	55,455	37,446	48.1
Water Consumption Per Guest Night	Litres	1,084	1,790	(39.4)
Waste to Landfill – Per Guest Night	kg	1.33	1.35	(1.5)
Average Training hours per Employee	Hours	36.00	19.30	86.5



Our Commitment to Sustainability

Amidst the growing effects of climate change and socio-economic vulnerabilities, global interest in environmental, social, and governance (ESG) matters has surged. The tourism sector has been recognised as a powerful force that can significantly contribute to addressing sustainability challenges worldwide and achieving the UN's Sustainable Development Goals. As part of the Aitken Spence Group which is recognised as a pioneer in sustainable tourism in Sri Lanka, we wholeheartedly embrace sustainability principles, integrating social and environmental consciousness into our corporate strategy, operations, and processes. Our approach aligns with the Integrated Sustainability Framework of our parent entity.

INTEGRATED SUSTAINABILITY POLICY

The policy provides guidance for securing the business's long-term viability, profitability and integrity through the adoption of a proactive approach to corporate sustainability.



Please refer to the full Integrated Sustainability Policy by scanning the QR Code

SUSTAINABILITY PILLARS

BUSINESS ETHICS

Conduct all business in an ethical manner, promoting the adherence to the UNWTO Global Code of Ethics for Tourism while encouraging our partners to conduct business ethically as well.

ENVIRONMENTAL MANAGEMENT

Use environmental management systems to carry out organisational operations and activities and commit to prevent pollution.

UN GLOBAL CODE FOR ETHICAL TOURISM

A comprehensive set of principles **designed to guide tourism sector players** including governments, the travel industry, communities and tourists. A few key principles include:

- Mutual understanding and respect between people and societies
- Tourism as a user of cultural heritage
- Obligations of stakeholders in tourism development
- Rights of workers and entrepreneurs

ENERGY POLICY

This serves as the framework for continually improving energy efficiency and is designed in line with **ISO 50001:2011- Certified Energy Management Systems.**

- Provide information and resources required to effectively implement the energy management plan
- Purchase of energy efficient products and services

SUSTAINABILITY GOVERNANCE

Sentido Heritage Negombo comes under the purview of Director Sustainability- Aitken Spence PLC, who is a member of the parent entity's Board of Directors. Dedicated sustainability committees and champions have been appointed at the hotel in order to drive the Group's environmental agenda. They report to the Sector Head of Sustainability on a quarterly basis and drive environmental and social projects aligned to the Group's overall sustainability agenda. Sustainability performance is included as a KPI in the performance management framework. The hotel also compiles detailed sustainability reports in line with the reporting requirements of the National Green Reporting System and Travelife Gold Certification.

SUPPLY CHAIN & COMMUNITY DEVELOPMENT

Encourage supply chains to implement sustainable strategies while engaging in community development activities

HUMAN RESOURCES

Nurture a strong and competitive team of employees who are multi-skilled.

TRAVELIFE CERTIFICATION

The certification contains **163 criteria** classified into the following categories:

- Business policies and strategies
- Compliance to legislation and standard
- Reporting and communication on progress
- Environmental management including energy, water, waste,
- Harmful substances and biodiversity
- Labour and human rights including employee welfare and Child protection
- Community integration
- Supply chain and guests



Parent Company- Aitken
Spence PLC
Board of Directors

Aitken Spence Hotel
Holdings PLC
(Sector Level)

Director-
Sustainability

Head of
Sustainability

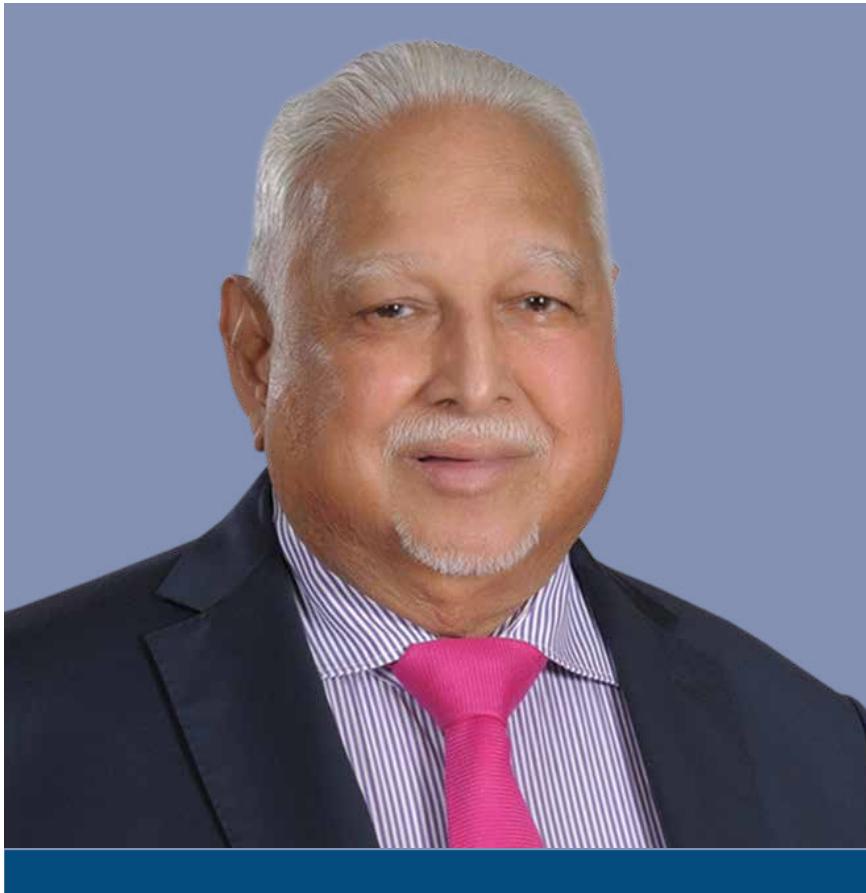
Sustainability
Champions

Environmental
Management
Representative

Human Rights
Champion

Health and Safety
Representative

Chairman's Message



Dear Shareholders,

I am pleased to present the Annual Report and Financial Statements of Browns Beach Hotels PLC (BBH) and its fully owned subsidiary, Negombo Beach Resort (Pvt) Limited (NBR), for the year ending 31st March 2024.

ROAD TO RECOVERY

In 2023, Sri Lanka experienced a remarkable resurgence in tourism, with arrivals soaring by 106% to reach 1.48 Mn visitors. India emerged as the leading source market, contributing 20% of the arrivals, followed by Russia at 14% and the UK at 9%. These three countries remained the top source markets in the first quarter of 2024. The surge in demand was supported by the significant increase in airline capacity.

The stabilisation of the economy was fundamental to the revival of the tourism sector. Inflation, which stood at 35.3% at

the beginning of the financial year, was brought down to a single digit by July 2023. Interest rates declined by over 1,000 basis points, providing much-needed relief to the tourism industry, which had faced prolonged challenges in the past years. However, while the appreciation of the Rupee was beneficial for the country, it posed a challenge for the tourism industry as it negatively impacted foreign currency revenue. High taxation and cost levels continued to exert pressure on household budgets and domestic tourism, which remains a key contributor to revenue.

Sri Lanka's economy returned to growth in the third and fourth quarters of 2023 after six consecutive quarters of contraction. This economic rebound was mirrored in the tourism sector, which saw a significant rise in arrivals, surpassing 0.62 Mn visitors in the first quarter of 2024.

STRATEGIC PARTNERSHIP

As part of our commitment to innovation and growth, NBR entered a strategic partnership with the esteemed German brand, DER group's SENTIDO. This collaboration represents a transformative milestone, infusing our operations with fresh energy and positioning us for the next phase of our growth trajectory.

The rebranding of our hotel to Sentido Heritance Negombo marks the fusion of Heritance's signature warmth with SENTIDO's globally recognised reputation for creating unforgettable experiences. This powerful synergy will not only enhance our service offerings but also redefine the standards of hospitality.

As we look to the future, this partnership heralds a new era of excellence. We are confident that the combined strengths of Heritance and SENTIDO will propel us to new heights, unlocking unprecedented opportunities for growth and success. This dynamic collaboration sets the stage for a bright and prosperous future, reinforcing our position as a leader in the hospitality industry.

PERFORMANCE

The Group nearly doubled its revenue to Rs.1.32 Bn, driven by a resurgence in tourist arrivals that boosted occupancy levels to over 56% compared to the previous year. Domestic tourism also played a significant role, accounting for 16% of guest nights at a more affordable price point.

Despite this growth, operating costs increased significantly, with high energy costs continuing to exert pressure on operating profits. Nonetheless, BBH recorded an EBITDA of Rs.264 Mn and an operating profit of Rs.48 Mn. Finance costs declined by 21% due to falling interest rates, despite an increase in interest-bearing liabilities during the year.

As a result, the Group reduced its loss before tax from Rs.646 Mn in the previous year to Rs.385 Mn for 2023/24, and the loss after tax was reduced by 54% to Rs.466 Mn.



The preceding five-year period has imposed considerable financial strain, as evidenced by our balance sheet, which shows a net asset shortfall of Rs.656 Mn. This highlights the challenges we have faced and the resilience with which we are navigating our financial landscape. I would like to direct shareholders' attention to the Audit Report detailed on page 88, which addresses the Group's going concern. The main shareholders have affirmed their ongoing commitment to supporting the business operations of Browns Beach Hotels PLC, a reassuring endorsement of our future stability and growth.

LOOKING AHEAD

Continuing the optimism, the Sri Lankan tourism industry is forecasted to reach 2.2 Mn arrivals in 2024. With these expectations, Sri Lanka tourism is confident to ride a wave of sustained growth momentum; backed by the global recognition from leading institutions and prestigious publications such as the National Geographic and TimeOut.

However, geopolitics remain a concern given its capacity to disrupt source markets and airline connectivity. With numerous countries around the globe gearing up for elections in 2024, there is a possibility for international tourism to slowdown. This anticipated shift reflects the interplay between global political events and travel industry trends.

It is also noteworthy to reflect that the pandemic has altered travel patterns, as people's ways of living and working have opened more possibilities for travel. The timing of travel is more flexible as tourists choose to travel whenever they want to rather than following seasonal patterns. A new trend that has appeared is the 'workcation', where remote workers can have a holiday without using their leave for extended periods. NBR has embraced this trend by offering special packages and providing the necessary facilities to support remote work while on vacation.

In looking ahead, it is also essential to continue developing both traditional and non-traditional travel markets. The recent increase in airline capacity is a promising indicator for the future of the industry in Sri Lanka. In 2023, the surge in tourist arrivals, driven by improved airline connectivity, significantly boosted the economy. Continued expansion of flight routes, especially from key markets like Europe, the Middle East, and Asia, will be vital in maintaining and enhancing this growth trajectory.

China presents a significant opportunity to attract more tourists. As one of the world's largest outbound travel markets, China has immense potential to contribute to Sri Lanka's tourism industry. Tailored marketing campaigns and partnerships with Chinese travel agencies could help tap into this lucrative market.

Additionally, focusing on emerging markets such as Eastern Europe and Southeast Asia will diversify the tourism base and mitigate risks associated with reliance on traditional markets. This strategic diversification will ensure sustained growth and resilience in Sri Lanka's tourism sector.

Online travel searches have also increased significantly, signalling a pronounced shift towards digital booking platforms. This trend reflects a broader transformation in consumer behaviour, where travellers are increasingly turning to the convenience and efficiency of online resources to plan their trips.

The shift to digital platforms is also a response to the increasing demand for real-time information. Travellers want instant access to updates on flight status, hotel availability, and travel advisories. Digital platforms can provide this information promptly, ensuring that travellers are well-informed and can make adjustments to their plans as needed. The Company is optimistic of adapting this shift and improving our digital offerings, to meet the evolving needs of our customers.

However, these transitions are not without challenges. Economic conditions in certain regions may temper the overall growth of digital bookings. Not all travellers have equal access to digital tools, and some may still prefer the personalised service and security provided by traditional travel agents. Addressing these concerns is crucial for the travel industry to fully capitalise on the potential of digital booking platforms.

APPRECIATION

I extend my heartfelt gratitude to our dedicated management and staff, who consistently deliver the hallmark hospitality synonymous with the Heritance brand. Their commitment to providing guests with exceptional service, outstanding cuisine, and diverse experiences is truly commendable.

I also wish to thank our valued business partners for their relentless efforts in promoting our brand and properties; I look forward to their continued support in the coming year.

It would be remiss of me if I do not also express my appreciation to the guidance provided by the Board throughout the year.

In closing, I thank our shareholders and stakeholders for their unwavering trust in the Browns Beach Hotels Group. Your confidence and support are greatly appreciated as we continue our journey towards achieving our strategic goals and delivering sustainable returns.



Deshamanya D.H.S. Jayawardena
Chairman



Ms. D.S.T. Jayawardena
Executive Director

15th July 2024



Board of Directors



Deshamanya D.H.S. Jayawardena
Chairman



Ms. D.S.T. Jayawardena



DR. M.P. Dissanayake



Mr. N.J. De Silva Deva Aditya



Mr. M.A.N.S. Perera



Mr. R.N. Asirwatham



MR. C.R. Stanislaus

DESHAMANYA D.H.S. JAYAWARDENA

Chairman
Appointed in February 1993

Deshamanya D.H.S. Jayawardena, recognised as an outstanding citizen for the service to the motherland, was appointed to the Board of Browns Beach Hotels PLC on 08th February 1993 and has been the Chairman of the Company since 03rd September 2007.

As a visionary entrepreneur, he leads many enterprises in very diverse fields to achieve great success. He is the Founder Director and current Chairman/ Managing Director of the Stassen Group of Companies; the Chairman of Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Lanka Milk Foods (CWE) PLC, Balangoda Plantations PLC, Madulsima Plantations PLC, Melstacorp PLC, Ambewela Livestock Company Ltd, Lanka Bell Ltd and Distilleries Company of Sri Lanka PLC. He is also a Director in several other listed and privately held companies in Sri Lanka and is a former Director of Hatton National Bank PLC, the largest listed bank in Sri Lanka.

Mr. Jayawardena has been appointed to lead large public sector institutions and is a former Chairman of Ceylon Petroleum Corporation and Sri Lankan Airlines (two stints).

He is presently the Honorary Consul for Denmark and on 9th February 2010, was knighted by Her Majesty the Queen of Denmark with the prestigious honour of 'Knight Cross of Dannebrog'.

In 2005, Mr. Jayawardena was awarded the prestigious title, 'Deshamanya' in recognition of his services to the Motherland.

MS. D.S.T. JAYAWARDENA

Executive Director
Appointed in January 2016

Ms. Stasshani Jayawardena marks several milestones for Browns Beach Hotels PLC and Aitken Spence Hotel Holdings PLC as the youngest Board Member, and the first female member on the Board. Ms. Jayawardena heads the Tourism sector of Aitken Spence PLC inclusive of hotels, destination management and overseas travel.

With a career spanning over 10 years at Aitken Spence, she wields a fresh perspective in management and leads strategic business units across the Group. She leads several key strategic teams as the Chairperson of Aitken Spence Hotel Managements (Pvt) Ltd., as a member on the Board of Directors of Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Stassen Group, Lanka Milk Foods (CWE) PLC, Aitken Spence Aviation (Pvt) Ltd, Western Power Company (Pvt) Ltd. She was appointed to the Board of Directors of Melstacorp PLC and Distilleries Company of Sri Lanka in September 2022.

A graduate of St. James' & Lucie Clayton College and Keele University in the United Kingdom, and Emeritus Institute of Management, Singapore - Ms. Jayawardena made waves from a young age. Ms. Jayawardena was the youngest intern to work under US Senator Hilary Rodham Clinton and the Former US President Bill Clinton in 2003; and was appointed as the Sri Lankan Ambassador for EY NextGen Club from 2017 to 2019.

Ms. Stasshani Jayawardena was appointed to the Executive Board of The Hotel Association of Sri Lanka (THASL) and represents THASL at the Ceylon Chamber of Commerce Committee since 2019. She is an Executive Committee Member at the International Chamber of Commerce in Sri Lanka since 2020 and a Steering Committee Member of the Ceylon Chamber of Commerce Tourism. She was appointed as Chairperson of the Employers' Federation of Ceylon (EFC) Hotels and Tourism Employers Group for the financial year 2020/21. Ms. Jayawardena is also a member of the PWC NextGen Advisory Board.

Ms. Jayawardena represents the Company as the Ambassador from Aitken Spence PLC at the Target Gender Equality initiative of the UN Global Compact since 2020. She is also a member of the Austrian Business Circle in Sri Lanka.

In recognition of her work and commitment to inspire, she was recognised at Top 50 Professional & Career Women Awards in Sri Lanka with a Gold award in the Hotel & Hospitality Sector in 2017, and in 2020 by Sri Lankan business magazine, Echelon, listing her among the most innovative and influential young leaders who have succeeded in business and shaping the future of Sri Lanka.

Ms. Jayawardena became the award recipient of the Expatriate Contribution Award – Gold category by Women in Management Maldives. The Professional and Career Women Awards Maldives 2022 presented this award to Ms. Jayawardena for her exceptional contributions and achievements in the field of Hotel & Hospitality.

Her passion remains in designing the next generation of business with the core values of integrity, sustainability, empowerment, and equal opportunities. She believes driving her business decisions by using data and technology.

DR. M.P. DISSANAYAKE

Executive Director
Appointed in March 2019

Dr. Parakrama Dissanayake is the Deputy Chairman and Managing Director of Aitken Spence PLC, and was appointed to the Board of Browns Beach Hotels PLC on 15th March 2019.

Prior to this appointment he was Secretary to the Cabinet Ministry of Ports, Shipping and Southern Development.

He was appointed as the first non-British International President of the Institute of Chartered Shipbrokers U.K. founded in 1911 and Royal Charter conferred in 1920.

Dr. Dissanayake has also held positions in the past that include, Chairman – Sri Lanka Ports Authority (two stints), Chairman – Chartered Institute of Logistics and Transport (Sri Lanka), Board Director Urban Development Authority and Board Director of Ceylon Shipping Corporation.

During the period June 2004 to May 2017, he served as a Director of Aitken Spence PLC and the Chairman & CEO of its Maritime & Freight Logistics sector.

Dr. Dissanayake is an Alumni of the University of Sri Jayewardenepura, NORAD, JICA, Business Alumni of the University of Oxford (UK) and a Fellow of Harvard Business School USA (EEP) and University of Cambridge UK (EEP).

He was inducted as a "Legend of Logistics" by the Prime Minister of Sri Lanka at the National Logistics Awards Ceremony.

He is also the Chairman of Elpitiya Plantations PLC, Aitken Spence Plantation Managements PLC, Co-Chairman/Professor CINEC Campus, Hon. Consul of Fiji Islands and serves as a Professor in Maritime Studies (visiting) at Shanghai Maritime University, Dalian Maritime University.



Board of Directors

MR. N.J. DE SILVA DEVA ADITYA

Independent, Non-Executive Director
Appointed in March 2016

The Honourable N. J. de Silva Deva Aditya (Nirj Deva) DL FRSA, Presidential Envoy of Sri Lanka to the EU and the Commonwealth of 56 Nations and Senior Advisor to the President of Sri Lanka, former Member of Parliament in the British House of Commons and Member of the European Parliament, joined the Board of Directors of Browns Beach Hotels PLC on 10th March 2016.

He was the first Post War Asian born Conservative Member of the British House of Commons and served in Government as the Parliamentary Private Secretary to the Scottish Office after which he was elected as the first Asian born British Member of the European Parliament representing over 8 Mn, British people in Berkshire, Hampshire, Buckinghamshire, Oxfordshire, Surrey, Sussex and Kent for 20 years.

He was the Vice President of the International Development Committee for 15 years, overseeing the Euro 25 Bn European Budget. He was the Chairman of the EU Korean Peninsula Delegation working towards a lasting peace with North Korea, Chairman of the EU China, EU Bangladesh, EU Indonesia, EU Myanmar and EU India Friendship Groups in the EU Parliament and was nominated by his political group ECR to be the president of the European Parliament and was the Chairman of the EU Delegation to the UN General Assembly.

For his Tsunami Relief work he was made a Chevalier of the Catholic Church and Vishwa Keerthi Sri Lanka Abhimani by the Buddhist Clergy of Sri Lanka. He is the Publisher of the <http://www.commonwealthunion.com> the global media platform, the first Commonwealth

wide news and TV media reaching out to 2.4 Bn people and seen regularly by 12 Mn. He was appointed Presidential Envoy and Senior Advisor in August 2022.

MR. M.A.N.S. PERERA

Non-Independent, Non-Executive Director
Appointed in January 2023

Mr. Perera is an experienced professional with a diverse background in finance, investment, and strategic leadership. He joined the Board of Aitken Spence PLC in January 2023 and holds the position of Managing Director at Melstacorp PLC. He also serves as a Board member for Aitken Spence PLC, Aitken Spence Hotel Holdings PLC and Distilleries Company of Sri Lanka PLC.

Mr. Perera holds an MBA from the University of Cambridge and is a Fellow of the Institute of Chartered Accountants, Sri Lanka. He is also a Certified Management Accountant and has other qualifications and exposure to investment and financial strategy, risk management and international tax planning.

Having started his UK career with PWC London he spent close to two decades in London's financial and technology hub. During this time, he led and contributed to strategic projects with global top tier banks such as JP Morgan, ING, Bank of Montreal, National Australia Bank, and BNP Paribas. Notably, he played a crucial role in establishing two international investment banks and a FinTech banking institution in London. During his tenure, he assumed various leadership positions including Finance Director, Chief Financial Officer, Head of Strategy, and part-time Chief Risk Officer.

Mr. Perera possesses extensive experience in financial and investment strategy, specialising in restructuring,

turnaround, mergers and acquisitions, and leading strategic and economic research initiatives. His professional endeavours have taken him across Europe, Asia, the Americas, the Middle East, and Southern Africa, accumulating over 25 years of international expertise.

MR. R.N. ASIRWATHAM

Independent, Non-Executive Director
Appointed in March 2016

Mr. Asirwatham was appointed to the Board, in March 2016. At present, he is the Chairman of the Audit Committee, Related Party Transactions Review Committee and Remuneration Committee.

He was the Senior Partner and Country Head of KPMG from 2001 to 2008. Further, he was the Chairman of the Steering Committee for the Sustainable Tourism Project funded by the World Bank for the Ministry of Tourism and was also a member of the Presidential Commission on Taxation, appointed by His Excellency the President of Sri Lanka. He is a member of the Board of Trustees of the Lakshman Kadircamar Institute of Strategic Studies.

Mr. Asirwatham is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. He also serves on the Boards of Dilmah Ceylon Tea Company PLC, Royal Ceramics Lanka PLC, Vallibel One PLC, Ceylon Grain Elevators PLC and several other companies.

On the 3rd of October 2023 he was conferred the Lifetime Achievement Award 2023 by the Council of The Institute of Chartered Accountants of Sri Lanka in recognition and honour of his outstanding contribution to the accounting profession and society.



MR. C.R. STANISLAUS

Executive Director
Appointed in August 2016

Mr. Ranjan Stanislaus is a graduate from Hotelfacshule Hannover (West Germany) in Hotel Operations and Gastronomy. He is an Alumni of Cornel University, School of Hotel Administration USA, and L'école hôtelière de Lausanne, Switzerland. He is a career hotelier with over two decades of management experience in varied aspects of hotel business in Asia, Middle East, Africa and Europe.

He has been associated with international hotel chains such as Movenpick, Starwood as well as with the Taj Hotels, Resorts, and Palaces. During the latter, he underwent an extensive management development programme and managed all three Taj properties in Sri Lanka. His relationship with Browns Beach Hotels PLC started in the year 2010 with the redevelopment of Heritance Negombo where he spearheaded the conceptualisation and execution of the project and managed the pre-opening of the property.



Risk Management

As an associate of the Aitken Spence Group, Browns Beach Hotels PLC benefits from institutionalised risk management systems that look through multiple lenses at factors that shape our operating environment. The sector has a number of variables that affect it both positively and negatively. Accordingly, monitoring risk is a key priority to ensure that we have mitigation plans in place.

KEY DEVELOPMENTS IN 2023/24

As the markets continued to rebound from the pandemic, the threats became more specific to each market, but many of the industry's inherent risks are still global. The main risks are as follows.

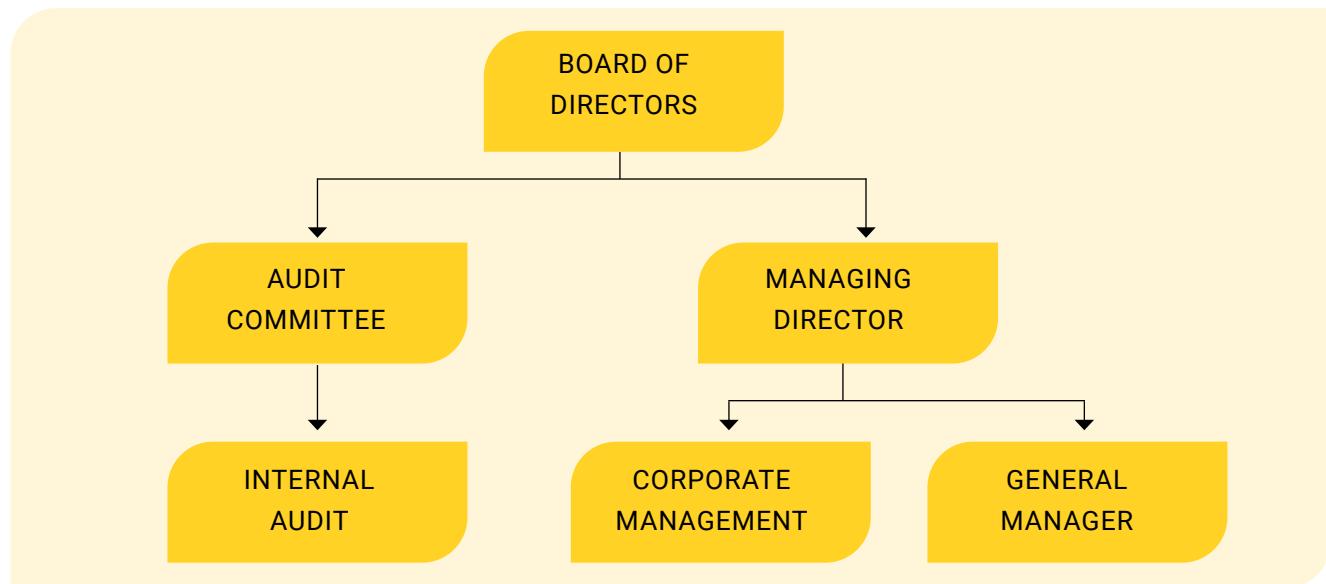
Divergent recovery	Asia lags behind other markets in recovery at a mere 65% of pre-pandemic levels while Middle East led the recovery in relative terms, being the only region to exceed pre-pandemic levels.
Affordability of Air Travel	Increased air fares discourage long haul flights, delaying recovery of Asia.
Geopolitical conflicts	Multiple conflicts affect source markets and hubs for airline connectivity, particularly for long haul travel.
Health and safety of travel	This is key and all factors relating to this are important from instability at destination to safety of air travel.
Climate Change	Climate change impacts including extreme weather can deter tourists.
Sustainability	Overcrowding of tourist hot spots has seen locals taking action and it is important to ensure that tourism remains sustainable.

RISK GOVERNANCE

Browns Beach Hotels PLC Risk Management functions come within the purview of the Aitken Spence Group Risk Management functions. Aitken Spence Group has established a range of risk management and control systems that help us to identify early warning signs.

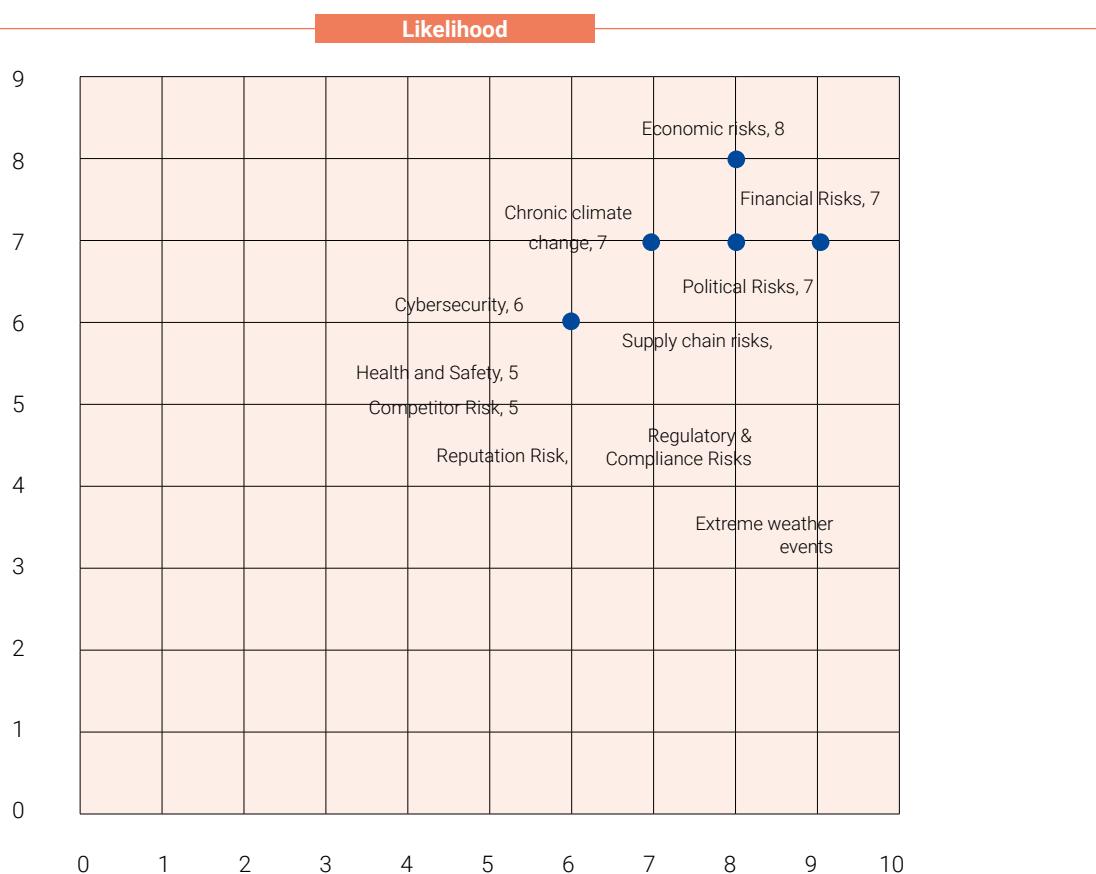
The Group approach to risk management is based on the Three Lines of Defence model, the framework facilitates segregation of responsibilities, objective oversight by the Board, high levels of risk awareness by business owners.





RISK ASSESSMENT

The risk heat map below provides a high-level view of the principal risks the Group is exposed to.



Risk Management

RISK/ OPPORTUNITIES

Risk Category /Risk Subcategory	Mitigation Plan
1. Financial Risks	
Interest rate Risk <ul style="list-style-type: none"> • KRI • AWLR 	<p>The Group has significant borrowings and will be adversely affected by upward movement of interest rates</p> <ul style="list-style-type: none"> • Cost of capital and investments are managed by the Aitken Spence Group Treasury, leveraging expertise in the segment
Liquidity <ul style="list-style-type: none"> • KRI • Quick asset ratio • Debt equity ratio 	<p>Liquidity is a critical risk for The Group as it is funded mainly through interest bearing liabilities at present. However, as part of the Aitken Spence Group, it enjoys significant accommodation from the Group as well as financial institutions.</p> <ul style="list-style-type: none"> • Agile and proactive management of working capital • Ensure adequate bank facilities and aim for shorter working capital cycles
2. Extreme Weather Events	
Risk Indicators: <ul style="list-style-type: none"> • Average temperature • Average annual rainfall • No. of rainy days 	<p>The Group is located on the beach and extreme weather can have a significant impact on the guest experience.</p> <ul style="list-style-type: none"> • Inventory and PPE are insured for natural disasters. • The Group assesses vulnerabilities, strengthens disaster preparedness, and enhances sustainability efforts. • Disaster recovery plans are in place for a range of extreme weather events.
3. Chronic Climate Changes	
Global warming Risk Indicator <ul style="list-style-type: none"> • Temperature • Rise in sea levels 	<p>The Group is located on the beach and chronic climate change can impact the operations of the hotel</p> <ul style="list-style-type: none"> • Higher energy costs due to need for air conditioning • Impact of rising sea levels necessitates increased maintenance costs, • Rising temperatures can alter the biodiversity of locations which can change demand dynamics for locations
4. Economic Risk	
Inflation <ul style="list-style-type: none"> • Global consumer price levels - inflation • Sri Lanka - NCPI 	<p>Inflation has a significant impact as it reduces consumer purchasing power and also increases our own cost profiles.</p> <ul style="list-style-type: none"> • Impacts affordability of travel and can • Impacts demand for domestic tourism which supports off-peak demand which may need discounting, exerting pressure on margins • Cost optimisation measures
Changes in visa arrangements with different countries	<p>Diplomacy amongst countries have a significant effect as it can increase or decrease entry barriers to markets and change a country's competitiveness as a destination significantly.</p> <ul style="list-style-type: none"> • Work with government to promote destinations and urge for favourable arrangements

Risk Category /Risk Subcategory	Mitigation Plan
Economic instability & down turns <ul style="list-style-type: none"> • NCPI • GDP Growth • Months of Foreign Exchange Reserves 	Economic or political instability results in travel advisories for fear of civil unrest, discouraging tourists and increasing employee migration <ul style="list-style-type: none"> • Carry out joint promotions with government to allay concerns • Evacuation plans in place to ensure safety of guests • Enhance employer brand
5. Political Risks	
Geopolitical Risk	The Russian-Ukraine and the Israel-Palestine wars continue to elevate geopolitical risks. Additionally, almost half the world will be conducting elections which can shape geopolitics. <ul style="list-style-type: none"> • Close monitoring of both domestic and global operating environments, to swiftly identifying early warning signs of risks and opportunities • Maintain continuous interaction with regulatory authorities, trade chambers, and associations to stay abreast of new laws and regulations, and advocate for changes that may negatively affect the economy and business environment.
Domestic Political Risk	<ul style="list-style-type: none"> • Election year for Sri Lanka
6. Regulatory & Compliance Risk	
Risk Indicators <ul style="list-style-type: none"> • No. of fines • No. Amount of fines • No. fraud incidents • Amount of loss • No. of regulatory issues raised • No. of licenses lapsed 	<ul style="list-style-type: none"> • Awareness and Strict adherence to timelines and requirements. • Training /SOP on Segregation /Recycle, zero plastic policy to implement. • Regular updates on compliance register to be updates on any changes to create actions accordingly. • Stay informed about legislative changes and adapt business practices accordingly through consultation with legal experts. • Work with tax professionals to ensure compliance with tax regulations and explore tax planning opportunities. • Incorporating a fraud risk policy.
7. Legal Risk	
Legal risk	<ul style="list-style-type: none"> • Centralised legal function.
Key Risk Indicators <ul style="list-style-type: none"> • No. of pending litigation 	<ul style="list-style-type: none"> • All major contracts are vetted by the Group Legal Division prior to signed off. • The Legal Department retains external counsel at need for litigation or advice on transactions • Well developed processes in place for disciplinary inquiries and HR related issues • Processes in place to investigate theft or losses following due legal process • Avoidance of encroachment with demarcations of boundaries on properties where feasible
8. Supply Chain Risks	
KRIs <ul style="list-style-type: none"> • No. of stock out incidents • No. of late deliveries • Average lead times 	<ul style="list-style-type: none"> • Ensure adequate inventory levels of frequently needed items including fuel • Collaborate with suppliers to minimise lead times. • Proactively communicate any potential delays to customers and provide regular progress updates. • Build relationships with multiple suppliers and create contingency plans for sourcing materials from different regions. • Monitoring / understanding of market changes / challenges

Risk Management

Risk Category /Risk Subcategory	Mitigation Plan
9. Health & Safety Risks	
KRIs <ul style="list-style-type: none"> • Injury rates • Absenteeism • Epidemic statistics 	Stringent measures have been put in place to mitigate which has significantly reduced the associated risks. <ul style="list-style-type: none"> • Continuously strengthen health and safety measures at identified high-risk locations. • Usage of PPE. • Continuous training and awareness sessions. • Proper cleaning, sanitisation, and pest control. • Pandemic protocols documented for activation at need • Proper fire prevention mechanism.
10. Cyber Security Risk	
KRIs <ul style="list-style-type: none"> • No. of breaches • No. of near misses 	<ul style="list-style-type: none"> • Conducted group-wide staff awareness programs on information security and overseeing sensitive data. • Implemented various protection technologies to manage network perimeter defence, data loss prevention, cybersecurity threats like cyber-spoofing and distributed denial of service (DDoS) attacks, and secure mobile devices. • Regularly monitor suspicious cyber activities and conduct testing and verification of controls by third-party entities. • Centralised control over application installation and configuration.
11. Reputational Risk	
KRIs <ul style="list-style-type: none"> • Injury rates • Absenteeism • Epidemic statistics 	<ul style="list-style-type: none"> • The Code of ethics and professional conduct applies to all directors and employees. • Established sound governance and comprehensive policy framework to articulate management approach on material topics. • Implemented integrated sustainability management policy with a resolute team overseeing implementation. • Standard operating procedures for key business processes are established. • Implement reputation management strategies, including initiative-taking communication and swift resolution of issues. • customer satisfaction is maintained. Customer comments are taken into consideration in every point.
12. Competitor Risk	
KRIs <ul style="list-style-type: none"> • Market share • Market share growth 	This is a key risk as there are number of beach front properties in the area and an increasing number of guest houses <ul style="list-style-type: none"> • Monitor market dynamics and conduct quarterly competitor analysis. • Leverage strategic partnerships and Group synergies. • Invest in branding. • Loyalty Programs, value added services, product, and service differentiation



OPPORTUNITIES

It is widely recognised that risks and opportunities go hand in hand, and organisations must embrace risk to advance. Below are the opportunities identified within these key risk areas.

SUSTAINABLE TOURISM SOLUTIONS

- Heads of business units are responsible for identifying, measuring, monitoring, reporting and managing risks relevant to their businesses.

STRATEGIC PARTNERSHIPS

- Strengthen existing partnerships and cultivate new relationships to drive growth.
- Explore new markets through strategic alliances and leverage synergies within the Group to expand.

TECHNOLOGY DRIVEN GROWTH

- Embrace collaborative approaches and implement more efficient processes driven by technology.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES:

- Integrate CSR initiatives into business operations to make a positive impact on society and enhance brand reputation.

TALENT MANAGEMENT:

- Talent development initiatives to cultivate a skilled workforce.



23

Financial Capital



Financial Capital

In this section of the report, we take a look at how the Group managed its financial resources to create sustained value for shareholders in a year marked with volatility and uncertainty from the operating environment.

FINANCIAL PERFORMANCE

REVENUE

Group net revenue significantly increased by a 96.22% to Rs. 1,295 Mn during the year supported by the revival of the tourism industry, as the country returned to stability. Occupancy levels averaged 56% compared to 22% the previous year, along with the surge in tourist arrivals. Domestic travellers also contributed to increased occupancy levels, accounting for 5% of our guest nights, albeit at a more affordable price point.

Our sales and marketing strategy focused on offering targeted promotions to domestic tourists as well as to the short

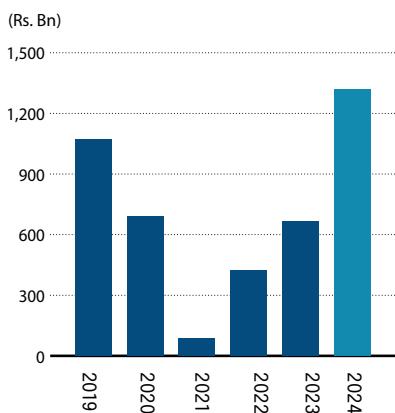
haul non-traditional secondary markets including India, the Middle East and CIS regions, particularly during the off-peak season. With travellers increasingly seeking personalised experiences we continued to offer tailored packages in an effort to cater to their specific interests and preferences.

The franchise agreement we entered into with the German brand of the DER group Sentido also proved fruitful during the year, with Sentido's extensive marketing commitment and strength in the travel sector attracting travellers from around the World to our hotel and poising the hotel for future growth.

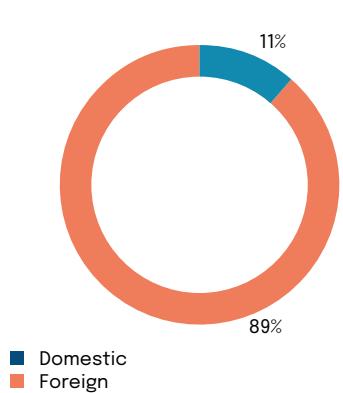
KEY DRIVER OF REVENUE

+ Tourist arrivals to the country increased to 1.487 Mn arrivals in 2023 which is a growth of 106% compared to last year.

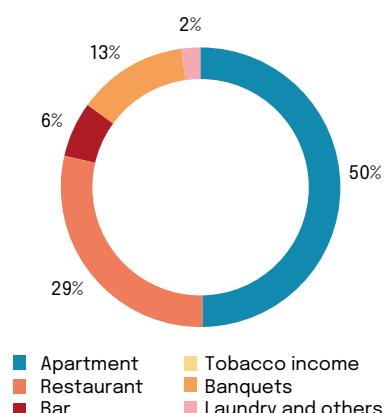
Revenue

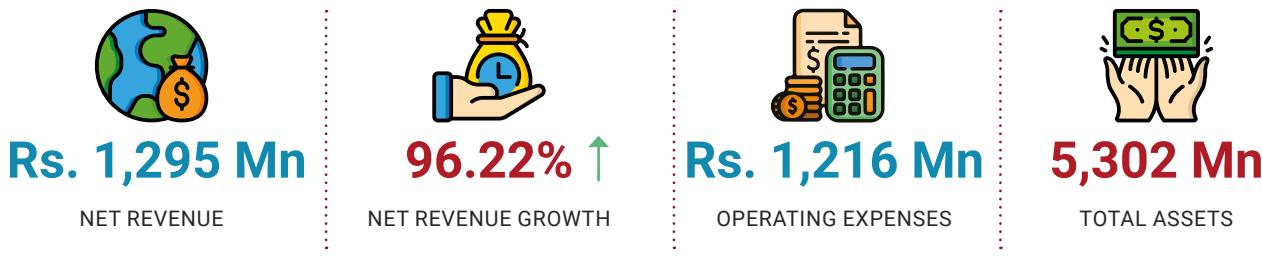


Breakdown of Guests 2024



Breakdown of Revenue 2024





COST MANAGEMENT

Cost management continued to be a key focus area for the group given the volatile operating conditions that were prevalent during the year. Having conducted extensive cost analytics to manage the Group's Cost management continued to be a key focus area for the group given the volatile operating conditions that were prevalent during the year. Having conducted extensive cost analytics to manage the Group's expenditure, we were able to curtail the increase in our operating cost base to 39.8%, despite net revenue increasing by 97.1% during the year. Our cost management strategies include:

DRIVING ENERGY SAVINGS AND OPTIMISING RESOURCE USAGE

IMPLEMENTATION OF LEAN PROCESSES AND PRODUCTIVITY IMPROVEMENTS

RE-SKILLING OF OUR CADRE

MAINTAINING A HEALTHY ROOM TO STAFF RATIO

REDUCTION OF WASTE

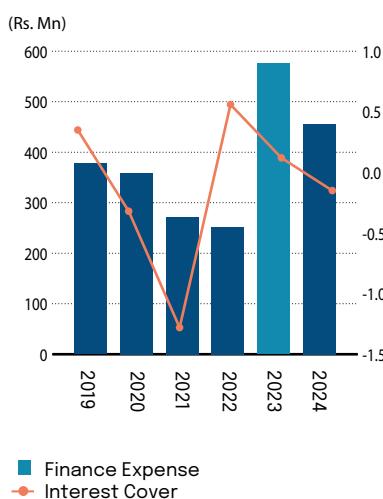
Operating expenses increased during the year, driven by an increase in both direct and indirect costs. While direct operating expenses rose to Rs. 224.9 Mn due to increased activity levels, indirect operating expenses also increased amidst inflationary pressures on food and other raw materials as well as rising energy costs. Staff costs increased to Rs. 210.4 Mn during the year, as we adjusted employee remuneration in order to keep our team focused and motivated, given the tough economic conditions.

FINANCE EXPENSES

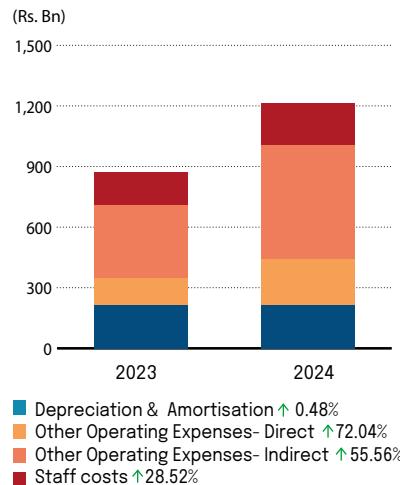
Despite the increase in interest bearing liabilities of the Group by 7.69% to Rs. 4,291 Mn during the year, the finance cost of the Group decreased by 20.8% to Rs. 456.3 Mn due to the gradual easing of the monetary policy by the Central Bank of Sri Lanka which led to a decline in market interest rates towards the

latter part of 2023. The finance income for the year increased from Rs. 21.8 Mn to Rs. 22.3 Mn stemming from gains on financial investments. As a result, the net finance cost of the Group decreased by 21.7% to Rs. 434.1 Mn during the year.

Finance Expense



Breakdown of Operating Expenses



PROFITABILITY

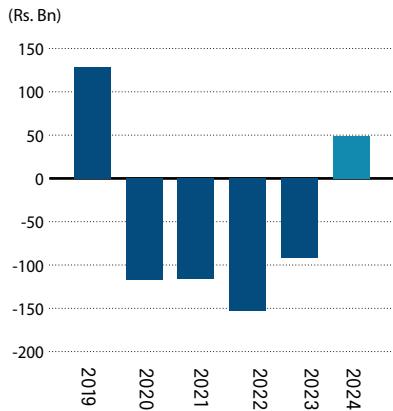
The management demonstrated resilience in managing the operational aspects of the hotel, going onto reach profitability during the year. The Group was able to successfully navigate the volatility and uncertainty in the operating environment and bounced back during the year, to record an operating profit of Rs. 48.3 Mn compared to the loss from operations of Rs. 92.1 Mn recorded in the previous financial year.

However, the Group recorded a loss of Rs. 385.8 Mn at pre-tax level, reflecting the weight of our interest-bearing borrowings. Income tax expenses for the year amounted to Rs. 81.16 Mn which resulted in a loss after tax of Rs. 466.97 Mn.

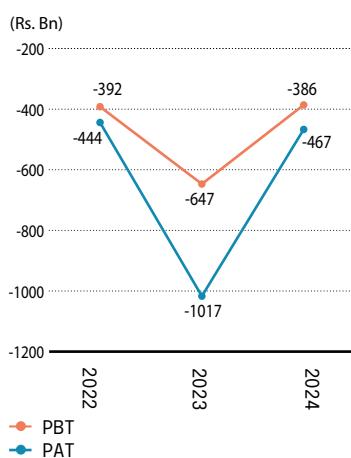


Financial Capital

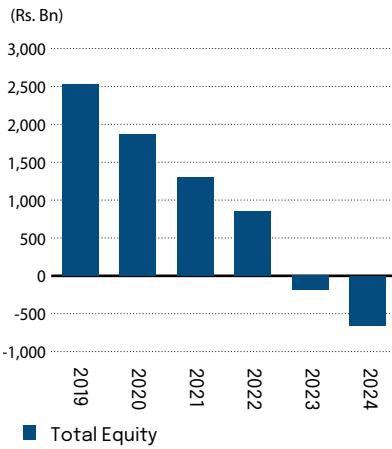
Operating Profit



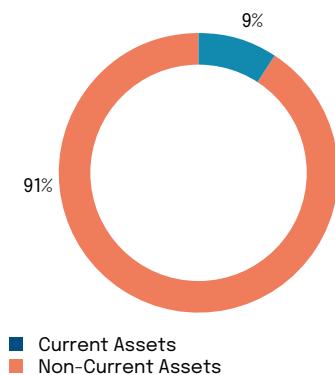
PBT & PAT



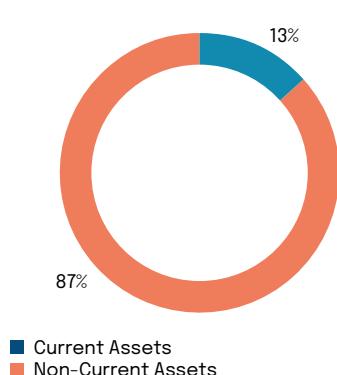
Capital Structure



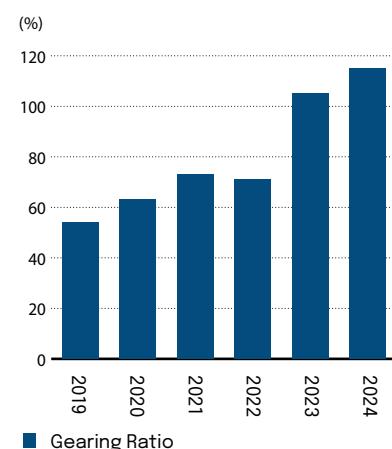
Asset Composition 2023



Asset Composition 2024



Capital Structure



ASSETS, LIABILITIES AND EQUITY

Total assets of the Group as of the end of the financial year increased by a marginal 0.34% to Rs. 5,302 Mn. The asset composition weighs heavily towards non-current assets, which accounted for 86.5% of total assets. Property, plant and equipment valued at Rs. 4,585 Mn contributes 86.48% of total assets as we are in the hotel sector which is a very capital-intensive industry. PPE declined by 4.27% during the year as major capital expenditure including refurbishments and upgrades to the property was held back to sustain cashflow during the year.

The current assets of the Group increased by 45% to Rs. 715 Mn driven by the increase in inventories (+11.77%), trade and other receivables (+214%) and deposits and prepayments (+44.45%), reflecting increased operating levels.

Meanwhile, the total liabilities of the Group increased by 8.88% to Rs. 5,959 Mn at the end of the financial year. The Group continues to have high levels of borrowings with exposure to long-term debt as well as bank overdrafts and short-term debt. Interest bearing liabilities increased by 7.69% to Rs. 4,291 Mn during the year as we took out a interest bearing loan of Rs. 556 Mn from Aitken Spence Hotel Holdings PLC.

Total assets of the Group were wholly funded by liabilities as cumulative losses over the years continued to erode share capital of Rs. 2,383 Mn, the revaluation reserve of Rs. 1,054 Mn and the general reserve of Rs. 10 Mn. Resultantly, total equity of the Group declined by 248%, with the Group recording a negative equity position of Rs. 656.44 Mn as at the year ended 31st March 2024.

CASHFLOWS AND LIQUIDITY

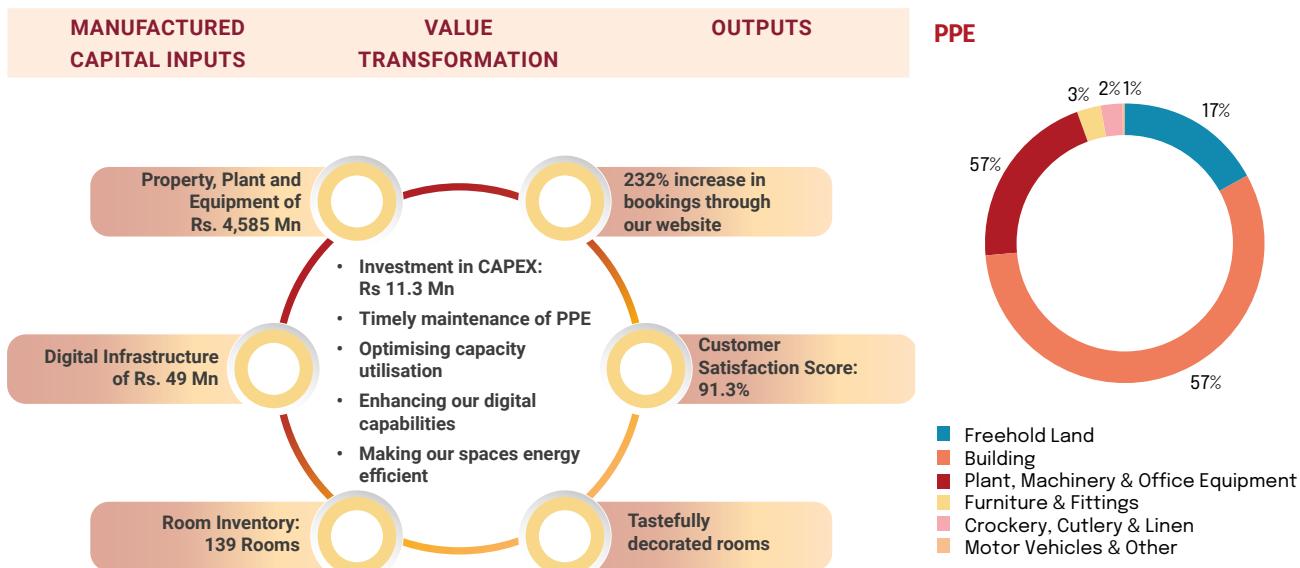
The volatile and uncertain operating environment during the year necessitated critical management of cashflow and liquidity. The Group's operating activities generated a net cash outflow of Rs. 216 Mn, compared to the outflow of Rs. 240 Mn recorded the previous year. Net cashflow from investing activities amounted to Rs 9.6 Mn as significant capital expenditure was curtailed. The net cashflow generated from financing activities increased to Rs. 229 Mn, reflecting proceeds from the interest bearing loan obtained during the year. Overall, the Group's cash and cash equivalents recorded a net outflow of Rs. 162 Mn compared to an outflow of Rs. 185 Mn recorded in the previous year.

Manufactured Capital



Manufactured Capital

As a hotel operator, our manufactured capital comprising of our property, physical infrastructure and technology is critical in order to attract guests and ensure their satisfaction. Continuous investments in manufactured capital have enabled us to enhance our competitive edge, elevate the overall guest experience and support increased capacity, thereby facilitating the smooth functioning of our operations.



ASSET MANAGEMENT

Sentido Heritance Negombo is a 5-star beach resort conveniently located close to the Bandaranaike International Airport, offering stunning ocean views, contemporary comforts and upscale accommodation. The 139 room property sprawls across 6.5 acres of beach-front land and is the perfect getaway from the hustle and bustle, celebrating the spirit and warmth of Sri Lanka.

Ideal for families and businesses alike, the hotel offers ocean-facing rooms, an elevated spa, a beautiful pool and diverse dining options to tantalize guests' taste buds. Since its launch in 2016, the hotel has been equipped with

modern amenities and services. Sentido Heritance Negombo has blended inventiveness and grandeur, standing apart for its iconic architecture, design and true Sri Lankan hospitality, to deliver an unparalleled guest experience.

DIGITAL INFRASTRUCTURE

Over the years, the Group has invested significantly in its digital infrastructure, which includes computers, data centers, Local and Wide Area Networks, cloud storage, software applications and peripheral devices. These investments have supported increased efficiency, accuracy and quality of decision making while facilitating semi-virtual mobility for administrative roles and the digital enablement of staff members.

Having understood the crucial role played by technology in elevating the overall guest experience from the planning stage to the journey and the stay itself, we continued to leverage our digital infrastructure to connect with customers, employees and business partners, thereby ensuring the smooth functioning of our operations and enhancing value to customers.

During the year, emphasis was placed on leveraging our social media platforms to carry out targeted digital marketing initiatives. Enhancements were also done to increase the visual appeal of our hotel website, which resulted in a 232% increase in website traffic during the period.

Manufactured capital



Rs. 4,585 Mn

PPE



91.3%

CUSTOMER SATISFACTION



Rs. 49 Mn

DIGITAL INFRASTRUCTURE



11.3 Mn

CAPITAL EXPENDITURE



- Deluxe
- Superior Deluxe
- Premium
- Junior Suite
- Presidential Suite



- B-Bums Outdoor Restaurant- International Cuisine
- Bluetan- International Cuisine
- See Lounge- Bar Lounge
- Banyan- Fusion Restaurant



- Exploring the coastal culture through excursions to the main fish market
- Muthurajawala Wetlands
- St.Mary's Church
- Swimming Pool
- Beach
- Gym
- Spa

CAPITAL EXPENDITURE

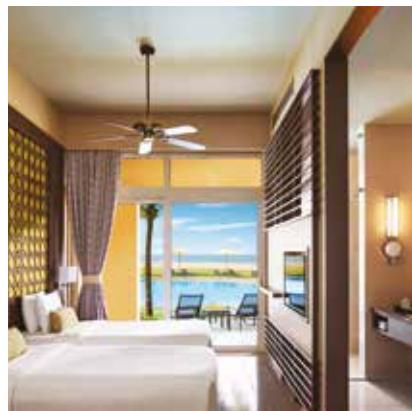
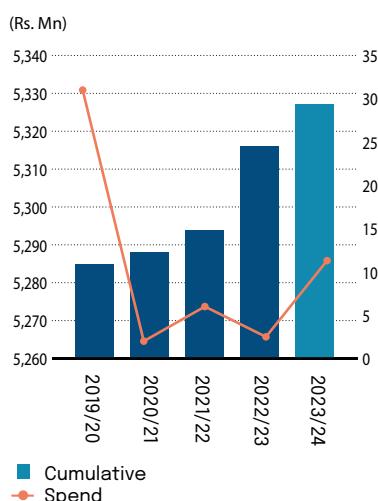
The Group curtailed major capital expenditure during the year given the volatility in the operating environment as the country was emerging out of its worst economic crisis and was still on the path to recovery. Planned capital expenditure has been deferred in order to sustain our cashflows. As such our capital investments during the year mainly represented routine maintenance and repairs in order to ensure guest satisfaction. We also continued to make our spaces increasingly energy efficient by incorporating environmentally friendly design elements.

OUTLOOK

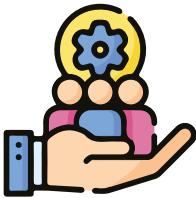
The Group will maintain a cautious stance towards significant investments and capital expenditure, considering the industry's vulnerability to the volatility in the operating environment. However, refurbishments will be carried out as and when needed in order to maintain our high levels of standards. Additionally, we will also focus on making our spaces increasingly energy efficient.

**Rs. 11.3 Mn
was invested in
enhancing our
manufactured
capital during the
year.**

Capital Expenditure

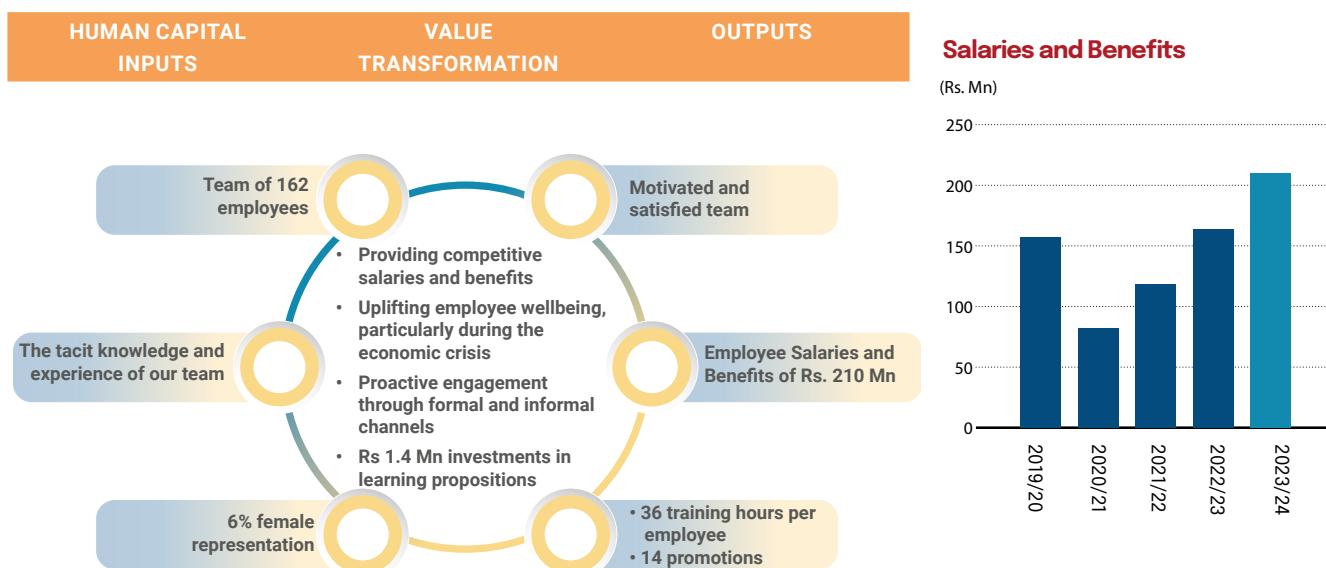


Human Capital



Human Capital

As part of the service industry, our employees are the Group's most valuable asset playing a pivotal role in facilitating customer experiences and ensuring the sustainability of our operations. We offer a holistic value proposition which aligns both personal and organisational goals in order to keep them motivated.



MANAGING OUR HUMAN CAPITAL

Aligned with the Aitken Spence Group, our HR strategy, policies and procedures facilitate a conducive and inclusive work environment which promotes equal opportunity for all our employees. The policies and procedures comply with the relevant Sri Lankan labour laws and regulatory standards and are benchmarked to industry best practices.

RECRUITMENT POLICY

Gives preference to candidates residing within close proximity to our properties.

REWARDS POLICY

Rewards will be determined through bi-annual performance appraisals carried out between individual team members and their respective departments heads, based on pre-determined annual key performance indicators.

GROUP CODE OF ETHICS

Provides a blueprint for professional and ethical conduct expected from our employees when engaging with external and internal stakeholders.

- Principles of Conduct
- Conflict of Interest
- Healthy Work Environment
- Entertainment & Corporate Gifts
- Self-Dealing & Fair-Dealing
- Confidentiality
- Protection and Proper Use of Company Assets
- Compliance with Laws, Rules and Regulations
- Substance Abuse
- International Relationships
- Encouraging the Reporting of any Illegal or Unethical Behaviour

Human Capital



Rs. 210 Mn

SALARIES AND BENEFITS



6%

MALE REPRESENTATION



162

NUMBER OF EMPLOYEES



36

TRAINING HOURS PER EMPLOYEE

The talent pool was strengthened with 82 new recruits during the year.

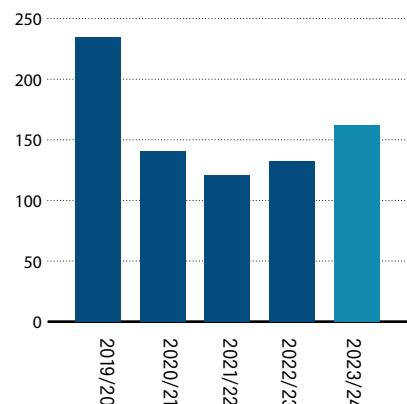
The suite of HR policies is further supported by the HR reporting and governance structure in place, in managing this key capital. While the overall responsibility for people management lies with the Human Resource department of the hotel, they are supported with services from the Group's centralised HR function to ensure adherence to Aitken Spence Group standards.

Details of new recruits are graphically presented below:

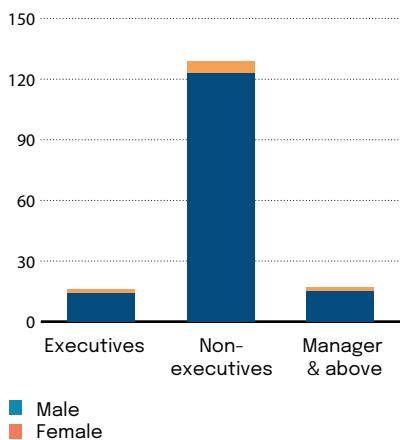
OUR EMPLOYEE PROFILE

Our diverse team comprises of 162 employees whose attitude, skills and experience have been pivotal to driving resilience and the sustainability of our business. We do not discriminate against employees based on gender, age, religion, race or any other factor, thereby ensuring a level playing field for all employees. The profile of our team is presented below.

No. of Employees



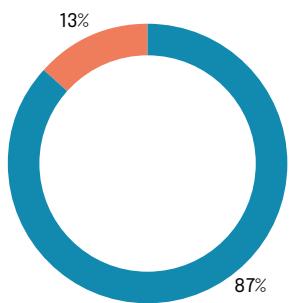
Employees by Category & Gender



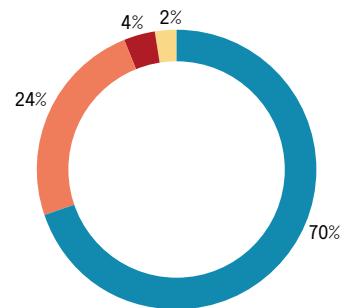
MOVEMENTS DURING THE YEAR

Our recruitment process ensures individuals with the right talent are identified and recruited, in line with the Group policy. When recruiting, individuals from the locality are given preference, thereby supporting the livelihoods of the local community and promoting regional economic empowerment.

Recruitment by Gender



Recruitment by Age



■ 35 years & below
■ 36- 45 years
■ 46- 55 years
■ 56 years & above

OUR HR STRATEGY

Our HR strategy aligns with the overall corporate strategy of the Group and strives to align individual and organisational goals. The resurgence of the country's tourism industry during the year necessitated a strengthening of our employee numbers. However, recruitment and retention of skilled employees was a challenge, amidst high levels of labour migration following the challenging economic conditions that prevailed in the country.

The tourism industry in particular, needed to strengthen its talent attraction and retention strategies as talent migration became a key concern. As such, the Group placed strategic emphasis on employee attraction,

retention and development, while aligning employee career aspirations to our business goals.

Uplifting Employee Morale

Ensuring Employee Health & Safety

Enhancing Capabilities through Learning & Development

emphasis on uplifting employee morale through monetary and non-monetary strategies, having understood the broad-based impact on the standard of living of the people. The Group invested in upskilling and reskilling talent and retained all of its permanent staff during the year, thereby ensuring the financial security of our team.

REWARDS AND RECOGNITION

We have a transparent, unbiased and consistent remuneration scheme in line with the remuneration policy of the parent entity which is customised to include industry specific elements. A host of other statutory and other benefits designed to retain and motivate employees are provided in addition to the basic remuneration.

Remuneration of all employees was safeguarded during the year

Total staff cost amounted to Rs. 210 Mn

REIMBURSEMENT OF MEDICAL BILLS

HEALTH INSURANCE

SUPPORTING CONTINUOUS PROFESSIONAL DEVELOPMENT

FREE HOLIDAY VOUCHERS AT AITKEN SPENCE HOTELS

HOLIDAY BUNGALOWS FOR EXECUTIVES

WEDDING GIFTS

FOOD & ACCOMMODATION

HOUSING LOANS AT CONCESSIONARY RATES

Meanwhile, additional benefits and relief measures introduced last year to combat challenges posed by the economic crisis were also continued during the year.



Human Capital

SUPPORTING EMPLOYEES DURING THE ECONOMIC CRISIS

- Salaries were adjusted to align with the current market conditions
- Temporary crisis allowance
- Economic relief allowance
- Meals for workers in selected categories
- Adjusted fuel allowance
- Awareness programmes by medical professionals

EXECUTIVE EMPLOYEES

- Evaluated through a three step process of Goal Planning, Mid-year Review and Annual Goal Evaluation.
- Facilitated by the online Human Resources Information System (HRIS) and covers the analysis of work, workload, responsibilities, accountabilities, expectations as well as grievances.
- Two way process allowing feedback from the employee at every stage of the appraisal

NON-EXECUTIVE EMPLOYEES

- Evaluated through a paper based system

PERFORMANCE MANAGEMENT

All our employees undergo some form of performance appraisal based on predefined key performance indicators. Individuals who meet targets are recognised and rewarded through salary increments, annual bonuses and promotions, thereby nurturing a performance-based culture within the company. Performance appraisals play a key role in employee development by enabling discussions on career progression and identification of training requirements.

EMPLOYEE ENGAGEMENT

Relationships with employees are nurtured within the organisation through multiple formal and informal engagement initiatives. These initiatives aim to strengthen employee morale and create an environment where they feel motivated, valued and respected.

Active Welfare Society	Regular Staff & Team Meetings	Open Door Policy
Annual welfare events promote work life balance and builds camaraderie between our employees.	Regular staff and team meetings ensure effective communication of employee concerns while facilitating collaboration.	Active Welfare Society

ENSURING EMPLOYEE HEALTH AND WELLBEING

Ensuring the health and well-being of our employees is our priority. Our health and safety practices are guided by the requirements of the Travelife certification and on par with international best practices.

Given the challenging economic conditions that had a broad-based impact on the living standards of the people, emphasis was also placed on ensuring the mental and social well-being of our employees by creating a conducive work environment which supports work-life balance.

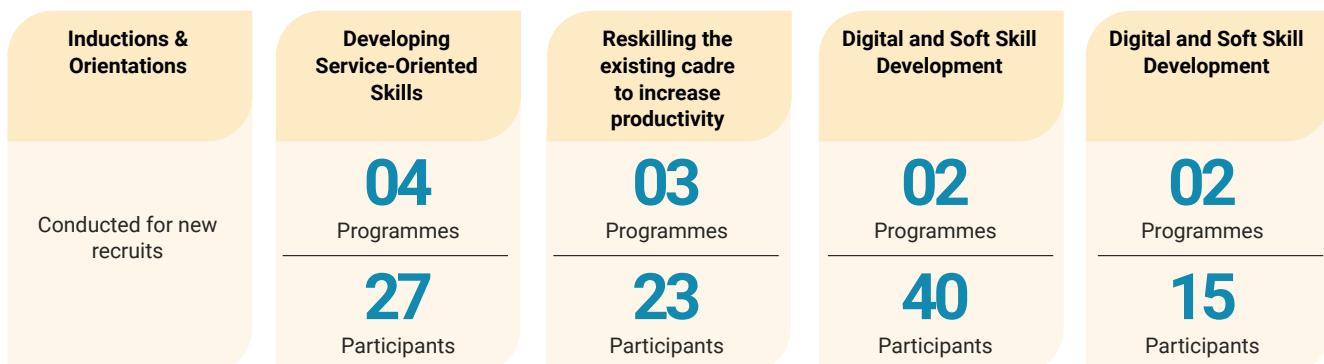


MANAGING EMPLOYEE HEALTH AND WELLBEING		
Health and Safety Measures	Training and Awareness Sessions	Our Health and Safety Record
<ul style="list-style-type: none"> The Travelife certification mandates the use of personal protective equipment where necessary, safety training, fire drills and audits among other safety measures. State-of-the-art security equipment such as Baggage scanners, High performance walk through multi-zone metal detectors, Handheld metal detectors, Vehicle checking mirrors. 	<ul style="list-style-type: none"> Fire and First Aid Medical Camp Prevention of Sexual Exploitation of Children in Travel & Tourism 	<ul style="list-style-type: none"> Workplace related accidents and incidents: 04 No. of occupational diseases: 00 No. of lost working days due to work related injuries: 00 No. of lost days due to absenteeism: 00

OPPORTUNITIES FOR LEARNING AND DEVELOPMENT

We provide ongoing opportunities for training and development with the aim of equipping employees with the right skills to drive optimal performance. The increase in occupancy levels during the year placed considerable pressure on the current workforce, necessitating strategic learning and development initiatives. Our training proposition mainly covered the following aspects during the year.

The total investment in training amounted to **Rs. 1.4 Mn**, while a total of **147 employees** underwent **5,292 hours** of training during the year.



OUTLOOK

We understand the pivotal role played by our employees in driving the organisation towards reaching its strategic objectives. Therefore, we will continue to invest in our people, building a team that is skilled, motivated and future-fit to drive our growth plans and ensure customer satisfaction. These plans will be ably supported given the backing and diversity of our parent entity.

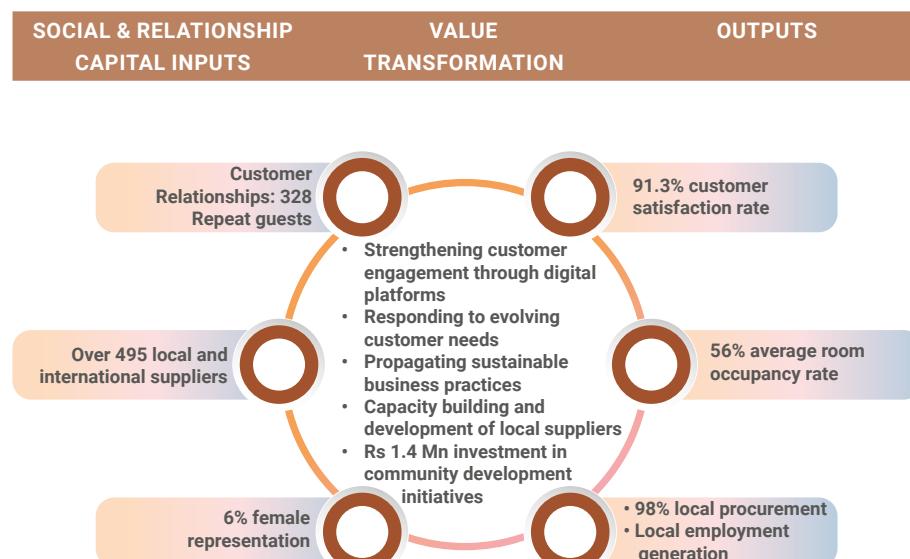


Social & Relationship Capital



Social & Relationship Capital

We nurture meaningful relationships with our customers, suppliers and the community and actively engage with them to create long term value, resulting in individual and collective growth. These relationships play a vital role in supporting the commercial sustainability of our operations and maintaining our social license to operate.



OUR MANAGEMENT APPROACH

The Group's comprehensive set of policies and procedures in place guide us in managing our social and relationship capital. The volatility in the operating environment during the year, necessitated a deepening of relationships with stakeholders through various formal and informal engagement platforms. We focused on maintaining high levels of transparency and integrity in our dealings in order to ensure satisfied customers, an efficient supply chain and uplifted communities.

NURTURING RELATIONSHIPS WITH CUSTOMERS

We offer a holistic value proposition to our customers, who are at the centre of what we do. We continued to actively engage with them in order to understand

and effectively respond to their evolving needs, as satisfied customers are key to maintaining our competitive edge and ensuring our success.

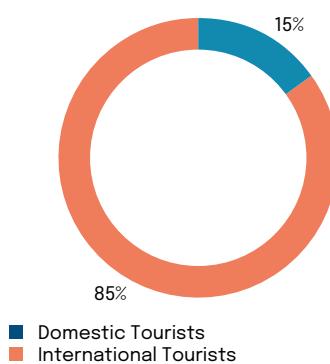
CUSTOMER STRATEGY IN 2023/24

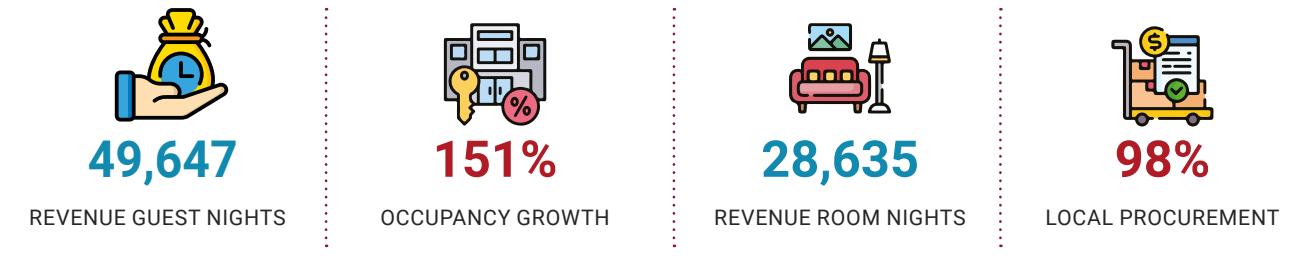
Sri Lanka's tourism sector made a remarkable comeback in 2023, attracting a growing number of international tourists especially during the second half of the year. Domestic tourists also contributed to the growth of the tourism industry during the year, as economic and political stability was restored. The country has become increasingly popular among budget-conscious travellers seeking authentic experiences in value-for-money destinations.

The hotel's strategy for the year focused on driving guest nights through targeted initiatives, which led to an increase

in the footfall of both domestic and international tourists. Key markets targeted by Sentido Heritance Negombo include Europe, China, United Kingdom, India, Australia and Russia.

Room Nights





Our Strengths

Closer proximity to the airport

Relatively new and well maintained infrastructure

Good transit point

the best possible service to them. In response to the growing demand from customers who seek authentic experiences that foster connections with local cultures and traditions, we have offered carefully curated experiences that cater to these needs. We are also conscious of guests becoming increasingly conscious of health and safety, sustainability and value for money and take this into account when formulating our customer strategy.

The Group has made significant investments in state-of-the-art IT infrastructure and process controls to ensure customer privacy.

During the year, we also entered into a franchise agreement with Sentido which is the travel arm of the Der Touristik Hotels and Resorts as part of a long-term strategic move to boost our presence in the European market. The move will assist us in diversifying into new markets, rather than depending on already established traditional ones.

Key customer-related priorities during the year under review were as follows:

CUSTOMER EXPERIENCE

We continuously work to elevate the customer experience and provide

CUSTOMER ENGAGEMENT AND SATISFACTION

Proactive engagement is maintained with our customers through a range of activities and events carried out year-round, an active online presence and robust mechanisms and tools to monitor guest satisfaction. We understand the importance of consistently monitoring feedback from customer satisfaction mechanisms and tools in order to enhance the customer experience and drive organisational success.

CUSTOMER PRIVACY

Ensuring customer privacy is of paramount importance to the Group as we have access to confidential customer information obtained through various sources including third-party booking systems, point-of-sale systems, booking engines, email marketing messages, and phone communication.

Privacy is maintained in compliance with General Data Protection Regulation (GDPR), an EU regulation on data protection which is applicable across all departments in the hotel. There were no substantiated complaints pertaining to the breach of customer privacy or loss of customer data during the year.

Global Review IndexTM (GRITM)

Inhouse hotel surveys

Social Media

Business Channels

GLOBAL REVIEW INDEXTM (GRITM)

- GRITM is an online reputation scoring system which aggregates review data from online travel agencies and review platforms like Booking.com, TripAdvisor, and Agoda.
- The score offers a detailed breakdown on specific service aspects, including cleanliness, room quality, gastronomy, location, and value.
- GRI scores are monitored daily by the Group and necessary improvements to processes, training plans and operations are done after thorough evaluations.

Our customer satisfaction levels and GRI scores continue to be among the highest in the industry.

91.3% GRI Score for Sentido Heritage Negombo.



Social & Relationship Capital

OUR ONLINE PRESENCE



44,832
FOLLOWERS



12,200
FOLLOWERS

CUSTOMER SAFETY

The group prioritises guest safety, with considerable investments being made to ensure the health and safety of guests. There were no incidents of non-compliance concerning health and safety impacts of products and services during the year.

Security of Premises

Food and Beverages

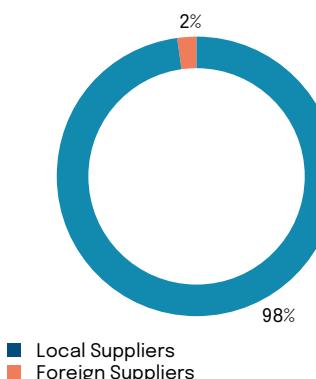
Epidemics and Pandemics

Third-party Service Providers

SUPPLIER RELATIONSHIPS

Our supply base comprises of over 800 local and international suppliers who play a key role in ensuring the smooth functioning of our operations. We nurture mutually beneficial supplier relationships built on trust, reliability and transparency and provide continued support to them by facilitating market linkages, enhancing product quality and developing skills.

Our Supplier Base



SUPPLIER SCREENING, ONBOARDING AND ENGAGEMENT

Emphasising our commitment to maintaining high sourcing standards, all suppliers are required to adhere to our rigorous requirements. Our teams conduct regular site visits to maintain regular engagement and ensure compliance with ethical and sustainable business practices.

LOCAL PROCUREMENT

Given the disruptions to global supply chains and the rising cost of imported raw materials, we continued to prioritise local suppliers during the year. As such our food and beverage menus were re-engineered to incorporate locally sourced ingredients.

We also continued our initiative to support local suppliers who were suffering from loss of business through the curation of special menus using ingredients procured 100% from suppliers in the surrounding community,

MEASURES AND SOP'S

- Robust group-wide cyber security incident response process and network protection technology
- Access to personal data is limited to only those who need to see it
- Hotel staff are trained in the collection, access, use and disclosure of personal information, as well as on restricting access to customers' personal and payment data based on established standard operating procedures.
- Staff are also trained on the responsible disposal of documents containing payment card data and other personal information
- Only guests who have explicitly opted into the guest marketing programme are included in email marketing communications

The Group's Procurement Policy

Outlines the guidelines to be followed in supplier selection, maintaining confidentiality, supplier support and termination among others.

Additionally, the policy covers the guiding principles related to environmental and social criteria, product quality specifications, cost and financial position considerations when assessing suppliers.

- **98%** of our procurement expenditure was to the local suppliers,
- Perishables, agricultural produce and fuel wood for biomass is procured from adjacent communities, thereby contributing towards their socio-economic empowerment.

COMMUNITY ENGAGEMENT AND UPLIFTMENT

Our community engagement and development initiatives are designed to build impactful relationships by delivering economic, environmental and social benefits to the wider community. Key efforts in this regard are illustrated below through our community value proposition.

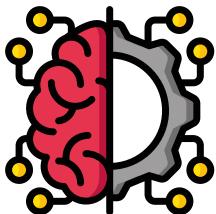
CSR Programmes and Sponsorships		Rs 1.4 Mn investment Over 147 beneficiaries
Empowering Livelihoods		65% employees are from the local community Over 38 indirect employment opportunities Providing opportunities for local artisans to display their talent at the hotel
Local Procurement & Ethical Business Practices		98% local procurement Local supplier development programmes Promoting sustainable business practices
Employee Welfare & Skills Development		Rs 1.4 Mn investment in skills development 5,832 hours of training Supporting employees and their families during the economic crisis

OUTLOOK

We will continue to strengthen relationships with our customers, suppliers and the community by sharpening the value proposition to each stakeholder group. Enhancing our service levels will be a key focus area as we strive to differentiate ourselves from the competition. We will also look at leveraging our partnership with Sentido to diversify and tap into new markets.

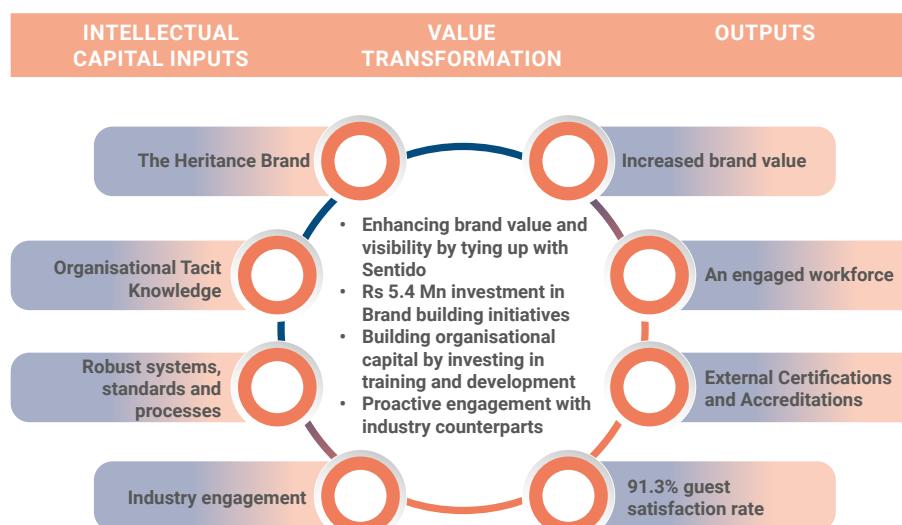


Intellectual Capital

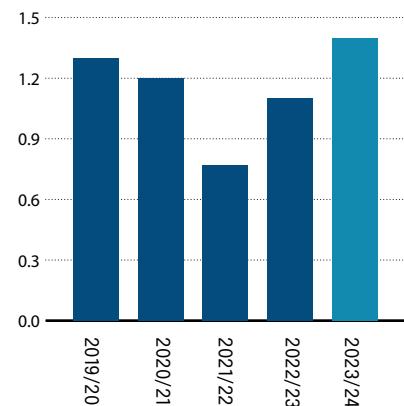


Intellectual Capital

The strength of our intellectual capital underpins our competitive advantage in terms of service excellence, industry expertise and brand reputation. Ongoing efforts to nurture intellectual capital has enabled us to understand changing customer preferences and deliver unparalleled guest experiences, remaining a key driver of our growth journey.



Investment in Training & Development



BRAND EQUITY

The Sentido Heritance Negombo Brand blends traditional Sri Lankan heritage, inheritance, and natural beauty to offer a distinctive proposition that enhances customer satisfaction. With deep roots in sustainable tourism, the brand seamlessly combines the natural wonders in the vicinity, focusing on

luxury and quality service to create a unique experience for guests.

Heritance Negombo was re-branded during the year as Sentido Heritance Negombo, reflecting a dynamic fusion of local heritage and international hospitality expertise. As these two brands seamlessly converge, the

union is expected to strengthen our position in the market by leveraging global synergies and access to an extensive network of travel partners. The collaboration is an opportunity for the hotel to attract travellers from around the world and become a beacon of distinguished hospitality in the region.



Rs. 5.4 Mn

INVESTMENT IN BRAND



91.3%

GUEST SATISFACTION RATE



Rs. 1.4 Mn

TRAINING AND DEVELOPMENT



45

OVER 5 YEARS EMPLOYEES

Awards and accolades won over the year enhanced our brand further, reflecting our unwavering commitment to pursuing excellence. We adhere to high ethical standards in our operations and take pride in being recognised for our achievements across various aspects of our work.



INDUSTRY INSIGHT

Being a part of the Aitken Spence Group, the combined experience of our management team and the years of industry experience enables us to understand market dynamics and respond proactively.

EMPHASIS ON TRAINING & DEVELOPMENT

Rs 1.4 Mn investment in Training and Development to enhance the skills of our people.

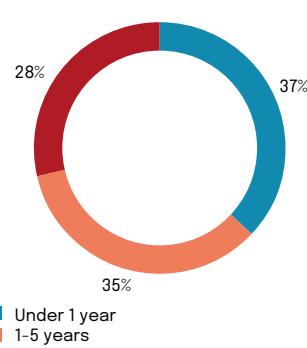
ORGANISATIONAL CULTURE

Our knowledge sharing culture empowers employees in their roles and enables them to achieve service excellence.

TENURE OF SERVICE

45 of our employees have completed more than 5 years of service with us, fostering their skills and expertise within the Group enabling us to gain a competitive edge.

Tenure Analysis



39

Intellectual Capital

LEVERAGING ORGANISATIONAL TACIT KNOWLEDGE

Organisational tacit knowledge is a critical part of our intellectual capital that we make every effort to retain as the country overcomes the challenging economic environment which resulted in brain drain as more Sri Lankans continued to seek job opportunities overseas.

ROBUST SYSTEMS, STANDARDS AND PROCESSES

Continuous investments in digital technology, process improvements and enhancements to our systems have brought about greater efficiency, productivity and flexibility to our operations. The implementation of Standard Operating Procedures for key functions including F&B, front office and housekeeping have ensured the maintenance of consistent service levels, thereby sharpening our invaluable base of intellectual capital.

We also comply with a range of domestic and international accreditations and certifications related to environmental management and design, energy management, food safety, sustainable tourism and occupational health and safety. These accreditations allow us to benchmark against industry best practices, serving as reassurance to stakeholders regarding the integrity of our activities and processes.

INDUSTRY ENGAGEMENT

The tourism industry plays a critical role in driving Sri Lanka's economic growth. As such we actively engage with the government as well as industry stakeholders to tackle challenges faced by the sector and promote best practices, which will facilitate the sustainable growth of tourism in the country.

During the year, we sought proactive engagement with relevant authorities aimed at industry growth, development and resilience in order to promote Sri Lanka as an ideal tourist destination,

Our Certifications

- Travelife Gold Certified
- LEED Certified for Leadership in Environmental Design
- Safe and Secure Travel Certification

creating value for both visitors and the local community.

The Group holds memberships in several associations and is committed to various external initiatives and endorsements as mentioned below:

Membership

- Sri Lanka Tourism Development Authority
- The Pacific Asia Travel Association
- The Ceylon Chamber of Commerce
- The Hoteliers' Association of Sri Lanka
- The Employers' Federation of Ceylon
- The Environmental Management System Users and Promoters Association
- Business and Biodiversity Platform
- Responsible Tourism Partnership

External Initiatives & Endorsements

- UN Global Compact
- UNWTO Global Code of Ethics for Tourism
- The Women's Empowerment Principles
- GRI Standards for Sustainable Reporting
- Integrated Reporting Framework by The International Integrated Reporting Council (IIRC)
- Travelife and GSTC

OUTLOOK

We will continue to strengthen our intellectual capital base by promoting the brand and harnessing organisational tacit knowledge as it is key to driving our competitive advantage.

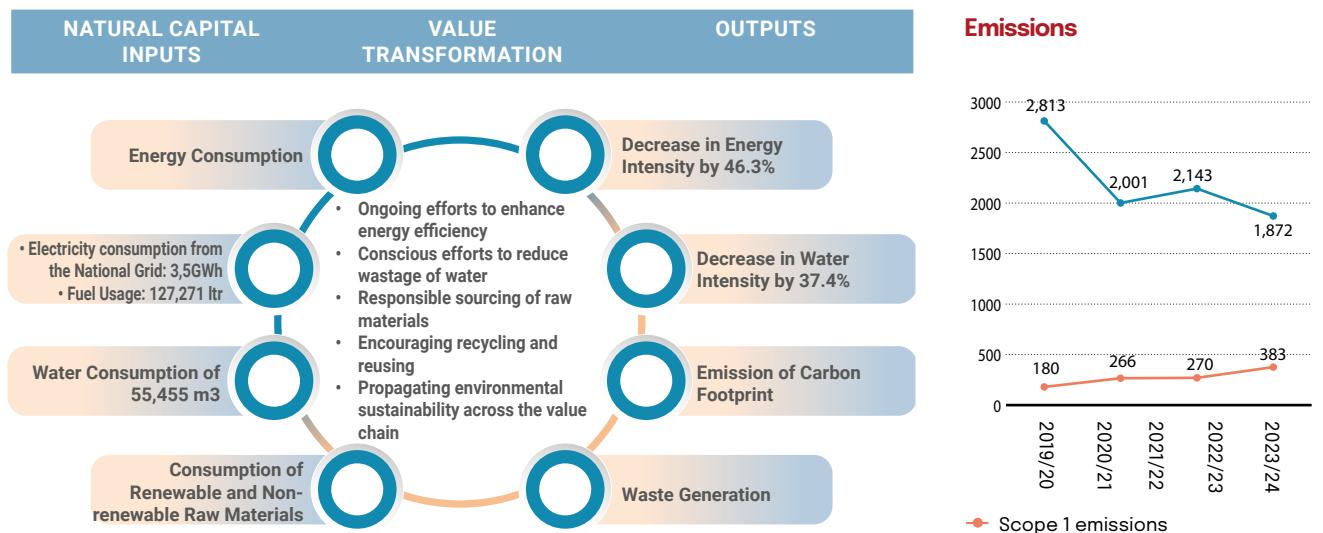


Natural Capital



Natural Capital

We are aware of our impact on the environment and remain committed to protecting and rejuvenating the natural environment around us. We also understand the need to preserve the biodiversity on land and underwater given our proximity to the ocean. Having recognised the significance of involving tourists in environmental sustainability efforts we have taken concerted efforts in this regard.



OUR MANAGEMENT APPROACH

Our approach to identifying and managing progress across environmental focus areas is guided by the Group's Environmental Management System (EMS). The EMS sets out clear guidance on tracking, monitoring

and optimising the use of natural resources and managing environmental related impacts in a holistic and consistent manner. Our environmental strategy is further guided by national and international environmental certifications which bear testimony to

our level of commitment to managing environmental impacts.

The key elements of the Group's EMS as illustrated below, propel our commitment to environmental stewardship.

- We drive concerted efforts to optimise the use of natural resources by integrating environmental KPIs into our performance management framework.
- Management carries out regular reviews on environment related matters
- Internal and external audits ensure that the systems and controls for measuring and monitoring the environmental indicators are functioning effectively.



Natural Capital



17,855 GJ

ENERGY CONSUMPTION



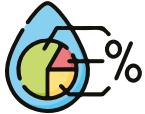
47% ↓

ENERGY CONSUMPTION
PER GUEST NIGHTS



55,455 m³

WATER CONSUMPTION



39% ↓

WATER CONSUMPTION PER
GUEST NIGHTS

PLAN

- Identify significant environmental impacts and agree on targets and action plans based on legal requirements, voluntary standards and our sustainability strategy.

DO

- Appoint and provide training to environmental representatives.
- Document and implement programmes and establish controls

CHECK

- Monitor and measure performance, conduct audits and analyse performance against targets on a continuous basis

ACT

- Conduct management reviews to discuss areas for improvement and to take corrective action

CLIMATE ACTION

With climate change rising to the forefront of the global business agenda, organisations are increasingly required to consider environmental risks when making investments. The tourism industry in particular, faces wide ranging implications as the devastating consequences of rising temperature, natural disasters, food and water insecurity as well as economic disruption could potentially affect operations and significantly affect the quality of tourist experiences by reducing the attractiveness of the destination.

Natural Disasters & Extreme Weather

- Impact on infrastructure and natural ecosystem
- Increased cost of operations
- Disruptions to supply chain
- Loss of lives
- Impact on living conditions

Impact on Biodiversity & Ecosystems

- Depletion of resources
- Rising sea levels
- Effect on attractiveness of destination

Failure to adapt to Climate Change

- Direct impact on hotel operations
- Impact to supply chains

MANAGING OUR EMISSIONS

Protecting our planet is a priority for us, as it directly affects our operations and the wellbeing of guests, employees, as well as the broader community. As such, our approach to managing climate change focuses on reducing our carbon footprint in a sustained manner through the efficient consumption of energy while reducing our reliance on fossil fuels. Concerted efforts to enhance energy efficiency and optimise energy usage resulted in a 5% reduction in our emission intensity during the year.

Initiatives to Reduce Carbon Footprint

Switching from furnace oil to low sulphur diesel in the boilers 25%

tCO2e	2023/24	2022/23
Scope 1 emissions	383	270
Scope 2 emissions	1,872	2,143
Total	2,256	2,420

*Scope 1 (directly from sources that owned/controlled by the organisation) and Scope 2 emissions (emissions generated through purchased electricity) are computed based on The Greenhouse Gas Protocol of the World Resource Institute and the World Business Council for Sustainable Development



42

ENERGY MANAGEMENT

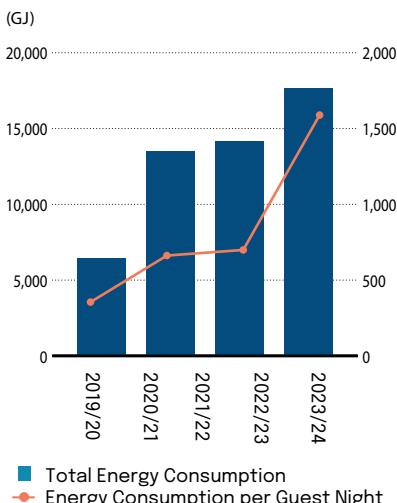
The hotel's energy requirements are primarily fulfilled through electricity, diesel, petrol, LPG and bioenergy. Although energy consumption during the year increased by 24% as a result of the increase in occupancy levels at the hotel, the energy intensity decreased from 662 to 355 reflecting ongoing efforts to enhance energy efficiency.

	2023/24	2022/23
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Total Energy Consumption (GJ)	17,855	14,139
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Energy Consumption per Guest Night (MJ)	349	662
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Energy Consumption



WATER CONSUMPTION

For the sourcing of our water requirements, we rely mainly on sea and ground water. We make concerted efforts to reduce the water withdrawn for our operations and prevent water stress in the area by optimising water usage, reducing wastage and re-using water discharged from our operations.

	2023/24	2022/23
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Total Water Consumption (m3)	55,455	37,446
Water Consumption per Guest Night (litres)	1,084	1,790

Total Water Withdrawal by Source- m3	2023/24	2022/23
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Ground water	6,227	5,873
Municipal Water	49,228	37,446

Water Recycled & Reused- m3	2023/24	2022/23
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For gardening	31,257	29,620
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*No water source or bodies were significantly affected due to withdrawal/ discharge of water or runoff

RAW MATERIAL CONSUMPTION

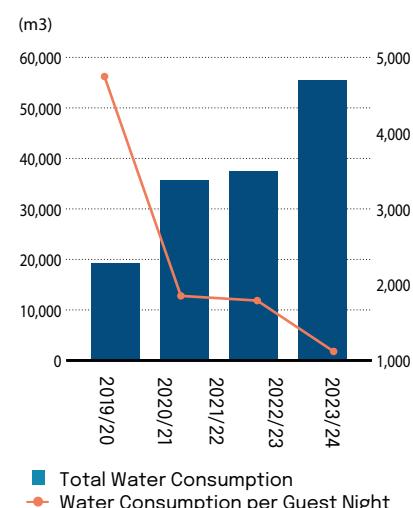
Our primary raw materials include food and beverage inputs, food packing materials, linen, consumable room amenities and other engineering related raw materials. As part of our commitment towards minimising our environmental footprint, we strive to minimise the usage of plastic in our raw material consumption. We ensure that ethical and sustainable business practices are always maintained when selecting and dealing with raw material suppliers.

WASTE MANAGEMENT AND RECYCLING

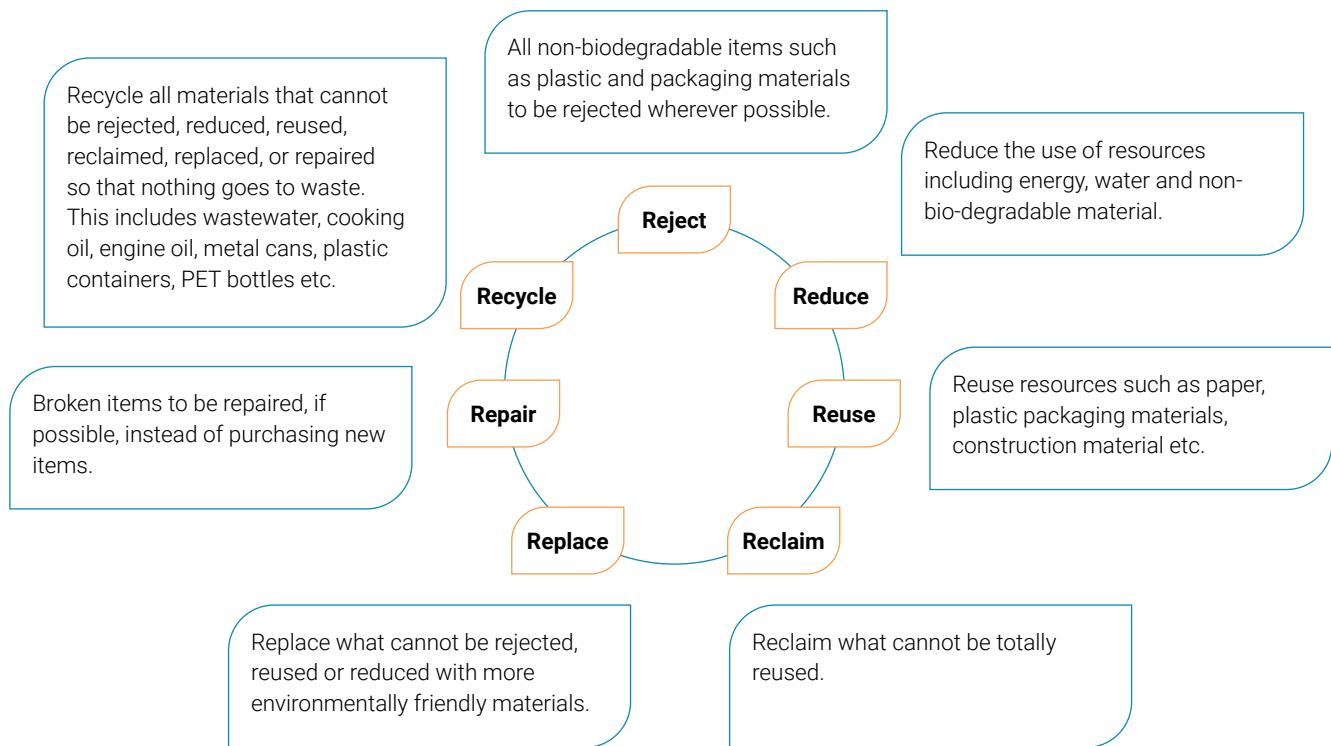
Our approach to managing waste follows the Group's internally developed 7R waste management approach. This approach aims to reach zero waste to landfill status by actively driving increased efficiencies in material consumption, recycling and reuse of resources.

- We consistently monitor our energy consumption in order to identify areas for improvement and control usage, given the rising cost of energy.
- Energy cost accounted for 23% of total direct and indirect cost during the year.

Water Consumption



Natural Capital



We ensure the segregation and responsible disposal of waste at source, in compliance with regulatory requirements and industry best practice. Key types of waste generated from our hotel operations include food waste, kitchen and human waste. Details of waste and disposal methods are presented in the table below:

Waste Type	Unit	2023/24	2022/23	Method of Disposal
Paper	Kg	312	234	Segregated and sold/sent for recycling
Cardboard	Kg	1,180	584	Segregated and sold/sent for recycling
Plastic	Kg	320	501	Segregated and sold/sent for recycling
Polythene	Kg	31	49	Segregated and sold/sent for recycling, Supplier education on reducing packaging material
CFL bulbs	Units	157	210	Sent for recycling, Energy efficient LED lighting replacement programme
Lead Acid Batteries	Kg	34	42	Segregated and sold/ Stored for later recycling
Alkaline Batteries	Units/Kg	337	312	Segregated and sold/ Stored for later recycling
Scrap Metal	Kg	647	775	Segregated and sold
Glass	Nos/ Kg	3,872	2,794	Segregated and sold/ Sent for recycling
Soiled Cotton	Kg	28	14	
Food Waste	Kg	80,350	54,416	Composted, used in biogas generators, Sold/ given to piggeries
Waste oil	L	1,220	712	Sold to soap manufacturer
E-waste	Units/kg	14	6	Sold/ sent for recycling

OUTLOOK

The hotel will continue to reduce its impact on the environment through responsible consumption of natural resources. We will also seek to reduce our carbon footprint by reducing our reliance on fossil fuels. For this we are looking at investing in renewable sources of energy including solar power. We will also seek to deepen our understanding of climate risks and propagate environmental sustainability along the value chain.

The total volume of solid waste generated during the year amounted to 88 MT.

Corporate Governance

Corporate Governance is popularly understood as the system by which Companies are directed and controlled. The Board of Directors of Browns Beach Hotels PLC is committed to maintain high standards of integrity, accountability, transparency and business ethics in the governance of the Group.

The Group is primarily guided by the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance, 2017 as amended in 2023, issued by the Institute of Chartered Accountants of Sri Lanka (the Code).

This statement describes the application of the Corporate Governance practices within the Company during the year under review.

BOARD COMPOSITION

The Board comprises 7 Directors as at the date of publication of this Report, as set out graphically below. The Company believes that the present composition of the Board, which has at its disposal, a vast reservoir of knowledge and experience in all areas of the Company's operations such as hoteliering, marketing, accounting, finance and entrepreneurship enable optimum efficiency and effectiveness. The names and the profiles of the Directors are given on pages 14 to 17 of this Annual Report.

During the year under review, Deshamanya D.H.S.Jayawardena, Chairman of the Company was

re-designated as a Non-Executive Director in compliance with Rule 9.6.1 of the Listing Rules of the Colombo Stock Exchange (CSE) with effect from 30th October 2023.

Composition of the Board

Executive Directors	
Independent Non-Executive Directors	
Non-Executive Directors	

TENURE

 1	 5	 1
Less than 5 years	5-15 years	Above 15 years

INDEPENDENCE OF DIRECTORS

Independence of Directors is determined by the Board, based on annual declarations submitted by the Independent Directors in compliance with the Listing Rules of the CSE.

The Board has determined the below mentioned Directors as nevertheless independent under the exception given under Rule 9.1.4(3) of the Listing Rules of the CSE:

- Mr. R.N. Asirwatham is a Director of a company in which a majority of the other Directors of the Company are Directors and which holds a significant shareholding in the Company. However, in view of

the fact that he is an independent Non-Executive Director of the other company, his position as a Director of the other company does not compromise his independence and objectivity in discharging his functions as a Director of the Company. Hence, the Board determined that Mr. R.N. Asirwatham is nevertheless "independent" of Browns Beach Hotels PLC as per the Listing Rules.

- Mr. N.J. de Silva Deva Aditya is a Director of a company in which a majority of the Directors of the Company are Directors and which holds a significant shareholding in the Company. He is also a Director of another company which holds a significant shareholding in the Company. However, in view of the fact that he is an Independent Non-Executive Director of both such companies referred to, his position as Director of the said companies does not compromise his independence and objectivity in discharging his functions as Director of the Company. Hence, the Board determined that Mr. N.J. de Silva Deva Aditya is nevertheless "independent" of Browns Beach Hotels PLC as per the Listing Rules.

Further, two Directors of the Company, Deshamanya D.H.S. Jayawardena and Ms. D.S.T. Jayawardena are related to each other. However, they act in the best interests of the Group using their independent judgement on matters referred to the Board.



Corporate Governance

**Disclosures in terms of Rule 9.10.4(e) of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange:
Companies in which the Directors of Browns Beach Hotels serve as Directors***

Name of the Director	Directorate Status	Company
Deshamanya D. H. S. Jayawardena	Non-Executive Chairman	Aitken Spence PLC Aitken Spence Hotel Holdings PLC Melstacorp PLC Distilleries Company of Sri Lanka PLC Madulsima Plantations PLC Balangoda Plantations PLC Lanka Milk Foods (CWE) PLC Lanka Dairies Limited
	Chairman	Stassen Exports (Pvt) Ltd Stassen Natural Foods (Pvt) Ltd Stassen International (Pvt) Ltd Stassen Foods (Pvt) Ltd Milford Exports (Ceylon) (Pvt) Ltd Milford Developers (Pvt) Ltd CBD Exports (Pvt) Ltd Ceylon Garden Coir (Pvt) Ltd Ambewela Products (Pvt) Ltd Ambewela Livestock Company Ltd Pattipola Livestock Company Ltd United Dairies Lanka (Pvt) Ltd
	Director	McSen Range (Pvt) Ltd.
Ms. D.S.T. Jayawardena	Joint Deputy Chairperson/Joint Managing Director	Aitken Spence PLC Aiken Spence Hotel Holdings PLC Executive Director Lanka Milk Foods (CWE) PLC Lanka Dairies Limited Non-Executive Director Melstacorp PLC Distilleries Company of Sri Lanka PLC Director Stassen Exports (Pvt) Ltd Stassen Natural Foods (Pvt) Ltd Stassen International (Pvt) Ltd Stassen Foods (Pvt) Ltd Milford Exports (Ceylon) (Pvt) Ltd Milford Developers (Pvt) Ltd CBD Exports (Pvt) Ltd Ceylon Garden Coir (Pvt) Ltd Ambewela Products (Pvt) Ltd Ambewela Livestock Company Ltd Pattipola Livestock Company Ltd United Dairies Lanka (Pvt) Ltd



Name of the Director	Directorate Status	Company
Dr. M.P. Dissanayake	Chairman	Elpitiya Plantations PLC
		Aitken Spence Plantation Managements PLC
	Deputy Chairman/Managing Director	Aitken Spence PLC
	Managing Director	Aitken Spence Hotel Holdings PLC
Mr. N.J. de S. Deva Aditya	Non-Executive Director	Aitken Spence PLC
		Aitken Spence Hotel Holdings PLC
		Melstacorp PLC
		Distilleries Company of Sri Lanka PLC
	Director	The Kingsbury PLC
Mr. R.N. Asirwatham	Non-Executive Director	Serene Residencies (Pvt) Ltd
		Aitken Spence PLC
		Aitken Spence Hotel Holdings PLC
		Royal Ceramics Lanka PLC
		Dilmah Ceylon Tea Company PLC
		Three Acre Farms PLC
		Ceylon Grain Elevators PLC
	Director	Vallibel One PLC
Mr. M.A.N.S. Perera	Managing Director	Renuka Hotels PLC
	Executive Director	Mercantile Merchant Bank Limited
		Yarl Hotels (Pvt) Ltd.
	Non-Executive Director	
Mr. C R Stanislaus	Managing Director	Melstacorp PLC
	Executive Director	Distilleries Company of Sri Lanka PLC
Mr. C R Stanislaus		Balangoda Plantations PLC
		Madulsima Plantations PLC
	Non-Executive Director	Aitken Spence PLC
		Aitken Spence Hotel Holdings PLC
Mr. C R Stanislaus	He holds directorships only in companies within the Group.	

Corporate Governance

ROLES AND RESPONSIBILITIES

The Chairman together with the Board of Directors are primarily responsible for providing strategic direction to the Company's operation. The following responsibilities are assumed by the Chairman and the Board in performing their roles:

Chairman	Board
<ul style="list-style-type: none">• Provide leadership to the Board,• Preserving good corporate governance and facilitating the effective discharge of Board functions,• Setting the Agenda for Board Meetings in consultation with the Company Secretaries,• Facilitating participation by both Executive and Non-Executive Directors,• Ensuring that all Directors are adequately briefed on matters arising at Board Meetings and that Directors contribute effectively leveraging the collective skills and experience of the Board,• Ensuring that shareholders are given adequate opportunity to make observations, express their views and seek clarifications at meetings of shareholders,• Building and maintaining stakeholder trust and confidence.	<ul style="list-style-type: none">• Ensuring formulation and implementation of a sound business strategy,• Ensuring that the Management Team possess the relevant skills, experience, knowledge and capacity to implement the strategy,• Approving Budgets and major capital expenditure subject to legal requirements whilst considering their impacts on society and the environment,• Establishing effective systems to secure the integrity of information, internal controls, business continuity and risk management,• Ensuring the compliance of the Group's statutory and regulatory obligations and safeguarding the Group's reputation by promoting corporate values and an ethical culture,• Considering and carefully balancing stakeholder interests in corporate decisions,• Recognising sustainable business development in Corporate Strategy, decisions and activities,• Setting the Company values and standards with emphasis on adopting appropriate accounting policies and fostering compliance with financial regulation,• Establishing a process of monitoring and evaluation of progress on strategy implementations, budgets, plans and related risks.

SEGREGATION OF DUTIES

The roles of the Chairman and Executive Directors are separate facilitating a balance of power on the Board. The Chairman is responsible for determining the frequency of the meetings, setting the agenda, conducting the meeting, ensuring Board members have sufficient information for decision making and that all Board members participate effectively. The Executive Directors are responsible for implementing strategy within the agreed policy framework and in compliance with the regulatory requirements.

BOARD COMMITTEES

The Board has established three committees, namely the Audit Committee, Remuneration Committee and Related Party Transactions Review Committee, for the effective and efficient discharge of its duties and responsibilities. All such committees are provided with all essential resources to empower them to undertake their duties in an effective manner.

Chairman	Board		
Audit Committee	2 Independent Non-Executive Directors including the Chairman of the Committee.	<ul style="list-style-type: none"> Financial reporting requirements, information requirements under the Listing Rules, the Companies Act and other relevant financial reporting related regulations and requirements Risk management and internal control Internal audit External audit including assessing the independence of External Auditor and making recommendations to Board pertaining to appointment, reappointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors. Compliance with legal and regulatory requirements 	Please refer to the Audit Committee Report
Related Party Transactions Review Committee	2 Independent Non-Executive Directors and 1 Non-Executive Director including the Chairman of the Committee.	<ul style="list-style-type: none"> Review all proposed Related Party Transactions and the post quarter confirmations in accordance with the requirements of the Listing Rules Recommend appropriate action for compliance in respect of proposed Related Party Transactions or post quarter confirmations as applicable. Annual Review of thresholds of transactions falling under the ambit of Rule 9.14.8 of the Listing Rules based on the available Audited Financial Statements 	Please refer Related Party Transactions Review Committee Report
Remuneration Committee	2 Independent Non-Executive Directors including the Chairman of the Committee.	<ul style="list-style-type: none"> Remuneration policies and practices. Make recommendations pertaining to Executive remuneration. Determine the overall individual remuneration packages which includes compensation on termination of employment 	Please refer to the Remuneration Committee Report

MEETINGS AND MINUTES

The Board, Audit Committee and Related Party Transactions Review Committee meet quarterly with provision to schedule additional meetings if required. The Remuneration Committees meets as and when necessary.

The Directors are provided with the agenda and board papers at least seven days prior to each meeting, giving them adequate time to study the contents. The Chairman ensures that Directors have sufficient information on matters included in the agenda to facilitate effective participation of Directors.

Apart from taking decisions at the Board Meetings, the Board also takes decisions by way of circular resolutions. When decisions are taken by way of circular resolutions, all relevant information are sent together with the circular resolution to enable the Directors to clearly comprehend the purpose for which a resolution is being circulated prior to obtaining their consent.



Corporate Governance

Attendance at Board and Board Committee Meetings

Name of Director	Director Status	Meeting Attendance			
		Board	Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
Deshamanya D.H.S. Jayawardena	Chairman	4	-	-	-
Ms. D.S.T. Jayawardena	ED	4	-	-	-
Dr. M.P. Dissanayake	ED	4	-	-	-
Mr. C.R. Stanislaus	ED	4	-	-	-
Mr. R.N. Asirwatham	INED	4	4	1	4
Mr. N.J. De Silva Deva Aditya	INED	4	3	1	3
Mr. M.A.N.S. Perera*	NED	4	-	-	N/A
Total No. of Meetings		4	4	1	4

* Appointed as a Member of the Related Party Transactions Review Committee w.e.f 22.03.2024

ED – Executive Director

NED – Non-Executive Director

INED – Independent Non-Executive Director

COMPANY SECRETARIES

Secretarial services are provided by Aitken Spence Corporate Services (Private) Limited. The Directors have access to the advice and services of the Company Secretaries who support the Board and Management in ensuring effective governance and good decision making across the Group.

The Secretaries ensure Directors receive full and timely information and have access to the resources they need to facilitate effective decision-making. They keep Directors informed of governance, regulatory compliances and legislative changes relevant to the discharge of their duties, individually as Directors and collectively as a Board. Secretaries maintain minutes of Board meetings, which are open for inspection by any Director at any time. Appointment and removal of the Company Secretaries is a matter for the Board as a whole.

SHAREHOLDER RELATIONS

Engaging with shareholders is a key part of how Browns Beach Hotels PLC

is managed. The Company engages with shareholders through open and meaningful dialogue that helps them to understand their expectations of the Company. The Company welcomes active participation by its shareholders and allows opportunity for shareholder participation.

Shareholders receive the Annual Report including the Financial Statements and Notice of Meeting 15 working days prior to the Annual General Meeting. The Chairmen of the Board Subcommittees and the Auditors attend the Annual General Meetings to respond to queries that may be raised by the shareholders.

The Company complies with the Continuing Listing Rules by ensuring that shareholders are kept informed about the performance of the Company on a quarterly basis through the dissemination of the Interim Financial Statements. Additionally, timely notice is given to the CSE on appointment and resignation of Directors and other material developments deemed price sensitive in accordance with the Listing Rules.

DECLARATIONS BY BOARD AND GOVERNANCE DISCLOSURES

The Annual Report includes the following reports of the Board and its Committees providing key declarations on effective discharge of their duties.

- Annual Report of the Board of Directors
- The Board of Directors' Statement on Internal Control
- Statement of Directors' Responsibilities
- Reports of the Board Committees
- Corporate Governance Report

The Board acknowledges its responsibility of ensuring the integrity of this Annual Report, which in the opinion of the Board, addresses all the concerns that are mentioned to the Company's ability to create sustainable value and reflects a fair presentation of the integrated performance of Browns Beach Hotels PLC.



Compliance with the Companies Act No. 07 of 2007

Section	Requirement	Further reference	Compliance Status
168 (1) (a)	Any change during the accounting period in the nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (b)	Financial Statements of the Company and the Group for the accounting period completed and signed.	Refer Financial Statements and Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (c)	Auditors' Report on Financial Statements of the Company and the Group	Refer Financial Statements and Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (g)	Total amount of donations made by the Company and the Group during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (h)	Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (j)	Relationship or interest of the Auditors with the Company or any of its subsidiaries	Refer Annual Report of the Board of Directors of this Annual Report	Complied
168 (1) (k)	Annual Report of the Board of Directors be signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Complied

Corporate Governance

Compliance with the Continuing Listing Requirements of the Colombo Stock Exchange:

Rule Ref.	Requirement	Nature of Compliance by Browns Beach Hotels PLC	Compliance Status
7.6 (i)	Names of Directors of the entity	Refer Corporate Information of this Annual Report	Complied
7.6 (ii)	Principal activities of the entity and its subsidiaries during the year under review	Refer Annual Report of the Board of Directors of this Annual Report	Complied
7.6 (iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer Investor Information of this Annual Report	Complied
7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Investor Information of this Annual Report	Complied
7.6 (v)	Directors and CEO's holding in shares of the entity at the beginning and end of reporting year	Refer Annual Report of the Board of Directors of this Annual Report	Complied
7.6 (vi)	Information pertaining to material foreseeable risk factors	Refer Risk Management of this Annual Report	Complied
7.6 (vii)	Details of material issues pertaining to employees and industrial relations	Refer Human Capital of this Annual Report	Complied
7.6 (viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer Note 15.6 to the Financial Statements of this Annual Report	Complied
7.6 (ix)	Number of shares representing the stated capital	Refer Investor Information of this Annual Report	Complied
7.6 (x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Investor Information of this Annual Report	Complied
7.6 (xi)	Ratios and market price information	Refer Investor Information of this Annual Report	Complied
7.6 (xii)	Significant changes in the entity's or its subsidiaries fixed assets and the market value of land	Refer Note 15 to the Financial Statements of this Annual Report	Complied
7.6 (xiii)	Funds (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 (xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/purchase schemes made available to its Directors or employees	N/A
7.6 (xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Complied
7.6 (xvi)	Related Party Transactions	Refer Note 33 to the Financial Statements and the declaration of the Board of Directors embodies in the Annual Report of the Board of Directors of this Annual Report	Complied

Compliance with Section 9 of the Listing Rules issued by the Colombo Stock Exchange:

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.1	Corporate Governance Rules		
9.1.1 9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	01st October 2023	The extent of compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance Rules is summarised in this table.
9.2	Policies		
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk management and Internal controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	01st October 2024	Policies referred to in h, k and l have been uploaded on the website on www.aitkenspencehotels.com The Company is in the process of developing the policies referred to in a, b, c, d, e, f, g, i and j and the said policies will be made available on the corporate website on or before the effective date
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	01st October 2024	N/A
9.2.3	i List of policies in place as per Rule 9.2.1, with reference to website ii Any changes to policies adopted	01st October 2024	Refer 'How We Comply' under Rule 9.2.1 above
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	01st October 2024	Refer 'How We Comply' under Rule 9.2.1 above
9.3	Board Committees		
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include: (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	01st October 2023	The Company has in place a Remuneration Committee, Audit Committee and a Related Party Transactions Review Committee The Company will comply with the requirement of Rule 9.11 by the effective date.
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules	01st October 2023	Refer 'How We Comply' under Rules 9.11, 9.12, 9.13 and 9.14 below



Corporate Governance

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.4	Principles of democracy in shareholder dealings		
9.4.1	<p>Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC).</p> <ul style="list-style-type: none"> a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favour of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained 	01st October 2023	The Company Secretaries maintain records of all resolutions of General Meetings and information related thereto
9.4.2	<ul style="list-style-type: none"> a) Listed Company should have a policy on effective communication and relations with shareholders and investors b) Listed Company should disclose the contact person for such communication c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders 	01st October 2024	This will be compliant with the establishment of the Policy on Relations with Shareholders and Investors
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-compliant reasons for the same with proposed remedial action	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors
9.6	Chairperson and CEO		
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	01st October 2023	Compliant Chairman was redesignated as a Non-Executive Director with effect from 30th October 2023.
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	01st October 2023	N/A
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	01st October 2023	N/A

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.6.4	Rationale for appointing Senior Independent Director	01st October 2023	N/A
9.7	Fitness of Directors and CEOs		
9.7.1	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules	01st October 2023	The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they meet the fit and proper persons criteria as specified in Rule 9.7.3 of the Listing Rules of the CSE
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	01st October 2023	In the absence of a Nominations and Governance Committee the Board of Directors have reviewed the declarations submitted by the Directors before such recommendations for re-appointment/ re-election are placed before the shareholders' meeting or appointments are made. Upon the formation of the Nominations and Governance Committee, the recommendation of the said Committee will be obtained.
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if she or he does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	01st April 2024	Refer 'How We Comply' under Rule 9.7.1 above
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	01st October 2023	Annual declarations from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st March 2024
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	01st October 2023	Compliant Refer the 'Annual Report of the Board of Directors' of this Annual Report N/A

Corporate Governance

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.8	Board Composition		
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	01st October 2024	As of the date of the publication of this Annual Report, the Company consists of 7 Directors, thereby complying with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE However, the Articles of Association of the Company will be amended at the forthcoming Annual General Meeting to increase the minimum number of Directors from two (02) to five (05)
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	01st October 2024	Compliant
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	Criteria 9.8.3 (i) to (viii) - October 01, 2023 Criteria 9.8.3 (ix) - January 01, 2025.	Compliant in terms of Rule 9.1.4(3)
9.8.5	(a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified in Rule 9.8.3 of the Listing Rules and in the format in Appendix 9A of Section 9 of the said Rules. (b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	01st October 2023	The Independent Directors submit signed declarations annually with regard to their independence/non-independence against the specified criteria stipulated under Rule 9.8.3 of the Listing Rules of the CSE Refer 'Independence of the Directors' in the Corporate Governance Report of this Annual Report
9.9	Alternate Directors		
9.9	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	01st January 2024	The Articles of Association of the Company will be amended at the forthcoming Annual General Meeting of the Company to incorporate the requirements referred to in this Rule.

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.10	Disclosures Relating to Directors		
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	01st October 2024	This will be compliant with the establishment of the Policy on matters relating to Board of Directors
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: i. a brief resume of such Director; ii his/her capacity of directorship; and, iii. Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	01st October 2023	Compliant
9.10.3	Listed Company shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors or Board Committees referred to in Rule 9.3 of the Listing Rules containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.	01st October 2023	Will comply if a need arises.
9.10.4	Directors details a) name, qualifications and brief profile b) nature of his/her expertise in relevant functional areas c) whether either the Director or Close Family Members has any material business relationships with other Directors d) whether Executive, Non-Executive and/or independent Director e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) f) number of Board meetings attended g) names of Board Committees in which the Director serves as Chairperson or a member h) Attendance of board committee meetings i) Terms of Reference and powers of Senior Independent Directors	01st October 2023	a), b) and d) refer 'Board profiles' of this Annual Report c) - Based on the individual declarations obtained from the Directors, it was noted that none of the Directors or their Close Family Members have material business relationships with other Directors of the Company. A Statement to this effect has been included in the 'Annual Report of the Board of Directors' of this Annual Report e), f), g) and h) - Refer 'Corporate Governance Report' of this Annual Report i) – N/A
9.11	Nominations and Governance Committee		
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	01st October 2024	Will be compliant on or before the effective date
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	01st October 2024	Will be compliant on or before the effective date
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2024	Will be compliant on or before the effective date

Corporate Governance

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.11.4	<ul style="list-style-type: none"> (1) The members of the Nominations and Governance Committee shall; <ul style="list-style-type: none"> (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) not comprise of Executive Directors of the Listed Company. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company 	01st October 2024	Will be compliant on or before the effective date
9.11.5	The functions of the Nominations and Governance Committee	01st October 2024	Will be compliant on or before the effective date
9.11.6	<p>The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson</p> <p>Nominations and Governance Committee Report shall include the following:</p> <ul style="list-style-type: none"> (a) Names of chairperson and members with nature of directorship (b) Date of appointment to the committee (c) Availability of documented policy and processes when nominating Directors (d) Requirement of re-election at regular intervals at least once in 3 years (e) Board diversity (f) Effective implementation of policies and processes relating to appointment and reappointment of Directors (g) Details of directors re-appointed <ul style="list-style-type: none"> - Board Committees served - Date of first appointment - Date of last re-appointment - Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years - Any relationships – close family member, more 10% shareholding (h) Performance of periodic evaluation of board (i) Process adopted to inform independent directors of major issues. (j) Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement (k) Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement (l) Compliance with independence criteria (m) Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions 	01st October 2024	Will be compliant on or before the effective date

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.12	Remuneration Committee		
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	01st October 2023	Compliant Refer 'Director Remuneration' in the Corporate Governance Report of this Annual Report and the 'Remuneration Committee Report' of this Annual Report
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	01st October 2023	Refer 'How We Comply' under Rule 9.2.1 above
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.6	(1) The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) not comprise of Executive Directors of the Listed Company (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	01st October 2024 01st October 2023	At present the Committee comprises of two Independent Non-Executive Directors. The Company will comply with the revised Rules in this regard by the effective date. Refer 'Composition of the Committee' in the Remuneration Committee Report of this Annual Report
9.12.7	The functions of the Remuneration Committee	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.8	Remuneration Committee Report shall contain the following: (a) Names of chairperson and members with nature of directorship (b) Remuneration Policy (c) The aggregate remuneration of the Executive and Non-Executive Directors	01st October 2023	Compliant Refer 'Remuneration Committee Report' of this Annual Report Refer Note 12 to the Financial Statements of this Annual Report
9.13	Audit Committee		
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	01st October 2023	The Audit Committee of the Company also performs the risk functions
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	01st October 2023	Compliant

Corporate Governance

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.13.3	<p>1) The members of the Audit Committee shall;</p> <ul style="list-style-type: none"> (a) comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Company. <p>(2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.</p> <p>(3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.</p> <p>(5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.</p> <p>(6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation.</p> <p>(7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body</p>	01st October 2024	Compliant Refer 'Audit Committee Report' of this Annual Report
9.13.4	The functions of the Audit Committee	01st October 2024	Presently the Company is compliant in terms of Rule 7.10.6(b) The Company will comply with the revised Rules in this regard by the effective date.
9.13.5	Disclosures in the Annual Report <ul style="list-style-type: none"> (1) Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report (2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2) 	01st October 2024	Presently the Company is compliant in terms of Rule 7.10.6(c) The Company will comply with the revised Rules in this regard by the effective date. Audit Committee Report containing the disclosures referred to in this Rule will be included in the Annual Report of the Company for the Financial Year 2024/2025

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.14	Related Party Transactions Review Committee		
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.2	1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	01st April 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.3	The functions of the Related Party Transactions Review Committee	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.4	1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person. 3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. 4) If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report

Corporate Governance

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	01st October 2023	There were no Related Party Transactions during the year which required shareholder approval. The Company will comply with this Rule should a need arise
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	01st October 2023	There were no Related Party Transactions during the year which required an immediate Market Announcement The Company will comply with this Rule should a need arise
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	01st October 2023	Compliant Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report
9.14.8 (2)	Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)	01st October 2023	Compliant Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report
9.14.8 (3)	Related Party Transactions Review Committee Report - Names of the Directors comprising the Committee - Statement that committee has reviewed RPTs and communicated comments/observations to the Board - Policies and procedures adopted by the Committee	01st October 2023	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	01st October 2023	Compliant Refer 'Annual Report of the Board of Directors' of this Annual Report
9.14.9	Acquisition and disposal of assets from/to Related Parties except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	01st October 2023	N/A The Company has not acquired or disposed of any assets from/to Related Parties The Company will comply with this Rule should a need arise

Rule Ref.	Disclosure Requirement	Effective Date	How We Comply
9.16	Additional Disclosures		
9.16	<p>Additional disclosures by Board of Directors Declaration on following</p> <ul style="list-style-type: none"> - All material interests in contracts and have refrained from voting on matters in which they were materially interested - Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so; - Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; - Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations 	01st October 2023	<p>Compliant</p> <p>Refer 'Annual Report of the Board of Director' of this Annual Report</p>

Compliance with the Requirements of the Code of Best Practices on Corporate Governance, 2017 as amended in 2023 issued by the Institute of Chartered Accountants of Sri Lanka

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
A.	Directors		
A.1	The Board	<p>The Board is diverse and well balanced to effectively discharge its governance roles and responsibilities.</p> <p>All Directors are eminent professionals in their respective fields who bring varied perspectives to Board deliberations and constructively challenge management.</p>	Compliant
A.1.1	Regular Meetings	Refer Meetings and Minutes in the Corporate Governance Report.	Compliant
A.1.2	Role and Responsibilities of the Board	Refer Roles and Responsibilities in the Corporate Governance Report.	Compliant
A.1.3	Compliance with laws and access to independent professional advice	The Board ensures that the Company as well as its directors act in accordance with the laws of the country as applicable to the Company. In discharging its duties, the Board seeks independent professional advice from external parties when necessary, at the Company's expense.	Compliant
A.1.4	Access to advice from the Company Secretary	Refer Company Secretaries in the Corporate Governance Report.	Compliant
A.1.5	Independent judgment of the Directors	The Board comprises of professionals who exercise independent judgement in discharging their duties.	Compliant



Corporate Governance

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
A.1.6	Dedicating adequate time and effort	All Directors devote sufficient time to the affairs of the Company to facilitate discharge of their duties effectively. Board papers are circulated at least one week prior to the meeting providing sufficient time to review and call for any further information required to contribute effectively to the deliberations at the Board Meeting	Compliant
A.1.7	Calls for resolutions	One third of the Directors may call for a resolution to be presented to the Board in the best interests of the Company.	Compliant
A.1.8	Training of Directors	On appointment, Directors receive a Letter of Appointment outlining the terms of appointment, duties and responsibilities and expected time commitments. Additionally, both Executive and Non-Executive Directors are taken through a tailored formal induction programme. Directors are briefed on changes in laws and regulations, tax laws and accounting standards from time to time either during Board meetings or at specially convened sessions. Directors are further encouraged to participate in workshops and/or seminars in their capacity as speakers, moderators or panelists in their respective areas of proficiency.	Compliant
A.2	Chairman and Chief Executive Officer	There is a clear distinction of responsibilities between the Chairman and the Executive Directors of the Company. The functions performed by the Chairman and the Executive Directors are distinct and separate, which ensures the balance of power and authority within the Company, so that no person has unfettered powers of decision making. The Chairman controls and preserves order at Board meetings and provides the Board with strategic direction and guidance. The Executive Directors directly oversee the management of the Company and are responsible for the performance of the day-to-day operations of the Company.	Compliant
A.3 A.4	Chairman's role Financial Acumen	Please refer Roles and Responsibilities in the Corporate Governance Report. As apparent from the profiles of the Board, the Directors with their academic and/or entrepreneurial, financial skills and business acumen contribute substantial value and independent judgment to decision making on matters concerning financial investment.	Compliant Compliant
A.5	Board Balance	The Board comprises 07 Directors of whom 04 are Non-Executive Directors and 03 serve as Executive Directors. The combination of Executive and Non-Executive directors and the diversity of skills and experience facilitates objective and informed deliberation of matters set before the Board. Each Independent Director has submitted a signed declaration with regard to his independence/non-independence as required by the Listing Rules of the Colombo Stock Exchange and based on such declarations submitted, the Directors have been determined two of the Non-Executive Directors to be independent, refer Independence of Directors in the Corporate Governance report. There are no Alternate Directors appointed to represent the Directors of the Company.	Compliant

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
A.6	Supply of Information	<p>Although the Chairman is not an Independent Director, a Senior Independent Director has not been formally appointed, however, Mr. Asirwatham in his capacity as the lead independent director acts as a sounding board to the Chairman on matters of concern.</p> <p>Additionally, informal discussions take place between the Chairman and the Non-Executive Directors on matters that require their attention.</p> <p>In the event of a matter not being unanimously resolved at a Board meeting, the concerns expressed are recorded in the Board Minutes. Minutes of the Board Meetings are circulated to all Directors and adopted at a subsequent Board Meeting.</p> <p>Directors have unrestricted access to management and organisation information, as well as the resources required to carry out their duties and responsibilities effectively. All Board members receive information regarding operations and performance of the Group on a monthly basis.</p>	Compliant
A.7	Appointment of New Directors	<p>Refer Meetings and Minutes in the Corporate Governance Report.</p> <p>Upon the appointment of a new Director to the Board, the Company informs the CSE of the said appointment, with a brief resume of such a Director, containing the nature of their expertise, relevant interest, other directorships held, memberships in Board Committees and the nature of appointment.</p> <p>There were no new appointments to the Board of Directors during the year under review.</p>	Compliant
A.8	Re-election and Resignation	<p>Except the Chairman all the other Directors are subject to retirement by rotation in terms of the Articles of Association of the Company.</p> <p>The retiring Directors and all the Directors who are over 70 years of age whose tenure of office is determined in terms of the Companies Act No.7 of 2007, submit themselves for re-election /re-appointment by the shareholders of the Company at the forthcoming Annual General Meeting of the Company.</p> <p>In the event that a director wishes to resign from his or her position as a Director, he/she is expected to provide a written communication to the Board formally tabling his or her resignation along with reasons for such resignation.</p>	Compliant
A.9	Appraisal of Board Performance	<p>The Board carries out a self-appraisal of itself annually with Directors individually appraising their own performance with reference to their key responsibilities. This serves to identify areas for improvements and gaps pertaining to Board administration and processes.</p>	Compliant
A.10	Disclosure of information in respect of Directors	<p>Refer Profiles of Directors, Annual Report of the Board of Directors and the Corporate Governance Report of this Annual Report.</p>	Compliant
A.11	Appraisal of the Chief Executive Officer	<p>The performance evaluation of the Executive Directors is carried out by the Chairman, in line with the financial and non-financial objectives set out in consultation with the Board at the commencement of each financial year.</p>	Compliant
B.	Directors' Remuneration		
B.1	Remuneration Procedure	<p>The Remuneration Committee is responsible for evaluating the performance of the Board of Directors and the Senior Management. Remuneration packages are structured to attract, retain and motivate them taking into consideration their roles and responsibilities, skills, experience and attributes. The Remuneration Committee consults the Chairman regarding Executive Directors' and Senior Managements' remuneration.</p> <p>No Director is involved in determining his or her own remuneration.</p>	Compliant

Corporate Governance

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
B.1	Remuneration Procedure	<p>The Remuneration Committee is responsible for evaluating the performance of the Board of Directors and the Senior Management. Remuneration packages are structured to attract, retain and motivate them taking into consideration their roles and responsibilities, skills, experience and attributes.</p> <p>The Remuneration Committee consults the Chairman regarding Executive Directors' and Senior Managements' remuneration.</p> <p>No Director is involved in determining his or her own remuneration.</p>	Compliant
B.2	Remuneration Committee	<p>Remuneration of Executive Directors are designed to promote the short, medium and long term performance of the Company. The Remuneration Committee consults the Chairman regarding Executive Directors' and Senior Managements' remuneration.</p> <p>Performance based remuneration of employees, including Executive Directors and Senior Management, is directly linked to the achievement of agreed targets and goals by the Company and the individual.</p> <p>The Committee also considers external factors such as cost of living, inflation and industry norms.</p> <p>As at date, the Company has no share option scheme available to its Directors.</p> <p>The Remuneration Committee determines the remuneration of Directors in the event of early termination.</p> <p>Remuneration of Non-Executive Directors reflects the time commitment and responsibilities of their role. They are remunerated based on their attendance at Board and/or Committee meetings.</p> <p>The Remuneration Committee Report gives the composition of the Committee and a description of its activities during the year.</p>	Compliant
B.3	Disclosure of Remuneration	Refer the Remuneration Committee Report and notes 12 and 33.4 in the Financial Statements of this Annual Report.	Compliant
C.	Relations with shareholders		
C.1	Constructive use of the AGM and conduct of meetings	<p>Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders within the stipulated time prescribed in the Articles of Association.</p> <p>Separate resolutions are proposed for substantially separate issues to provide shareholders the opportunity to deal with each significant issue separately.</p> <p>All proxy appointments received are duly recorded and counted in respect of each resolution on which a vote has been taken.</p> <p>In the event the appropriate number of shareholders give their intimation in writing and request for a poll, the procedure involved in voting would be communicated to the shareholders. In the absence of such intimation, all issues at the AGM will be passed by an appropriate voting method.</p> <p>The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.</p> <p>The Shareholders are informed of the procedure relating to voting at the Annual General Meeting. Every shareholder is entitled to one vote per share at a poll.</p>	Compliant



Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
C.2	Communication with shareholders	Refer Shareholder Relations in the Corporate Governance Report.	Compliant
C.3	Major and Material Transactions	During the financial year there were no major transactions which materially altered the Company's net asset base or the consolidated Group's net assets base. The Company is also compliant with the requirements of Rule 9.14 of the Listing Rules in terms of reviewing all related party transactions which may require shareholder disclosure/approval.	Compliant
D. Accountability and Audit			
D.1.	Financial and Business Reporting	<p>The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position. The Board of Directors confirm that the Financial Statements of the Company and its subsidiary have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Financial Reporting Standards/Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Company has duly complied with all the relevant laws and reporting requirements of regulatory authorities. The consolidated Financial Statements and the Financial Statements of the Company were audited by Messrs. KPMG, Chartered Accountants. Annual and Interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange,</p> <p>The Statement of Financial Position in the Financial Statements of this Annual Report contains a declaration by the Joint Managing Director of the Managing Agent. The following reports are available in compliance with the Code:</p> <ul style="list-style-type: none"> • Annual Report of the Board of Directors • Statement of Directors' Responsibility • Independent Auditor's Report • The Board of Directors' Statement of Internal Control • Management discussion & analysis • Related Party Transactions have been disclosed in Note 33 to the Financial Statements and the processes followed by the Company in the Relates party transactions Review Committee Report of this Annual Report <p>In the unlikely event that the net assets of the Company fall below half of the shareholders' funds, the shareholders of the Company would be notified and an Extraordinary General Meeting would be called to propose the way forward.</p>	Compliant
D.2	Risk Management and Internal Control	Refer Risk Management under Management Discussion and Analysis, the Board of Directors' Statement of Internal Control and the Report of the Audit Committee.	Compliant



Corporate Governance

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
D.3	Audit Committee	<p>The Audit Committee comprises two Independent Non-Executive Directors and has a written Terms of Reference which is summarised in the Audit Committee Report of this Annual Report.</p> <p>Refer the Report of the Audit Committee of this Annual Report.</p>	Compliant
D.4	Risk Committee	<p>At present the Audit Committee covers the functions of the Risk Committee as well.</p>	Compliant
D.5	Related Party Transactions Review Committee	<p>The Related Party Transactions Review Committee comprises three Non-Executive Directors, two of whom are Independent.</p> <p>Refer the Report of the Related Party Transactions Review Committee of this Annual Report.</p>	Compliant
D.6.	Code of Business Conduct and Ethics	<p>The Group is committed to conducting its business operations with integrity, professionalism and with respect to the rights and interests of all stakeholders. All employees and Directors abide by the Group Code of Ethics & Professional Conduct which embodies a strong set of corporate values and conduct including a zero-tolerance approach to unethical behaviour. The code is available on the intranet for information of all employees and is reinforced at all levels through training and structured communication. During the year, all employees were given access to review the Group's Code of Ethics & Professional Conduct on the Group's online learning platform.</p> <p>Refer the Board of Directors' Statement on Internal Controls of this Annual Report.</p> <p>Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.</p> <p>Immediate disclosures of Directors pertaining to acquisition/ disposal of relevant interest in shares issued by the Company are obtained from the Directors in accordance with Section 200 of the Companies Act No. 7 of 2007 and necessary disclosures are made to the CSE within two market days. Also refer the Related Party Transactions Review Committee Report of this Annual Report.</p>	Compliant
D.7	Corporate Governance Disclosures	<p>Refer the Annual Report of the Board of Directors and the Corporate Governance Report.</p>	Compliant
E.	Institutional Investors		
E	Institutional Investors	<p>The Company conducts regular discussions with Institutional Investors. The Annual Report provides a balanced review of the Group's performance supporting analysis and objective decision making. Shareholders are provided an opportunity to comment, discuss and seek clarifications on any relevant issue with the Chairman and Board at the AGM or by prior appointment.</p> <p>Institutional investors are provided with sufficient information to deliberate on matters related to the structure and composition of the Board, facilitating evaluation of the same</p>	Compliant

Reference to ICASL Code	Corporate Governance Principle	How we comply	Compliance Status
F.	Other Investors		
F	Other Investors	<p>The Company provides sufficient relevant and material financial and non-financial information in its Annual Report to facilitate meaningful analysis and obtaining independent annual advice regarding their investment.</p> <p>Refer Shareholder Relations in the Corporate Governance Report</p>	Compliant
G.	Internet of Things and Cybersecurity		
G	Internet of things and Cybersecurity	<p>The Board holds the primary responsibility for overseeing technology and information governance to ensure the Group achieves its strategic objectives. It has established essential infrastructure, organisational frameworks, policies and procedures to effectively govern its digital assets, systems and information.</p> <p>Aitken Spence PLC (to which the Management Agent belongs) proudly holds ISO/IEC 27001:2013 certification, the pinnacle of information protection and security standards, ensuring the confidentiality, integrity and availability of data. This certification is a testament to the Group's adherence to global standards, encompasses 49 management policies, fostering a robust Information Security Management System (ISMS).</p> <p>Moreover, the certification aids in identifying and assessing risks to information security, with the Group IT Services team implementing measures to mitigate or minimise threats.</p> <p>The Board of Directors receives regular updates on existing controls for cyber risk mitigation and potential exposures, with the Group IT Services team providing more frequent reports to the Management Committee and the Group Supervisory Board of Aitken Spence PLC (to which the Management Agent belongs).</p> <p>This proactive approach underscores our commitment to safeguarding information assets and maintaining resilience against evolving cyber threats.</p>	Compliant
H.	Sustainability: ESG Risk and Opportunities		
H	Sustainability: ESG Risk and Opportunities	Refer "Our Commitment to Sustainability" on pages 10 to 11 and the Corporate Governance Report of this Annual Report	Compliant
I.	Special considerations for Listed Entities		
I	Special considerations for Listed Entities	Refer Compliance with Section 9 of the Listing Rules issued by the Colombo Stock Exchange.	Compliant

Operating Environment

The past year marked a period of recovery from the lasting effects of the pandemic and the economic crisis which plagued the country. At Sentido Heritance Negombo, we diligently monitored developments in the operating environment to proactively address risks and opportunities, having recognised the importance of adaptation and resilience to deliver on our strategy.

THE TOURISM INDUSTRY

Sri Lanka's tourism industry bounced back during the year, driven by a surge in both domestic and international travellers.

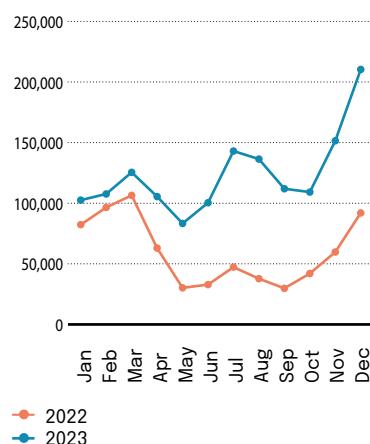
Along with the restoration of political and economic stability within the country, Sri Lanka became an attractive travel destination for the global traveller. The country sought to capitalise on this demand by leveraging its offering of unique and authentic experiences and true Sri Lankan hospitality.

As such, the number of tourist arrivals recorded a significant growth compared to the corresponding months of the previous year. The recovery of the tourism industry is expected to bolster the country's economic revival and growth, with ripple effect on other related industries. However, it is important that the surge in tourism be accompanied by adherence to sustainable tourism practices, in order for the country to fully capitalise on the benefits.

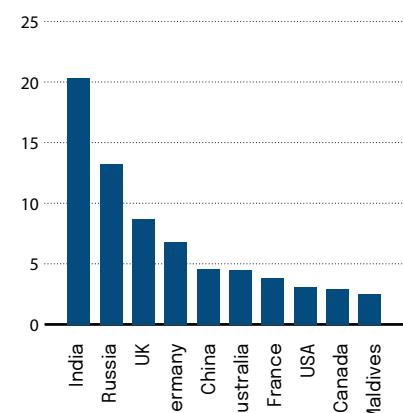
Key Source Markets

The key source markets during the year include India, Russia, UK, Germany and

Tourist Arrivals to Sri Lanka



Top 10 Source Markets in 2023



1,487,303 arrived in the country in 2023 compared to 719,978 in 2022, which is a 106% growth year-on-year.

China. Arrivals from India accounted for 20.3% of arrivals in 2023, emerging as the top source market for the country during the year.

The growing popularity of Sri Lanka among Russians is reflected in the numbers, as tourist arrivals from Russia surpassed pre-pandemic levels. This

could also be attributed to the Russia-Ukraine conflict.

China also stands out among these key source markets, indicating its contribution to the tourism sector post-pandemic.



The Domestic Economic Environment

Year-on-year Contraction of the Sri Lankan Economy

Economic Growth Rate



As Sri Lanka struggled to recover from its worst economic crisis, the economy contracted during the first half of 2023. However, the country's economy managed to recover during the second half of the year, supported by the myriad of stability-oriented policies and the approval of the Extended Fund Facility of the International Monetary Fund.

Accordingly, the Sri Lankan economy contracted by 2.3% for the full year of 2023.

An Easing of Inflationary Pressures

Inflation YOY% Change



Inflation experienced a significant decline compared to the historical highs observed in 2022. The easing of domestic supply-side bottlenecks, the strengthening of the domestic currency, and the decline in global commodity prices led to this decline.

Accordingly, CCPI reached single digits by July 2023 and remained stable for the rest of the year.

The External Sector and the Appreciation of the Rupee

Exchange rate



The acute shortages in foreign exchange liquidity observed in 2022 eased during 2023 due to improved market confidence following the approval of the IMF-EFF program and budgetary support from the Asian Development Bank and the World Bank.

Additionally, increased inflows from export proceeds conversions, workers' remittances, and tourist earnings, along with import restrictions also contributed to this positive development. As a result, the exchange rate recorded an appreciation during 2023.

Operating Environment

Trends Shaping the Tourism Industry

The tourism sector is in a state of constant evolution, influenced by shifting consumer preferences, emerging technologies, and global trends. A few key trends shaping our industry are discussed below:



Climate Change

With implications of climate change on the rise, travellers are becoming increasingly conscious of their impact on the environment. There is mounting pressure for concrete climate action and hotels, tour operators and destinations are being forced to respond proactively.



Wellness Tourism

There is a growing trend of travellers prioritising their health and seeking experiences that offer relaxation, rejuvenation and self-care in this post-pandemic environment.



Digitisation and Automation

Technology plays a pivotal role in enhancing the overall travel experience. As more customers opt to book directly through the website, hospitality businesses have started investing in technology, marketing and systems that enhance value to their guests.



Focusing on Sustainability

Travellers are increasingly seeking out destinations that promote eco-friendly practices such as reducing carbon footprints, supporting local economies, and promoting conservation efforts in order to minimise negative impacts to the environment.



Blended Travel

With the continuation of remote working arrangements, business and leisure travel is being combined into one stay. This requires strong Wifi connections, charging facilities and a comfortable working atmosphere.



Authentic and Customised Experiences

There is an increasing demand for destinations offering authentic experiences tailored to their specific needs and preferences. This allows travellers to connect with the local culture and traditions and ensuring a memorable stay.

Audit Committee Report

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to oversee the financial reporting system, the systems of internal control, compliance, risk management and the external and internal audit functions of the Company and Group, with a view to safeguarding the interest of the shareholders and all other stakeholders.

COMPOSITION OF THE COMMITTEE

 Mr. R.N. Asirwatham (Chairman)
 Mr. N.J. De Silva Deva Aditya
 Independent Non-Executive Director
<p>The Committee's composition met the requirements of Section 7.10.6 of the Listing Rules of the Colombo Stock Exchange.</p> <p>The Committee will be reconstituted in compliance with the requirements of Rule 9.13.3 by the effective date.</p>
SECRETARIES Mr. D.D.M.A. Saparamadu – Chief Internal Auditor of the Managing Agent

The Committee comprised of two Independent Non-Executive Directors and is chaired by a Director who is a fellow of the Institute of Chartered Accountants of Sri Lanka. The profiles of the members are given on pages 14 to 17 of this Report.

COMMITTEE MEETINGS

The Audit Committee functioned throughout the financial year and held four meetings. The attendance at the Audit Committee meetings held during the year under review were as follows:

Audit Committee Members	Attendance			
	23/05/2023	27/07/2023	06/11/2023	12/02/2024
Mr. R.N. Asirwatham (Chairman)				
Mr. N.J. de Silva Deva Aditya				

ATTENDANCE BY INVITATION

Executive Director/General Manager of Browns Beach Hotels PLC and the Finance Manager of the Managing Agent attended the meetings by invitation. Further, senior officers of the Group attended the meetings by invitation as and when required.

SCOPE OF WORK

The scope, functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed regularly. The Committee, governed by its written terms of reference, is responsible for overseeing the accuracy of Financial Statements, compliance with the reporting requirements of Sri Lanka Accounting Standards, compliance with the legal and regulatory requirements, determining the independence of the External Auditors and the Internal Audit function.



Audit Committee Report

SUMMARY OF KEY FOCUS AREAS DURING THE YEAR 2023/2024

Key Focus Area	Activity
Risk Management and Internal Control	<ul style="list-style-type: none"> Monitored the Group's risk management and internal control processes through detailed discussions with Management and the Executive Directors. Ensured that the risks are appropriately monitored and controlled by considering the Group's principal risks and uncertainties and by reviewing the mitigative action taken by the Management. Reviewed the processes to ensure that the internal controls and risk management framework are adequate to meet the requirements of the Sri Lanka Accounting Standards.
Financial Reporting and Financial Control	<ul style="list-style-type: none"> Reviewed the following aspects with regard to the Group's quarterly and annual Financial Statements: <ul style="list-style-type: none"> Adequacy of disclosures, Uniformity and appropriateness of the accounting policies adopted, Major judgemental areas and ensured that they were in compliance with the Companies Act No. 7 of 2007, Compliance with the requirements of the Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, Requirements of other regulatory bodies as applicable to the Group. Discussed with the Management and External Auditors on future accounting developments which are likely to have an impact on the Financial Statements. Reviewed the budgets and strategic plans of the Group in order to ensure that all forward-looking statements made within the Annual Report reflect the actual position of the Group. Reviewed the changes in the tax environment and its impact to the Group.
External Audit	<ul style="list-style-type: none"> Reviewed the audit plan presented by the External Auditors and provided advice and support regarding the execution of the plan. Carried out a review of the effectiveness and the progress of the External Auditors and the audit process. Discussed the audited Financial Statements with External Auditors and ensured that they were in conformity with the Sri Lanka Accounting Standards and other regulatory requirements. Reviewed and discussed the Management Letter of the External Auditors for the Group and advised the management to take appropriate action on matters highlighted therein. Assessed the performance and effectiveness of the External Auditors, their independence, professional capabilities and made recommendations to the Board pertaining to the re-appointment of the External Auditors. Ensured that the External Auditors are independent by reviewing Group's share registers, related party transactions and obtaining a written confirmation from the External Auditors.
Internal Audit	<ul style="list-style-type: none"> Reviewed and approved the Annual Audit Plan after considering its depth and coverage in the Group. Reviewed and evaluated the independence, effectiveness and competency of the Group's Internal Audit function, their resource requirements and made recommendations for any required changes. Continued to ensure the co-ordination between Group Internal Audit division and External Auditors. Reviewed the Audit Reports, IT security reports and risk reports submitted by Internal Audit Division.
Reporting	<ul style="list-style-type: none"> The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee. The Annual Report incorporates the Audit Committee Report. The Chairman of the Audit Committee attends the Annual General Meeting.

RE-APPOINTMENT OF EXTERNAL AUDITORS

The Committee perused transactions with the External Auditors and ensured that there was no significant material transaction between the External Auditors and the Group. The Committee further perused the share register and ensured that there were no shares held by the External Auditors.

The Committee having considered that there were no significant material transactions between the External Auditors and the Group, that there were no shares held by the External Auditors, the confirmation received from the External Auditors and the periodic rotation of the Audit Partner, noted that Messrs. KPMG, Chartered Accountants are independent and are eligible for re-appointment as the External Auditors of the Company.

Having noted the above, the Committee recommends to the Board that Messrs. KPMG, Chartered Accountants be re-appointed as the External Auditors of the Company for the ensuing financial year, subject to the approval of the Shareholders at the forthcoming Annual General Meeting.



R.N. Asirwatham

Chairman

Audit Committee

Colombo
15th July 2024



Related Party Transactions Review Committee Report

ROLE OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The role of the Related Party Transactions Review Committee is to advise the Board in reviewing all Related Party Transactions carried out by the Company. The Committee complies with Rule 9.14 of the amended Listing Rules of the Colombo Stock Exchange thereby ensuring that the interests of shareholders, as a whole, are taken into account by the Company when entering into Related Party Transactions.

COMPOSITION OF THE COMMITTEE

 Mr. R.N. Asirwatham (Chairman)
 Mr. N.J. de Silva Deva Aditya
 Mr. M.A.N.S. Perera (appointed w.e.f 22.03.2024)
 Independent Non-Executive Director
 Non-Executive Director

The Committee's composition complies with the requirements of Rule 9.14.2 of the Listing Rules of the Colombo Stock Exchange.

RELATED PARTY TRANSACTIONS COMMITTEE MEETING ATTENDANCE

	Attendance			
	19/06/2023	06/11/2023	08/12/2023	15/03/2024
Related Party Transactions Review Committee Report				
Mr. R.N. Asirwatham (Chairman)				
Mr. N.J. de Silva Deva Aditya				Ex
Mr. M.A.N.S. Perera*	N/A	N/A	N/A	N/A

*Appointed w.e.f 22.03.2024

KEY HIGHLIGHTS DURING THE YEAR UNDER REVIEW

- Reviewed the threshold for Related Party Transactions which require either shareholders' approval or immediate market disclosures, as the case may be.
- Reviewed all proposed Related Party Transactions as well as post quarter confirmations.
- Communicated the activities of the Committee to the Board on a quarterly basis.

RESPONSIBILITIES OF THE COMMITTEE

The Committee's key focus is to review all proposed Related Party Transactions prior to entering into or completion of the transaction according to the procedures laid down by Rule 9.14 of the Listing Rules of the Colombo Stock Exchange and the responsibilities of the Committee remained unchanged.

KEY MANAGEMENT PERSONNEL

Browns Beach Hotels PLC considers its Board of Directors as the Key Management Personnel (KMPs) of the Company. Directors of the subsidiary company are also considered as KMPs of the Group to establish greater transparency and governance. Declarations were obtained from each KMP of the Company and its subsidiary for the purpose of identifying related parties and for the purpose of complying with the disclosure purposes.

DECLARATION BY THE BOARD

The Annual Report of the Board of Directors embodies a declaration confirming the compliance with the requirements stipulated in Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange.



R.N. Asirwatham
Chairman

Related Party Transactions Review Committee

Colombo
15th July 2024

Remuneration Committee Report

COMPOSITION OF THE COMMITTEE

 Mr. R.N. Asirwatham (Chairman)
 Mr. N.J. de Silva Deva Aditya
 Independent Non-Executive Director
<p>The Committee's composition met the requirements of Section 7.10.5 of the Listing Rules of the Colombo Stock Exchange.</p> <p>The Committee will be reconstituted in compliance with the requirements of Rule 9.12.6 by the effective date.</p>

The Committee is currently composed of two Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director. The members of the Committee have wide experience and knowledge of finance, business and industry.

COMMITTEE MEETINGS

The Committee met once during the year under review with the attendance of all its members. Deshamanya D.H.S. Jayawardena, Chairman, together with Dr. M.P. Dissanayake and Ms. D.S.T. Jayawardena, Executive Directors of the Company attended the meeting by invitation.

	Attendance
Remuneration Committee Members	14/09/2023
Mr. R.N. Asirwatham (Chairman)	
Mr. N.J. de Silva Deva Aditya	

INDEPENDENCE OF THE COMMITTEE

The members of the Committee are independent of management and are completely free from any business, personal or other relationships that may interfere with the exercise of their independent, unbiased judgment.

THE REMUNERATION POLICY

The Group follows a formal and transparent procedure to ascertain the remuneration packages for individual Directors. The Committee considers the importance of formulating remuneration packages that are sufficient to motivate, attract and retain the Directors and have also taken into consideration the employment conditions of the Group companies and of the relevant industries.

The Group remuneration policy which was reviewed by the Committee remained unchanged during the year under review.

RESPONSIBILITIES

- Determining the policy of the remuneration packages of the Directors.
- Evaluating performance of the Directors, Executive Directors as well as the individual and collective performance of Directors and Senior Management.
- Deciding on overall individual packages, including compensation on termination of employment.

KEY FUNCTIONS OF THE COMMITTEE

The Remuneration Committee operates with the key objective of attracting the most suitable talent and retaining them in the Group in order to enhance the performance of the Strategic Business Units. Performance of employees is evaluated using a well-structured performance evaluation mechanism that is accepted by all employees thereby ensuring that they are treated equally. The Remuneration Committee approved promotions and the revision of individual remuneration packages after evaluating performance of the Group, and the contribution of employees to his/her respective Business Unit. Cost of living, inflation and comparative industry norms are also given due consideration in determining the remuneration packages.

No Director was involved in deciding his/her remuneration. The Remuneration Committee's decisions were made in keeping with these policies.



R.N. Asirwatham
Chairman

Remuneration Committee

Colombo
15th July 2024



Statement of Directors' Responsibilities

The Companies Act No. 7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Browns Beach Hotels PLC and the Consolidated Financial Statements of the Group are set out in this Report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and its subsidiary for the year ended 31st March 2024 incorporated in this Report have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the Company and its subsidiary maintain adequate and accurate records which reflect the true financial position of the Company and the Group. The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and the Group. The Directors have instituted appropriate systems of internal control in order to minimise and detect fraud, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company and its subsidiary, have further adopted risk management strategies to identify and evaluate

the risks which the Company and its subsidiary could be exposed to and its impact to the Company and its subsidiary.

The Directors having considered the Group's business plans, and a review of its current and future operations, are of the view that the Company and the Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2024, have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2024 and the Comprehensive Income Statements of the Company and the Group for the Financial Year ended 31st March 2024 reflect a true and fair view of the Company and the Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial

Statements is set out in the Independent Auditors Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its subsidiary have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by the Group.

By order of the Board
Browns Beach Hotels PLC

**Aitken Spence Corporate Services
(Private) Limited
Secretaries**

Colombo
15th July 2024

Annual Report of the Board of Directors

The Board of Directors of Browns Beach Hotels PLC has pleasure in presenting the Annual Report and the Audited Financial Statements for the year ended 31st March 2024. The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the best accounting practices.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is hoteliering through its fully owned

subsidiary, Negombo Beach Resorts (Private) Limited which engages in the business of hoteliering and there has been no change in the nature of such activities during the year.

2. REVIEW OF OPERATIONS

A review of operational and financial performance, the future plans of the Company and its Group are described in greater detail in the Chairman's review of the Annual Report. These reports together with the Audited Financial Statements of the Company and the

Group reflect the respective state of affairs of the Company and the Group.

3. ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company and the Group prepared the Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRSs/ LKASs). The significant accounting policies adopted in the preparation of the Financial Statements of the Company and the Group and the changes made during the year are given on pages 96 to 113.

4. SYNOPSIS OF THE INCOME STATEMENT OF THE COMPANY AND THE GROUP

For the year ended 31st March	2024 Rs,'000	2023 Rs,'000
Net loss before tax	(385,805)	(646,721)
Provision for taxation including deferred tax	(81,162)	(370,283)
Net loss after tax	(466,967)	(1,017,004)
Other comprehensive loss	(780)	(21,447)
Total comprehensive loss attributable to equity shareholders	(467,747)	(1,038,451)
Transactions directly recognised in the equity statement	-	(972)
Balance brought forward from the previous year	(2,572,146)	(1,532,723)
Amount available for appropriations	(3,039,893)	(2,572,146)
Total reserves and earnings	(3,039,893)	(2,572,146)
Stated Capital	2,383,449	2,383,449
Balance attributable to equity holders of the Company at the end of the year	(656,444)	(188,697)

4.1. Group Revenue and Profits

Revenue generated by the Group during the year amounted to Rs. 1,295 Mn (2022/2023 - Rs. 660 Mn). The detailed analysis of Group revenue based on business segments is disclosed in note 6 to the Financial Statements on page 114 to 115.

The loss before tax of the Group was Rs. 386 Mn (2022/2023 Rs.647 Mn. The Group's losses attributable to the equity shareholders of the parent company for the year was Rs. 467 Mn (2022/2023- Rs. 1,017 Mn).

4.2. Donations

No donations were made during the year, by either the Company or its subsidiary.

4.3. Taxation

A detailed statement of the income tax rates applicable to the Company and its subsidiary and a reconciliation of the accounting profits with the taxable profits are given in note 13 to the Financial Statements on page 118.

It is the policy of the Group to provide for deferred taxation on all known timing differences on the liability method. The deferred tax balances of the Group are given in note 25 to the Financial Statements on page 129.

4.4. Dividends

No dividends were recommended by the Board for the financial year 2023/24.

5. SYNOPSIS OF THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND THE GROUP

5.1. Stated Capital and Reserves

As at 31st March 2024 the Company had issued 129,600,000 ordinary shares and the stated capital of the Company was Rs. 2,383,449,000/- The Company's reserves as at 31st March 2024 were Rs. 1,318,579,000/- (2022/2023 - Rs. 1,318,375,000/- whereas the Group's total reserves as at 31st March 2024 were (Rs. 3,039,893)/- [2022/2023 - (Rs. 2,572,146,000/-)] The movement in these reserves is shown in the Statement of Changes in Equity - Group on page 94.

5.2. Property, Plant and Equipment

The carrying value of property, plant and equipment for the Group and the Company as at 31st March 2024



Annual Report of the Board of Directors

amounted to Rs. 4,585,214,000 and Rs. Nil respectively. The total expenditure on the acquisition of property, plant and equipment during the year in respect of new assets acquired by the Group amounted to Rs. 11,340,000.

5.3. Market Value of Freehold Properties

Land recognised as property, plant and equipment in the Financial Statements in the Group is recorded at either fair value or revalued amounts. Revaluation of land is performed with sufficient regularity so that the carrying value of the land does not differ materially to its market value. Revaluation was performed by professionally qualified independent valuers having appropriate experience in valuing properties in the locality of the land being revalued. If the fair value of land does not change other than by an insignificant amount at each reporting date the Group revalues such land every five years.

Details of the revalued land, revaluation surplus, and the original cost are given in note 15.6 to the Financial Statements on page 121. The Group records all other assets at cost and check for any impairment of these assets when the Group identifies any trigger for impairment.

5.4. Contingent Liabilities

The details of contingent liabilities are disclosed in note 37 to the Financial Statements on page 144.

6. EVENTS OCCURRING AFTER THE REPORTING DATE

No event of material significance that requires adjustments to the Financial Statements has arisen other than that disclosed in note 36 to the Financial Statements on page 144.

7. GOING CONCERN

In preparing these financial statements, based on available information, the management has assessed the existing and anticipated effects of macro-economic factors on the Group and the appropriateness of the use of the going concern basis.

Group has evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, cash reserves and potential sources of financing facilities.

Having presented the outlook for the Group to the Board, the Directors are satisfied that the Group, has adequate resources to continue in operational existence for the foreseeable future with the new sources of funding. Further, the Board does not intend to liquidate or cease operations of the Group in the near future. The Management remains confident that with the revival of tourism in Sri Lanka, the hotel will turnaround by the next few years.

Group has taken following steps to mitigate the prevailing negative working capital position,

- Re negotiating the debt repayment plan with bank and restructuring the debt.
- The Company at present is evaluating alternative sources of financing to converting shareholders' loan into equity.
- Implementing aggressive marketing strategies to attract all the segment tourism both international and domestic. This includes the continuous assessment of identifying new channels and source markets.
- The Group expects to achieve revenue growth from the marketing strategies to convert the loss-making position of the Group into a profitable position.

Further, the parent company (Melstacorp PLC) and a major shareholder (Aitken Spence Hotel Holding PLC), confirms through a letter of support, their commitment in present circumstances to continue the financial support in the business operation of Browns Beach Hotels PLC Group including Negombo Beach Resorts (Private) Limited and to meet its internal and external financial obligations as and when they fall due and payable. As the Parent Company of Browns Beach Hotels PLC, they have no intention or inclination of withdrawing their support to the Company in the forthcoming 12 months.

8. INFORMATION ON THE BOARD OF DIRECTORS AND THE BOARD SUB COMMITTEES

8.1. Board of Directors

The names of the Directors of the Company who held office during the financial year is given in the following table and their brief profiles are given on pages 14 to 17 of the Annual Report. All Directors held office during the entire year.

Name of Director	Executive	Non-Executive	Independent Non- Executive
Deshamanya D.H.S. Jayawardena - Chairman		x	
Dr. M.P. Dissanayake	x		
Ms. D.S.T. Jayawardena	x		
Mr. C.R. Stanislaus	x		
Mr. N.J. de Silva Deva Aditya		x	
Mr. R.N. Asirwatham		x	
Mr. M.A.N.S. Perera	x		

8.2 Board Sub-Committees

The following Directors of the Company serve as members of Audit, Remuneration and Related Party Transactions Review Committees of the Company:

Audit Committee

Mr. R.N. Asirwatham (Chairman)
Mr. N.J. de Silva Deva Aditya

Related Party Transactions Review Committee

Mr. R.N. Asirwatham (Chairman)
Mr. N.J. de Silva Deva Aditya
Mr. M.A.N.S. Perera (appointed w.e.f 22nd March 2024)

Remuneration Committee

Mr. R.N. Asirwatham (Chairman)
Mr. N.J. de Silva Deva Aditya

8.3. Re-appointment of Directors who are over 70 years of age and Re-election of Directors

It is recommended that Deshamanya D.H.S. Jayawardena, Mr. R.N. Asirwatham and Mr. N.J. de Silva Deva Aditya who are over 70 years of age and vacate office in terms of Section 210 (2) (b) of the Companies Act, be re-appointed as Directors, in terms of 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 Directors. Resolutions to this effect will be proposed at the forthcoming Annual General Meeting.

Mr. C.R. Stanislaus who retires by rotation in terms of Article 84 and 85 of the Articles of the Company offers himself for re-election and the Board recommended same.

The Directors have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and as at the date of such confirmation.

8.4. Directors' Shareholding

The Director's shareholdings are provided on page 151 of this Annual Report.

8.5. Interest Register

An Interest Register is maintained by the Company and the Group as per the Companies Act No. 07 of 2007. Any interest in transactions disclosed to the Board by a Director in accordance with Section 192 of the Companies Act No. 7 of 2007 is duly recorded in the Interest Register.

8.6. Directors Remuneration

The Directors remuneration and fees in respect of the Company and the Group for the financial year ended 31st March 2024 are disclosed on note 12 to the Financial Statements on page 117.

8.7. Related Party Transactions

Related Party Transactions of the Company and the Group are disclosed in note 33 to the Financial Statements on pages 142 to 143. These are recurrent and non-recurrent Related Party Transactions, which required disclosure in the Annual Report in accordance with the Sri Lanka Accounting Standard No 24 - Related Party Disclosures. However, there were no recurrent Related Party Transactions which in aggregate value exceeded 10% of the consolidated revenue of the Group as per the Audited Financial Statements as at 31st March 2023.

There were no non-recurrent Related Party Transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Group as per the Audited Financial Statements as at 31st March 2023, which required additional disclosures in the Annual Report under Rule 9.14.8(1) of the Listing Rules of the Colombo Stock Exchange.

Although the non-recurrent Related Party Transactions disclosed in note 33.2 to the Financial Statements on page 143 were entered into during the financial year 2017/18, the said transactions are disclosed in the Report as the same have had financial implications on the Company during the reporting period.

The Key Management Personnel of the Company and its subsidiary have disclosed on a quarterly basis, the proposed transactions (if any) falling under the ambit of Rule 9.14.8 (1) and (2) of the Listing Rules of the Colombo Stock Exchange which were to be entered into with the Company and or with its subsidiary and or with any other 'Related Party' as defined in the Sri Lanka Accounting Standards (as applicable). The disclosures so made were tabled at the meetings of the Related Party Transactions Review Committee held on a quarterly basis, in compliance with the requirements of the above-mentioned Section.



Annual Report of the Board of Directors

The Directors declare that the Company is in compliance with Rule 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the financial year.

8.8. Board of Directors of the Subsidiary

The names of Directors of the subsidiary company who held office as at 31st March 2024 are as follows:

Deshamanya D.H.S. Jayawardena - Chairman
Ms. D.S.T. Jayawardena
Mr. C.M.S. Jayawickrama
Mr. C.R. Stanislaus

9. HUMAN RESOURCES

Our Human Resources strategies and practices have translated into the creation of a dynamic and competent human resource team with sound succession planning and a remarkably low attrition rate. Our employment strategies are reviewed periodically by the relevant Committees and the Board of Directors.

10. CORPORATE GOVERNANCE

The Directors declare that:

- The Group has not engaged in any activity, which contravenes national and international laws. The Group rigidly adheres to relevant national and international laws and the regulations of Professional Institutes and Associations, Industrial Associations, Chambers of Commerce and Regulatory Bodies. The Group applies very high standards to protect and nurture the environment in which it operates and ensures strict adherence to all environmental laws and practices.
- The Directors hereby declare that all material interests in contracts involving the Company and have refrained from voting on matters in which they were materially interested.
- None of the Directors or Close Family Members of the Directors have had any material business relationships with other Directors of the Company.

- The Directors have conducted a review of the internal controls covering financial, operational, compliance controls, risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith.
- The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.
- The Company has no restrictions with regard to shareholders carrying out analysis or obtaining independent advice of a nonprice sensitive nature regarding their investment in the Company and has made all endeavours to ensure the equitable treatment of shareholders.
- The Company has complied with the Corporate Governance Rules contained in Section 9 of the Listing Rules of the Colombo Stock Exchange. Refer page 53 to 63 for compliance status of same.

- The measures taken and the extent to which the Company has complied with the Code of Best Practice on Corporate Governance, 2017 as amended in 2023, issued by CA Sri Lanka are given on pages 63 to 69

11. MINIMUM PUBLIC HOLDING

As per Rule 7.13.1 (i) of the Listing Rules of the Colombo Stock Exchange, a Listed Entity on the Main Board is required to maintain a minimum public holding as specified in the said Rule. The Company being an entity listed in the Main Board does not at present satisfy the minimum public holding requirement and has been making the necessary announcement to the Colombo Stock Exchange (CSE) on a quarterly basis as required by Rule 7.13.2. (I) (a) of the Listing Rules of the CSE. Due to non-compliance by the Company, the shares of the Company were transferred to the Watch List with effect from 01st July 2018 and to the Second Board with effect from 12th September 2019.

To comply with the above mentioned requirement, the major shareholders of the Company have devised a rectification plan which has been announced on a quarterly basis. However, the said rectification plan has not yet been implemented due to the market conditions which will not be in the best interest of the current shareholders of the Company.

12. RISK MANAGEMENT

The Directors have established and adhered to a comprehensive risk management framework at both Strategic Business Units and Group levels to ensure the achievement of their corporate objectives. The categories of risks faced by the Group are identified, the significance they pose are evaluated and mitigating strategies are adopted by the Group. The Board of Directors reviews the risk management process through the Audit Committee. The Risk Management Report of the Group is on pages 18 to 23 of this Report.

13. INTERNAL CONTROLS

The Board of Directors ensures that the Group has an effective internal control system which ensures that the assets of the Company and the Group are safeguarded and appropriate systems are in place to minimise and detect fraud, errors and other irregularities. The system ensures that the Group adopts procedures which result in financial and operational effectiveness and efficiency.

Board of Directors' Statement on Internal Controls on pages 84 to 85, the Statement of Directors' Responsibilities on page 78 and the Audit Committee Report set out on pages 73 and 75 of this Report provide further information in respect of the above.

14. STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided for in the financial statements.





15. CORPORATE SUSTAINABILITY

The Board of Directors guides and supports the Group's sustainability strategy and the implementation of the structured and dynamic sustainability framework by a network of committed members across the Group. More details of the Group's sustainability efforts are included in the Management Discussion and Analysis of this Annual Report.

16. SHAREHOLDER INFORMATION

There were 2,508 shareholders as at 31st March 2024. The distribution schedule of the number of shareholders and their shareholdings are detailed on page 148 of the Annual Report. The names of the twenty largest shareholders, together with their shareholdings as at 31st March 2024 are given on page 151 of the Annual Report. The percentage of the shares held by the public as at 31st March 2024 was 9.22% held by 2,500 shareholders.

17. AUDITORS

The independent Auditors' Report on the Financial Statements is given on pages 88 to 90 of the Annual Report. The retiring Auditors Messrs. KPMG, Chartered Accountants have communicated their willingness to continue in office and a resolution to re-appoint them as Auditors and grant authority to the Board to determine their remuneration will be proposed at the Annual General Meeting.

The fees payable to the Company Auditors Messrs. KPMG, Chartered Accountants was Rs. 353,000 (2022/2023 - Rs. 321,000/-). In addition to the above Rs. 409,000/- (2022/2023 - Rs. 372,000/-) was payable by the Company for permitted non audit related services including tax advisory services. The amount payable by the Group to Messrs. KPMG Chartered Accountants as audit fees was Rs. 868,000/- (2022/2023 - Rs. 789,000/-) while a further Rs. 576,000/- (2022/2023 - Rs. 524,000/-) was payable for permitted non audit related services.

Messrs. KPMG, Chartered Accountants are the Auditors to Negombo Beach Resorts (Private) Limited, the fully owned subsidiary of the Company and the Auditors to Aitken Spence Hotel Managements (Private) Limited which provides management services to the Hotel owned by the said Negombo Beach Resorts (Private) Limited. As far as the Directors are aware the Auditors neither have any other relationship with the Company nor with its subsidiary that would have an impact on their independence.

Deshamanya D.H.S. Jayawardena
Chairman

Ms. D.S.T. Jayawardena
Executive Director

Dr. M.P. Dissanayake
Executive Director

**Aitken Spence Corporate Services
(Private) Limited**
Company Secretaries

Colombo
15th July 2024

The Board of Directors' Statement on Internal Control

The Board of Directors present this Statement on Internal Control in accordance with principle D.1.5. of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

RESPONSIBILITY

The Board acknowledges the responsibility for the adequacy and effectiveness of the Group's system of Internal Controls, which is designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information generated and safeguarding of the assets of the Group.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board is of the view that the systems of Internal Control over financial reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The Board has delegated specific responsibilities to the following three sub-committees ensuring the effectiveness of Group's daily operations and to ensure that these daily operations are within the corporate objectives, strategies and annual budget ratified by the Board.

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee.

These committees are chaired by Independent Non-Executive Directors and have the authority to examine particular issues and report back to the Board with their recommendations.

The Board is confident that the Internal Controls are adequate to provide reasonable assurance regarding the reliability of financial reporting which are in accordance with acceptable accounting principles and the applicable regulatory requirements.

INTERNAL AUDIT

The Internal Audit Department of the Group verifies compliance of operations with policies and procedures and the effectiveness of the Internal Control systems and highlights significant findings in respect of any non-compliance.

POLICIES, PROCEDURES AND BUDGETS

Policies and procedures to ensure the compliance with internal controls and relevant laws and regulations are set out in operations manuals, which are updated from time to time.

Annual budgets are approved by the Board and the company's performance is assessed against the approved budgets and explanations are provided for significant variances periodically.

WHISTLE BLOWING POLICY

The Group encourages a whistle-blowing policy which enables employees to bring irregularities in financial reporting, internal controls or other matters within the Group to the notice of the higher management.

Proper arrangements are in place to facilitate fair and independent investigation for such matters, if any. The prevalence and effectiveness of this policy is monitored by the Audit Committee from time to time.

THE GROUP CODE OF ETHICS & PROFESSIONAL CONDUCT

The Group Code of Ethics and Professional Conduct which includes a strong set of corporate values and conduct, is circulated to Directors and all employees. The Board ensures that Directors and all employees strictly comply with the Code in exercising their duties, communications, role modelling and in any other circumstance, so as to uphold the Group's integrity and image. Strict disciplinary actions are initiated for any violation of the Group Code of Ethics and Professional Conduct.

CYBER SECURITY

The Board has taken necessary precautions to minimise the risk of a security breach. During the year under review, necessary steps have been rolled out to curtail the exposure to cyber-attacks by reducing the threat surface and any potentially exploitable vulnerabilities.

GOING CONCERN

The statement of going concern is set out in the Annual Report of the Directors on page 80.

RISK MANAGEMENT

The Board has set up an ongoing process for identifying, monitoring and managing the principal and emerging risks faced by the Group.

An overview of the Group's risk management framework is set out on pages 18 to 23.

ANNUAL REPORT

The Board is responsible for the preparation of the Annual Report and confirm that the quarterly reports, annual financial statements and the annual review of operations of the Group and its equity accounted investees that are incorporated in this Annual Report have been prepared and presented in a reliable manner based on a balanced and comprehensive assessment of the financial performance of the Group.



CONFIRMATION

Based on the above processes, the Board of Browns Beach Hotels PLC confirms that the financial reporting system of the Group has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and has been done in accordance with Sri Lanka Accounting Standards and all relevant regulatory requirements.

Moreover, the Board has conducted an evaluation of Group's Internal Controls encompassing financial, operational and compliance controls, risk management and have obtained a reasonable assurance of their effectiveness and proper adherence.

Deshamanya D.H.S. Jayawardena
Chairman

Ms. D.S.T. Jayawardena
Executive Director

Dr. M.P. Dissanayake
Executive Director

R.N. Asirwatham
Chairman - Audit Committee

Colombo
15th July 2024







FINANCIAL REPORTS

- | | |
|-----|--|
| 88 | Independent Auditor's Report |
| 91 | Income Statement |
| 92 | Statement Of Profit or Loss and Other Comprehensive Income |
| 93 | Statement of Financial Position |
| 94 | Statement of Changes in Equity |
| 95 | Statement of Cash Flows |
| 96 | Notes to the Financial Statements |
| 145 | Financial Calendar |

Independent Auditor's Report



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(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Browns Beach Hotels PLC

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of Browns Beach Hotels PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2024, and the income statement, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 91 to 144.

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 of 31 March 2024,

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.11 of the consolidated financial statements, which indicates that the Group incurred a net loss of Rs. 467 Mn during the year

ended 31 March 2024 and as at that date the Group had net asset deficiency of Rs. 656 Mn. Further, the Group's current liabilities exceeded its current assets by Rs. 420 Mn. These events or conditions, along with other matters as set forth in Note 2.11 indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Recoverability of Investment in Subsidiary – the Company

Refer to Note 17 to the Financial Statements

Risk Description	Our Response
The Company hold investment in subsidiary amounting to Rs. 2,700 Mn and provision for impairment Rs. 170 Mn as at 31 March 2024.	Our Audit Procedure included, <ul style="list-style-type: none"> Assessing the impairment indications of investment made in subsidiary and assessing the reasonableness of the discounted cash flow models, principles and accuracy of the forecasts. Reviewing the value in use computations for investment with impairment indications and discussion with management. Assessing the adequacy of disclosure in the financial statements.
The carrying amount of investment in subsidiary has been tested for impairment as an individual cash generating unit. The carrying amount of this investment could be materially misstated if inappropriate judgements and estimates were used by the directors in calculating the recoverable amount for cash generating unit ('CGU') as part of their impairment assessment.	
Investments which do not generate adequate returns may be an indication of impairment. Due to the investment being material it will have a significant impact on financial performance of the Company.	
We have identified the recoverability of investment in subsidiary as a key audit matter since that is based on forecasting and discontinuing cash flows, which are inherently judgemental due to prevailing uncertain and volatile macro-economic environment.	

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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.



Independent Auditor's Report



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

- statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

KPMG
Colombo, Sri Lanka

15th July 2024

Income Statement

	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
For the year ended 31st March					
Revenue	6	1,317,468	668,440	-	-
Revenue taxes	6	(22,225)	(8,356)	-	-
Net revenue		1,295,243	660,084	-	-
Other (expenses)/income	7	(30,731)	120,420	15,223	15,223
Staff costs	8	(210,409)	(163,721)	(2,500)	(2,760)
Depreciation and amortisation		(216,167)	(215,125)	(312)	(312)
Impairment of subsidiary	17	-	-	-	(169,832)
Other operating expenses - direct	9	(224,930)	(130,742)	-	-
Other operating expenses - indirect	10	(564,705)	(363,018)	(9,627)	(8,587)
Profit/(loss) from operations	12	48,301	(92,102)	2,784	(166,268)
Finance income	11.1	22,291	21,806	-	-
Finance costs	11.2	(456,397)	(576,425)	(2,359)	(2,463)
Net finance costs	11	(434,106)	(554,619)	(2,359)	(2,463)
Profit/(loss) before taxation		(385,805)	(646,721)	425	(168,731)
Income tax expense	13.2	(81,162)	(370,283)	(221)	(20,000)
Profit/(loss) for the year		(466,967)	(1,017,004)	204	(188,731)
Attributable to:					
Equity holders of the parent company		(466,967)	(1,017,004)	204	(188,731)
Non-controlling interests		-	-	-	-
Profit/(loss) for the year		(466,967)	(1,017,004)	204	(188,731)
Earnings/(loss) per share (Rs.)	14	(3.60)	(7.85)	0.00	(1.46)
(Basic / diluted)					

The Notes on pages 96 to 144 form an integral part of these financial statements.

Figures in brackets indicate deductions.



Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st March	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit/(loss) for the year		(466,967)	(1,017,004)	204	(188,731)
Other comprehensive income / (loss)					
Items that will never be reclassified to profit or loss					
Actuarial loss on defined benefit obligations	24.3	(780)	(1,447)	-	-
Income tax on other comprehensive income	25.1	-	(20,000)	-	-
Other comprehensive loss for the year, net of tax		(780)	(21,447)	-	-
Total comprehensive income / (loss) for the year, net of tax		(467,747)	(1,038,451)	204	(188,731)
Attributable to:					
Equity holders of the parent company		(467,747)	(1,038,451)	204	(188,731)
Non-controlling interests		-	-	-	-
Total comprehensive income / (loss) for the year, net of tax		(467,747)	(1,038,451)	204	(188,731)

The Notes on pages 96 to 144 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Financial Position

As at	Notes	Group		Company		
		31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000	
ASSETS						
Non-current assets						
Property, plant and equipment	15	4,585,214	4,789,729	-	-	
Investment property	16	-	-	1,100,000	1,100,000	
Investments in subsidiary	17	-	-	2,530,168	2,530,168	
Right of use assets	18	1,823	2,135	1,823	2,135	
		4,587,037	4,791,864	3,631,991	3,632,303	
Current assets						
Inventories	19	38,064	34,055	-	-	
Trade and other receivables	20	137,722	43,846	140,994	125,772	
Deposits and prepayments	20.4	35,514	24,586	-	-	
Amounts due from related companies	21	45,741	14,840	-	-	
Cash and cash equivalents	22	457,999	374,677	1,917	543	
		715,040	492,004	142,911	126,315	
TOTAL ASSETS		5,302,077	5,283,868	3,774,902	3,758,618	
EQUITY AND LIABILITIES						
Equity						
Stated capital	23.1	2,383,449	2,383,449	2,383,449	2,383,449	
Revaluation reserve	23.2	1,054,307	1,054,307	840,807	840,807	
General reserve	23.2	10,000	10,000	10,000	10,000	
Retained earnings/ (accumulated losses)		(4,104,200)	(3,636,453)	467,772	467,568	
Total equity attributable to equity holders of the Company		(656,444)	(188,697)	3,702,028	3,701,824	
Non-current liabilities						
Employee benefits	24	13,999	11,148	-	-	
Deferred tax liabilities	25	732,894	651,953	30,000	30,000	
Interest bearing loans and borrowings	26	4,061,571	3,622,355	-	-	
Leases liabilities	27	15,033	15,266	15,033	15,266	
		4,823,497	4,300,722	45,033	45,266	
Current liabilities						
Trade and other payables	28	239,321	166,217	1,376	1,300	
Amounts due to related companies	29	32,801	70,598	20,253	3,890	
Interest bearing loans and borrowings	26	229,840	362,326	-	-	
Leases liabilities	27	5,511	5,511	5,511	5,511	
Income tax payable		7,587	7,722	701	827	
Bank overdraft	22.1	619,964	559,469	-	-	
		1,135,024	1,171,843	27,841	11,528	
TOTAL LIABILITIES		5,958,521	5,472,565	72,874	56,794	
TOTAL EQUITY AND LIABILITIES		5,302,077	5,283,868	3,774,902	3,758,618	

The above statement of financial position is to be read in conjunction with notes to the financial statements on pages 96 to 144.

I certify that the financial statements for the year ended 31st March 2024 are in compliance with the requirements of the Companies Act No.07 of 2007.

C.M.S. Jayawickrama

Joint Managing Director - Managing Agent

The Board of Directors are responsible for the preparation and presentation of these financial statements.

Approved and Signed on behalf of the Board.

Deshamanya D.H.S. Jayawardena

Chairman

15th July 2024

Colombo.

Sri Lanka

Ms.D.S.T. Jayawardena

Executive Director

Dr.M. P. Dissanayake

Executive Director



Statement of Changes in Equity

Group	Attributable to the equity holders of the parent						Non controlling interests Rs.'000	Total equity Rs.'000
	Stated capital Rs.'000	Revaluation reserve Rs.'000	General reserve Rs.'000	Accumulated losses Rs.'000	Total Rs.'000			
Balance as at 1st April 2022	2,383,449	1,074,307	10,000	(2,617,030)	850,726	-	-	850,726
Adjustment on surcharge tax levied under surcharge Act	-	-	-	(972)	(972)	-	-	(972)
Balance as at 01st April 2022 (adjusted)	2,383,449	1,074,307	10,000	(2,618,002)	849,754	-	-	849,754
Net loss for the year	-	-	-	(1,017,004)	(1,017,004)	-	-	(1,017,004)
Other comprehensive loss	-	(20,000)	-	(1,447)	(21,447)	-	-	(21,447)
Total comprehensive income for the year, net of tax	-	(20,000)	-	(1,018,451)	(1,038,451)	-	-	(1,038,451)
Balance as at 31st March 2023	2,383,449	1,054,307	10,000	(3,636,453)	(188,697)	-	-	(188,697)
Net loss for the year	-	-	-	(466,967)	(466,967)	-	-	(466,967)
Other comprehensive loss	-	-	-	(780)	(780)	-	-	(780)
Total comprehensive loss for the year, (net of tax)	-	-	-	(467,747)	(467,747)	-	-	(467,747)
Balance as at 31st March 2024	2,383,449	1,054,307	10,000	(4,104,200)	(656,444)	-	-	(656,444)

Company	Stated capital Rs.'000	Revaluation reserve Rs.'000	General reserve Rs.'000	Retained earnings Rs.'000	Total equity Rs.'000
Balance as at 1st April 2022	2,383,449	840,807	10,000	657,271	3,891,527
Adjustment on surcharge tax levied under surcharge Act	-	-	-	(972)	(972)
Balance as at 01st April 2022 (adjusted)	2,383,449	840,807	10,000	656,299	3,890,555
Net loss for year	-	-	-	(188,731)	(188,731)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(188,731)	(188,731)
Balance as at 31st March 2023	2,383,449	840,807	10,000	467,568	3,701,824
Net profit for the year	-	-	-	204	204
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year (net of tax)	-	-	-	204	204
Balance as at 31st March 2024	2,383,449	840,807	10,000	467,772	3,702,028

The notes on pages 96 to 144 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Cash Flows

	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
For the year ended 31st March					
Profit / (loss) before taxation					
Profit / (loss) before taxation		(385,805)	(646,721)	425	(168,731)
Adjustments for,					
Depreciation and amortisation	12	216,167	215,125	312	312
Impairment of subsidiary	12	-	-	-	169,832
Interest income	11.1	(22,291)	(21,806)	-	-
Interest expenses	11.2	456,397	576,425	2,359	2,463
Impairment reversal of trade receivables	12	(2)	(564)	-	-
Provision for retiring benefit obligations	24.2	3,606	2,538	-	-
Operating profit before working capital changes		268,072	124,997	3,096	3,876
Changes in,					
Inventories		(4,009)	(10,796)	-	-
Trade and other receivables		(92,564)	2,088	(15,222)	(15,223)
Deposits and prepayments		(10,928)	(6,053)	-	324
Amounts due from related companies		(30,901)	3,440	-	11,068
Trade and other payables		73,104	52,041	(271)	234
Amounts due to related companies		(37,797)	(14,678)	16,363	3,374
Cash generated from operations		164,977	151,039	3,966	3,653
Interest expense paid		(379,390)	(389,305)	-	-
Income tax paid		(356)	(972)	-	(972)
Retiring benefit obligation paid	24.2	(1,535)	(1,259)	-	-
Net cash flows generated from / (used in) operating activities		(216,304)	(240,497)	3,966	2,681
Cash flows from investing activities					
Acquisition of property, plant and equipment	15	(11,340)	(2,156)	-	-
Interest income received		20,981	24,121	-	-
Net cash flows generated from investing activities		9,641	21,965	-	-
Cash flows from financing activities					
Proceeds from interest bearing loans	26.2	556,000	-	-	-
Repayment of long term borrowings	26.2	(323,918)	-	-	-
Repayment of interest bearing liabilities leases	27.1	(2,592)	(2,593)	(2,592)	(2,593)
Net cash flows generated from (used in) financing activities		229,490	(2,593)	(2,592)	(2,593)
Net increase / (decrease) in cash and cash equivalents		22,827	(221,125)	1,374	88
Cash and cash equivalents at the beginning of the year		(184,792)	36,333	543	455
Cash and cash equivalents at the end of the year		(161,965)	(184,792)	1,917	543
Analysis of cash and cash equivalents at the end of the year					
Cash in hand	22	2,331	1,001	-	-
Cash at bank and fixed deposits	22	455,668	373,676	1,917	543
Bank overdraft	22.1	(619,964)	(559,469)	-	-
		(161,965)	(184,792)	1,917	543

The notes on pages 96 to 144 form an integral part of these financial statements.

Figures in brackets indicate deductions.



Notes to the Financial Statements

1. REPORTING ENTITY

1.1. Corporate information

Browns Beach Hotels PLC (the 'Company') is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at No. 315, Vauxhall Street, Colombo 02.

The immediate parent of Browns Beach Hotels PLC is Melstacorp PLC and ultimate parent is Milford Exports (Ceylon) (Pvt) Ltd.

1.2. Consolidated Financial Statements

The consolidated financial statements of the Company as at and for the year ended 31 March 2024 comprise the financial statements of Company and its subsidiary (together referred to as the "Group" and individually as "Group entities").

1.3. Principal activities and nature of operations

The principal activities of the Company are that of an investment holding company and hotelier and the subsidiary companies are also engaged in the business of hoteliering and auxiliary services and there has been no change in the nature of such activities during the year.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Consolidated financial statements of the Group and the separated financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirement of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

The tax liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

2.2. Components of Financial Statements

The consolidated Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review.
- a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review for the Group and the Company.
- a Statement of Cash Flow providing the information to users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows.
- notes to the financial statements comprising material accounting policies and other explanatory information.

2.3. Responsibility for financial statements

The Board of Directors of the Company acknowledges their responsibility for the Financial Statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the "certification on the Statement of Financial Position".

2.4. Reporting date

The financial statements of all companies in the group are prepared for a common financial year, which ends on 31st March.

2.5. Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2024 were approved and authorised for issue by the Board of Directors on 15th July 2024.

2.6. Basis of measurement

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

Item	Basis of Measurement	Note Number
Land	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	15
Investment property	Measured at fair Value	16
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	24
Interest bearing liabilities leases	Measured at amortised cost using effective interest method	27

2.7. Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the Functional Currency), which is the Sri Lankan Rupee.

These financial statements are presented in Sri Lankan Rupees. All financial information presented has been rounded to the nearest thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on ‘Presentation of Financial Statements’.

2.8. Use of accounting judgements, estimates and assumptions

The preparation of the financial statements of the Group and the Company in conformity with SLFRSs/ LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported values of assets, liabilities, income and expenses, accompany disclosures (including contingent liabilities). Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 also described in the individual notes of the related financial statement line items 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.

2.9. Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on ‘Presentation of Financial Statements’ and amendments to the LKAS 1 which was effective from January 01, 2020.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Group and the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.10. Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the material Accounting Policies of the Company.

Notes to the Financial Statements

2.11. Going concern

The Group has incurred a loss of Rs. 467 Mn (2022/2023 - Rs. 1,017 Mn) during the year ended 31 March 2024 and recorded accumulated losses of Rs. 4,104 Mn (2023 - Rs. 3,636 Mn) as at 31 March 2024.

Further, the Group's current liabilities exceeded its current assets by Rs. 420 Mn (2023 - Rs. 680 Mn) and had net asset deficiency of Rs. 656 Mn (2023 - Rs. 189 Mn) as at the reporting date. The current liabilities of the Group include loans and borrowings amounting to Rs. 230 Mn (2023 - Rs. 362 Mn) which are due within 12 months from 31 March 2024 and bank overdrafts amounting to Rs. 620 Mn (2023 - Rs. 559 Mn) which are due on demand.

The impact of almost four consecutive years of setback to the industry due to the Easter Sunday terror attack, COVID-19 pandemic and economic crisis, resulted in the current position of the group.

These events or conditions indicate the existence of a material uncertainty, which may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding these, the financial statements have been prepared on a going concern basis as at 31 March 2024, based on available information, the management has assessed the existing and anticipated effects of macroeconomic factors on the Group and the appropriateness of the use of the going concern basis.

Group has evaluated the resilience of its businesses considering a wide range of factors such as current and expected profitability, the ability to defer non-essential capital expenditure, debt repayment schedules, cash reserves and potential sources of financing facilities.

Having presented the outlook for the Group to the Board, the Directors are satisfied that the Group, has adequate resources to continue in operational existence for the foreseeable future with the new sources of funding. Further, the Board does not intend to liquidate or cease operations of the Group in the near future. The Management remains confident that with the revival of tourism in Sri Lanka, the hotel will turnaround by the next few years.

Group has taken following steps to mitigate the prevailing negative working capital position,

- Re negotiating the debt repayment plan with bank and restructuring the debt.

- The Company at present is evaluating alternative sources of financing to converting shareholders loan into equity.
- Implementing aggressive marketing strategies to attract all the segment tourism both international and domestic. This includes the continuous assessment of identifying new channels and source markets.
- The group expects to achieve revenue growth from the marketing strategies to convert the loss-making position of the group into a profitable position.

Further, the parent company (Melstacorp PLC) and a major shareholder (Aitken Spence Hotel Holding PLC), confirms through a letter of support, their commitment in present circumstances to continue the financial support in the business operation of Browns Beach Hotels PLC Group including Negombo Beach Resorts (Private) Limited and to meet its internal and external financial obligations as and when they fall due and payable. As the Parent Company of Browns Beach Hotels PLC, they have no intention or inclination of withdrawing their support to the Company in the forthcoming 12 months.

2.12. Changes in material accounting policies

2.12.1. Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2) from 1 April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022/2023: Significant accounting policies) in certain instances in line with the amendments.

2.12.2. Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal

and offsetting temporary differences – e.g., leases. For leases, group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Group applies the amendments to transactions that occur at or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of LKAS 12. There was also no impact on the opening retained earnings as at 1 April 2022 as a result of the change. The key impact for the Group relates to the recognition of a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets as disclosed in Note No. 25.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all period presented in these consolidated financial statements.

3.1. Basis of consolidation

The Group's financial statements comprise of the consolidation of financial statements of the Company its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) - Consolidated Financial Statements.

3.1.1. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred plus the recognised amount of any non-controlling interests in the acquiree plus if the business combination achieved in stages, the fair value of the pre-existing interest in the acquiree less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset.

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.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

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



Notes to the Financial Statements

3.1.2. Subsidiaries

Subsidiaries are those entities that are controlled by the Group. 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 investees. The Group controls an investee if 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 the amount of the investor's returns

When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decision about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.

When an investee's purpose and design are considered, it may be clear that an investee is controlled by means of equity instruments that give the holder proportionate voting rights, such as ordinary shares in the investee. In this case in the absence of any additional arrangements that alter decision making, the assessment of control focuses on which party, if any, is able to exercise voting rights sufficient to determine the investee's operating and financing policies. The investor that holds a majority of those voting rights, in the absence of any other factors, controls the investee.

Therefore, Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:

- The contractual arrangement 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 reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above.

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.

Entities that are subsidiaries of another entity which is a subsidiary of the company are also treated as subsidiaries of the company.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3.1.3. Intra-group transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

3.1.4. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Foreign currency

3.2.1. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined.

Foreign currency differences arising on retranslation generally are recognised in income statement. However, the following items are recognised in the other comprehensive income.

- Differences arising on the retranslation of fair value through other comprehensive income equity investments which was recognised in other comprehensive income. Foreign currency gains and losses are reported on a net basis in the income statement.
- Gains and losses arising from translating the financial statements of foreign operations
- Qualifying cash flows hedges to the extent that the hedge is effective

3.3. Financial instruments

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI- debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all

affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount of outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:



Notes to the Financial Statements

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected) and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. nonrecourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

<p>Financial liabilities - Classification, subsequent measurement and gains and losses</p> <p>Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.</p>	<p>(d) Impairment</p> <p>Non-derivative financial assets</p> <p>Financial instruments and contract assets</p> <p>The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.</p> <p>Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs.</p> <p>Loss allowance for debt instruments is measured at 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.</p>
<p>(c) Derecognition</p> <p>Financial assets</p>	<p>When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.</p>
<p>The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.</p>	<p>The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.</p>
<p>The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets.</p>	<p>The Group considers a financial asset to be in default when:</p>
<p>In these cases, the transferred assets are not derecognised.</p> <p>Financial liabilities</p> <p>The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.</p>	<ul style="list-style-type: none"> • the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or • the financial asset is more than 180 days past due. <p>Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.</p>
<p>On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.</p>	<p>12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).</p> <p>The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.</p>



Notes to the Financial Statements

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market to a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of writeoff based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement

activities in order to comply with the Group's procedures to recovery of amounts due.

Impairment Policy: Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax 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. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of other assets, recognised in prior periods is 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.

3.4. Stated capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.5. Assets and bases of their valuation

3.5.1. Property, plant and equipment

3.5.1.1. Recognition and measurement

Items of property, plant and equipment other than land, are stated at costs less accumulated depreciation and accumulated impairment losses.



The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition of its intended use. This also includes costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

All items of property, plant and equipment are recognised initially at cost.

The Group recognises land owned by them in the statement of financial position at their revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land do not change other than by a significant amount at each reporting period, the Group will revalue such land every five years.

Any surplus arising on the revaluation is recognised in other comprehensive income except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in income statement, in which case the credit to that extent is recognised in income statement. Any deficit on revaluation is recognised in income statement except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in other comprehensive income. Therefore, revaluation increases and decreases cannot be offset, even within a class of assets.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land owned by the Group based on market values, this 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 details of land valuation are disclosed in Note No. 15.6 to the financial statements.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal of with the carrying amount of

property, plant and equipment and are recognised net within other income in income statement.

3.5.1.2. Significant components of property, plant and equipment

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property plant and equipment and depreciated separately based on their useful life.

3.5.1.3. Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied with the item will flow to the Group, and the cost of the item can be measured reliably. The costs of the day-to-day servicing and any other costs are recognised in the income statement as and when incurred.

3.5.1.4. Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed of. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

• Leasehold Premises	Over the remaining lease period
• Buildings	08- 50 years
• Plant & Equipment	10-20 years
• Kitchen Equipment	05 -15 years
• Office Equipment	03- 10 years
• Sports Equipment	05-10 years
• Motor Vehicles	04-06 years
• Swimming Pool & Equipment	15- 30 years
• Furniture & Fittings	10- 20 years
• Crockery, Cutlery & Glassware	03-05 years
• Soft Furnishing	03-05 years

Notes to the Financial Statements

Depreciation is not provided on land and assets under construction.

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

3.5.2. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

- As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right of use assets' and lease liabilities in 'interest bearing borrowings' in the statement of financial position.



Lease modifications

The Group shall account for a lease modification as a separate lease if both:

- a. the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- b. the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification the Group shall:

- a) allocate the consideration in the modified contract
- b) determine the lease term of the modified lease
- c) remeasure the lease liability by discounting the revised lease payments using a revised discount rate. The revised discount rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the effective date of the modification, if the interest rate implicit in the lease cannot be readily determined.

For a lease modification that is not accounted for as a separate lease, the Group shall account for the remeasurement of the lease liability by:

- a) decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The lessee shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease.
- b) making a corresponding adjustment to the right-of-use asset for all other lease modifications.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

3.5.3. Intangible assets

Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Notes to the Financial Statements

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable cost of preparing the asset for its intended use.

The cost of intangible assets acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the Management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

3.5.4. Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

3.5.5. Subsequent Measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. 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 are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.5.6. Investment properties

Investment properties are land and buildings that are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes. Investment property is measured at cost at initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

3.5.7. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.5.8. Trade and other receivables

Trade and other receivables are stated at the amounts estimated to be realised after providing for impairment on trade and other receivables.

Other receivables and dues from related parties are recognised at cost, less provision for impairment.

3.5.9. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits with original maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities. For purpose of Cash Flow, Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as components of cash and cash equivalent.

3.6. Liabilities and Provisions

3.6.1. Liabilities

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances payable after one year from the reporting date.

All known liabilities are accounted for in the statement of financial position.

3.6.2. Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the



obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost.

3.6.3. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3.7. Employee benefits

3.7.1. Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plan, are recognised as an employee benefit expense in income statement in the periods during which services are rendered by employees.

3.7.1.1. Provident fund and trust fund

All employees in Sri Lanka are members of the Employees' Provident Fund and Employees' Trust Fund, to which employers contribute 12% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances.

3.7.1.2. Defined Benefit Plans – retiring gratuities

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

3.7.1.3. Retiring Gratuity

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

The defined benefit plan is valued by a professionally qualified external actuary.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees. However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service.

The liability is not externally funded.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff cost in income statement.

When the benefit of a plan are changed or when a plan is curtailed the resulting benefit that related to past service or gain or loss on curtailment is recognised immediately in profit or loss.

3.7.2. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee and the obligation can be measured reliably.

3.8. Revenue and Income

Group revenue represents sales to customers outside the Group and excludes value added tax.

3.8.1. SLFRS 15- Revenue from contracts with Customers

SLFRS 15 established a comprehensive framework for determining whether how much and when revenue is recognised. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognise when a customer obtains control of the goods or services – Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Under SLFRS 15, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.



Notes to the Financial Statements

The following specific criteria are used for the purpose of recognition of revenue:

- Apartment revenue is recognised for the rooms occupied on a daily basis. All revenues are recognised on an accrual basis over the time of the duration of the stay of the customer and matched with the related expenditure where they simultaneously receive and consumes the benefits of the services rendered.
- Restaurant revenue includes the revenue recognised on the sale food and beverage. All revenue is accounted for at the time of sale.
- Bar revenue are accounted for at the time of sale.
- Spa is operated by a third party and invoices are raised together with the spa bills. Spa related revenue is recognised gross after completion of service / treatments.
- Telephone and laundry services provided to customers which are implied as business practice in the industry. All revenue is recognised for at the time of rendering the service.

3.8.2. Other income

- Rent and shop income represents the rental income arising from renting of property, plant and equipment and investment properties. All revenue is recognised on a straight-line basis over the term of hire.
- Dividend income is recognised when the right to receive dividends is established which is generally when the dividend is declared. Dividend income is included under other operating income.
- Interest income is recognised as it accrues. Interest income included under finance income in the income statement.

3.9. Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income statement in arriving at the profit for the year.

3.10. Financing Income/ (Expenses)

Finance income comprises interest income on funds invested, including the income from investment categorised under fair value through other comprehensive income (FVOCI). Gains on the disposal of interest generating investment classified under financial assets measured at amortised cost is recognised under finance income.

Interest income is recognised as it accrues in income statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, preference dividends of preference shares classified as debt and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in income statement using the effective interest method. However, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the asset.

3.11. Income tax expenses

Income tax expense comprises both current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity, in which case is recognised in the statement of comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

The Group has determined that interest and penalties related to income tax, including uncertain tax treatments do not meet the definition of income tax and therefore accounted for them under LKAS 37 provisions, contingent liabilities and contingent assets.

3.11.1. Current taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

Provision for current tax for companies incorporated in Sri Lanka has been computed in accordance with the Inland Revenue Act No. 24 of 2017 and any applicable Gazette notifications issued.

3.11.2. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.



Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

3.11.3. Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

3.11.4 Social Security Contribution Levy (SSCL)

Social Security Contribution Levy shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the second schedule of the Social Security Contribution Levy Act No 25 of 2022, at the rate of 2.5%.

3.12. Statement of cash flows

The cash flow statement has been prepared using the "Indirect Method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flow', whereby operating

activities, investing activities and financing activities are separately recognised.

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.13. Capital commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

3.14. Events occurring after the reporting date.

All material post reporting date events have been considered and where appropriate adjustment to or disclosures have been made in the financial statements.

3.15. Comparative Information

The comparative information has been reclassified wherever necessary to confirm with the current years classification in order to provide a better presentation.

Comparatives in the Note 25.1 have been re-classified in order to reflect the deferred tax impact arising on temporary differences on property, plant & equipment, right of use assets and lease liabilities.

3.16. Earnings per share (EPS)

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

Notes to the Financial Statements

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.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets 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 that is accessible by the Group for the asset or liability.

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

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.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new accounting standards are effective for annual periods beginning after 1st January 2024 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these financial statements.

Classification of liabilities as current or non-current (Amendments to LKAS 01)

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1st January 2023. However, the IASB has subsequently proposed further amendments to LKAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1st January 2024. Due to these ongoing developments, the Group is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Group is closely monitoring the developments.

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those items.

Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)

The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual periods beginning on or after 1 January 2024.

Other Accounting Standards

The following new and amended accounting standards are not expected to have a material impact on the Group's financial statements.

- Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)

The amendment is intended to improve the requirements for sale and leaseback transactions in IFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions. The amendment applies retrospectively to annual reporting periods beginning on or after 1 January 2024.

- Lack of Exchangeability (Amendments to LKAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The amendments apply to annual reporting periods beginning on or after 1 January 2025.

General requirements for disclosure of sustainability-related financial information (SLFRS S1) and climate-related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Group from 1 April 2025. No financial impact is expected on the Group except for additional disclosures.



Notes to the Financial Statements

6. REVENUE

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Revenue	1,317,468	668,440	-	-
Less: revenue tax	(22,225)	(8,356)	-	-
Net revenue	1,295,243	660,084	-	-

6.1 Disaggregation of revenue from contracts with customers

6.1.1 Types of services rendered

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Apartment	780,997	332,962	-	-
Restaurant	339,538	193,758	-	-
Bar	65,073	42,354	-	-
Tobacco income	699	578	-	-
Banquets	107,245	85,042	-	-
Laundry and others	23,916	13,746	-	-
	1,317,468	668,440	-	-

6.2 Performance obligations

Performance obligations of a Hotel entity mainly includes promises which are carried out on a contractually agreed upon task.

Performance obligations of the Group could be mainly summarised as detailed below:

Type of service	Nature and timing of the satisfaction of performance obligation	Significant payment terms
Provision for accommodation	The main obligation in the customer contract is to provide rooms for guests accommodation. This is represented in the apartment revenue reported in the financial statements. Revenue under this segment is recognised on the rooms occupied on a daily basis over the period of the stay. Invoice is raised to customer on completion of the duration of the stay.	Due within 30 days from the date of invoice.
Provision of food and beverages	The following services are rendered under this performance obligation: <ol style="list-style-type: none"> 1. Provision of BB/HB/FB meal for guests occupying the hotels which is part and partial of the contract entered into. Revenue is recognised at the time of sale and invoice to the customers on the completion of the duration of the stay. 2. Provision of extra food and beverages revenue is recognised at the time of sale and invoice to the customers at the time of consumption. 	Due within 30 days from the date of invoice. Due at the time of service is rendered.
Provision of laundry, telephone, spa services etc.	These services are provided to customers as they are implied as business practices in the industry and create a valid expectation of the customer. Revenue is recognised at the time of provision of service and invoice is raised at the time of service is consumed.	Due within 30 days from the date of invoice. Due at the time of service is rendered.

Warranties and obligations to refunds and other similar obligations are handled by case by case basis.

6.3 Allocating the transaction price to performance obligations

In allocating the transaction price to each performance obligation based on the amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring of promised services to the customers.

6.4 Contract assets and contract liabilities

The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date.

The contract liabilities primarily relate to the advance consideration received from customers for future stay in hotels, for which revenue is recognised over the time.

However subsidiary in the Group recognise considerations or payments received prior to transferring of services to customer against what is rightfully due at the time of transferring the services. These amounts have been recognised as contractual liabilities in the financial statements.

6.4.1 Contract balances

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Trade receivables (Note 20)	76,108	31,147	-	-
Impairment of trade receivables	(312)	(314)	-	-
	75,796	30,833	-	-
Contract liabilities (Note 6.4.2)	(18,022)	(17,124)	-	-
	57,774	13,709	-	-

6.4.2 Contract liabilities

As at	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Contract liabilities balance as at 01st April	(17,124)	(17,518)	-	-
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	5,669	5,534	-	-
Advances received from customers during the reporting period	(189,547)	(188,175)	-	-
Revenue recognised in the reporting period from performance obligations satisfied during current period	181,411	181,546	-	-
Writeback of unutilised old reservation advances	1,569	1,489	-	-
Contract liabilities balance as at 31st March	(18,022)	(17,124)	-	-



Notes to the Financial Statements

7 OTHER INCOME / (EXPENSE)

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease land rental	-	-	15,223	15,223
Net foreign exchange (loss)/gain	(31,344)	119,409	-	-
Sundry income	613	1,011	-	-
	(30,731)	120,420	15,223	15,223

8 STAFF COSTS

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Salaries and wages	114,017	102,331	2,500	2,760
Defined contribution plan cost - EPF and ETF	16,772	15,931	-	-
Defined benefit plan cost - retirement benefit (Note 24.3)	3,606	2,538	-	-
Other payroll related expenses	76,014	42,921	-	-
	210,409	163,721	2,500	2,760

9 OTHER OPERATING EXPENSES - DIRECT

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Apartment	46,676	18,725	-	-
Restaurant	117,629	73,180	-	-
Bar	16,714	9,654	-	-
Banquet	37,306	26,876	-	-
Laundry and other costs	6,605	2,307	-	-
	224,930	130,742	-	-

Direct operating expenses disclosed in the income statement refers to the cost of material and services other than staff cost, which are directly related to revenue.

10 OTHER OPERATING EXPENSES - INDIRECT

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Administration and establishment	195,083	136,756	9,627	8,587
Repairs and maintenance expenses	50,394	45,518	-	-
Energy charges	218,681	118,835	-	-
Selling and marketing expenses	100,547	61,909	-	-
	564,705	363,018	9,627	8,587



11 NET FINANCE COSTS

11.1 Finance income

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest income on financial assets measured at amortised cost	22,291	21,806	-	-
	22,291	21,806	-	-

11.2 Finance costs

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest expense on financial liabilities measured at amortised cost	(366,722)	(518,420)	-	-
Interest expense on bank overdraft	(87,316)	(55,542)	-	-
Interest expense on lease liabilities	(2,359)	(2,463)	(2,359)	(2,463)
	(456,397)	(576,425)	(2,359)	(2,463)
Net finance costs	(434,106)	(554,619)	(2,359)	(2,463)

12 PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations is stated after charging all expenses including the following:

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Auditors remuneration				
- Audit	868	789	353	321
- Non audit	576	524	409	372
Depreciation and amortisation (Note 15.1/18.1)	216,167	215,125	312	312
Legal fees	4,420	3,160	-	-
Staff costs				
- Salary and wages	114,017	102,331	2,500	2,760
- Defined contribution plan cost - EPF and ETF	16,772	15,931	-	-
- Defined benefit plan cost - retirement benefit (Note 24.2)	3,606	2,538	-	-
Reversal of impairment of trade receivables (Note 20.1)	(2)	(564)	-	-
Director Fees	-	-	-	-
Impairment of subsidiary	-	-	-	169,832

Non audit fee consist of tax consultancy fee and computation of self assessment and filling returns. The above service is provided by KPMG tax advisory.



Notes to the Financial Statements

13 INCOME TAX EXPENSE

The business profits and income of Browns Beach Hotels PLC arising from leasing out land, is liable for income tax at standard rate 30% for the year ended 31 March 2024 in terms of the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

The business profits of Negombo Beach Resorts (Pvt) Ltd, would be exempt from income tax under section 17A of Inland Revenue (amendment) Act No. 08 of 2012 for a period of 12 years ending 31st March 2028 from either the first year the Company makes profits or not later than two years from the commencement of commercial operations.

13.1 Deferred Tax Expenses

Deferred tax expenses on Companies resident in Sri Lanka are calculated based on the tax rates specified in the Inland Revenue Act No. 24 of 2017 which are expected to be applied to the temporary differences when they revised. As per the guide line issued by CA Sri Lanka in 2015 on the application of tax rates in measured of Deferred Tax substantial enacted rates shall be used in the measured of deferred tax.

Negombo Beach Resorts Private Limited is enjoying 12-year tax holiday period from 2nd April 2016. The business profits of the Company would be exempt from income tax under section 17 A of Inland Revenue (amendment) Act No. 08 of 2012 for a period of 12 years from either the first year of the Company makes profits or not later than two years from the commencement of commercial operations.

There are taxable economic benefits that will flow to the entity after the tax exemption period, recovering the carrying amounts of the assets/liabilities, there will be a tax base different to the carrying amount in respect of those assets/liabilities. Further there will be temporary difference that is scheduled to be reversed subsequent to the tax exemption period.

The Company has recognised deferred tax liability on investment assets (land) at 30% because the management is under the impression that the asset will not be disposed prior to the expiration of BOI exemption period.

The Group has made provision on the deferred tax liability for the temporary differences arising on property plant and equipment, right of use assets and lease liabilities, retirement benefits obligations. Details about the deferred taxation is given in Note 25.

13.2 Tax recognised in the income statement

For the year ended 31st March	Notes	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Current tax expense					
Taxation on current year profit	13.3	221	-	221	-
Under/(over) provision in respect of previous year		-	-	-	-
		221	-	221	-
Deferred tax expense					
Originations of temporary differences	13.4	80,941	370,283	-	20,000
Total		81,162	370,283	221	20,000



13.3 Reconciliation of the accounting profit and current year tax

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit/(loss) before taxation	(385,805)	(646,721)	425	(168,731)
Income not liable for taxation	-	-	-	-
Aggregate disallowed expenses	219,771	6,317	312	312
Aggregate allowable expenses	(217,390)	(12,329)	-	-
Business loss of subsidiaries	384,161	484,314	-	-
Statutory income / (loss) from business	737	(168,419)	737	(168,419)
Taxable income from the business	737	-	737	-
Non business income	-	-	-	-
Taxable income	737	-	737	-
Income tax @ 30%	221	-	221	-
Current year tax	221	-	221	-

13.4 Deferred tax expense

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Property, plant and equipment	81,795	339,901	-	-
Right of use assets and lease liabilities	-	-	-	-
Retirement benefit obligation	(854)	382	-	-
Investment property	-	30,000	-	20,000
Total	80,941	370,283	-	20,000

14 EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share is calculated by dividing the profit/(loss) for the year attributable to the ordinary shareholders by weighted average member of shares outstanding during the year.

The following reflects the income and share information used in the basic earnings / (loss) per share computations.

For the year ended 31st March	Group		Company	
	2024	2023	2024	2023
Net profit /(loss) attributable to ordinary shareholders of the parent (Rs.)	(466,966,558)	(1,017,004,284)	204,271	(188,731,134)
Weighted average number of ordinary shares in issue	129,600,000	129,600,000	129,600,000	129,600,000
Earnings /(loss) per share (Rs.)	(3.60)	(7.85)	0.00	(1.46)

There were no potentially dilutive ordinary shares at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.



Notes to the Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT

15.1 Group

	Freehold land	Building	Plant, machinery and office equipment	Furniture and fittings	Crockery, cutlery & linen	Motor vehicles	Capital work-in progress	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost / valuation								
Balance as at 01st of April 2022	1,100,000	3,632,931	1,316,016	185,933	146,648	12,300	1,098	6,394,926
Additions	-	-	2,122	-	34	-	-	2,156
Balance as at 31st March 2023	1,100,000	3,632,931	1,318,138	185,933	146,682	12,300	1,098	6,397,082
Balance as at 01st April 2023	1,100,000	3,632,931	1,318,138	185,933	146,682	12,300	1,098	6,397,082
Additions	-	-	3,904	-	7,436	-	-	11,340
Transfers	-	-	-	-	1,098	-	(1,098)	-
Balance as at 31st March 2024	1,100,000	3,632,931	1,322,042	185,933	155,216	12,300	-	6,408,422
Accumulated depreciation								
Balance as at 01st April 2022	-	720,991	459,781	74,358	130,833	6,577	-	1,392,540
Charge for the year	-	120,286	75,950	12,970	4,172	1,435	-	214,813
Balance as at 31st March 2023	-	841,277	535,731	87,328	135,005	8,012	-	1,607,353
Balance as at 01st April 2023	-	841,277	535,731	87,328	135,005	8,012	-	1,607,353
Charge for the year	-	120,286	76,459	12,151	5,520	1,439	-	215,855
Balance as at 31st March 2024	-	961,563	612,190	99,479	140,525	9,451	-	1,823,208
Carrying value								
As at 31st March 2024	1,100,000	2,671,368	709,852	86,454	14,691	2,849	-	4,585,214
As at 31st March 2023	1,100,000	2,791,654	782,407	98,605	11,677	4,288	1,098	4,789,729

15.2 Company

	Plant, machinery and office equipment Rs.'000	Furniture and fittings Rs.'000	Total Rs.'00
Cost			
Balance as at 01st April 2022	927	72	999
Additions			
Balance as at 31st March 2023	927	72	999
Balance as at 01st April 2023	927	72	999
Additions			
Balance as at 31st March 2024	927	72	999
Accumulated Depreciation			
Balance as at 01st April 2022	927	72	999
Charge for the year	-	-	-
Balance as at 31st March 2023	927	72	999
Balance as at 01st April 2023	927	72	999
Charge for the year	-	-	-
Balance as at 31st March 2024	927	72	999
Carrying value			
As at 31st March 2024	-	-	-
As at 31st March 2023	-	-	-

15.3 The gross carrying amount of fully depreciated property, plant and equipment that is still in use for the Group and Company as at 31st March 2024 are Rs. 135,808,760/- (as at 31st March 2023 - Rs. 113,178,990/-) and Rs. 999,207/- (as at 31st March 2023 - Rs. 999,207/-)

15.4 Property plant and equipment that are pledged for long term borrowings are disclosed in Note 26.1 to the financial statements.

15.5 Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the construction of capital assets.

15.6 Revaluation details of land

15.6.1 Freehold Land at No.175, Lewis Place, Negombo of Browns Beach Hotel PLC was revalued by Mr. K.C.B Condegama, (A.I.V. Sri Lanka) an independent professional valuer on 20th March 2024 on " Current Fair Market Value" basis.



Notes to the Financial Statements

15.6.2 Land carried at revalued amounts is as follows.

Company	Location	Last revalued date	Land extent perches	Carrying value Rs.'000	Land revaluation surplus Rs.'000	Carrying amount at cost as at 31.03.2024 Rs.'000
Browns Beach Hotels PLC	No. 175 Lewis Place, Negombo	20th March 2024	1027.73	1,100,000	1,074,307	25,693

The Board of directors is in the view that there is no significant fluctuation of the market value of land in comparison to previous year.

- 15.6.3 The freehold and leasehold land of the Company was leased out to the subsidiary Company for the construction of the new Hotel. A lease agreement has been executed between the Companies for 99 years for an annual lease rent of Rs. 7,357,500/-. The lease rent shall be increased by 50% annually every five years for the first 20 years and remain unchanged subsequently.
- 15.6.4 The hotel complex consist three buildings and, swimming pool. The floor area and survey details as follows,
- i. Main Hotel Building -Basement, Ground and + 4 floors - Total Floor area 20,204 Sq.m - Survey Plan No. 3692
 - ii. Banyan Tree Building Ground and +1 Floor - Total floor area 1196.60 Sq.m - Survey Plan No. 3692
 - iii. Pump house Building - Ground and +1 Floor Total Floor area - 310.60 Sq.m Survey Plan No. 3693
 - iv. Swimming pool floor area 21,711.20 Sq.m - Survey Plan No 3692

16 INVESTMENT PROPERTY

As at	Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Balance at the beginning of the year	1,100,000	1,100,000
Balance at the end of the year	1,100,000	1,100,000

- 16.1 Valuation details for the investment property given in Note 15.6.
- 16.2 Lease rental income for the for the year ended 31 March 2024 was Rs. 15,222,841/-

17 INVESTMENT IN SUBSIDIARY

Name of the subsidiary	Principal activity	Group holding %	No of shares
Negombo Beach Resorts (Pvt) Ltd	Own and operate tourist resort	100	270,000,001
As at	31.03.2024	31.03.2023	
	No of Shares Rs. '000	No of Shares Rs. '000	
Balance at beginning of the year	270,000,001	2,700,000	270,000,001
Provision for impairment	-	(169,832)	-
Balance at end of the year	270,000,001	2,530,168	270,000,001

- 17.1 The directors are satisfied that the Negombo Beach Resorts (Private) Limited has adequate resources to continue in operational existence for the foreseeable future.

17.2 Significant unobservable input in value in use computation under free cash flow method are as follows;

- Occupancy - Based on past performance and budgeted expectations
- Discount rate - 18.90%
- Terminal growth - 2%
- Term - 5 years (Terminal value thereafter)

18 RIGHT OF USE ASSETS

18.1 Movement during the year

As at	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Cost or valuation				
Balance as at 01st April	9,369	9,369	9,369	9,369
Additions during the year	-	-	-	-
Balance as at 31st March	9,369	9,369	9,369	9,369
Accumulated depreciation / impairment				
Balance as at 01st April	7,234	6,922	7,234	6,922
Charge for the year	312	312	312	312
Balance as at 31st March	7,546	7,234	7,546	7,234
Carrying value				
As at 31st March	1,823	2,135	1,823	2,135

19 INVENTORIES

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Food	7,119	7,864	-	-
Beverage	9,649	5,969	-	-
House keeping and general	10,758	8,531	-	-
Printing and stationery	2,968	2,268	-	-
Gas and fuel	7,570	9,423	-	-
	38,064	34,055	-	-

19.1 There were no inventories pledged as security for bank facilities as at 31st March 2024.



Notes to the Financial Statements

20 TRADE AND OTHER RECEIVABLES

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Trade receivables	76,108	31,147	-	-
Other receivables	59,605	10,980	140,994	125,772
Interest Receivable	1,310	1,022	-	-
Tax receivables	1,011	1,011		
	138,034	44,160	140,994	125,772
Impairment of trade receivables	(312)	(314)	-	-
	137,722	43,846	140,994	125,772

Other receivables included of the company rent receivable from subsidiary.

20.1 Impairment of trade receivables

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Opening balance	314	878	-	-
Impairment reversal during the year	(2)	(564)	-	-
Closing balance	312	314	-	-

20.2 No loans were given to employees of the Company/Group.

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

20.4 Deposits and prepayments

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Refundable deposit - Ceylon Electricity Board	1,250	1,250	-	-
Deposit - National Water Supply and Drainage Board	300	300	-	-
Hotel combined insurance	9,687	1,035	-	-
Deposit on empties	206	206	-	-
Supplier advance	16,296	8,864	-	-
Hotel prepayments	7,775	12,931	-	-
	35,514	24,586	-	-

21 AMOUNTS DUE FROM RELATED COMPANIES

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Aitken Spence Hotel Management (Pvt) Ltd	358	68	-	-
Aitken Spence Travels (Pvt) Ltd	45,383	11,813	-	-
Aitken Spence PLC	-	2,959	-	-
	45,741	14,840	-	-

22 CASH AND CASH EQUIVALENTS

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Cash in hand	2,331	1,001	-	-
Cash at bank	143,818	39,485	1,917	543
Fixed deposits (less than 3 months)	311,850	334,191	-	-
Cash and cash equivalents	457,999	374,677	1,917	543

22.1 For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Cash at bank, in hand and FDs	457,999	374,677	1,917	543
Bank overdraft	(619,964)	(559,469)	-	-
Cash and cash equivalents in the statement of cash flows	(161,965)	(184,792)	1,917	543

23 STATED CAPITAL AND RESERVES

23.1 Stated capital

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Issued and fully paid ordinary share capital				
Balance at the beginning of the year	2,383,449	2,383,449	2,383,449	2,383,449
Balance at the end of the year	2,383,449	2,383,449	2,383,449	2,383,449
Number of shares	129,600,000	129,600,000	129,600,000	129,600,000

The holders of ordinary share are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at the meeting of shareholders or one vote per share in case of a poll.

23.2 Reserves

23.2.1 Revaluation reserve

The revaluation comprises of the gain arisen from the revaluation of land. The reserve is realised upon the derecognition of the revalued land.

23.2.2 General reserve

The general reserve relates to the amount the group has reserved over the years from its earnings.



Notes to the Financial Statements

24 EMPLOYEE BENEFITS

24.1 Retirement benefit obligations

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Present value of unfunded obligations	13,999	11,148	-	-
Recognised liability for defined benefit obligations	13,999	11,148	-	-

24.2 Movement in present value of the defined benefit obligations

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Defined benefit obligations at the beginning of the year	11,148	8,422	-	-
Recognised in the income statement (Note 24.3)	3,606	2,538	-	-
Recognised in other comprehensive income (Note 24.3)	780	1,447	-	-
Benefits paid	(1,535)	(1,259)	-	-
Defined benefit obligations at the end of the year	13,999	11,148	-	-

24.3 Expenses recognised in comprehensive income

For the year ended 31st March	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Recognised in the income statement				
Current service cost	1,432	1,401	-	-
Interest cost	2,174	1,137	-	-
	3,606	2,538	-	-
Recognised in other comprehensive income				
Net actuarial losses on retirement benefit obligations			-	-
- due to financial assumptions	2,065	877	-	-
- due to experience adjustment	(1,285)	570	-	-
	780	1,447	-	-

24.4 Sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement, in respect of the year 2023/24.

The sensitivity of the comprehensive income statement and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss for the year and employment benefit obligations as at 31st March 2024.

	Effect on comprehensive income (reduction)/increase Rs.'000	Effect on retirement benefit liability (reduction)/increase Rs.'000
Increase /(decrease) in discount rate		
+1%	571	(571)
-1%	(624)	624
Increase /(decrease) in salary escalation rate		
+1%	(641)	641
-1 %	597	(597)

24.5 The principal actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

Financial assumptions

For the year ended 31st March	2024	2023
- Discount rate	12%	19.5%
- Salary increment rate		
* Executive staff	15% in July 2024	20% in July 2023
* Non - executive staff	with 11% p.a. from 2025	with 15% p.a. from 2024
Retirement Age	60 Years	

In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 12% p.a. (2022/2023 – 19.5% p.a.) has been used to discount future retirement benefit liabilities. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates has been adjusted to remove the risk from the market interest rate in arriving at the discount rate for the purpose of valuing employee benefit obligations as per LKAS 19.

It is assumed that the Company will continue in business as a going concern.

Notes to the Financial Statements

Demographic assumptions

For the year ended 31st March 2024

Mortality and disability	A 1967/1970 Mortality table issued by the institute of Actuaries London		
- Retirement age	60 years		
- Staff turnover rates at each age category	Executives	Non Executives	Other Staff
* 18 - 24 years	0.21	0.27	0.80
* 25 - 29 years	0.23	0.28	0.57
* 30 - 34 years	0.16	0.25	0.44
* 35 - 39 years	0.11	0.15	0.34
* 40 - 44 years	0.11	0.13	0.32
* 45 - 49 years	0.07	0.16	0.27
* 50 - 54 years	0.09	0.09	0.27
* 55 - 59 years	-	-	-

24.6 Maturity analysis of the payment

The following payments are expected on defined benefit obligations in future years.

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Within next 12 months	2,906	2,383	-	-
Between 1-2 years	3,453	3,089	-	-
Between 2-5 years	4,303	2,242	-	-
Beyond five years	3,337	3,434	-	-
	13,999	11,148	-	-

24.7 Weighted average duration (years) of defined benefit obligation

As at	Group	
	31.03.2024	31.03.2023
Weighted average duration (years) of defined benefit obligation	4.8	4.5

24.8 The actuarial valuation was carried out by professionally qualified actuaries, Mr. Poopalanathan of M/s Actuarial Management Consultants (Pvt) Ltd using projected unit credit (PUC) method, the method recommended by the Sri Lanka accounting standard - LKAS 19 on "Employee Benefits"

24.9 The actuarial present value of the promised retirement benefits as at 31st March 2024 amounted to Rs. 13,999,173. (as at 31.03.2023 - Rs. 11,147,743.)

24.10 The liability is not externally funded.

25 DEFERRED TAX LIABILITIES

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Balance at 1st April	651,953	261,670	30,000	10,000
Provision for the year - profit and loss	80,941	279,052	-	-
Impact of rate change - profit and loss	-	91,231	-	20,000
Impact of rate change - other comprehensive income	-	20,000	-	-
Balance as at 31st March	732,894	651,953	30,000	30,000

25.1 Deferred tax provision as at the year end is made up as follows,

As at	Group			
	31.03.2024		31.03.2023	
	Temporary difference Rs. '000	Tax effect on temporary difference Rs. '000	Temporary difference Rs. '000	Tax effect on temporary difference Rs. '000
Property, plant and equipment	2,475,700	742,710	2,202,968	660,890
Right of use assets	1,823	547	2,135	641
Lease Liabilities	(20,544)	(6,163)	(20,777)	(6,233)
Retirement benefit obligation	(13,999)	(4,200)	(11,148)	(3,345)
	2,442,980	732,894	2,173,178	651,953

As at	Company			
	31.03.2024		31.03.2023	
	Temporary difference Rs. '000	Tax effect on temporary difference Rs. '000	Temporary difference Rs. '000	Tax effect on temporary difference Rs. '000
Investment property	100,000	30,000	100,000	30,000

25.2 Summary of deferred tax liabilities

For the year ended 31st March	Group		Company	
	2024 Rs.'000	2023 Rs.'000	2024 Rs. '000	2023 Rs.'000
Recognised in income statement	80,941	370,283	-	20,000
Recognised in other comprehensive income	-	20,000	-	-
Total Impact	80,941	390,283	-	20,000



Notes to the Financial Statements

26 INTEREST BEARING LOANS AND BORROWINGS

26.1 Analysed by Lending Institution

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Lending institution				
Hatton National Bank PLC - Term loan 1	919,344	989,234	-	-
Hatton National Bank PLC - Term loan 2	522,500	571,201	-	-
Hatton National Bank PLC - Term loan 3	62,609	156,720	-	-
Hatton National Bank PLC - Term loan 4	178,802	214,569	-	-
Hatton National Bank PLC - Term loan 5	143,173	171,814	-	-
Hatton National Bank PLC - Term loan 6	130,213	156,238	-	-
Melstacorp PLC - Shareholder loan	809,438	809,438	-	-
Aitken Spence Hotel Holdings PLC - Shareholder loan	1,335,389	725,524	-	-
Stassen Exports (Pvt) Ltd - Shareholder loan	189,943	189,943	-	-
	4,291,411	3,984,681	-	-

Borrowing terms

Term loan 1

Rs.1 Bn term loan repayable in 120 monthly instalments commencing from March 2017, Company's freehold land and building of the hotel has been mortgaged as security. Interest linked to AWPLR+1%.

Term loan 2

Term loan Rs. 570 Mn obtained and repayable in 120 monthly instalments, Company's freehold land and building of the hotel has been mortgaged as Security. Interest linked to AWPLR+2%.

Term loan 3

Rs. 250 Mn Jaya-Isuru-Scheme repayable in 24 monthly instalments commencing from October 2019, Company's Freehold land and building of the hotel has been mortgaged as security. Interest linked to 3.46% p.a. (Fixed)

Term loan 4

Rs. 235 Mn Interest capitalised loan. Interest of two term loans from April 2019 to March 2020 have accrued and capitalised to a term loan. The Company's Freehold land and building of the hotel has been mortgaged as security. Interest linked to one year fixed deposit rate or treasury bill + 1.5%.

Term loan 5

Rs. 171 Mn interest capitalised loan. Interest of two term loans from April 2021 to March 2022 have accrued and capitalised to a term loan. Company's freehold land and building of the hotel has been mortgaged as security. Interest linked to AWPLR (Monthly review)

Term loan 6

Rs. 156 Mn interest capitalised loan. Interest of two term loans from April 2021 to July 2023 have accrued and capitalised to a term loan. Company's freehold land and building of the hotel has been mortgaged as security. Interest linked to AWPLR (Monthly review)



Shareholder Loans - Melstacorp PLC, Aitken Spence Hotel Holdings PLC and Stassen Exports (Pvt) Ltd

Shareholder loans are repayable in 7 years with a grace period of two years. Interest linked to AWPLR+1% up to 31st January 2022. There was an arrangement to settle this shareholder loans and accrued interest via issuing shares which are approved by the board of directors. No security provided. Date of loan disbursement was 24th July 2017.

Debt moratoriums

In light of the economic slowdown in the country, the Government of Sri Lanka through the CBSL has implemented debt moratorium for interest and capital and two year working capital loan at a concessionary interest rate to impacted sectors. The Group has already received extensions on existing moratoriums under CBSL circular No. 10 of 2021.

1. Debt moratorium for capital was extended till July 2023

2. Capital and Interest falling due during the moratorium converted to new loan

26.2 Movement of Interest bearing borrowings

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Balance as at 01st April	3,984,681	3,800,024	-	-
Loan obtained during the year	556,000	-	-	-
Repayment of long term borrowings	(323,918)	-	-	-
Interest expense in loans	366,722	518,420	-	-
Interest paid	(292,074)	(333,763)	-	-
Balance as at 31st March	4,291,411	3,984,681	-	-

26.3 Analysis by capital repayment period

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Current liabilities				
Loan payable within one year - Bank	229,840	362,326	-	-
	229,840	362,326	-	-
Non current liabilities				
Payable between one to five years	3,176,056	2,786,539	-	-
Payable after five years	885,515	835,816	-	-
	4,061,571	3,622,355	-	-
	4,291,411	3,984,681	-	-



Notes to the Financial Statements

27 LEASES LIABILITIES

27.1 Movement of lease liabilities

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Balance as at 01st April	20,777	20,907	20,777	20,907
Payment of lease liabilities	(2,592)	(2,593)	(2,592)	(2,593)
Interest expense charged to income statement	2,359	2,463	2,359	2,463
Balance as at 31st March	20,544	20,777	20,544	20,777

27.2 Analysis by capital repayment period

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Payable within one year	5,511	5,511	5,511	5,511
Payable between one to six years	15,033	15,266	15,033	15,266
	20,544	20,777	20,544	20,777

27.3 Details of right of use assets relating to lease properties

Nature of the leasing asset	Location of the leased property	Unexpired lease period as at 31st March 2024
Land	Negombo, Sri Lanka	06 years

27.4 Amounts recognised in statement of Income Statement

For the year ended 31st march	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Amortisation expense on right of use asset (Note 18)	312	312	312	312
Interest on lease liabilities (Note 27.1)	2,359	2,463	2,359	2,463

27.5 Amounts recognised in statement of cashflows

For the year ended 31st march	Group		Company	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Total cash outflow for leases	(2,592)	(2,593)	(2,592)	(2,593)

28 TRADE AND OTHER PAYABLES

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Trade creditors	63,154	46,456	-	-
Contract liabilities (Note 6.4.2)	18,022	17,124	-	-
Retention payable	27,994	27,994	-	-
Other payables and accrued expenses	130,151	74,643	1,376	1,300
	239,321	166,217	1,376	1,300

29 AMOUNTS DUE TO RELATED COMPANIES

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Aitken Spence Hotel Managements (Pvt) Ltd	25,380	64,176	516	516
Aitken Spence PLC	4,513	2,213	1,784	2,213
Kandalama Hotels (Pvt) Ltd	-	78	-	-
Stassen Exports (Pvt) Ltd	2,573	2,815	-	-
Elpitiya Plantations PLC	327	227	-	-
Aitken Spence Printing and Packaging (Pvt) Ltd	-	3	-	-
Distilleries Company of Sri Lanka PLC	8	766	-	-
Periceyl (Pvt) Ltd	-	109	-	-
Lanka Milk Foods (CWE) PLC	-	211	-	-
Negombo Beach Resorts (Pvt) Ltd	-	-	17,953	1,161
	32,801	70,598	20,253	3,890



Notes to the Financial Statements

30 FINANCIAL INSTRUMENTS

30.1 Accounting classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The following table analyses the carrying amount of financial assets and liabilities of the Group and the Company.

As at 31st March 2024	Group			
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Trade receivables	75,796	-	75,796	75,796
Other receivables	60,915	-	60,915	60,915
Amounts due from related companies	45,741	-	45,741	45,741
Cash and cash equivalents	457,999	-	457,999	457,999
Total financial assets	640,451	-	640,451	640,451
Financial liabilities				
Interest bearing loans and borrowings	-	4,291,411	4,291,411	4,291,411
Bank overdraft	-	619,964	619,964	619,964
Trade and other payables	-	221,299	221,299	221,299
Lease liabilities	-	20,544	20,544	20,544
Amounts due to related companies	-	32,801	32,801	32,801
Total financial liabilities	-	5,186,019	5,186,019	5,186,019

As at 31st March 2023	Group			
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Trade receivables	30,833	-	30,833	30,833
Other receivables	10,980	-	10,980	10,980
Amounts due from related companies	14,840	-	14,840	14,840
Cash and cash equivalents	374,677	-	374,677	374,677
Total financial assets	431,330	-	431,330	431,330
Financial liabilities				
Interest bearing loans and borrowings	-	3,984,681	3,984,681	3,984,681
Bank overdraft	-	559,469	559,469	559,469
Trade and other payables	-	149,093	149,093	149,093
Lease liabilities	-	20,777	20,777	20,777
Amounts due to related companies	-	70,598	70,598	70,598
Total financial liabilities	-	4,784,618	4,784,618	4,784,618

As at 31st March 2024	Company			
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Other receivables	140,994	-	140,994	140,994
Cash and cash equivalents	1,917	-	1,917	1,917
Total financial assets	142,911	-	142,911	142,911
Financial liabilities				
Trade and other payables	-	1,376	1,376	1,376
Amounts due to related companies	-	20,253	20,253	20,253
Lease liabilities	-	20,544	20,544	20,544
Total financial liabilities	-	42,173	42,173	42,173

As at 31st March 2023	Company			
	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets				
Other receivables	125,772	-	125,772	125,772
Cash and cash equivalents	543	-	543	543
Total financial assets	126,315	-	126,315	126,315
Financial liabilities				
Trade and other payables	-	1,300	1,300	1,300
Amounts due to related companies	-	3,890	3,890	3,890
Lease liabilities	-	20,777	20,777	20,777
Total financial liabilities	-	25,967	25,967	25,967

Notes to the Financial Statements

30.2 Determination of fair value hierarchy

There were no financial instruments carried at fair value by valuation methods to include under different levels in fair value hierarchy.

The Group's accounting policies and disclosures require the determination of fair value, for both financial and non financial assets and liabilities. Fair values have been determined for measurement and disclosure purposes based on the following methods.

Property plant and equipment

The fair value of freehold land is determined based on market values.

The market value of land is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.

30.3 Fair value measurement

30.3.1 Determination of fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation techniques: The different levels have been defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly (Level 2).
- (iii) Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data [Inputs that are unobservable that reflect management own assumptions] (Level 3).

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

Fair value measurement hierarchy - Group

	2023/24				2022/23			
	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Recurring fair value measurements								
Assets measured at fair value:								
Property, plant and equipment - Freehold land	-	-	1,100,000	1,100,000	-	-	1,100,000	1,100,000
Total	-	-	1,100,000	1,100,000	-	-	1,100,000	1,100,000

Fair value measurement hierarchy- Company

	2023/24				2022/23			
	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Recurring fair value measurements								
Assets measured at fair value:								
Investment property- Freehold land	-	-	1,100,000	1,100,000	-	-	1,100,000	1,100,000
	-	-	1,100,000	1,100,000	-	-	1,100,000	1,100,000

30.3.2 Reconciliation of fair value measurement of "Level 3" Financial Instruments

Freehold land

The reconciliation of property, plant and equipment (land) is given in Note 15 and 16 to the financial statements.

Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

30.3.3 Valuation techniques and significant unobservable inputs

Assets and liabilities measured at fair value - Recurring

Assets	Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value	Impact of current economic crisis
Property plant and equipment Freehold land	Market comparable 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 price of similar assists making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land (Per perch value Rs. 1,073,720)	Estimated fair value would increase (decrease) if price per perch increases / (decreases)	There is no impact to the estimated recoverable amount of the freehold land of the Group due to impact of current economic crisis.

Notes to the Financial Statements

Assets and liabilities for which fair values are disclosed - Recurring

Assets	Valuation Technique	Significant unobservable inputs	Sensitivity of the input to the fair value	Impact of current economic crisis
Freehold land	Market comparable 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 price of similar assists making appropriate adjustments for difference in size, nature and location of the property.	Price per perch of land (Per perch value Rs.) 1,070,320	Estimated fair value would increase (decrease) if price per perch increases / (decreases)	There is no impact to the estimated recoverable amount of the freehold land of the Group due to impact of current economic crisis.

31 FINANCIAL RISK MANAGEMENT

31.1 Overview

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

- Credit risk
- Liquidity risk
- Market 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.

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relations to the risks faced by the Group. The Group audit committee is assisted in its oversight role by the internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

31.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments.

The Group's exposure to credit risk influenced mainly the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customer operate.

The risk management committee has established a credit risk policy under which each new customer is analysed individually for credit worthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry and in some cases bank references.

Credit risk exposure

The Group's maximum exposure to credit risk as at the year end based on the carrying value of financial assets in the statement of financial position is given below.

As at	Group		Company	
	31.03.2024 Rs. '000	% Allocation	31.03.2024 Rs. '000	% Allocation
Trade receivables	75,796	11	140,994	99
Other receivables	60,915	9	-	-
Amounts due from related companies	45,741	7	-	0
Cash and cash equivalents	457,999	68	1,917	1
Deposit and prepayments	35,514	5	-	0
Total credit exposure	675,965	100	142,911	100

Cash and cash equivalents

The Group limits its exposure to credit risk by investing only in liquid instruments with reputed banking Institutions. The Group also uses broad investment portfolios and limit investments with a single counterparty.

Hatton National Bank PLC - A(ika)

31.2.1 Trade receivables

The aging of trade receivables - External and RPT included as at the reporting date was :

As at	Group			
	Trade receivables 31.03.2024 Rs. '000	Impairment 31.03.2024 Rs. '000	Trade receivables 31.03.2023 Rs.'000	Impairment 31.03.2023 Rs.'000
			Rs.'000	
Less than 30 days	74,694	-	23,864	-
30-60 days	38,628	-	14,508	-
60-90 days	5,364	-	3,244	-
90-180 days	2,363	-	1,647	-
180-365 days	492	4	-	-
more than 365 days	308	308	314	314
	121,849		43,577	
Less: Impairment on trade receivable	(312)	(312)	(314)	(314)
Carrying value of trade receivables*	121,537	-	43,263	-
External trade receivables	76,108	-	31,147	-
RPT linked to operations	45,741	-	12,430	-

31.2.2 Impairment losses

The movement in the allowance for impairment in respect of trade receivables during the year was:

As at	Group		Company	
	31.03.2024 Rs. '000	31.03.2023 Rs. '000	31.03.2024 Rs. '000	31.03.2023 Rs. '000
Balance at the beginning of the year	314	878	-	-
Impairment provision reversal during the year	(2)	(564)	-	-
Balance at the end of the year	312	314	-	-

31.3 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 assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group.

The table below analyses the group's non-derivative financial liabilities into relevant maturity grouping based on the maturity of liabilities as at the reporting date.

	Group		Contractual undiscounted cash flows							
	As at 31.03.2024	Current Rs.'000	Non-current Rs.'000	Carrying amount Rs.'000	Payable on demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000
Financial Liabilities										
Interest bearing loans and borrowings	229,840	4,061,571	4,291,411	-	190,191	382,289	421,687	1,533,059	4,068,450	6,595,676
Bank overdraft	619,964	-	619,964	619,964	-	-	-	-	-	619,964
Trade and other payables	221,299	-	221,299	221,299	-	-	-	-	-	221,299
Amounts due to related companies	32,801	-	32,801	32,801	-	-	-	-	-	32,801
Lease liabilities	5,511	15,033	20,544	-	-	4,880	4,860	14,580	-	24,320
Total	1,109,415	4,076,604	5,186,019	874,064	190,191	387,169	426,547	1,547,639	4,068,450	7,494,060

	Company		Contractual undiscounted cash flows							
	As at 31.03.2024	Current Rs.'000	Non-current Rs.'000	Carrying amount Rs.'000	Payable on demand Rs.'000	Less than 3 months Rs.'000	3 to 12 months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000
Financial Liabilities										
Other payables	1,376	-	1,376	1,376	-	-	-	-	-	1,376
Amounts due to related companies	20,253	-	20,253	20,253	-	-	-	-	-	20,253
Lease liabilities	5,511	15,033	20,544	-	-	4,880	4,860	14,580	-	24,320
Total	27,140	15,033	42,173	21,629	4,880	4,860	14,580	-	-	45,949

"Current" represents financial liabilities which are due to mature within one year.

Since these interest bearing borrowing loans are variable rate loans, carrying amount is not equal to their contractual undiscounted cash flows.



31.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

31.5 Equity prices

The Group does not carry quoted/non quoted investments in their consolidated statement of Financial Position, and there is no risk on changes in equity prices.

31.6 Foreign exchange risk

The Group has risk on foreign currency fluctuations as there financial assets and liabilities denominated in foreign currency as at the reporting date.

31.7 Interest rate risk

Interest rate risk is the risk of fluctuation of the value or cash flows of an instrument due to change in market interest rates. The Group has borrowings with variable interest rate AWPLR and would expose the Group to cashflow/profits as the amount of interest paid would be changed depending on market interest rate.

For the year ended 31st March 2024	Increase/ Decrease in basis points	Effect on profit before tax	
		Group Rs. '000	Company Rs. '000
Term loan	- 100	195,664	-
Shareholder loan	-100	233,477	-
Term loan	+100	(195,664)	-
Shareholder loan	+100	(233,477)	-

The above demonstrate the sensitivity to a reasonably possible change in interest rate on loans where floating rates are applicable by 100 basis points for loans with all other variables held constant.

Constant monitoring of market interest rates is carried out to ensure appropriate steps are taken to maximise the return on financial management and to minimise the cost of borrowings. Group very strongly negotiate with banks and obtains best possible interest rates for the Group's borrowings. Listed below are steps adopted by the Group to minimise the effect of interest rate risks:

- 1 Entering into loans with interest rate caps and fixed rates.
- 2 Re negotiating with banks on interest rates when ever there is favourable fluctuations in the market rates.

32 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 consists ordinary share capital.

The following factors are also objectively taken into consideration in managing the capital of the Group.

1. Maintain sufficient capital to meet minimum regulatory requirements. (Companies Act).
2. Group's future developments, investments and business strategies.
3. Group cash flow projections and ability to pay higher returns to shareholders.



33 RELATED PARTY DISCLOSURES

The Company and subsidiary carries out transactions with related Companies as defined in the Sri Lanka Accounting Standard LKAS 24; Related party disclosures in the ordinary course of business. The pricing policy applicable to such transactions are comparable with those that would have been charged from unrelated companies.

33.1 Transactions with Related Parties

The names of the Related Companies, the Common Directors and their relationship, the nature of transactions, terms of the transactions and the balance outstanding as at 31st March 2024 are as follows.

Name of the Related Party	Relationship	Nature of Transaction	Terms of the Transaction	Group	Transaction Value	Outstanding as at 31.03.2024 Rs.'000	Transaction Value	Outstanding as at 31.03.2024 Rs.'000	Company
Melstacorp PLC	Intermediate parent company	Shareholder loan / Interest Fund Transfer	Market terms	-	(809,438)	-	-	-	-
Aitken Spence PLC	Related Company	Fees paid for services	Market terms	103,575	(4,513)	-	-	(1,784)	-
Aitken Spence Hotel Holding PLC (HA)	Related Company	Sale of hotel Rooms	Market terms	108,873	38	-	-	-	-
Aitken Spence Hotel Management (Pvt) Ltd	Related Company	Shareholder loan / Interest Management Fees	Market terms	57,178	(1,335,389)	-	-	(25,380)	-
Stassen Exports (Pvt) Ltd	Other related Company	Booking Advance Fees paid for services	Market terms	95,974	(516)	-	-	-	-
Elpitiya Plantations PLC	Related Company	Sale of hotel rooms	Market terms	4,278	-	-	-	-	-
Aitken Spence Travel Ltd	Related Company	Purchases of goods	Market terms	4,569	358	-	-	(2,573)	-
Aitken Spence Insurance Brokers (Pvt) Ltd	Related Company	Fees paid for services	Market terms	28,835	-	-	-	-	-
Distilleries Company of Sri Lanka PLC	Related Company	Shares of interest	Market terms	28,593	-	-	-	-	-
Kandalama Hotels Pvt Ltd	Related Company	Purchases of goods	Market terms	-	(189,943)	-	-	-	-
Pericey (Pvt) Ltd	Other Related Company	Fees paid for services	Market terms	62	(327)	-	-	-	-
Lanka Milk Foods (CWE) PLC	Other Related Company	Insurance charges	Market terms	161	-	-	-	-	-
Negombo Beach Resorts (Pvt) Ltd	Subsidiary	Purchases of goods	Market terms	157,549	45,383	-	-	-	-
		Fees paid for services	Market terms	123,980	-	-	-	-	-
		Purchases of goods	Market terms	15,448	-	-	-	-	-
		Fees paid for services	Market terms	15,448	-	-	-	-	-
		Purchases of goods	Market terms	8,601	(8)	-	-	-	-
		Fees paid for services	Market terms	7,844	-	-	-	-	-
		Purchases of goods	Market terms	1,001	-	-	-	-	-
		Fees paid for services	Market terms	922	-	-	-	-	-
		Purchases of goods	Market terms	2,962	-	-	-	-	-
		Fees paid for services	Market terms	2,962	-	-	-	-	-
		Purchases of goods	Market terms	2,542	-	-	-	-	-
		Sale of hotel Rooms	Market terms	2,331	-	-	-	-	-
		Fees paid for services	Market terms	-	16,792	(17,953)	-	-	-
		Lease rental	lease agreement	-	15,222	(140,994)	-	-	-

Related party disclosures should be read in conjunction with Note No. 21,26 and 29.



33.2 Non-recurrent related party transactions.

There is no non recurrent related party transaction during year for both Company and Group.

33.3 Recurrent related party transactions

Name of the related party	Relationship	Value of the related Party Transactions entered Rs. '000	Value of the related Party Transactions as a % of Revenue	Terms and Condition of Related Party Transactions	The Rationale for entering in to the transaction
Stassen Exports (Pvt) Ltd	Other related Company	28,835	2.19%	Market Terms	Purchase of Goods
Aitken Spence Travels Ltd	Related Company	157,549	11.96%	Market Terms	Sale of hotel rooms
Aitken Spence Hotel Management (Pvt) Ltd	Related Company	57,178 95,974	4.34% 7.28%	Market Terms	Management Fees Booking Advance
Distilleries Company of Sri Lanka PLC	Related Company	8,601	0.65%	Market Terms	Purchase of Goods
Periceyl (Pvt) Ltd	Other Related Company	2,962	0.22%	Market Terms	Purchase of Goods
Lanka Milk Foods (CWE) PLC	Other Related Company	2,542	0.19%	Market Terms	Purchase of Goods

33.4 Transactions with Key Management Personnel

Browns Beach Hotels PLC, considers its Board of Directors as the Key Management Personnel of the Company.

There were no transactions with Key Management Personnel and their close family members during the year, which require disclosure as per LKAS - 24 - Related Party disclosures.

34 PENDING LITIGATIONS AND CLAIMS

In the opinion of board of directors and the Company lawyers, there were no pending litigation against the company for the accounting period

Notes to the Financial Statements

35 CAPITAL EXPENDITURE COMMITMENTS

There were no material capital commitments which require disclosure in the financial statements as at reporting date.

36 EVENTS OCCURRING AFTER THE REPORTING DATE

There has been no other material events occurring after the reporting date that requires adjustment to or disclosure in the Financial Statements.

37 CONTINGENT LIABILITIES

There were no significant contingent liabilities as at reporting date.

38 PARENT COMPANY

Melstacorp PLC is the immediate Holding Company of Browns Beach Hotels PLC.

39 AVERAGE NUMBER OF EMPLOYEES

The average number of employees as at 31st March 2024 was 162 (2022/23 - 132)

40 DIRECTORS' RESPONSIBILITY

Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

41 COMPARATIVE FIGURES

No comparative information was changed during the year which require disclosure or adjustments in the financial statements. Group has consistently applied the accounting policies with those adopted in the previous financial year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation

FINANCIAL CALENDAR

Interim Financial Statements Calendar - 2023/2024

Interim Financial Statements for the three months ended on 30th June 2023
Interim Financial Statements for the six months ended on 30th September 2023
Interim Financial Statements for the nine months ended on 31st December 2023
Interim Financial Statements for the twelve months ended on 31st March 2024

Approved on 9th August 2023

Approved on 11th November 2023

Approved on 14th February 2024

Approved on 27th May 2024

Audited Financial Statements Calendar

Audited Financial Statements for the year ended 31st March 2024

Approved on 15th July 2024

Annual General Meeting (AGM) Calendar

32nd Annual General Meeting

On 6th August 2024



Statement of Value Added

	31.03.2024 Rs'000	31.03.2023 Rs'000	%	31.03.2022 Rs'000	%	31.03.2021 Rs'000	%	31.03.2020 Rs'000	%
As at 31st March									
Total Revenue	1,317,468	668,440		422,126		88,104		697,244	
Purchase of goods & services	(789,635)	(493,760)		(273,588)		(159,150)		(432,718)	
Gross Profit/(Loss)	527,833	174,680		148,538		(71,046)		264,526	
Other income	(30,731)	120,420		35,892		32,039		390	
Total value added	497,102	295,100		184,430		(39,007)		264,916	
Distributed as follows									
To government									
(Income tax)	103,387	21		378,639	128	52,675	29	40,086	(79)
To employees									
(Salaries & other)	210,409	42		163,721	55	117,861	64	82,056	(162)
To lenders of capital									
(interest on loan capital)	456,397	92		576,425	195	251,185	136	264,695	(522)
Retained for reinvestment & future growth									
(Depreciation, impairment loss & retained profits)	(273,091)	(55)		(823,685)	(279)	(237,291)	(129)	(437,533)	863
									(435,418) (164)
	497,102	100		295,100	100	184,430	100	(50,696)	100
Value added per ordinary share (Rs.)	3.84			2.28		1.42		0.39	
									2.04

Value added is a measure of wealth created. The statement above shows the Group's value added from 2019/20 to 2023/24 and its distribution by way of payments to Employees, Government and to those who have provided capital. It also indicates the Portion retained in the business.

Decade at a Glance

Year ended 31st March	2024 Rs,'000	2023 Rs,'000	2022 Rs,'000	2021 Rs,'000	2020 Rs,'000	2019 Rs,'000	2018 Rs,'000	2017 Rs,'000	2016 Rs,'000	2015 Rs,'000
TRADING RESULTS										
Turnover	1,317,468	668,440	422,126	88,104	689,070	1,072,890	918,616	580,527	-	-
Profit/(Loss) before taxation	(385,805)	(646,721)	(391,768)	(617,512)	(474,838)	(246,045)	(317,610)	(482,909)	(97,111)	(11,996)
Income tax expense	(81,162)	(370,283)	(52,675)	(40,086)	(178,750)	(5,788)	(1,483)	(91)	(7,466)	(3,675)
Profit/(Loss) after taxation	(466,967)	(1,017,004)	(444,443)	(657,598)	(653,588)	(251,833)	(319,093)	(483,000)	(104,577)	(15,671)
SHAREHOLDER'S FUNDS										
Stated capital	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449	2,383,449
Reserves/Retained earnings	(3,039,893)	(2,572,146)	(1,532,723)	(1,089,840)	(520,892)	149,436	400,855	714,086	1,059,618	1,167,027
Share Holders' Fund	(656,444)	(188,697)	850,726	1,293,609	1,862,557	2,532,885	2,784,304	3,097,535	3,443,067	3,550,476
LIABILITIES										
Current liabilities	1,135,024	1,171,843	2,502,057	694,547	757,906	498,104	381,301	1,980,786	242,503	124,391
Non Current liabilities	4,823,497	4,300,722	2,049,960	3,478,076	3,125,525	2,808,578	2,870,584	970,960	1,970,995	665,848
Total Equity and Liabilities	5,302,077	5,283,868	5,402,743	5,466,232	5,745,988	5,839,567	6,036,189	6,049,281	5,656,565	4,340,715
ASSETS										
Property, plant & equipment	4,585,214	4,789,729	5,002,386	5,215,566	5,342,406	5,540,239	5,762,395	5,906,680	5,635,284	4,253,558
Right of use asset	1,823	2,135	2,447	2,759	3,071	-	-	-	-	-
Deterred tax asset	-	-	-	-	-	-	-	-	-	38
Current assets	715,040	492,004	397,910	247,907	400,511	299,328	273,794	142,601	21,281	87,119
Assets Held for Sale	-	-	-	-	-	-	-	-	-	-
Total Assets	5,302,077	5,283,868	5,402,743	5,466,232	5,745,988	5,839,567	6,036,189	6,049,281	5,656,565	4,340,715
RATIOS										
Return on average shareholder's funds (%)	0.71	(5.39)	(0.52)	(0.51)	(0.35)	(0.10)	(0.11)	(14.77)	(3.00)	(0.44)
Return on Capital Employed	(0.14)	(0.28)	(0.18)	(0.15)	(0.14)	(0.05)	(0.06)	(0.12)	(0.02)	-
Interest cover (Times)	0.15	(0.12)	(0.56)	(1.28)	(0.32)	0.35	0.14	(0.69)	-	-
SHARE INFORMATION										
Earnings/(loss) per ordinary share (Rs.)	(3.60)	(7.85)	(3.43)	(5.07)	(5.04)	(1.94)	(2.46)	(3.73)	(0.81)	(0.12)
Net assets per ordinary share (Rs.)	(5.07)	(1.46)	6.56	9.98	14.37	19.54	21.48	23.90	26.57	27.40
Gearing	115.75	104.59	70.67	72.89	62.66	54.06	50.73	23.82	36.39	15.78



Shareholder and Investor Information

1 STOCK EXCHANGE LISTING

Company Name	Browns Beach Hotels PLC
Stock Symbol	BBH.N0000
ISIN	LK02040004
Security Type in Issue	Quoted Ordinary Shares
Listed Exchange	Colombo Stock Exchange (CSE)
Market Sector	Public Quoted Company
Featured Stock Indices	All Share Price Index (ASPI), S&P (SL) 20 Index, Diversified Holdings Index

Browns Beach Hotels PLC, is a Public Quoted Company, the issued ordinary shares of which have been listed with the Colombo Stock Exchange.

2 SHAREHOLDERS

There were 2,508 registered shareholders as at 31st March 2024 distributed as follows:

Shareholder Category	31.03.2024			31.03.2023		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
1 to 1,000	1,815	396,083	0.31	1,809	423,299	0.33
1,001 to 10,000	518	1,725,903	1.33	571	1,884,512	1.45
10,001 to 100,000	145	4,125,586	3.18	144	4,098,375	3.16
100,001 to 1,000,000	26	7,641,226	5.90	30	7,482,652	5.77
1,000,001 & Above	4	115,711,162	89.28	4	115,711,162	89.28
	2,508	129,600,000	100.00	2,558	129,600,000	100.00

3 SHAREHOLDER AND INVESTOR INFORMATION

Shareholder Category	31.03.2024		31.03.2023	
	No. of Share	%	No. of Share	%
National	129,531,339	99.95	129,499,630	99.92
Non-National	68,661	0.05	100,370	0.08
Total issued share capital	129,600,000	100.00	129,600,000	100.00

Shareholder Category	31.03.2024		31.03.2023	
	No. of Share	%	No. of Share	%
Individuals	8,448,652	6.52	9,380,242	7.24
Other Institutions	121,151,348	93.48	120,219,758	92.76
Total issued share capital	129,600,000	100.00	129,600,000	100.00

Percentage of the shares held by the public as at 31st March, 2024 was 9.22% and the number of public shareholders as at 31st March 2024 were 2,500.

4 SHARE TRADING

	31.03.2024	31.03.2023	31.03.2022	31.03.2021	31.03.2020
Number of shares traded during the year	3,258,280	5,287,703	19,349,809	1,373,727	1,345,649
value of shares traded during the year (Rs.)	46,217,842	70,831,427	220,355,065	16,674,694	16,014,273
Number of transactions	2,913	3,733	9,330	1,938	1,716

5 RATIOS

	31.03.2024	31.03.2023	31.03.2022	31.03.2021	31.03.2020
Earnings / (Deficit) per share (Rs.)	(3.60)	(7.85)	(3.43)	(5.07)	(5.04)
Price earnings ratio	(3.64)	(1.57)	(2.62)	(1.99)	(1.51)
Net assets per share (Rs.)	(5.07)	(1.46)	6.56	9.98	14.37



Shareholder and Investor Information

6 MARKET VALUE

	Highest (Rs.)	Lowest (Rs.)	Year - End (Rs.)
Financial Year			
2019 - 2020	14.00	7.60	7.60
2020 - 2021	14.60	5.50	10.10
2021 - 2022	14.30	8.50	8.90
2022 - 2023	17.80	7.10	12.30
2023 - 2024	17.00	10.00	13.10

Closing price of the share as at 31st March 2024 was Rs. 13.00.

7 MARKET CAPITALISATION AS AT 31ST MARCH 2024

	Capital & Reserves Rs.'000	Market Capitalisation Rs.'000
Financial Year		
2019 - 2020	1,862,557	984,960
2020 - 2021	1,293,609	1,308,960
2021 - 2022	850,726	1,166,400
2022 - 2023	(188,697)	1,568,160
2023 - 2024	(656,444)	1,684,800

The float adjusted market capitalisation as at 31st March 2024 was Rs. 155,330,825/-.

The Company is not compliant with Rule 7.14.1.(i)(a) of the Listing Rules of the Colombo Stock Exchange on minimum public holding.



8 TWENTY LARGEST SHAREHOLDERS AS AT 31ST MARCH

		2024	No. of Share	%
1	Melstacorp PLC		54,273,234	41.88
2	Aitken Spence Hotel Holdings PLC		47,455,750	36.62
3	Stassen Exports (Private) Limited		12,730,620	9.82
4	Lanka Milk Foods (CWE) PLC		1,251,558	0.97
5	People's Leasing & Finance PLC/Dr. H S D Soysa & Mrs. G Soysa		799,674	0.62
6	Milford Exports (Ceylon) (Private) Limited		768,960	0.59
7	People's Leasing & Finance PLC/ L P Hapangama		720,774	0.56
8	V.R. Jayasinghe		530,278	0.41
9	Aitken Spence Hotels Limited		432,459	0.33
10	Heritance (Private) Limited		432,444	0.33
11	People's Leasing & Finance PLC/L H L M P Haradasa		386,303	0.30
12	S.D. Weveldeniya		359,118	0.28
13	Kandalama Hotels (Private) Limited		306,450	0.24
14	R.E. Rambukwelle		281,000	0.22
15	Hatton National Bank PLC/ A. Sithampalam		274,630	0.21
16	C.S. Silvapulle		262,968	0.20
17	Hatton National Bank PLC/ R.P. Sugathadasa		220,000	0.17
18	B.G. Exe Staff Provident Asso.		182,520	0.14
19	P.P. Thevarajah		181,326	0.14
20	A.J.M. Jinadasa		180,000	0.14
			122,030,066	94.17

9. DIRECTORS' SHAREHOLDING

Name of Director	No. of Shares as at 31.03.2024	No. of Shares as at 31.03.2023
Deshamanya D.H.S. Jayawardena - Chairman	-	-
Dr. M.P. Dissanayake	-	-
Ms. D.S.T. Jayawardena	-	-
Mr. C.R. Stanislaus	-	-
Mr. N.J. de Silva Deva Aditya	-	-
Mr. R.N. Asirwatham	-	-
Mr. M.A.N.S. Perera	-	-

Glossary of Financial Terms

Accounting Policies - The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Actuarial Gains and Losses - Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

Amortisation - The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Asset Held for Sale - The carrying amount of the asset value which will be recovered through a sale transaction rather than through continuing use.

Average Weighted Prime Lending Rate (AWPLR)

(AWPLR) - Reflects rates applicable on loans and advances granted by commercial banks to their most creditworthy customers.

Capital Employed - Total shareholders' funds plus debt and minority interest.

Capital Reserves - Reserves identified for specific purposes and considered not of the entity, directly or indirectly, including any director (Whether executive or otherwise) of the entity available for distribution.

Cash Equivalents - High liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Compound Annual Growth Rate (CAGR)

- The year-over-year growth rate of an investment over a specified period of time.

Contingent Liabilities - A condition or situation at the Reporting date of which the financial effect will be determined only on the occurrence, or nonoccurrence of one or more uncertain future events.

Collateral - Monetary or non-monetary asset pledged or received as security in lieu of a loan or credit terms obtained or provided.

Credit Risk - Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

Current Ratio - Current assets divided by current liabilities.

Debt/Equity Ratio - Ratio between interest bearing borrowing and shareholder's equity. (Long-term interest-bearing debt+ Preference Shareholder/ Shareholder funds+ Non-controlling interest+ Long-term interest-bearing debt).

Dividend Cover - Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit. (EPS/Dividend per share)

Deferred Income Tax - The net tax effect on items which have been included in the Income Statement, which would only qualify for inclusion on a tax return at a future date.

Derivative - A security whose price is dependent upon or derived from one or more underlying assets.

Dividend Pay Out Ratio - The percentage of earnings paid to shareholders in dividends.

Dividend Yield Ratio - The yield a company pays out to its shareholders in the form of dividends. (Ordinary dividend per share divided by market value per share)

Earnings Per Share (EPS) - Profit attributable to Equity Holders of the Company divided by weighted average number of ordinary shares in issue.

Equity - The value of an asset after all the liabilities or debts have been paid.

EBIT - Earnings before interest and tax.

EBITDA - Earnings before interest, taxes, depreciation and amortisation.

Effective Rate of Taxation - Income tax over profit before tax.

EPS Growth - Percentage of increase in the EPS over the previous year.

Fair Value - The price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Profit and Loss - A financial asset/liability acquired/ incurred principally for the purpose selling or repurchasing it in the near term.

Financial Asset - Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Liability - Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Gearing - Borrowings to capital employed. Refer debt to equity.

Impairment - This occurs when recoverable amount of an asset is less than its carrying amount.

Interest Cover - This indicates the ability of an entity to cover long term and short term interest expenses with EBIT. (Profit before Interest & Taxation + Share of Equity Accounted investees divided by total Interest charged for the year).

Key Management Personnel (KMP) - KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (Whether executive or otherwise) of that entity.

Market Capitalisation - The number of ordinary shares in issue multiplied by the market price per share as at the reported date.

Materiality - The relative significance of a transaction or an event, the omission or misstatement of which could influence the decisions of users of Financial Statements.

Net Assets Per Share - Shareholders' funds divided by the number of ordinary shares in issue as at the Reporting Date.

Non-Controlling Interest - Part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned, directly or indirectly, through Subsidiaries, by the Parent company.

Other comprehensive income - An entry that is generally found in the shareholders' equity section of the Statement of Financial position.

Price Earnings Ratio (PER) - Market price per share divided by the earnings per share.

Price to Book Value Ratio (PBV) - Market price per share divided by net assets per share.

Quick Assets Ratio - Current assets less inventories divided by current liabilities.

Return on Capital Employed - Profit before Tax divided by total shareholder's funds, non-controlling interest, noncurrent interest bearing borrowings and differed taxation

Return on Equity - Profit attributable to shareholders as a percentage of average shareholders' funds

Related Parties - A person or entity that is related to the entity that is preparing its Financial Statements.

Revenue Reserves - Reserves considered as being available for distributions and investments.

Right-of-use Asset (ROU) - ROU asset is an asset that represents a lessee's right to use an underlying asset over the lease term.

Segmental Analysis - Analysis of financial information by segments of an entity specifically, the different geographical areas in which it operates.

Shareholder's Funds - The sum of Share capital, Capital Reserves and Revenue Reserves.

Value Added - The wealth created by the operation of the company. The value is distributed among the stakeholders and the balance retained within the business.

Working Capital - Capital required to finance day-to-day operations, computed as the excess of current assets cover current liabilities.

Yield to Maturity - The discount rate that equals present value of all expected interest payment and the repayment of principal



153

Corporate Information

NAME

Browns Beach Hotels PLC

LEGAL FORM

A Public Quoted Company with limited liability, incorporated in Sri Lanka on 4th August 1992.

COMPANY REGISTRATION NUMBER

PQ 202

REGISTERED OFFICE

No. 315, Vauxhall Street Colombo 2, Sri Lanka

DIRECTORS

Deshamanya D.H.S. Jayawardena - Chairman
Ms. D.S.T. Jayawardena
Dr. M.P. Dissanayake
Mr. C.R. Stanislaus
Mr. R.N. Asirwatham
Mr. N.J. de Silva Deva Aditya
Mr. M.A.N.S. Perera

AUDIT COMMITTEE

Mr. R.N. Asirwatham – Chairman
Mr. N.J. de Silva Deva Aditya

REMUNERATION COMMITTEE

Mr. R.N. Asirwatham – Chairman
Mr. N.J. de Silva Deva Aditya

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. R.N. Asirwatham – Chairman
Mr. N.J. de Silva Deva Aditya
Mr. M.A.N.S. Perera (Appointed w.e.f. 22.03.2024)

SECRETARIES

Aitken Spence Corporate Services (Private) Limited
No. 315, Vauxhall Street,
Colombo 02,
Sri Lanka.
T: (+94 11) 2308308
F: (+94 11) 2445406
E: benji@aitkenspence.lk
comsec@aitkenspence.lk

REGISTRARS

Central Depository Systems (Private) Limited
Ground Floor, M&M Center
No. 341/5, Kotte Road,
Rajagiriya.
T: (+94 11) 2356456
F: (+94 11) 2440396
E: hemal@cse.lk
Web: www.cds.lk

AUDITORS

KPMG
Chartered Accountants
32A, Sir Mohamad Macan Marker Mawatha,
P.O Box 186,
Colombo 03.

BANKERS

Hatton National Bank PLC
The Hongkong and Shanghai Banking
Corporation Limited

SUBSIDIARY COMPANY

Negombo Beach Resorts (Private) Limited
Owns the Sentido Heritance Negombo Hotel

DIRECTORS OF SUBSIDIARY COMPANY

Deshamanya D.H.S. Jayawardena - Chairman
Ms. D.S.T. Jayawardena
Mr. C.M.S Jaywickrama
Mr. C.R. Stanislaus

CONTACT DETAILS

No. 315, Vauxhall Street,
Colombo 02,
Sri Lanka.
T: (+94 11) 2308308
F: (+94 11) 2445406
Web: www.heritancehotels.com



Notice of Meeting

Notice is hereby given that the Thirty Second (32nd) Annual General Meeting of Browns Beach Hotels PLC will be held at No. 315, Vauxhall Street, Colombo 02 on 06th August 2024 at 11.30 a.m, as a virtual meeting using a digital platform for the following purposes:-

1. Ordinary Business

- 1.1 To receive and consider the Annual Report of the Board of Directors together with the Audited Financial Statements for the year ended 31st March 2024 and the Report of the Auditors thereon.
- 1.2 To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Deshamanya D.H.S. Jayawardena who is 81 years of age and that he be re-appointed a Director of the Company."
- 1.3 To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.N. Asirwatham who is 81 years of age and that he be re-appointed a Director of the Company."
- 1.4 To re-appoint Mr. N.J. de Silva Deva Aditya who is over the age of 70 years, as a Director by passing the following Resolution as an Ordinary Resolution:

"IT IS HEREBY RESOLVED that the age limit stipulated in Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. N.J. de Silva Deva Aditya who is 76 years of age and that he be re-appointed a Director of the Company."
- 1.5 To re-elect Mr. C.R. Stanislaus who retires in terms of Article 84 and 85 of the Articles of Association, as a Director of the Company.
- 1.6 To authorise the Directors to determine contributions to charities.
- 1.7 To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration.

2. Special Business

- 2.1 To consider and pass if thought fit the following resolution as a Special Resolution as set out below for the amendment to the Articles of Association:

IT IS HEREBY RESOLVED THAT the existing Article 73 be deleted in entirety and the following New Article Numbered 73 be included therefor:

The directors of the Company shall not be less than FIVE (05) nor more than TEN (10) in number.

- 2.2 To consider and pass if thought fit the following resolution as a Special Resolution as set out below for the amendment to the Articles of Association:

IT IS HEREBY RESOLVED THAT the existing Article 104 be deleted in entirety and the following New Article Numbered 104 be included therefor:

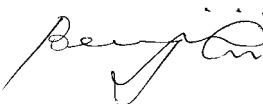
- 104 (a) Subject to paragraph 104(d) of this Article, a Director may by notice in writing under his/her hand and subject to the approval of the Board of Directors, appoint any person to be his/her Alternate Director to act for him/her under exceptional circumstances acceptable to the Board of Directors, for a maximum period of one (01) year from the date of appointment. The said notice of appointment may specify a date or an event upon the happening of which such person shall cease to be his/her Alternate Director, and the tenure of office of the Alternate Director so appointed shall nevertheless not exceed a period of one (01) year from the date of appointment.
- 104 (b) A Director may by notice in writing under his/her hand at any time before the expiration of one year from the date of appointment, revoke the Alternate Director so appointed by him/her and appoint another person as his/her Alternate Director, subject to paragraph (a) above.
- 104 (c) Notwithstanding anything to the contrary contained in paragraph (b) above, the office of an Alternate Director may be determined by the Board of Directors before the expiration of one year from the date of his/her appointment.
- 104 (d) A person nominated to be appointed as an Alternate Director shall be of the same nature of his appointor if appointed, i.e. an Alternate Director of a Non-Executive Director shall be of a Non-Executive nature. Similarly, an Alternate Director to an Independent Non-Executive Director shall be a person who will satisfy the criteria of Independence as set out by the Listing Rules of the Colombo Stock Exchange. The Nominations and Governance Committee shall review and determine that a person nominated to the office of Alternate Director to an Independent Non-Executive Director satisfies the criteria for Independence prior to his appointment.
- 104 (e) A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification.
- 104 (f) Alternate Director so appointed shall be entitled to receive notice of meetings and to attend such meetings on behalf of his/her appointor and shall have the right to sign circular resolutions of the Directors for and on behalf of his/her appointor in the event his/her appointor is unable to sign such resolutions."

3. Any Other Business

To consider any other business of which due notice has been given.

By Order of the Board

Browns Beach Hotels PLC



Aitken Spence Corporate Services (Private) Limited

Secretaries

Colombo

15th July 2024



155

Notice of Meeting

Note:

1. The Board of Directors has decided that this year too the Annual General Meeting of Browns Beach Hotels PLC will be held as a virtual meeting by participants joining in person or by proxy, through audio or audio visual means in the manner specified below:

i. Shareholder participation

- a) The shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.
- b) The shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through **audio or audio visual means only**.
- c) The shareholders who wish to participate at the meeting will be able to join the meeting through **audio or audio visual means only**. To facilitate this process, the shareholders are required to furnish their details by perfecting The Form of Registration and forward same to reach the Company Secretaries via e-mail to deborah.corera@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02 **not less than five (05) days before the date of the meeting so that the meeting login information** could be forwarded to the e-mail addresses so provided.

The Form of Registration is available on the Company website on www.aitkenspencehotels.com and the Colombo Stock Exchange website on www.cse.lk.

- d) To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to deborah.corera@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 02, **not less than forty eight (48) hours before the time fixed for the meeting**.

ii. Shareholders' queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to reach the Company Secretaries, via e-mail to deborah.corera@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, **not less than five (5) days before the date of the meeting**. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that such queries could be addressed at the meeting.

2. The Annual Report of the Company for the year 2023/2024 will be available for perusal on the website on www.aitkenspencehotels.com and on the Colombo Stock Exchange website on www.cse.lk.

Form of Proxy

I/We.....of.....

..... being a member/members of Browns Beach Hotels PLC hereby appoint.....

..... of
..... (whom failing),

Don Harold Stassen Jayawardena	(whom failing),
Don Stasshani Therese Jayawardena	(whom failing),
Mahinda Parakrama Dissanayake	(whom failing),
Christie Ranjan Stanislaus	(whom failing),
Rajanayagam Nalliah Asirwatham	(whom failing),
Niranjan Joseph de Silva Deva Aditya	(whom failing),
Mellawatantrige Anton Niroshan Sampath Perera	

as my/our proxy to represent me/us, to speak and to vote on my/our behalf at the Annual General Meeting of the Company to be held on the 06th August 2024, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

I/We the undersigned hereby authorise my/our proxy to vote on my/our behalf in accordance with the preference indicated below:

1. Ordinary Business

	Resolution	For	Against
1.2	To re-appoint Deshamanya D.H.S. Jayawardena who is over the age of 70 years		
1.3	To re-appoint Mr. R.N. Asirwatham who is over the age of 70 years		
1.4	To re-appoint Mr. N.J. de Silva Deva Aditya who is over the age of 70 years		
1.5	To re-elect Mr. C.R. Stanislaus who retires in terms of Article 84 and 85 of the Articles of Association of the Company		
1.6	To authorise the Directors to determine contributions to charities		
1.7	To re-appoint the retiring External Auditors, Messrs. KPMG, Chartered Accountants and authorise the Directors to determine their remuneration		

2. Special Business

	Resolution	For	Against
2.1	To pass the Special Resolution for the amendment to the Articles of Association as detailed in item 2.1 of the Notice of Meeting.		
2.2	To pass the Special Resolution for the amendment to the Articles of Association as detailed in item 2.2 of the Notice of Meeting.		

Signed this day of Two Thousand and Twenty Four.

.....
Shareholder's Signature/(s)

.....
Shareholder's NIC / Folio No.

.....
Proxyholder's NIC No.

Note : Instructions as to completion are noted on the reverse hereof.



Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.
2. If the Form of Proxy is signed by an Attorney, the relative power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.
3. In the case of a Company/Corporation, the Form of Proxy shall be executed in the manner specified in its Articles of Association/Constitutional documents (as applicable).
4. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his/her appointor.
5. Duly filled Forms of Proxy should be sent to reach the Company Secretaries via e-mail to deborah.corera@aitkenspence.lk or facsimile on +94 11 2445406 or by post to the registered address of the Company No. 315, Vauxhall Street, Colombo 2, not less than forty eight (48) hours before the time fixed for the meeting.

PLEASE PROVIDE THE FOLLOWING DETAILS (MANDATORY):

NIC/PP/Company Registration No. of the Shareholder/s :

Folio No. :

E-mail address of the Shareholder/(s) or proxyholder
(other than a Director appointed as proxy) :

Mobile No. :

Fixed line :

Investor Feedback Form

To request information or submit a comment/query to the Company, please complete the following and e-mail to info@aitkenspence.lk or post to the Group Company Secretaries at the Registered Office of the Company at No. 315, Vauxhall Street, Colombo 02, Sri Lanka

Name :

Permanent Mailing Address :

Number of Shares held
(Optional) :

Contact Number/s

- Phone :

- Fax :

- E-mail :

Queries/Comments :



159



SENTIDO

HERITANCE NEGOMBO
