

ANNUAL REPORT
2022/23

Eden Hotel Lanka PLC

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Dear Stakeholders,

On behalf of the Board, it is my pleasure to present the Annual Report and Financial Statements of Eden Hotel Lanka PLC for the year ended 31st March 2023.

International tourism is well on its way to returning to pre-pandemic levels, with twice as many people travelling during the first quarter of 2023.

GLOBAL TOURISM INDUSTRY

The tourism industry is a vital sector of the global economy, encompassing a wide range of activities including travel, accommodation, transportation, and entertainment. Prior to the COVID-19 pandemic, the industry was experiencing steady growth, contributing significantly to GDP, employment, and cultural exchange. The global tourism industry has made significant progress in its recovery since the pandemic. According to the UNWTO, in 2021, the industry was operating at 30% [International tourist arrivals], improving thereafter to 65% by 2022, in comparison to pre-pandemic numbers. Strong recovery is indicated for 2023, with arrivals reaching 80% of pre-pandemic levels.

Technology revolutionized the way travelers plan, book, and experience their trips. Online platforms, mobile apps, and social media has reshaped the industry's marketing and distribution strategies. There is a growing emphasis on sustainable practices to minimize the environmental and socio impact on tourism. Ecotourism, responsible travel, and community-based initiatives have gained prominence. Modern travelers seek authentic experiences, driving demand for activities such as cultural tours, adventure travel, and culinary tourism.

SRI LANKA TOURISM INDUSTRY

The Sri Lankan tourism industry has been an important contributor to the country's economy, attracting visitors from around the world to its beautiful landscapes, cultural heritage, and historical sites.

As the world recovers from the COVID-19 pandemic, tourism is gathering momentum in many countries. Sri Lanka is one such country working on attracting tourists back to its shores. In January and February 2023, Sri Lanka saw a significant increase in tourist arrivals compared to the same period last year.

According to the Sri Lanka Tourism Development Authority (SLTDA), a total of 210,184 tourists visited Sri Lanka in January & February 2023. This is a 24% increase compared to January 2022 of these arrivals, the majority of tourists were from Europe, followed by Asia and the Pacific and America.

EDEN GROUP

The Eden Group has firmly established its presence within the Sri Lankan Leisure Industry, with a robust footprint that spans across different geographical destinations with 08 operational properties.

Except for Eden Hotel Lanka PLC, all our properties operated at full capacity during the year. This translated into remarkable achievements in terms of both occupancy and revenues, a significant improvement over the previous year. Eden Hotel Lanka PLC, recommenced its commercial operations in December 2022, following an extensive refurbishment with overall improvement to the value proposition of the property and guest experience.

Based on the management agreement entered in 2021 with the Barceló Group, the management responsibilities for both Eden Hotel Lanka PLC and Green Paradise [Pvt] Limited, a subsidiary of the Eden Group,

was transferred. Presently, these properties are operated under the brand identities of "Occidental Eden" and "Occidental Paradise." In the reviewed year, both the Company and the Group showed substantial growth in net revenue, reporting Rs. 257.8 million and Rs. 2.2 billion, respectively. This marked a significant progression from the previous year's of Rs. 148.6 million and Rs 1.1 billion. However, the surge in operating costs and depreciation led to the Company and the Group reporting negative GOPs of Rs. 380 million and Rs 1.3 billion, respectively.

Despite the challenges posed by negative financial performances, Eden Group possesses a formidable asset base, amounting to Rs. 66.7 billion as of March 31, 2023. This includes strategic investments made both in Sri Lanka and in the Maldives, which contribute to the Group's overall stability and potential for growth.

With the objective of enhancing the financial position and to reduce the entity level debt, Dolphin Hotels PLC, Hotel Sigiriya PLC and Serendib Hotels PLC, subsidiaries of Eden Group, raised additional capital by way of Rights. The proceeds received from the right issue used to settle the inter-company borrowings.

Positioned within the picturesque South Ari Atoll of the Maldives, Browns Ari Resort [Pvt] Limited, a subsidiary of the Eden Group, the 100 keys is commissioned and commenced its commercial operations as a five-star resort in August 23. Operating under the Barceló Brand, this property is poised to infuse strong revenues to the Eden Group with potential for strong financial performance.

Chairman's Review

In the dynamic landscape of the tourism industry, the management is actively continuing to engage in discussions with both Foreign Tour Operators (FTO's) and local Destination Management Companies (DMC's) on the prevailing market conditions pertaining to our target market segments, and a number of Foreign Tour Operators are currently in the midst of finalizing contracts for the immediate future.

I take this opportunity, to express my sincere gratitude and appreciation to our valued guests, business partners who provided their continuous support and to our staff, who has shown great strength during tiring times to provide exceptional customer service.

Finally, I take this opportunity to place on record my appreciation to my colleagues on the Board for their valuable guidance and support during the year under review.



Kapila Jayawardena
Chairman
Eden Hotel Lanka PLC

31st August 2023

Board of Directors

W. D. K. JAYAWARDENA

Chairman

Considering his wealth of experience in local and international fields of Banking and Investment Banking,

Mr. Kapila Jayawardena has earned a solid reputation as a captain of industry and a dynamic leader who relishes challenges. He joined LOLC Holdings PLC in the year 2007 as the Group Managing Director/CEO and has since steered the Group from strength to strength, while implementing its ambitious expansion in 25 countries in Asia and Africa.

He is also the Chairman/Director of Group Companies including Eden Hotel Lanka PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, LOLC Securities Limited and Palm Garden Hotels PLC. He also functions as Director of Brown & Company PLC, Browns Investments PLC, LOLC International (Private) Limited, LOLC Advanced Technologies (Private) Limited, LOLC Asia (Private) Limited (formerly LOLC Private Limited), LOLC Global (Private) Limited (Formerly LOLC Asia (Pvt) Ltd), Ceylon Graphene Technologies (Private) Limited, LOLC Africa Holdings (Private) Limited and Leapstitch Technologies (Private) Limited. He is also on many Boards of the subsidiaries of LOLC Group.

Prior to coming on-board the LOLC Group, Mr. Kapila Jayawardena served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007, along with being tasked with short assignments for Citibank in New York and Manila (Philippines). He has also served as Chairman of the Sri Lanka Banks' Association (SLBA) in 2003/04; President of the American Chamber of Commerce in Sri Lanka in 2006/07; Member of the Financial Sector Reforms Committee (FSRC); Member of the National Council of Economic Development (NCED) and as Board Member of the United States - Sri Lanka Fulbright Commission.

He holds an MBA in Financial Management and is a fellow member of the Institute of Bankers and an Associate Member of the Institute of Cost and Executive Accountants, London, UK.

MRS. KALSHA AMARASINGHE

Non - Executive Director

Kalsha Amarasinghe holds an Honours Degree in Economics and has an outstanding vision for investments. She serves on the Boards of the subsidiaries of Browns Group of Companies and LOLC Holdings PLC.

Executive Director

- LOLC Holdings PLC
- LOLC Finance PLC
(Resigned with w.e.f. 29.05.2023)

Non-Executive Director

- LOLC Life Assurance Ltd
- LOLC Serendib (Pvt) Ltd
- Palm Garden Hotels PLC
- Riverina Resorts (Pvt) Ltd
- Brown & Co. PLC
- Browns Investments PLC
- Green Paradise (Pvt) Ltd
- Browns Holdings Ltd
- Danya Capital (Pvt) Ltd
- Serendib Hotels PLC
- Hotel Sigiriya PLC
- Dolphin Hotels PLC
- Serendib Leisure Management Ltd
- Ultimate Sports (Pvt) Ltd
- P L Resorts (Pvt) Ltd
- Melana capital (Pvt) Ltd

D. S. K. AMARASEKERA

Independent Director

Kamantha Amarasekera is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney-at-Law of the Supreme Court of Sri Lanka. He also holds a degree in Business Administration from the University of Sri Jayawardenapura and began his career in the year 1998.

Mr. D.S.K. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of Amarasekera & Company, a leading tax consultancy firm in Sri Lanka.

DR. J. M. SWAMINATHAN

Independent Director

Dr. J.M.Swaminathan holds LLB (Ceylon), LLM, M. Phil.(Colombo) and LLD (Honoris Causa) Degrees and is an Attorney-at-Law with over 57 years in practice. He was the former Senior Partner of Messrs. Julius & Creasy. He is a Member of the Office for Reparations Sri Lanka. He has served as a Member of the Law Commission of Sri Lanka and Member of the Council of Legal Education and the Council of the University of Colombo. He is also a Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission. He is the Chairman of the Board of Studies of the Council of Legal Education and also a Consultant at the Institute of Advanced Legal Studies of the Council of Legal Education. He is a Member of the Visiting Faculty of the LLM Course of the University of Colombo. He is also an External Member of the Faculty of Law Board of the Sir John Kothalawala Defence University. He also serves on the Boards of several public and private companies

LEADERSHIP

Board of Directors

STEFAN FURKHAN

Non - Executive Director

Mr. Stefan Furkhan had his initial Hospitality education in Australia and post graduate training in Germany, with over 25 years of experience in the Hospitality Industry. He is also a Graduate Diploma Holder of the Chartered Institute of Marketing, UK (CIM), and a Fellow Member of the Institute of Hospitality UK.

He is a seasoned Hospitality industry professional with a proven track record, having successfully managed multiple hotels, and the launching of Green Field Hotel Projects. During his career, he has been instrumental in identifying and introducing several new concepts to the Tourism Industry in Sri Lanka. His experience spans across Europe, South Asia, Australia and the South Pacific.

Mr. Furkhan currently holds board positions on several Company Boards, and is engaged in providing specialised Consultancy Services to Hotel Companies, focusing on Asset Management, Hotel Acquisition and Investment, new development and Management Company selection.

Mr. Furkhan is currently the Chairman of the Confifi Group of Companies, and a Director of Eden Hotel Lanka PLC and Browns Investments PLC. He is also a Promoter, Shareholder and Director of the Radisson Colombo, Radisson Kandy, and Radisson Blue Resort in Galle.

Annual Report of the Board of Directors

Your Directors take pleasure in presenting this Annual Report and believe that the information provided in the reports and the audited financial statements will provide all stakeholders with a balanced and comprehensive overview of the Company's performance during the financial year to 31st March, 2023. This report contains information required by Section 168 of the Companies Act No. 07 of 2007 and other necessary information required by the Listing Rules of the Colombo Stock Exchange.

PRINCIPAL ACTIVITY

The Company's principal activity is carrying on the business of a Hotelier.

DIRECTORATE

The Directors of the Company during the year under review were as follows :

W D K Jayawardena	- Chairman
Dr. J M Swaminathan	- Independent Director
D S K Amarasekera	- Independent Director
Mrs. K U Amarasinghe	- Non-Executive Director
S. Furkhan	- Non- Executive Director

The profiles of the Directors are given on pages 5 to 6.

DIRECTORS' INTEREST IN SHARES

In compliance with Section 200 of the Companies Act, the Directors have disclosed their relevant interest in shares of the Company.

The shareholdings of the Directors during the financial year were as follows:

	As at 31.03.2023	As at 31.03.2022
W D K Jayawardena	-	-
Mrs. K. U. Amarasinghe	-	-
S. Furkhan	01	05
Dr J. M. Swaminathan	-	-
D. S. K. Amarasekera	-	-

INTEREST REGISTER

In compliance with the requirements of the Companies Act No. 7 of 2007, an Interest Register was maintained by the Company during the accounting period ended 31 March 2023.

Board and Board Sub-committee Membership:

Director	Board	Audit Committee	Rem: Committee	RPTR Committee	Board Meeting Attendance			
					30.05.2022	12.08.2022	14.11.2022	14.02.2023
W. D. K. Jayawardena	√*	√	-	√	√	√	√	√
Mrs. K. U. Amarasinghe	√	-	√	√	√ [online]	-	√	√
D. S. K. Amarasekera	√	√	√	-	√ [online]	√ [online]	-	√
S. Furkhan	√	-	-	-	√ [online]	√ [online]	-	√
Dr. J. M. Swaminathan	√	√**	√**	√**	√	√	√	√

* Chairman

** Committee Chairman

DIRECTORS' INTEREST IN CONTRACTS

In terms of Section 192 [2] of the Companies Act, the Directors have declared their interests in contracts in the Company and have refrained from voting on matters in which they were materially interested. Directors'

Interest in contracts with the Company is disclosed on pages 84 to 85 of the Annual Report.

RETIREMENT & RE-ELECTION OF DIRECTORS

In terms of Article 86 of the Articles of Association of the Company, Mr. S Furkhan retires by rotation and offers himself for re-election. The Directors recommend that he be re-elected.

In terms of Section 210 of the Companies Act No. 7 of 2007, Dr. J. M. Swaminathan who reached the age of 70 years in 2011 retires. The Company has received notice from a shareholder of its intention to move a resolution to re-elect Dr. Swaminathan as a Director. The Board recommends his re-election.

DIRECTORS' REMUNERATION

Directors' remuneration is disclosed in the notes to the Accounts on page 50.

BOARD SUB COMMITTEES

The Board has appointed the following Sub - Committees: -
the Audit Committee
the Remuneration Committee
the Related Party Transactions Review Committee

Committee meetings facilitate more detailed discussion of specific areas, following which the Committees can make their recommendations to the Board. The Committees meet regularly and have put in place processes to ensure that relevant issues are reviewed periodically and that all necessary information is called for. On occasion, senior management officers are invited to Board Sub Committee meetings. This enhances discussion and the resolving of issues in a manner that facilitates not only improved performance but also strengthened controls.

The Reports of these Committees can be found on pages 11 to 13 and provide further details.

Annual Report of the Board of Directors

Corporate Governance

The Board subscribes to the principles of corporate governance. During the year under review, the Company was compliant with the Corporate Governance requirements of the Colombo Stock Exchange. The Corporate Governance Report is on pages 9 to 10.

Compliance with laws and regulations

The Company has not engaged in any activity that contravenes any applicable law or regulation.

The Company was transferred to the Second Board of the CSE w.e.f. 08th November 2022.

Risk Management

The Risk Management review can be found on pages 90 to 92.

Directors' responsibility for financial reporting

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that the financial statements have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The financial statements together with the notes thereon are given on pages 29 to 93.

Going concern

The Directors believe that the Company is in a position to continue its operations in the foreseeable future. Accordingly, the Financial Statements are prepared on the basis that the Company is a going concern.

Responsibility statements

The Chairman's and Chief Financial Officer's responsibility statement appears on page 22. The Directors' responsibility statement appears on page 21.

Stated Capital

The stated Capital of the Company as at 31st March 2023 was Rs. 5,808,000,000/- consisting of 528,000,000 Ordinary shares.

Significant accounting policies

The significant accounting policies adopted when preparing these financial statements and any changes thereof if applicable are given on pages 34 to 48.

Transactions with Related Parties

The Directors have disclosed transactions, if any, that could be classified as related party transactions in terms of LKAS 24.

The Directors hereby confirm that to the best of their knowledge and information available to them, the Company has complied with the requirements of the rules relating to the related party transactions as contained in Section 9 of the listing Rules of the Colombo Stock Exchange. Related Party transactions are disclosed on pages 82 to 83 in the Financial Statement.

Statutory Payments

For the year under review, all known statutory payments have been made and all retirement gratuities have been provided for. Further all management fees and payments to related parties for the year under review have been reflected in the accounts.

Auditors

The Auditors, M/s. PricewaterhouseCoopers [Chartered Accountants] retire, and offer themselves for re-appointment. The Board recommends their re-appointment for the year 2023/2024, subject to shareholder approval, at a fee to be decided upon by the Board.

During the year under review, the Auditors were paid Rs. 1,300,000/- as audit fees. As far as the Directors are aware, the Auditors do not have any other relationship with the Company or any of its subsidiaries nor do they have any interest in contracts with the Company or any of its subsidiaries.

Auditors Report

The Auditors report appears on pages 24 to 28.

Property

Details of the Company's properties are found on page 57.

Post Balance Sheet Events

i. Erosion of Capital

On 13th June 2023, your board noted that the equity of the Company has eroded to less than 50% of its Stated Capital as per the interim financial statements as of 31st March 2023 due to continuous losses made in previous years and insufficient returns from investments. Accordingly, in terms of Section 220 [2] of the Companies Act No. 7 Of 2007, the board has convened an Extraordinary General Meeting (EGM), to notify the shareholders of the current status of the Company.

ii. Rights Issue

Your board has also resolved to infuse fresh capital to the Company by way of a Rights Issue and increase its stated capital by Rs.10,560,000,000/- to address the erosion of capital. The Company has already obtained in-principle approval from the Colombo Stock Exchange for the said Rights Issue of Shares. A separate Circular to the Shareholders, setting out details of the Rights Issue is enclosed.

Annual General Meeting

The Annual General Meeting of the Company will be held as a virtual meeting emanating from the LOLC Auditorium at 100/1 Sri Jayewardenapura Mawatha, Rajagiriya. The notice of meeting is included in this Annual Report.

Acknowledgment of the content

As required by Section 168 [1] [K] of the Companies Act No. 7 of 2007, the Board of Directors hereby acknowledges the contents of this Report.

For and on behalf of the Board



W. D. K. Jayawardena
Chairman

31st August 2023
Rajagiriya

Corporate Governance Report

The Board of Directors endorse the principles of good governance and have endeavored to put in place procedures and policies that embed these principles in the operations of the Company.

Taking into account the multiple stakeholders the leisure sector has, the Board has sought to ensure that the information it receives covers a wide spectrum of the Company's activities, enabling the Directors to not only review performance but also oversee the role the Company plays in its socioeconomic environment. The Directors seek to ensure that processes and procedures are not only effective and profit centered, but also sensitive to regulatory requirements and corporate social responsibility.

Board of Directors

The Board of Directors of the Company presently comprises 05 members.

The Board has determined that Mr. D. S. K. Amarasekera and Dr. J. M. Swaminathan can appropriately be classified independent directors. This determination is based on their professionalism and conduct. Their expertise and experience are of great value in decision making.

In accordance with the requirements of the Listing Rules of the Colombo Stock Exchange, each Non-Executive Director has submitted his declaration relating to his/her independence.

The Company benefits from the multiplicity of skills the Directors bring to the discussion, which range from in- depth knowledge of the local leisure industry, leisure sector trends including global trends, financial disciplines and the regulatory and legal framework.

To facilitate more detailed discussion, the Board has appointed Sub Committees. Details of these Sub Committees are provided in the individual Committee Reports on pages 11 to 13.

The Directors' profiles, shareholding and other information relating to the Board are given in the Directors' Report on pages 6 to 8.

Auditors

The Auditors M/s. PricewaterhouseCoopers, Chartered Accountants retire and offer themselves for re appointment. The Board recommends their reappointment for the year 2023/2024 at a fee to be decided upon by the board.

Stakeholders

The Board is conscious of its relationship with all stakeholders, including the community within which it operates. Apart from aiming to be a model corporate citizen, with sustainable and ecofriendly practices, the hotel enhances and uplifts staff standards and morale through regular training and improved facilities. This facilitates improvements in service levels, thereby enriching guest experience. Satisfied guests, apart from providing repeat business, also act as ambassadors for the hotels.

Compliance with regulations

The Board confirms that the Company is compliant with the Corporate Governance requirements of the Colombo Stock Exchange ["CSE"].

Board Sub Committees

The Board Sub Committees analyze the areas under their purview and make recommendations to the Board on necessary improvements and notifications to the systems and processes of the Company.

The extent of compliance as required by the Listing Rules of the Colombo Stock Exchange and subsequent amendments thereto:

Sec No.	Rules of the Colombo Stock Exchange	Eden Hotel Lanka PLC's Level of compliance
7.10	Corporate Governance Statement confirming that as at the date of the annual report that the Company is in compliance with these rules.	The Company is in compliance with the listing rules of the Colombo Stock Exchange, with the exception of the Minimum Public Holding requirement.
7.10.1	Non-Executive Directors The Board of Directors of a listed entity shall include at least : two non-executive directors; or such number of non-executive directors equivalent to one third of the total number of directors whichever is higher	Complied with As at 31st March 2023 the Board comprised 5 Non-Executive Directors.
7.10.2	Independent Directors Where the constitution of the Board of Directors includes only two Non-Executive directors in terms of 7.10.1, both such Non- Executive directors shall be independent. In all other instances two or 1/3rd of the no executive directors appointed to the Board, whichever is higher shall be independent.	Complied with As at 31st March 2023 the Board comprised 2 Independent Directors from whom signed declarations of independence were obtained.
7.10.3.4	Disclosures Relating to Directors Annual determination as to the independence or non-independence of each Non-Executive Director.	Complied with The Board has reviewed and satisfied itself as to the independent/ non independent status of the non executive directors. Please refer directors' profiles on pages 5.

Corporate Governance Report

Sec No.	Rules of the Colombo Stock Exchange	Eden Hotel Lanka PLC's Level of compliance
7.10.5	<p>Remuneration Committee Shall comprise of a minimum of two independent Non-Executive Directors or of non executive directors a majority of whom shall be independent, which ever shall be higher.</p>	<p>Complied with As at 31st March 2023 the Committee comprised 3 Non-Executive Directors of whom 2 are independent. Please refer committee report on page 12.</p>
7.10.6	<p>Audit Committee Shall comprise of a minimum of two independent non executive directors or of non executive directors a majority of whom shall be independent, which ever shall be higher.</p>	<p>Complied with As at 31st March 2023 the Committee comprised 3 Non-Executive Directors of whom 2 are independent . Please refer committee report on page 11.</p>
9.2.2	<p>Related Party Transactions Review Committee The Committee should comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One Independent Non-Executive director shall be appointed as Chairman of the Committee.</p>	<p>Complied with As at 31st March 2023 the Committee comprised 2 Non-Executive Directors and 1 Independent Director, who is the Committee Chairman. Please refer committee report on page 13.</p>

Report of the Audit Committee

Composition

The Audit Committee comprises 3 non-executive directors of which 02 are independent.

The Audit Committee comprises the following Directors :

Dr. J. M. Swaminathan - Independent Director
 (Committee Chairman)
 D. S. K. Amarasekera - Independent Director
 W. D. K. Jayawardena - Non Executive Director

The Committee meets regularly to review the financial statements. During these discussions, the Committee satisfies itself that the Company's systems enable information to be accurately recorded and reported in a manner that is timely and in compliance with all relevant regulatory and statutory requirements. The Chief Financial Officer is invited to attend these meetings, together with the Chief Risk Officer and the General Manager of the Hotels.

Periodically, the Committee meets with the External Auditors, to facilitate a dialogue on any areas of concern. This enables the Committee to gain additional assurance that the financial statements and the notes thereto contain all necessary information. Through these meetings, the Committee is able to review the effectiveness of the external auditors. The Committee then makes its recommendations to the Board on the suitability of the Auditors for re-appointment, and on the audit fees to be paid.

The Committee also receives reports submitted by the Chief Risk Officer. These Internal Audit Reports relate to procedures and practices, and any accidental or deliberate deviations thereto. Discussion of these reviews facilitates a review of the relevant controls and the risk mitigation methods needed. By involving the Management in the discussions, the Committee seeks to ensure that risk mitigation and operational efficiencies are balanced.

The Committee reviews the effectiveness of the audit process, for both internal and external audit. The Committee also makes a determination on the independence of the auditors, taking into consideration their length of service, and the fees charged.

The Committee has further proposed that M/s PricewaterhouseCoopers be re-appointed as external auditors of the Company for the ensuing year subject to approval of the shareholders at the forthcoming Annual General Meeting.

The Committee met 04 times during the year. The attendance of members at committee meeting is given in the table below.



Dr. J. M. Swaminathan
 Chairman - Audit Committee

Audit Committee meeting Attendance	30.05.2022	12.08.2022	14.11.2022	14.02.2023
Dr. J.M. Swaminathan	√	√	√	√
W. D. K. Jayawardena	√	√	√	√
D.S.K.Amarasekera	√ [Online]	√	√ [Online]	√

Report of the Remuneration Committee

The Remuneration Committee is appointed by the Board of Directors of the Company and reports directly to the Board.

Composition

The Remuneration Committee comprises the following Directors :

Dr. J.M. Swaminathan - Independent Director
D.S.K. Amarasekera - Independent Director
Mrs. K.U. Amarasinghe - Non Executive Director

The Composition of the Remuneration Committee satisfies the criteria as specified in the standards of Corporate Governance for listed companies.

Terms of Reference

The Company has a Board approved Remuneration Policy and the principles of this policy are taken into account in Committee deliberations. In terms of this Policy, the Committee reviews the Directors' remuneration annually and director's fees decided upon are meant to serve as a recognition of the Directors' contribution to Board and Board sub-committee discussion and decision making.

The Committee also studies reports on the human resources of the hotel, which enables it to review the training provided as the Company's rewards are linked to performance. However, training had been carried out on areas such as, Risk mitigation intervention Guidelines, MOH training on health Guidelines [Conducted by area PHI] and Crisis Management team Trainings.

At these meetings the Committee invites the General Manager of the hotels to be present, so that market trends, competition, and benchmarks could all be considered.

The Committee met once during the year under review on 14th February 2023 at which all committee members were present.



Dr. J. M. Swaminathan
Chairman - Remuneration Committee

Report of the Related Party Transaction Review Committee

The Related Party Transactions Review (RPTR) Committee is appointed by the Board of Directors of the Company and reports directly to the Board. On behalf of the board, the Committee ensures that all Related Party Transactions of the Company are consistent with the Code of Best Practice on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Composition

The Related Party Transactions Review ("RPTR") Committee comprises the following Directors :

Dr. J. M. Swaminathan -
Non-Executive Independent Director
[Committee Chairman]

W. D. K. Jayawardena -
Non-Executive Director

Mrs. K. U. Amarasinghe -
Non -Executive Director

Activities of the Committee

The Committee at its regular meeting reviews all recurrent and non-recurrent related party transactions and seeks confirmation that such transactions have been carried out within the accepted regulatory framework. The CFO (LOLC Group) and the AGM - Finance are invited to attend meetings. This enables the Committee to obtain further clarification if felt necessary. Queries generally relate to comparisons with market rates and the terms and conditions of the transactions. However, if the Committee wishes to also seek confirmation /clarification on legal or compliance issues, the relevant officers are called into the meeting.

Related party transactions are reported through Committee papers. To facilitate an understanding of the transaction being reported on, the Committee has stipulated the minimum information it would require, both qualitative and quantitative.

The Committee met 04 times during the year under review. The attendance of Committee members given at the table below:



Dr. J. M. Swaminathan
Chairman
Related Party Transactions Review Committee

RPTR Committee Meeting Attendance	30.05.2022	12.08.2022	14.11.2022	14.02.2023
Dr. J.M. Swaminathan	√	√	√	√
W. D. K. Jayawardena	√	√	√	√
Mrs. K.U. Amarasinghe	√ (Online)	-	√	√

Shareholders Information

1. SHAREHOLDINGS

The 20 largest shareholders of the Company as at 31 March 2023 were as follows

	NAME	31 MARCH 2023		31 MARCH 2022	
		NO . OF SHARES	[%]	NO . OF SHARES	[%]
1	PALM GARDEN HOTELS PLC	261,564,230	49.539	261,564,230	49.539
2	BROWNS HOTELS AND RESORTS LIMITED	224,981,145	42.610	224,981,145	42.610
3	MR. G RAMANAN	2,493,525	0.472	2,856,774	0.541
4	EMPLOYEES TRUST FUND BOARD	1,581,943	0.300	1,581,943	0.300
5	PEOPLE'S LEASING & FINANCE PLC / MR. S GOBI-NATH	984,000	0.186	390,000	0.074
6	PEOPLE'S LEASING & FINANCE PLC / MR. D.M.P. DISANAYAKE	843,882	0.160	84,907	0.016
7	BANK OF CEYLON NO.1 ACCOUNT	775,550	0.147	775,550	0.147
8	MR. B SRIKUMAR	759,206	0.144	759,206	0.144
9	MR. S ABISHEK	575,000	0.109	575,000	0.109
10	HATTON NATIONAL BANK PLC / RUWAN PRASSA-NA SUGATHADASA	524,151	0.099	513,580	0.097
11	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC / RATHNAYAKE MUDIYANSELAGE NUWAN CHATHURANGE BANDARA	488,867	0.093	-	-
12	INDUSTRIAL ASPHALTS (CEYLON) PLC	445,804	0.084	-	-
13	MR. W B B GAYAN	440,000	0.083	322,882	0.061
14	MR. G B D TILAKARATHNE	431,536	0.082	-	-
15	MR. M K DE LIVERA & MR. M D DE LIVERA	350,002	0.066	-	-
16	DFCC BANK PLC/ G B R P GUNAWARDANA	298,560	0.057	182,880	0.035
17	MR. W C A WIMALADHARMA	296,052	0.056	296,052	0.056
18	MISS. S S P KANDAMBI	285,985	0.054	-	-
19	MRS. B WIMALADHARMA	275,000	0.052	275,000	0.052
20	MR. E A SUMANASIRI	265,000	0.050	135,000	0.026
		498,659,438	94.443	495,294,149	93.806
	OTHERS	29,340,562	5.557	32,705,851	6.194
	TOTAL	528,000,000	100.000	528,000,000	100.000

2. PUBLIC SHAREHOLDING

As at 31 March 2023, 7.85% [2021/2022 - 11.18%] of the issued ordinary shares were held by 6,911 shareholders.

Ordinary Voting shares of Eden Hotel Lanka PLC have been transferred from the Diri Savi Board to Second Board, with effect from 08th November 2022.

3. FLOAT ADJUSTED MARKET CAPITALIZATION

As at 31 March 2023 Float Adjusted market capitalization is Rs. 729,601,382.40

The Company is not compliant with the Minimum Public Holding Requirement stipulated in CSE Rule 7.13.1 [b] option 2.

Shareholders Information

4. DIRECTORS SHAREHOLDING

	No of Shares	[%]
1. W D K JAYAWARDENA	Nil	Nil
2. MRS. K U AMARASINGHE	Nil	Nil
3. D S K AMARASEKERA	Nil	Nil
4. DR. J M SWAMINATHAN	Nil	Nil
5. S FURKHAN	1	Nil

5. SHAREHOLDING SUMMARY AS AT 31ST MARCH

Range	2023			2022		
	No of Shareholders	No of Shares	% of Shares	No of Shareholders	No of Shares	% of Shares
1 - 1,000	4,751	1,353,640	0.26	4,484	1,245,349	0.24
1,001 - 10,000	1,618	5,952,439	1.13	1,135	3,836,847	0.73
10,001 - 100,000	477	14,412,523	2.72	304	9,733,824	1.84
100,001 - 1,000,000	64	15,660,555	2.97	46	13,024,113	2.47
Over 1,000,000 - Shares	4	490,620,843	92.92	9	500,159,867	94.72
	6,914	528,000,000	100	5,978	528,000,000	100

6. CATEGORIES OF SHAREHOLDERS

Range	2023			2022		
	No of Shares	No of Shares	% of Shares	No of Shares	No of Shares	% of Shares
Local Individuals	6,593	27,651,588	5.24	5,692	20,390,673	3.86
Local Institutions	282	498,950,097	94.50	246	506,029,341	95.84
Foreign Individuals	37	1,318,315	0.25	37	1,449,986	0.28
Foreign Institutions	2	80,000	0.01	3	130,000	0.02
	6,914	528,000,000	100.00	5,978	528,000,000	100.00

7. MARKET INFORMATION ON ORDINARY SHARES OF THE COMPANY

	As at 31st March 2023	As at 31st March 2022
Market price per share as at the last trading date	Rs. 17.60	Rs.13.10
Highest during the year	Rs.26.00	Rs.39.10
Lowest during the year	Rs. 6.80	Rs. 9.20
Earnings per share	[Rs. 3.70]	[Rs. 2.49]
Net asset per share	Rs. 3.54	Rs. 8.30

	2022/2023	2021/2022
Number of Transactions during the year -	26,289	52,664
Number of Shares traded during the year -	60,394,684	177,021,270
Value of shares traded during the year (Rs.) -	1,089,517,288.70	3,952,117,839.50

Key Financial Highlights

Key Highlighted Area	Group		Company	
	2022/23	2021/22	2022/23	2021/22
Revenue (In Rs)	2,258,609,284	1,091,917,352	257,808,229	148,676,215
Earnings before Interest & Tax- EBIT (In Rs)	[1,339,346,461]	[1,194,250,564]	[380,531,090]	[355,871,043]
Loss before Tax (In Rs)	[6,308,396,996]	[3,209,195,097]	[2,947,443,858]	[1,321,692,030]
Loss after Tax (In Rs)	[5,343,634,105]	[2,990,002,707]	[1,954,295,059]	[1,316,324,286]
Total Assets (In Rs)	66,668,731,386	57,463,985,681	14,058,013,625	11,808,869,236
Total Liabilities (In Rs)	43,665,021,998	30,604,758,547	12,188,464,646	7,428,919,267
Equity attributable to shareholders (In Rs)	11,497,634,271	15,674,182,679	1,869,548,980	4,379,949,969
Earnings/(loss) per share - (In Rs)	[7.96]	[4.47]	[3.70]	[2.49]
Net Assets per share -(In Rs)	21.78	29.69	3.54	8.30
Gross Profit Ratio - %	66.83%	74.36%	72.88%	84.60%
Net Profit Ratio - %	[237%]	[274%]	[758%]	[885%]
Return on Equity - %	[39.33]	[23.09]	[62.54]	[29.47]
Occupancy - %	28%	24%	14%	16%
Number of shares issued	528,000,000	528,000,000	528,000,000	528,000,000
Current Ratio - No of times	0.41	0.28	0.10	0.13

Management Discussion & Analysis 2022/23 - Eden Hotel Lanka PLC

Step into the Management Discussion and Analysis (MD&A) of Eden Hotel Lanka PLC, offering insights into the fiscal year 2023/24. Within this report, you'll find an extensive exploration of our corporate achievements, hurdles confronted during an economic downturn, and our forward-looking strategies in the dynamic context of Sri Lanka's tourism sector.

Global Tourism Landscape

The global tourism industry, comprising various activities such as travel, accommodation, transportation, and entertainment, holds a crucial position within the world economy. Its steady growth was a noteworthy contributor to GDP, employment, and cultural exchange before the onset of the COVID-19 pandemic. According to the UNWTO, international tourist arrivals were operating at 30% in 2021, which improved to 65% in 2022. Promisingly, 2023 is anticipated to show even stronger recovery, with arrivals expected to reach 80% of the levels seen before the pandemic's outbreak.

Tourism is hailed as one of the globe's most expansive and rapidly advancing sectors, encompassing a diverse array of products and services. This broad category includes tourist transportation, accommodations, guesthouses, entertainment, renowned destinations, religious sites, and excursions. Over the years, tourism has evolved into an economic and social phenomenon characterized by consistent growth and increasing diversity. Today, it stands as a significant sector, serving as a vital source of income for numerous regions and nations.

Sri Lankan Tourism Industry

In 2023, Sri Lanka tourism industry has undergone remarkable growth and transformation. Despite the previous years' global pandemic challenges, the nation has effectively navigated a rebound, drawing a considerable influx of tourists. Noteworthy contributions from the government in advocating for sustainable tourism and concurrent infrastructural enhancements have played a pivotal role in the sector's commendable advancement.

Projections suggest that the Sri Lanka tourism industry's upward momentum will persist in the forthcoming years. The strategy involves harnessing sustainable practices, broadening the array of offerings, and bolstering digital initiatives to uphold a favorable reputation and entice a wide spectrum of travelers. To realize these aspirations, synergistic collaboration among the government, private sector, and local communities will be imperative.

Towards the conclusion of 2021, there was a noticeable surge in tourist arrivals, which reached its zenith in March 2022. Unfortunately, this upward trajectory, encountered obstacles in the form of heightened social tensions, scarcity of fuel, and instances of power outages from March 2022 onwards. These challenges led to significant source markets releasing travel advisories as a response. As conditions on the ground gradually stabilized, visitor numbers commenced a resurgence from October 2022 onward, and this trend of recovery continued steadily throughout the initial three months of 2023.

The cumulative arrivals to Sri Lanka throughout 2022 tallied up to 719,978, marking a substantial contrast to the 194,495 arrivals recorded in 2021. Conversely, the monthly influx of tourists demonstrated a consistent incline during the first quarter of 2023. The aggregate arrivals from January to March 2023 reached 335,679, in comparison to 285,334 visitors during the corresponding time frame in 2022.

The Sri Lankan economy, which had experienced a significant slowdown and heightened economic vulnerabilities due to historically high inflation rates and the lowest growth levels is anticipated to recover its stability in the near future. According to the International Monetary Fund (IMF), the economy is projected to contract by 3% in 2023 and 1.5% in 2024.

In light of robust arrivals from key source markets in the first quarter of 2023, Sri Lanka has revised its tourist arrivals forecast for 2023 to 2 million tourists, up from the initial projection of 1.55 million. Nevertheless, the outlook for the tourism industry will be influenced by ongoing economic concerns, including inflationary pressures, fluctuations in exchange rates, and elevated interest rates.

Key New Trends

a) Demand for health and wellness experiences

The significance of health and wellness has been amplified by the pandemic, leading to a surge in demand for travel experiences that prioritize these aspects as travel restrictions gradually lift. As the world moves beyond the COVID-19 era, travelers are anticipated to place a higher emphasis on health and wellness when making their travel choices. This shift will manifest through increased considerations for cleanliness, hygiene, and the implementation of social distancing measures.

b) Sustainable and Eco Tourism

There is a growing inclination towards sustainable tourism, as travelers seek to reduce their ecological impact. Sustainability goes beyond environmental concerns and encompasses making favorable contributions to cultures, economies, and local communities. Eco-tourism is experiencing a resurgence, as travelers aim to merge their love for travel with active engagement in conservation efforts and support for the local environment.

c) Increasing demand for Personalization

In the eyes of consumers, personalization is gaining paramount significance, as a multitude of travelers actively pursue personalized suggestions, exclusive deals, and unique experiences. To cater to this demand, hospitality enterprises must harness the potential of technology, utilizing it to gather and assess guest data. This process enables them to provide customized encounters and individualized suggestions.

d) Digitization and Automation

Recent years have witnessed a surge in online bookings, mobile alerts, self-service check-in, contactless payments, automated cancellation policies, and mobile boarding, all attributed to the phenomenon of digitization. In this context, hotels and tour operators are on the brink of reaping benefits in terms of both cost reductions and enhancements in efficiency.

Management Discussion & Analysis 2022/23 - Eden Hotel Lanka PLC

Eden Hotel Lanka PLC and Eden Group.

Please refer the below table for the nature of operations and the principal place of business of the subsidiaries, which are consolidating at Eden Hotel Lanka PLC level.

No	Name of the Company	Nature of operations	Principal place of business
Sri Lankan Cluster			
01	Eden Hotel Lanka PLC	Operating Hotel	Aluthgama
02	Dickwella Resorts (Pvt) Limited	Operating Hotel	Dickwella
03	Green Paradise (Pvt) Limited	Operating Hotel	Dambulla
04	Sun and Fun Resorts Limited	Operating Hotel	Passikudha
05	Serendib Hotels PLC	Operating Hotel	Bentota
06	Dolphin Hotels PLC	Operating Hotel	Waikkala
07	Hotel Sigiriya PLC	Operating Hotel	Sigiriya
08	Frontier Capital Lanka (Pvt) Limited	Operating Hotel	Mirrisa
Maldives Cluster			
09	Browns Ari Resort (Pvt) Limited	Operating Hotel	Republic of Maldives
10	Bodufaru Beach Resort (Pvt) Limited	Under Construction	Republic of Maldives
11	Browns Raa Resort (Pvt) Limited	Under Construction	Republic of Maldives
12	Browns Kaafu N Resort (Pvt) Limited	Under Construction	Republic of Maldives

Impact Assessment to Local Hotels

Eden Group strengthen the footprint in Sri Lankan leisure industry while having 08 operating properties, around the country. Except for Eden Hotel Lanka PLC, all our properties operated at full capacity during the reviewed year. This operational prowess translated into remarkable achievements in terms of both occupancy rates and revenues, showcasing a significant improvement over the previous year. In the case of Eden Hotel Lanka PLC, its commercial operations were successfully recommenced in December 2022, following an intensive refurbishment. This revitalization effort not only bolstered the overall value proposition but also greatly enhanced the guest experience. The positive customer feedback received further validates the success of this refurbishment, underscoring its positive impact on guest satisfaction.

Eden Group actively collaborates with both Foreign Tour Operators (FTOs) and local Destination Management Companies (DMCs) to assess the prevailing market conditions within the desired target segments. Notably, the final quarter of 2022 and the commencement of 2023 have showcased considerable enthusiasm for Sri Lanka from various fronts, including airlines, FTOs, global media, DMCs, and online travel agents. This concerted promotional effort indicates a positive trend and bodes well for the anticipated increase in inbound tourist arrivals throughout the remainder of 2023.

With optimism, we foresee 2023 as a year of resurgence for the Sri Lankan tourism sector. The investments directed over the past couple of years towards fortifying our commercial prowess, nurturing our human resources, and orchestrating a transition towards a more adaptable and flexible operational framework have positioned us strongly to capitalize on these emerging prospects.

Based on the management agreement entered in 2021 with the Barceló Group, the management responsibilities for both Eden Hotel Lanka PLC and Green Paradise (Pvt) Limited, a subsidiary of the Eden Group, was transferred. Presently, these properties are operated under the brand identities of "Occidental Eden" and "Occidental Paradise."

Impact Assessment to Foreign Investments.

Eden group made significant investments in Maldives to expand its local presence globally. Browns Ari Resorts (Pvt) Limited, a subsidiary of Eden Group, commenced its commercial operations in August 2023 under the esteemed Barceló Brand. This exceptional 100-room, 5-Star Resort is poised to infuse a heightened sense of value into the Eden Group's portfolio. This strategic endeavor stands to not only elevate the Group's offerings but also contribute to its overall growth trajectory.

Going Concern

The Directors have assessed the Company's/ Group's ability to continue as a Going Concern and satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Board is not aware of any material uncertainty that may cast a significant doubt upon the Company's/ Group's ability to continue as a Going Concern and they do not intend either to liquidate or to cease operations of the Company and subsidiaries of Eden Group.

Financial Review

In the reviewed year, both the Company and the Group showcased substantial growth in net revenue, reporting Rs 257.8 million and Rs 2.2 billion, respectively. This marked a significant progression from the previous year's figures of Rs 148.6 million and Rs 1.1 billion. However, the surge in operating costs and Depreciation led to the Company and the Group reporting negative GOPs of Rs 380 million and Rs 1.3 billion, respectively, for the fiscal year ending on March 31, 2023.

Management Discussion & Analysis 2022/23 - Eden Hotel Lanka PLC

Despite the challenges posed by negative financial performances, it's worth highlighting that the Eden Group possesses a formidable asset base, amounting to Rs 66.7 billion as of March 31, 2023. This includes strategic investments made both within Sri Lanka and the Maldives, which contribute to the Group's overall stability and potential for future growth.

With the objective of enhancing the financial position and to reduce the entity level debts, Dolphin Hotels PLC, Hotel Sigiriya PLC and Serendib Hotels PLC, subsidiaries of Eden Group, raised additional capital by way of a Rights Issue. The proceeds received from the Rights Issue has been used to settle the Intercompany borrowings, which will reduce the finance cost to a greater extent in future.

The Company is planning to issue two (02) new ordinary shares for every -one (01) existing ordinary share, with the expectation of raising additional capital, which is amounting to Rs 10,560,000,000. The proceeds received from the Rights Issue will be used to settle the Intercompany Borrowings, which will reduce the Finance Cost in future. The Company has already received the regulatory approval for the above-mentioned Rights Issue.

Outlook

The global tourism industry is on a trajectory of constant evolution, guided by new technologies, shifting consumer preferences, and growing sustainability concerns. To maintain its positive impact, it is imperative for governments, private sector stakeholders, and local communities to collaborate effectively.

The industry possesses substantial potential to stimulate economic growth, encourage cultural exchange, and enhance global understanding. Nevertheless, its enduring success hinges on confronting challenges linked to sustainability, environmental preservation, and social responsibility. By adopting innovative strategies and embracing responsible practices, the tourism sector can flourish while safeguarding the world's invaluable natural and cultural assets.

Despite all the negative challenges faced by the industry, the Company/Group is positive about the future of tourism industry once the industry regularizes at the global level. All the medium and long term strategies are in place for the Company as well as for the Group to deliver better results in the future when the industry is back to normalcy.

Ten Year Summary

DESCRIPTION	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
(Figures in Rs.'000 unless otherwise stated)										
TRADING RESULTS										
Turnover (Gross)	707,012	694,778	880,752	988,969	819,061	831,654	602,851	300,711	148,676	257,808
Gross Profit	518,198	483,947	626,867	673,796	730,270	654,169	456,750	240,168	125,778	187,903
Marketing Expenses	(19,881)	(33,909)	(32,456)	(57,873)	(36,467)	(33,686)	(43,059)	(28,820)	(8,026)	(32,149)
Earnings Before Interest & Tax	167,168	(21,570)	84,305	(78,743)	132,693	140,195	(36,852)	(247,804)	(355,871)	(380,531)
Finance Expenses	(138,870)	(209,750)	(172,118)	(186,001)	(584,430)	(1,001,310)	(1,078,994)	(869,442)	(965,821)	(2,566,913)
Profit / (Loss) before Tax	28,298	(231,321)	(87,812)	(264,744)	(451,737)	(861,115)	(1,115,845)	(1,117,245)	(1,321,692)	(2,947,444)
Profit / (Loss) after Tax	14,798	(212,299)	(75,728)	(271,797)	(510,269)	(869,459)	(1,116,270)	(1,115,965)	(1,316,324)	(1,954,295)
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
ASSETS & LIABILITIES										
Non Current Assets	4,575,894	4,553,392	4,991,020	5,319,134	8,252,988	8,610,385	8,713,116	9,905,240	11,004,626	13,030,044
Current Assets	353,649	249,774	448,060	422,503	830,721	1,088,812	1,012,200	868,558	804,243	1,027,966
Non Current Liabilities	(1,704,613)	(1,581,587)	(1,089,471)	771,969	1,178,187	1,365,379	945,712	1,213,877	1,149,323	2,382,658
Current Liabilities	(676,132)	(885,389)	(1,690,297)	1,524,540	4,940,133	6,226,507	7,738,423	5,005,653	6,279,597	9,805,806
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
CAPITAL & RESERVES										
Stated Capital	528,000	528,000	528,000	1,584,000	1,584,000	1,584,000	1,584,000	5,808,000	5,808,000	5,808,000
Reserves	2,020,797	1,808,190	2,131,312	1,861,128	1,381,390	523,311	(542,819)	(1,253,732)	(1,428,050)	(3,938,451)
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
RATIOS & STATISTICS										
Occupancy (%)	62%	58%	68%	80%	80%	74%	53%	40%	16%	14%
Market Share (Rs.)	25.30	21.00	16.00	10.90	15.20	13.50	15.40	10.40	13.10	17.60
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Gearing (%)	73.76	92.22	62.49	22.75	34.98	59.51	121.09	27.08	37.54	85.16
Current Ratio	0.52	0.28	0.27	0.22	0.22	0.17	0.13	0.17	0.13	0.10
Net Assets Per Share (Rs.)	48.24	44.25	50.37	28.08	28.08	19.96	9.86	8.63	8.30	3.54
	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Earnings/(Loss) Per Share (Rs.)	0.28	(4.02)	(1.43)	(2.60)	(4.83)	(8.23)	(8.67)	(4.91)	(2.49)	(3.70)

GOVERNANCE

Directors' Responsibility in relation to the preparation of Financial Statements

The Directors confirm that the Company's Financial Statements for the year ended 31 March 2023 are prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards, the Listing Rules of the Colombo Stock Exchange, the and the Companies Act No.07 of 2007. They believe that the Financial Statements present a true and fair view of the state of the affairs of the Company as at the end of the financial year.

The Directors also accept responsibility for the integrity and accuracy of the Financial Statements presented and confirm that appropriate accounting policies have been selected and applied consistently and reasonable and prudent judgment has been exercised so as to accurately report transaction.

The Directors have taken reasonable steps to safeguard the assets of the Company, to prevent, deter and detect fraud, and to ensure the integrity, accuracy and safeguarding of operational and financial records.

The Directors confirm that to the best of their knowledge, all statutory payments due in respect of the Company and its subsidiaries as at the Reporting date have been paid for, or where relevant, provided for.

The External Auditors, Messer's Pricewaterhousecoopers were provided with the opportunity to make appropriate inspections of financial records, minutes and other documents to enable them to form an opinion of the Financial Statements. The Report of the Auditors is set out on page xx



Kapila Jayawardena
Chairman.

31st August 2023

Chairman's and Chief Financial Officer's Responsibility Statement

The Financial Statements are prepared in compliance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No.07 of 2007 and any other applicable statutes to the extent applicable to the Company. There are no departures from the prescribed accounting standards in their adoption. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied.

The Board of Directors and the management of your Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements were made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions reasonably present the Company's state of affairs. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The financial statements were audited by Messer's Pricewaterhousecoopers, Chartered Accountants, the Company's External Auditors. The audit committee of your company meets periodically with the External auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing and financial reporting issues. To ensure complete independence, the external auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

It is also declared and confirmed that the Company has complied with and ensured compliance by the Auditor with the guidelines for the audit of listed companies where mandatory compliance is required. It is further confirmed that all the other guidelines have been complied with.



Kapila Jayawardena
Chairman.

31st August 2023



Sunjeevani Kotakadeniya
Chief Financial Officer-LOLC Group

31st August 2023

FINANCIAL STATEMENTS

Independent Auditor's Report

Statement of Profit or Loss and Other Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flow

Notes to the Financial Statements



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EDEN HOTEL LANKA PLC

Report on the audit of financial statements

Our Opinion

In our opinion, the financial statements of Eden Hotel Lanka PLC ["the Company"] and the consolidated financial statements of the Company and its subsidiaries ["the Group"] give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

What we have audited

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 March 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company and the Group in accordance with the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Sri Lanka ["CA Sri Lanka Code of Ethics"], and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

Key audit matters

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

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Partners D T S H Mudalige FCA, C S Manoharan FCA, Ms S Hadgie FCA, N R Gunasekera FCA, T U Jayasinghe FCA, H P V Lakdeva FCA,
M D B Boyagoda FCA, Ms W D A S U Perera ACA, Ms L A C Tillekeratne ACA, K M D R P Manatunga ACA

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INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF EDEN HOTEL LANKA PLC (CONTD)

Report on the audit of financial statements (Contd)

Key audit matters (Contd)

The Company:

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of investment in subsidiaries</p> <p>Refer to notes 3.2 and 15 of the consolidated financial statements for disclosures of related accounting policies, judgments, estimates and balances.</p> <p>The carrying value of the investments in subsidiaries amounted to Rs. 6,989 Mn as at 31 March 2023.</p> <p>In determining the recoverability of the investments in subsidiaries management considered the impact of the current uncertain economic conditions on the operational cash flows of the subsidiaries and had performed sensitivity analysis over their cash flow forecasts and earning projections which are sensitive to changes in future economic conditions.</p> <p>During the year ended 31 March 2023, the Company has recognised Rs. 176 Mn as an additional provision for impairment of investments in subsidiaries.</p> <p>We focused on this matter because the:</p> <ul style="list-style-type: none"> • Carrying value of the investments in subsidiaries in the statement of financial position is significant; and • Inherently subjective nature of determining the recoverable amounts due to the use of estimates and assumptions. 	<p>Our audit procedures included the following</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process by which management evaluates the recoverability of investments in subsidiaries; • Evaluating management’s assessment in determining whether there are any indicators that the carrying amount of investments in subsidiaries may not be recoverable; • Where impairment indicators were noted by management, satisfying ourselves that the final impairment calculations, including the assumptions used, were approved by senior management; • Checking the appropriateness of the selection of the impairment testing technique; • Obtaining management’s impairment calculations and testing the reasonableness of the key assumptions as detailed below, in respect of the discounted cash flow model used: <ul style="list-style-type: none"> - Agreeing the forecasted information to management approved budgets and business plans; - Assessing the long term growth rate by comparing it to the economic forecasts; - Testing the reliability of management’s projections, by comparing actual results for 2022/ 2023 to the forecasts prepared for 2022/ 2023 in the previous year; - Checking the reasonability of the calculation of the discount rate by assessing the cost of capital for the Company and comparable organisations, as well as considering territory specific factors; - Checking the mathematical accuracy of the discounted cash flow model; and - Re-performing the sensitivity analysis performed by management by stress-testing the discount rate and terminal growth rate.



INDEPENDENT AUDITOR’S REPORT

TO THE SHAREHOLDERS OF EDEN HOTEL LANKA PLC (CONTD)

Report on the audit of financial statements (Contd)

Key audit matters (Contd)

The Group and the Company:

Key audit matter	How our audit addressed the key audit matter
<p>Basis of preparation - impact of current uncertain economic conditions</p> <p>Refer to note 2 Basis of preparation and note 38 Impact of current uncertain economic conditions.</p> <p>The Group has prepared its financial statements in accordance with the Sri Lanka Accounting Standards and on a going concern basis. We focused on the appropriateness of preparation of financial statements on a going concern basis given the potential impact on demand for occupancy from both international and local tourists as a result of the prevailing uncertain and volatile macro-economic environment.</p> <p>The ability of the Company and its subsidiaries to continue as going concerns is dependent on management’s ability to maintain liquidity, including the continued availability of funding and credit facilities, in order to repay its existing creditors and continue in operations in the foreseeable future.</p> <p>Management has also considered the impact of the current uncertain and volatile macro-economic conditions on the future occupancy rates of the Company and its subsidiaries. The uncertain economic conditions that currently prevail globally and locally may negatively impact future cash inflows of the Group.</p> <p>Management’s assessment of going concern status of the Company and its subsidiaries and the appropriateness of the preparation of financial statements on a going concern assumption is based on:</p> <ul style="list-style-type: none"> - the support extended by the ultimate parent Company, LOLC Holdings PLC, as and when required; and - the cash flows generated internally by operating hotels until the current uncertain economic situation subsides and is addressed by the Government resulting in a favourable environment to the leisure sector operations. <p>We identified the impact of the current uncertain volatile macro-economic conditions on the going concern assumption in the preparation of financial statements as a key audit matter because the cash flow projections referred to above involves consideration of future events and circumstances which are inherently uncertain and requires significant management judgment.</p>	<p>Our audit approach mainly included the following procedures:</p> <ul style="list-style-type: none"> • Checking the mathematical accuracy of management’s cash flow forecasts and validating the opening cash positions; • Obtaining evidence over management’s underlying cash flow projections for the Company and its subsidiaries by agreeing data to other external and internal sources as necessary, including recent occupancy ratios and comparing cost assumptions to historic actuals and assessing the realistic probability of achieving cost reductions; • Performing independent sensitivity analysis to assess the impact of changes in the key assumptions underlying the cash flow forecasts of the Company and its subsidiaries, such as prolong impact to the leisure industry, both international and local from the current uncertain economic conditions and the Group’s ability to take mitigating action, if required. • Reviewing the financial strength of the ultimate parent company to support the Company and its subsidiaries until the current uncertain economic conditions becomes favorable to the leisure industry; • Reviewing the adequacy and appropriateness of management’s going concern disclosures in the financial statements.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EDEN HOTEL LANKA PLC (CONTD)

Report on the audit of financial statements (Contd)

Other information

Management is responsible for the other information. The other information comprises the Eden Hotel Lanka PLC Annual Report 2022/2023 (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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 separate/consolidated financial statements, management is responsible for assessing the Company's/ 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 Company/ Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgement and maintain professional 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's 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 Company's/ 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 separate/ consolidated 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 Company/ Group to cease to continue as a going concern.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF EDEN HOTEL LANKA PLC [Contd]

Report on the audit of financial statements [Contd]

Auditor's responsibilities for the audit of the financial statements [Contd]

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

CHARTERED ACCOUNTANTS
CA Sri Lanka membership number 3015
COLOMBO

31 August 2023

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 MARCH	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Revenue	4	2,258,609,284	1,091,917,352	257,808,229	148,676,215
Direct Costs		(749,163,233)	(279,946,558)	(69,904,734)	(22,898,542)
Gross profit		1,509,446,051	811,970,794	187,903,495	125,777,673
Other income	5	58,974,853	101,199,790	4,805,313	9,207,079
Fair value gain on Investment Properties		13,000,000	6,000,000	13,000,000	6,000,000
Profit before operating expenses		1,581,420,904	919,170,584	205,708,808	140,984,752
Operating expenses					
Personnel costs	6	(631,125,787)	(544,454,318)	(144,490,398)	(112,702,335)
Depreciation and amortization	7.2	(1,279,333,452)	(826,542,144)	(91,178,725)	(90,330,515)
Other administrative expenses		(925,682,032)	(584,400,377)	(142,263,372)	(130,797,124)
Marketing expenses		(84,626,094)	(27,138,039)	(32,148,560)	(8,025,822)
Impairment provision for investment in subsidiaries		-	-	(176,158,844)	(155,000,000)
Impairment of Goodwill		-	(130,886,270)	-	-
Results from operating activities	7	(1,339,346,461)	(1,194,250,564)	(380,531,091)	(355,871,043)
Finance Income		358,139,389	208,107,907	48,614,726	47,312,373
Finance Cost		(5,327,189,925)	(2,223,052,441)	(2,615,527,494)	(1,013,133,358)
Net finance cost	8	(4,969,050,535)	(2,014,944,534)	(2,566,912,768)	(965,820,985)
Profit/(loss) before income tax expense		(6,308,396,996)	(3,209,195,098)	(2,947,443,859)	(1,321,692,029)
Income tax (expense)/reversal	9	964,762,891	219,192,389	993,148,799	5,367,742
Profit/(loss) for the year		(5,343,634,105)	(2,990,002,708)	(1,954,295,060)	(1,316,324,286)
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Actuarial gains/(losses) on defined benefit obligations	27	21,104,110	(9,075,858)	1,428,300	660,093
Deferred tax charge/(reversal) on actuarial gains/(losses)	9	(6,331,232)	1,270,620	(428,490)	(92,413)
Net change in fair value gain arose during the year		146,635	(118,106,742)	31,380	(118,106,742)
Revaluation gain on property, plant and equipment		-	5,461,181,096	-	1,464,587,617
Deferred Tax Charge/(reversal) on revaluations		(1,803,913,300)	(764,565,356)	(557,137,122)	(205,042,266)
Items that are or may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		2,177,909,709	7,245,846,132	-	-
Other comprehensive income for the year		388,915,920	11,816,549,892	(556,105,932)	1,142,006,289
Total comprehensive income for the year		(4,954,718,185)	8,826,547,184	(2,510,400,990)	(174,317,999)
Profit/(loss) attributable to:					
Equity holders of the Company		(4,204,673,759)	(2,359,857,036)	(1,954,295,058)	(1,316,324,287)
Non controlling interests		(1,138,960,346)	(630,145,672)	-	-
		(5,343,634,106)	(2,990,002,708)	(1,954,295,058)	(1,316,324,287)
Total comprehensive income attributable to:					
Equity holders of the Company		(4,338,937,409)	5,447,706,823	(2,510,400,990)	(174,317,999)
Non controlling interests		(615,780,776)	3,378,840,361	-	-
		(4,954,718,185)	8,826,547,184	(2,510,400,990)	(174,317,999)
Loss per share	10	(7.96)	(4.47)	(3.70)	(2.49)

The accounting policies and notes on pages 34 through 93 form an Integral Part of the financial statements.
Figures in brackets indicate deductions.

Statement of Financial Position

FOR THE YEAR ENDED 31 MARCH	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Assets					
Non - Current Assets					
Property, plant and equipment	11	53,201,635,828	47,459,345,888	5,902,821,695	4,957,138,953
Investment property	12	70,000,000	57,000,000	70,000,000	57,000,000
Right of use asset	13	7,033,505,797	5,874,014,365	-	-
Intangible assets	14	69,060,867	53,029,564	22,136,033	2,347,887
Investment in subsidiaries	15	-	-	6,989,216,082	5,955,604,128
Trading assets - fair value through profit or loss	16	3,154,940	3,474,360	3,154,940	3,474,360
Investment securities	17	170,584,906	156,814,949	42,715,335	29,060,636
Total Non - Current Assets		60,547,942,338	53,603,679,127	13,030,044,085	11,004,625,964
Current Assets					
Inventories	18	128,172,629	68,444,571	28,984,791	7,532,018
Loans due from related parties	19	389,302,391	419,789,946	707,440,714	647,506,457
Trade and other receivables	20	2,593,310,443	2,176,441,399	160,195,285	32,377,799
Current tax assets	21	329,144,039	357,329,792	43,869,979	36,067,035
Cash and cash equivalents	22.1	2,680,859,548	838,300,845	87,478,771	80,759,963
Total Current Assets		6,120,789,050	3,860,306,553	1,027,969,540	804,243,272
Total Assets		66,668,731,388	57,463,985,680	14,058,013,625	11,808,869,236
Equity and Liabilities					
Stated capital	23	5,808,000,000	5,808,000,000	5,808,000,000	5,808,000,000
Reserves	24	17,110,021,051	17,251,323,191	3,063,735,975	3,620,841,716
Accumulated losses	25	(11,420,386,780)	(7,385,140,512)	(7,002,186,995)	(5,048,891,748)
Equity attributable to equity holders		11,497,634,271	15,674,182,679	1,869,548,980	4,379,949,968
Non controlling interests		11,506,075,118	11,185,044,454	-	-
Total equity		23,003,709,389	26,859,227,133	1,869,548,980	4,379,949,968
Liabilities					
Non - Current Liabilities					
Loans and borrowings	26	16,170,397,434	12,188,123,291	436,334,587	527,231,875
Employee benefits	27	91,963,009	107,935,196	18,300,540	17,590,426
Deferred tax liabilities	28	5,396,288,947	4,318,136,645	168,906,196	604,500,343
Total Non - Current Liabilities		21,658,649,390	16,614,195,132	623,541,323	1,149,322,645
Current Liabilities					
Trade and other payables	29	17,816,711,209	11,140,362,729	9,777,022,183	5,162,666,558
Loans and borrowings	26	3,935,249,321	2,609,750,496	1,759,116,878	1,116,896,122
Current tax payables	30	205,304,563	97,204,773	2,980,420	33,943
Bank overdrafts	22.2	49,107,516	143,245,417	25,803,841	-
Total Current Liabilities		22,006,372,609	13,990,563,415	11,564,923,322	6,279,596,623
Total Liabilities and Equity		66,668,731,388	57,463,985,680	14,058,013,625	11,808,869,236

The accounting policies and notes on pages 34 through 93 form an Integral Part of the financial statements.

Figures in brackets indicate deductions.

These financial statements have been prepared and presented in compliance with the requirements of the Companies Act No. 07 of 2007.



S.S. Kotakadeniya

Chief Financial Officer - LOLC Group

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

Approved and signed for and on behalf of the Board.

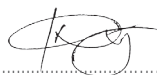


Mr. W.D.K. Jayawardena

Chairman

31st August 2023

Colombo



Mrs. K.U. Amarasinghe

Director

Statement of Changes in Equity

GROUP

	Equity attributable to the shareholders of the Company						
	Stated Capital	Revaluation Reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Non Controlling Interest	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2021	5,808,000,000	8,048,033,680	142,530,872	1,274,550,413	(5,046,639,108)	7,806,204,093	18,032,679,949
Total comprehensive income for the year							
Loss for the year					(2,359,857,036)	(630,145,672)	(2,990,002,709)
Other Comprehensive Income							
Fair value gain/loss arose during the year			(118,106,742)			-	(118,106,742)
Actuarial gains/[(losses)] on defined benefit obligations					(3,800,427)	(5,275,430)	(9,075,858)
Deferred tax charge/[(reversal)] on actuarial gains/[(losses)]					532,060	738,560	1,270,620
Foreign currency translation differences of foreign operations				4,322,604,007		2,923,242,125	7,245,846,132
Revaluation of Property, Plant and Equipments		4,193,412,747				1,267,768,348	5,461,181,096
Deferred Tax on Revaluation of Property, Plant and Equipments		(587,077,786)				(177,487,570)	(764,565,356)
Fair value gains/[(losses)] recycled to the income statement on reclassifications			(24,624,000)		24,624,000		-
Total comprehensive income for the year	-	3,606,334,962	(142,730,742)	4,322,604,007	(2,338,501,404)	3,378,840,361	8,826,547,184
Balance as at 31 March 2022	5,808,000,000	11,654,368,642	(199,870)	5,597,154,420	(7,385,140,512)	11,185,044,454	26,859,227,134
Balance as at 01st April 2022	5,808,000,000	11,654,368,642	(199,870)	5,597,154,420	(7,385,140,512)	11,185,044,454	26,859,227,134
Total comprehensive income for the year							
Loss for the year					(4,204,673,759)	(1,138,960,346)	(5,343,634,106)
Other Comprehensive Income							
Fair value gain/loss arose during the year			65,610			81,025	146,635
Actuarial gains/[(losses)] on defined benefit obligations					10,054,988	11,049,122	21,104,110
Deferred tax charge/[(reversal)] on actuarial gains/[(losses)]					(3,016,496)	(3,314,736)	(6,331,232)
Foreign currency translation differences of foreign operations				1,300,372,992		877,536,717	2,177,909,709
Deferred Tax on Revaluation of Property, Plant and Equipments		(1,441,740,743)				(362,172,557)	(1,803,913,300)
Total comprehensive income for the year	-	(1,441,740,743)	65,610	1,300,372,992	(4,197,635,268)	(615,780,776)	(4,954,718,185)
Transaction with shareholders in their capacity as owners							
NCI of acquisition of subsidiaries						1,099,200,440	1,099,200,440
Changes in ownership that do not resulted in change in control					162,389,000	(162,389,000)	-
Balance as at 31 March 2023	5,808,000,000	10,212,627,899	(134,260)	6,897,527,412	(11,420,386,780)	11,506,075,118	23,003,709,389

The accounting policies and notes on pages 34 through 93 form an Integral Part of the financial statements.
Figures in brackets indicate deductions

Statement of Changes in Equity

COMPANY

	Equity attributable to the shareholders of the Company				
	Stated Capital	Revaluation Reserve	Fair Value Reserve	Accumulated Losses	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2021	5,808,000,000	2,361,496,234	142,530,874	(3,757,759,141)	4,554,267,967
Comprehensive income for the period					
Net profit/(loss) for the period				(1,316,324,287)	(1,316,324,287)
Other comprehensive income					
Fair value gain/loss arose during the year			(118,106,742)		(118,106,742)
Defined benefit plan actuarial gains (losses) (net of tax)				660,093	660,093
Deferred tax charge/(reversal) on actuarial gains/(losses)				(92,413)	(92,413)
Revaluation gain on property, plant and equipment		1,464,587,617			1,464,587,617
Deferred Tax Charge/(reversal) on revaluations		(205,042,266)			(205,042,266)
Fair value gains/(losses) recycled to the income statement on reclassifications			(24,624,000)	24,624,000	-
Total comprehensive income for the year	-	1,259,545,351	(142,730,742)	(1,291,132,607)	(174,317,998)
Balance as at 31st March 2022	5,808,000,000	3,621,041,585	(199,868)	(5,048,891,748)	4,379,949,968
Balance as at 01st April 2022	5,808,000,000	3,621,041,585	(199,868)	(5,048,891,747)	4,379,949,970
Comprehensive income for the period					
Net profit/(loss) for the period				(1,954,295,058)	(1,954,295,058)
Other comprehensive income					
Fair value gain/loss arose during the year			31,380		31,380
Defined benefit plan actuarial gains (losses) (net of tax)				1,428,300	1,428,300
Deferred tax charge/(reversal) on actuarial gains/(losses)				(428,490)	(428,490)
Deferred Tax Charge/(reversal) on revaluations		(557,137,122)			(557,137,122)
Total comprehensive income for the year	-	(557,137,122)	31,380	(1,953,295,248)	(2,510,400,990)
Balance as at 31st March 2023	5,808,000,000	3,063,904,463	(168,488)	(7,002,186,995)	1,869,548,980

The accounting policies and notes on pages 34 through 93 form an Integral Part of the financial statements.
Figures in brackets indicate deductions

Statement Cash Flows

FOR THE YEAR ENDED 31 MARCH	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before income tax expense		(6,308,396,997)	(3,209,195,097)	(2,947,443,857)	(1,321,692,030)
Adjustment for:					
(Profit)/Loss on sale of property, plant and equipment		582,388	29,388	-	-
Depreciation and amortization	7	1,279,333,452	826,542,144	91,178,725	90,330,515
Provision for gratuity	27	23,929,414	15,843,048	3,906,449	2,559,550
Interest cost	8	5,327,189,925	2,223,052,441	2,615,527,494	1,013,133,358
Interest income	8	(358,139,389)	(208,107,907)	(48,614,726)	(47,312,373)
Dividend Income	5	-	(3,025,600)	-	(3,025,600)
Rent Income		-	(2,050,629)	-	-
Impairment of trade receivable	7	17,113,665	611,489	11,920,290	981,387
Gain/(loss) on fair valuation of other FVTPL instrument		319,420	(2,555,876)	319,420	(2,148,795)
Change in fair value of investment properties	12	(13,000,000)	(6,000,000)	(13,000,000)	(6,000,000)
Provision for Investment in Subsidiaries		-	-	176,158,844	155,000,000
Goodwill impairment		-	130,886,270	-	-
Operating profit before working capital changes		(31,068,122)	(233,970,330)	(110,047,361)	(118,173,987)
Working capital changes					
(Increase)/decrease in accounts receivables & others		(15,284,736)	(652,096,556)	(172,494,529)	44,745,559
(Increase)/decrease in inventories		(59,728,058)	(6,108,677)	(21,452,773)	4,849,113
Increase/(decrease) in accounts payables		1,216,297,805	1,972,636,153	515,224,292	(175,386,796)
Cash generated from operations		1,110,216,889	1,080,460,591	211,229,628	(243,966,111)
Interest paid		(1,363,123)	(9,647,895)	(1,363,123)	(9,590,353)
Tax paid		-	-	-	-
Gratuity paid	27	(18,797,491)	(16,320,629)	(1,768,035)	(2,606,181)
Net cash from / (used in) operating activities		1,090,056,275	1,054,492,066	208,098,470	(256,162,645)
CASH FLOW FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		(4,163,697,972)	(2,083,120,015)	(1,056,651,581)	(81,080,030)
Further investment in Subsidiaries		-	-	(1,209,770,800)	-
Interest received		1,380,031	18,233,922	1,359,895	-
Rental Income		-	2,050,629	-	-
Dividend received		-	3,025,600	-	3,025,600
Cash received from sale of investments		-	99,989,696	-	99,989,696
Net cash flow from investing activities		(4,162,317,941)	(1,959,820,168)	(2,265,062,485)	21,935,266
CASH FLOW FROM FINANCING ACTIVITIES					
Repayments of long term loans	26	(2,135,651,818)	(693,209,014)	(1,620,688,249)	(261,316,404)
Proceeds of long term loans	26	3,906,289,210	817,916,102	1,584,666,523	257,502,449
Funds received from/(to) related parties		2,170,265,023	745,305,873	2,073,900,708	173,539,305
Net cash from NCI		1,099,200,440	-	-	-
Repayment of finance lease obligations	26	(31,144,585)	(16,453,931)	-	-
Net cash generated from financing activities		5,008,958,270	853,559,031	2,037,878,982	169,725,350
Net increase/(decrease) in cash & cash equivalents during the period		1,936,696,604	(51,769,072)	(19,085,033)	(64,502,029)
Cash & cash equivalents at the beginning of the period		695,055,428	746,824,500	80,759,964	145,261,992
Cash & cash equivalents at the end of the period		2,631,752,032	695,055,428	61,674,931	80,759,963
Analysis of cash & cash equivalents at the end of the period					
Cash at bank and in hand	22.1	2,680,859,548	838,300,845	87,478,772	80,759,963
Unfavourable Bank Balances used for cash management purposes	22.2	(49,107,516)	(143,245,417)	(25,803,841)	-
		2,631,752,032	695,055,428	61,674,931	80,759,963

The accounting policies and notes on pages 34 through 93 form an Integral Part of the financial statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements

Year ended 31 March 2023

1.1 General

Eden Hotel Lanka PLC (‘the Company’) is a public quoted company incorporated on 13th January 1992 and domiciled in Sri Lanka. The address of the Company’s registered office and principal place of business is No. 100/1, Sri Jayawardenepura Mawatha, Rajagiriya.

The financial statements as at, and for the year ended 31 March 2023 comprise the separate financial statements of the Company and consolidated financial statements of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

Ordinary shares of the Company are listed on the second board of the Colombo Stock Exchange (CSE).

1.2 Principal activities and nature of operations

The principal activity of the Company is carrying on the business of hotelier and there were no significant changes in the nature of the operations of the Company during the financial year under review. As at 31st March 2023, the Company had following subsidiaries.

Company Name	Nature of Operation	Principal Place of Business
Dickwella Resorts (Pvt) Ltd	Hoteliering	Batheegama, Dickwella
Sun and Fun Resorts Limited	Hoteliering	Passikudha
Green Paradise (Pvt) Ltd	Hoteliering	Kubukkadanwala, Dambulla
Serendib Hotels PLC	Hoteliering	Kalowamodara, Aluthgama
Dolphin Hotels PLC	Hoteliering	Waikkal
Hotel Sigiriya PLC	Hoteliering	Sigiriya
Serendib Leisure Management Ltd	Hotel Management	Colombo
Sanctuary Resorts Lanka (Pvt) Ltd	Non-Operating	Colombo
Frontier Capital Lanka (Pvt) Ltd	Hoteliering	Mirissa, Matara
Bodufaru Beach Resort (Pvt) Ltd	Hoteliering	Republic of Maldives
Browns Ari Resort (Pvt) Ltd	Hoteliering	Republic of Maldives
Browns Raa Resort (Pvt) Ltd	Hoteliering	Republic of Maldives
Browns Kaafu N Resort (Pvt) Ltd	Hoteliering	Republic of Maldives

1.3 Parent and entity and ultimate parent entity

In the opinion of the Board of Directors, the Group’s immediate parent company is Palm Garden Hotels PLC and ultimate parent undertaking and controlling party as at the date of financial position is LOLC Holdings PLC, a Company incorporated and domiciled in Sri Lanka.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the 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 requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. These financial statements also provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange.

2.2 Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets, certain classes of property, plant and equipment, investment property measured at fair value.

2.3 Directors’ responsibility for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes: designing, implementing and maintaining internal controls 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.

The Board of Directors acknowledges their responsibility as set out in the “Annual Report of the Board of Directors on the Affairs of the Company” and “Director’s Responsibility for Financial Reporting”.

These financial statements include the following components;

- 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 profit or loss and other comprehensive income providing the information on the financial performance and other comprehensive income of the Group and the Company for the year under review.
- A statement of changes in equity depicting all changes in shareholders’ funds during the year under review of the Group and the Company.
- A statement of cash flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and the needs of entities to utilize those cash flows, and
- Notes to the financial statements comprising accounting policies and other explanatory information.

Notes to the Financial Statements

Year ended 31 March 2023

2.4 Approval of financial statements by the Board of Directors

The consolidated financial statements of the Group and the separate financial statements of the Company for the year ended 31 March 2023 were approved and authorized for issue by the Board of Directors on 31st August 2023. The Board of Directors has the power to amend and reissue the financial statements.

2.5 Functional currency and presentation currency

Company	Country of incorporation	Functional currency
Bodufaru Beach Resorts [Pvt] Ltd	Republic of Maldives	United States Dollars [USD]
Browns Ari Resort [Pvt] Ltd	Republic of Maldives	United States Dollars [USD]
Browns Raa Resort [Pvt] Ltd	Republic of Maldives	United States Dollars [USD]
Browns Kaafu N Resort [Pvt] Ltd	Republic of Maldives	United States Dollars [USD]

See note 3.4 for the accounting policy relating to foreign currency translation.

2.6 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the financial statements in order to enhance the understanding of the current period's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.7 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'.

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

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lankan Rupee (Rs.), which is Company's functional and Group's presentation currency.

Functional currency of all the Group companies is Sri Lankan Rupees, other than the following companies whose functional currency is given below.

immaterial information or by aggregating material items that have different natures or functions.

2.8 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 recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the statement of profit or loss, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies.

2.9 Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the financial

statements continue to be prepared on the going concern basis.

2.10 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading.

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period.

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.11 Use of accounting estimates and judgments

The preparation of the financial statements of the Group and Company in conformity with SLFRSs/LKAS's requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Notes to the Financial Statements

Year ended 31 March 2023

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes to these financial statements.

Critical accounting estimate/judgment	Note
Determination of fair value of investment properties	12
Revaluation of lands and buildings	11
Goodwill on acquisition	14
Retirement benefit obligations	27
Deferred tax assets/ liabilities	28
Fair value of financial instrument	34
Useful lives of property, plant and equipment	3.9.1
Useful lives of intangible assets	3.12.5
Determination of incremental borrowing rate for Right-of-Use Assets	13

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Changes in accounting policies

3.1.1 Valuation of Motor Vehicles

The Company/Group has voluntarily changed the accounting policy on Motor vehicles from cost model to revaluation model with effect from 31 March 2022, by carrying out a valuation by an independent valuer who holds a recognised and relevant professional qualification. This is done to provide reliable and more relevant information.

The change in accounting policy from cost model to revaluation model has not led for a retrospective restatement due to the exemption available in the Paragraph 17 of LKAS 8 "Accounting Policies, Change

in Accounting Estimates and Errors". As per Paragraph 17 of LKAS 8, the initial application of a policy to revalue assets in accordance with LKAS 16 "Property, Plant and Equipment" is a change in an accounting policy to be dealt with as a revaluation in accordance with LKAS 16, rather than in accordance with LKAS 8. LKAS 16 provides that when an item of property, Plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount at the date of revaluation.

3.1.2. New standards and amendments - applicable for the first time for periods commencing 01 April 2022.

The following amendments to the Sri Lanka Accounting Standards that are relevant for the preparation of the Company's financial statements have been adopted by the Company.

(a) New standards and amendments - applicable for the first time for periods commencing 1 April 2022

The Company has applied the following standards and amendments for the first time for their annual reporting periods commencing 1st April 2022:

(i) Amendment to LKAS 16, Property, Plant and Equipment

Proceeds before intended use -this amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities

(ii) Amendments to SLFRS 3, Reference to the Conceptual Framework

Minor amendments were made to SLFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities

and contingent liabilities within the scope of LKAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

(iii) Amendments to LKAS 37, Onerous Contracts - Cost of Fulfilling a Contract

The amendment to LKAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(iv) Annual Improvements to SLFRS Standards 2018-2020

The following improvements were finalised in May 2020:

- SLFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- SLFRS 16 Leases - amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- SLFRS 1 First-time Adoption of International Financial Reporting Standards - allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same SLFRS 1 exemption.
- LKAS 41 Agriculture - removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under LKAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Notes to the Financial Statements

Year ended 31 March 2023

Most of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

These Standard and amendments are effective for the annual periods beginning on or after 1 April 2022.

[b] New standards and amendments issued but not effective or early adopted in 2022

The following standards and interpretations had been issued by IASB, but not mandatory for annual reporting periods ending 31 March 2023. Further, the group has not early adopted these new standards and/or amendments.

[i] SLFRS 17, 'Insurance contracts'

SLFRS 17 was issued in May 2017 as replacement for SLFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under SLFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial

statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying SLFRS 17 to investors and others. The amendments also deferred the application date similar to SLFRS 17. This amendment will be effective from 01 January 2025 in Sri Lanka.

Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of SLFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of SLFRS 17. It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of SLFRS 9. The classification can be applied on an instrument-by-instrument basis.

This standard will be effective from 01 January 2025 in Sri Lanka.

[ii] Classification of Liabilities as Current or Non-current - Amendments to LKAS 1

The narrow-scope amendments to LKAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what LKAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

[iii] Disclosure Initiative: Accounting Policies - Amendments to LKAS 1

The amendments to LKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments to LKAS 1 will be effective for annual reporting periods beginning on or after 1 January 2023.

[iv] Definition of Accounting Estimates [Amendments to LKAS 8]

The amendments introduced the definition of accounting estimates and included other amendments to LKAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are effective for annual periods beginning on or after 1 January 2023.

[v] Amendment to LKAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

LKAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

Notes to the Financial Statements

Year ended 31 March 2023

The amendments are effective for annual reporting periods beginning on or after 1 April 2023.

3.2 Principles of consolidation and equity accounting

3.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, comprehensive income, changes in equity and financial position respectively.

3.2.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

3.2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

3.3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. The management has assessed and concluded that there are no separately identifiable segments that require disclosure in accordance with SLFRS 8 Operating Segments.

Notes to the Financial Statements

Year ended 31 March 2023

3.4 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income/ other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

3.4.1 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case

income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.5 Revenue and Income

Group revenue represents sales to customers outside the Group and excluding taxes.

3.5.1 Revenue from contracts with customers

SLFRS 15 established a comprehensive framework for determining whether how much and when revenue recognized. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognised 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.

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 recognized 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 recognized gross after completion of service / treatments.
- Transfers and excursions include the consideration earned from providing excursions to customers. Revenue is recognised for at the time of rendering the service.
- Telephone, laundry, and diving represents the 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.

3.5.2 Other Income

Rent and shop income represents the rental income arising from renting of property, plant and equipment and investment properties. All revenue is accounted for on accrual basis on a straight-line basis over the term of the leases.

Dividend income is recognized when the right to receive payment is established which generally when the dividend is declared.

Interest income is recognized in profit or loss as it accrues, using the effective interest method.

Gain on disposal of property, plant and equipment and other non-current assets, including investments held by the Group have been accounted for in the statement of profit or loss, after deducting from the net sales proceeds on disposal of the carrying amount of such assets.

3.5.3 Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Notes to the Financial Statements

Year ended 31 March 2023

3.6 Government grants and subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

Revenue grants are recognized in the profit or loss in the period in which they are receivable.

3.7 Expenses recognition

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the presentation of the statement of profit or loss the Directors are of the opinion that the function of the expenses method present fairly the elements of the Group's performance, and hence such a presentation method is adopted.

Preliminary and pre-operational expenditure is recognized in the statement of profit or loss.

Repairs and renewals are charged to the statement of profit or loss in the year in which the expenditure is incurred.

3.8 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.8.1 Companies enjoying tax holidays

Group companies enjoying a tax exemption period shall only recognize deferred tax in their financial statements for temporary differences, where reversals of such differences extend beyond the tax exemption period.

Deferred tax shall not be considered nor provided for assets/ liabilities for which tax impacts and reversals take place within the tax exemption period. If there will be no tax implications that take place after the expiration of the tax exemption period for such assets.

Where a Company is entitled to claim the total value or any part of expenditure made during the tax holiday period, as deductions for tax purposes after the tax holiday period, such an entity will treat such amount of expenditure as part of the tax base throughout the tax holiday period in the purpose of recognizing deferred tax.

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3.8.2 Withholding tax on dividends

Dividend distributed out of taxable profit of the local companies attracts a 10% deduction at source and is not available for set off against the tax liability of the Company. Withholding tax that arises from the distribution of dividends by the Company is recognized at the same time as the liability to pay the related dividend is recognized.

3.8.3 Sales Taxes (Value Added Tax and Turnover Tax)

Revenues, expenses and assets are recognized net of the amount of sales tax except for the following;

- Sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

3.9 Property, plant and equipment

3.9.1 Freehold property, plant and equipment

i) Basis of recognition

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

ii) Basis of measurement

Items of property, plant and equipment other than freehold land and building and motor vehicles are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing

the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site at which they are located and capitalized borrowing costs.

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.

iii) Cost model

The Group applies the cost model to all property, plant and equipment except freehold land and buildings and motor vehicles which are recorded at cost of purchase together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

iv) Revaluation model

The Group revalues its freehold land and buildings and motor vehicles which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of free hold land and buildings and motor vehicles any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it offsets a previous decrease in value of the same asset that was recognized in profit or loss. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

v) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are expensed as incurred.

vi) Depreciation

Depreciation is based on the cost/revalued amount of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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 and the date that the asset is de-recognized.

Depreciation methods, useful lives, residual values are assessed at the reporting date and adjusted if appropriate. The estimated useful lives for the current year are listed below.

Property, plant & equipment	No. of years
Building	3-50 years
Reclaimed island	50 years
Plant and machinery	8-13 years
Motor vehicles	4-5 Years
Furniture and Fittings	5-10 Years
Office Equipment	4-5 Years
Computer equipment	5-8 Years
Swimming pool	10 years
Cutlery, crockery and glassware	5 Years
Linen	3 Years
Marine Vessel	10 Years
Sewage system	20 Years
Improvements to Land	20 Years

vii) De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

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The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognized net within other income/other expenses in the statement of profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.9.2 Capital work-in progress

Capital work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of capital assets.

3.10 Investment properties

3.10.1 Basis of recognition

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

3.10.2 Basis of measurement

i) Fair value model

Investment properties are initially recognized at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in profit or loss in the year in which they arise.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted for as per LKAS 16 - Property, Plant and Equipment.

ii) De-recognition

Investment properties are de-recognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

iii) Subsequent transfers to/from investment property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

iv) Determining Fair Value

External and independent valuers, having appropriate recognized professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio every year.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

3.11 Leases

The Group leases various land for its business activities. Rental contracts are typically made for fixed terms. Under SLFRS 16, the Group recognizes right-of-use assets and lease liabilities for leases of properties and present as separate line items in the Statement of Financial Position.

3.11.1 Right-of-use Assets

i) Initial Recognition

The Group recognises right of use assets when the underlying asset is available for use. Right-of-use assets are initially recognised at cost.

The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are recognised at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

(ii) Subsequent Measurement

Right-of-use assets in the consolidated financial statements are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities except in following;

The Group apply fair value model to right-of-use assets that meet the definition of investment property in LKAS 40.

If right-of-use assets relate to a class of property, plant and equipment to which the group applies the revaluation model in LKAS 16, a lessee may elect to apply that revaluation model to all of the right-of-use assets that relate to that class of property, plant and equipment.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right of use assets are subject to impairment.

The Group has voluntarily changed the accounting policy on Right-Of-Use Assets relating to Lands which meets the definition of a property, plant and equipment from cost model to revaluation model with effect from 1st October 2020, by carrying out a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the lands being valued. This was done to provide more reliable and more relevant information by reflecting the Fair Market Value of Right-Of-Use Assets.

Notes to the Financial Statements

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These assets are presented under Property Plant and Equipments in the Statement of Financial Position.

3.11.2 Lease Liabilities

i) Initial Recognition

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

ii) Subsequent Measurement

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

iii) Incremental Borrowing Rate

Incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

In the absence of specific guidance in SLFRS 16, the Group determines the incremental borrowing rate by referring to the "Application Guidance Notes on SLFRS 16 – Leases" issued by CA Sri Lanka. As per the guideline, Group determines Incremental Borrowing Rate by incorporating following key elements.

- Risk free rate [Basis rate for economic factors]
- Financial Factors [Lessee specific factors]
- Asset Factor

Timing of the lease payments

We assumed that the rent payments will occur at the end of the month/quarter [paid in arrears]. Therefore, discount factors adjusted accordingly.

v) Short term leases and leases of low value assets

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

3.12 Intangible assets

3.12.1 Goodwill

Goodwill is measured as described in note 3.2.3. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

3.12.2 Software

Costs associated with maintaining software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

3.12.3 Subsequent expenditure

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied by these assets. All other expenditure is expensed when incurred.

3.12.4 De-recognition

Intangible assets are de-recognized on disposal or when no future economic benefits are expected from its use. The gain or loss arising from de-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset.

3.12.5 Amortization

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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The estimated useful life of each intangible asset is as follows;

Computer Software	8 years
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Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.13 Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets [cash-generating units]. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.14 Investments and other financial assets and liabilities

3.14.1 Investments and other financial assets

[i] Classification

Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income [FVOCI].

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

[ii] Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

[iii] Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss [FVPL], transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from

these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/([losses]) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/([losses]). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/([losses]) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/([losses]) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments

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in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

3.14.2 Non-derivative financial liabilities

i) Other financial Liabilities

All financial liabilities other than those at fair value through profit and loss are classified as other financial liabilities.

All other financial liabilities are recognized initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest rate method. The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

ii) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

3.14.3 Offsetting of financial instruments

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

3.15 Inventories

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion of selling expenses.

The cost incurred in bringing the inventories to its present condition and location is accounted using the following cost formula

Spares and Consumables
Weighted Average Cost Basis

Food and Beverages
Weighted Average Cost Basis

3.16 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less loss allowance.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The

contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of before 31st March 2021 or 01st April 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments according an agreed repayment plan with the Group.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

3.17 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

3.18 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as

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current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

3.19 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognized in profit or loss as finance costs.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognized and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all

or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

3.21 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the

present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3.22 Employee benefits

3.22.1 Defined contribution plans

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Plans are recognized as an employee benefit expense to profit or loss in the periods during which services are rendered by employees.

i) Employee provident fund and employee trust fund – Sri Lanka

For employees in Sri Lanka the Group contributes a sum not less than 12% of the gross emoluments as provident fund benefits and a sum equivalent 3% of the gross emoluments as trust fund benefits.

ii) Employees pension scheme – Maldives

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme

3.22.2 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs are deducted.

The calculation is performed every year by a qualified actuary using the projected unit credit method. For the purpose of determining the charge for any period before the next regular actuarial valuation falls due, an approximate estimate provided by the qualified actuary is used.

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The Group recognizes all actuarial gains and losses arising from the defined benefit plan in Statement of Comprehensive Income and all other expenses related to defined benefit plans are recognized in profit loss. The retirement benefit obligation is not externally funded.

The defined benefit plan comprises the gratuity provided under the payment of Gratuity Act, No.12 of 1983.

3.22.3 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 recognized 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 provided by the employee, and the obligation can be estimated reliably.

3.23 Stated capital and equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.24 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3.25 Related party transactions

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures". Disclosure has been made in respect of the related party transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged or not.

3.25.1 Transactions with key management personnel

According to LKAS 24 - "Related Party Disclosures", Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity.

3.26 Earnings per share

3.26.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

3.26.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3.27 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. 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.

3.27.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its assets and liabilities into the three levels prescribed under the accounting standards.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

3.27.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value assets and liabilities include:

i) Property, plant and equipment acquired in business combinations

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction. The fair

Notes to the Financial Statements

Year ended 31 March 2023

value of items of plant, equipment fixtures and fittings are based on market prices for similar items when available and depreciated replacement cost when appropriate.

ii) Property, plant and equipment owned by the Group

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and building 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.

iii) Investment property

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land and building 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.

iv) Equity securities

The fair value of the equity securities is determined by reference to their quoted share price at the reporting date if quoted; or if unquoted either using discounted cash flow analysis using expected future cash flows and a market related discounted rate, or based on the adjusted net assets of the investee company.

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Year ended 31 March 2023

FOR THE YEAR ENDED 31 MARCH	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
4. REVENUE					
Total revenue excluding services charges and taxes	4.1	2,258,609,284	1,091,917,352	257,808,229	148,676,215
		2,258,609,284	1,091,917,352	257,808,229	148,676,215
4.1 Composition of total revenue					
Accommodation revenue		1,709,332,176	608,819,492	107,700,774	50,817,717
Meal revenue		480,211,385	388,247,247	128,751,375	95,302,173
Outlet revenue		69,065,723	94,850,613	21,356,080	2,556,325
		2,258,609,284	1,091,917,352	257,808,229	148,676,215
4.2 TIMING OF REVENUE RECOGNITION					
At a point in time		2,258,609,284	1,091,917,352	257,808,229	148,676,215
Over time			-		-
		2,258,609,284	1,091,917,352	257,808,229	148,676,215
5 OTHER INCOME					
Rental income		7,296,298	2,050,629	508,696	-
Dividend income		3,672,389	3,025,600	3,672,389	3,025,600
Gain/[loss] on disposal of property, plant and equipment		582,388	29,388	-	-
Foreign exchange gain/[loss]		28,206,736	84,177,055	[1,974,852]	2,985,066
Sundry income		19,536,463	9,768,323	2,918,501	1,047,618
Gain/Loss on Fair Valuation of other FVTPL Instruments		[319,420]	2,148,795	[319,420]	2,148,795
		58,974,853	101,199,790	4,805,313	9,207,079
6 PERSONNEL COSTS					
Salaries, wages and other benefits		[554,967,342]	[483,168,679]	[132,301,210]	[101,598,900]
Contribution to EPF		[41,785,175]	[36,342,875]	[6,626,191]	[6,835,108]
Contribution to ETF		[10,443,859]	[9,099,718]	[1,656,548]	[1,708,777]
Retirement benefit cost	27.2	[23,929,411]	[15,843,046]	[3,906,449]	[2,559,550]
		[631,125,787]	[544,454,318]	[144,490,398]	[112,702,335]

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Year ended 31 March 2023

FOR THE YEAR ENDED 31 MARCH	Note	Group		Company		
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	
7	RESULTS FROM OPERATING ACTIVITIES					
	Results from operating activities are stated after charging all expenses including following:					
	Directors' remuneration		-		-	
	Auditors' remuneration	7.1	5,855,444	5,922,062	1,300,000	962,500
	Legal expenses		1,801,096	847,451	8,000	9,000
	Secretarial fees		14,185,594	5,710,616	2,643,739	2,227,205
	Professional fees		14,905,201	12,511,193	5,867,254	1,855,952
	Advertising related expenses		18,262,032	8,573,548	5,798,513	4,879,587
	Management fee		10,258,280	4,795,914	10,258,280	4,795,914
	Impairment of trade receivable		17,113,665	981,387	11,920,290	981,387
	Depreciation and amortization	7.2	1,279,333,452	826,542,144	91,178,725	90,330,515
7.1	Auditors' remuneration					
	Audit fees		5,855,444	5,922,062	1,300,000	962,500
			5,855,444	5,922,062	1,300,000	962,500
7.2	Depreciation and amortization					
	Depreciation of property, plant and equipment		1,065,398,026	709,181,600	90,373,735	89,525,525
	Depreciation on Intangible Assets		3,268,984	3,455,485	804,990	804,990
	Amortization of Right of Use Assets		210,666,442	113,905,059	-	-
			1,279,333,452	826,542,144	91,178,725	90,330,515
8	NET FINANCE COSTS					
	Interest income		358,139,389	208,107,907	48,614,726	47,312,373
	Interest expense on;					
	Overdrafts and other short-term borrowings		(2,421,731,837)	(629,014,218)	(2,349,435,640)	(615,939,048)
	Long term borrowings		(1,789,497,292)	(765,789,566)	(266,091,854)	(30,371,689)
	Interest on lease obligations		(1,115,960,795)	(828,248,657)	-	(366,822,621)
	Total interest expense		(5,327,189,925)	(2,223,052,441)	(2,615,527,494)	(1,013,133,358)
	Net Finance Costs		(4,969,050,535)	(2,014,944,534)	(2,566,912,768)	(965,820,985)

Notes to the Financial Statements

Year ended 31 March 2023

9. INCOME TAX EXPENSE

The business profit of Sun and Fun Resorts (Pvt) Ltd is exempted from income tax under BOI agreement dated October 27, 2011 for a period of 15 years from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations, which year is earlier.

The business profits and income of Eden Hotel Lanka PLC, Dickwella Resorts (Pvt) Ltd, Serendib Hotels PLC, Hotel Sigiriya PLC, Dolphin Hotels PLC, Frontier Capital Lanka (Private) Limited and Green Paradise (Pvt) Ltd being Companies involved in the promotion of tourism are liable to tax at 30% as per the first schedule of the Inland Revenue Act No.24 of 2017 and amendment thereto. Other sources of income are taxable at 30%.

Bodufaru Beach Resort (Pvt) Ltd, a Company incorporated in the Republic of Maldives is liable for corporate tax in Maldives at a rate of 15% as per Business Profit Tax Act of Republic of Maldives.

9.1 Major components of income tax expense are as follows:

For the year ended 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.

9.2 Major components of income tax expense are as follows:

Current tax expense	9.3	-	(4,664,345)	-	-
Deferred tax reversal	28.3	964,762,891	223,856,734	993,148,799	5,367,742
Income tax reversal reported in the statement of profit or loss		964,762,891	219,192,389	993,148,799	5,367,742

9.2 Numerical Reconciliation of accounting profits to income tax expense

Profit/(loss) before income tax expense		(6,308,396,997)	(3,209,195,098)	(2,947,443,857)	(1,321,692,030)
(+) Disallowable expenses		2,111,119,496	1,458,329,070	463,530,620	460,978,350
(-) Allowable expenses		(761,016,271)	(694,398,045)	(142,021,240)	(49,924,251)
(-) Non business income		(62,510,966)	(56,014,759)	(10,898,906)	(4,202,905)
(-) Allowable tax credits		-	(276,450)	-	-
(+) Tax losses incurred		5,176,107,286	2,552,646,075	2,692,657,616	914,840,835
(-) Tax losses utilized		(155,302,549)		(55,824,233)	
Taxable income/Tax losses		-	51,090,793	-	-
Income tax @					
30% (2021/22 - 24%)		-	12,261,788	-	-
12%			-		
Tax expense on current year profits		-	12,261,788	-	-

9.3 Current tax expense

Tax expense on current year profits	9.2	-	12,261,788	-	-
Under/(over) provision in respect of previous years		-	(7,597,443)	-	-
		-	4,664,345	-	-

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Year ended 31 March 2023

For the year ended 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
9.4	Income tax recognized in other comprehensive income				
	Deferred tax on revaluation	(1,803,913,300)	(764,565,356)	(557,137,121)	(205,042,266)
	Tax on defined benefit plan actuarial gain/(loss)	(6,331,232)	1,270,620	(428,490)	(92,413)
		(1,810,244,532)	(763,294,736)	(557,565,611)	(205,134,679)
9.5	TAX LOSSES				
	Losses brought forward	7,752,895,623	4,932,033,331	4,152,094,486	2,984,767,137
	Adjustments for brought forward tax losses	498,650,427	268,216,217	219,783,798	252,486,514
	Losses incurred	5,176,107,286	2,552,646,075	2,692,657,616	914,840,835
	Losses utilized	(155,302,549)	-	(55,824,233)	
	Losses carried forward	13,272,350,787	7,752,895,623	7,008,711,667	4,152,094,486

10 Loss Per Share

The calculation of basic loss per share is based on the loss for the year attributable to ordinary shareholders and the weighted average number of ordinary shares being outstanding during the year and calculated as follows.

10.1 Basic loss per share

Loss attributable to equity holders of the company [Rs.]	(4,204,673,759)	(2,359,857,036)	(1,954,295,058)	(1,316,324,287)
Weighted average number of shares	528,000,000	528,000,000	528,000,000	528,000,000
Loss per share [Rs.]	(7.96)	(4.47)	(3.70)	(2.49)

10.2 Diluted loss per share

There were no potentially dilutive ordinary shares outstanding at any time during the year or previous year. Therefore, diluted loss per share is equal to basic loss per share.

Notes to the Financial Statements

Year ended 31 March 2023

11. PROPERTY, PLANT AND EQUIPMENTS

11.1 PROPERTY, PLANT AND EQUIPMENTS - GROUP

	Freehold Land [Rs.]	Improvement to Land [Rs.]	Reclaimed Lands [Rs.]	Buildings [Rs.]	Freehold Motor Vehicles [Rs.]	Furniture & Fittings [Rs.]	Linen & Furnishing [Rs.]	Swimming Pool [Rs.]	Plant and Machinery [Rs.]	Cutlery, Crockery & Glassware [Rs.]	Computers [Rs.]	Marine Vessel [Rs.]	Capital Work-in-Progress (CWIP) [Rs.]	Total 2023 [Rs.]	Total 2022 [Rs.]
Cost/Valuation															
Balance as at 01 April	5,185,798,000	51,215,185	23,547,123,379	11,029,571,570	42,373,856	1,080,901,624	107,421,175	242,016,800	1,542,836,220	60,021,967	165,364,334	129,806,310	7518,435,209	50,702,885,630	33,049,465,910
Additions	-	-	-	923,376,022	1,377,709	154,330,541	48,573,079	14,242,150	258,329,613	29,847,988	7,134,613	-	3,347,746,763	4,784,958,477	2,088,120,015
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,283,112,511
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,773,143)
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	(640,560,791)	(640,560,791)	-
Effects of movement in exchange rates	-	-	2,227,581,498	-	(109,477)	1,856	-	-	10,163,036	-	49,008	-	470,058,842	2,707,744,764	10,293,960,338
Balance as at 31 March	5,185,798,000	51,215,185	25,774,704,877	11,952,947,592	43,642,088	1,235,234,022	155,994,254	256,258,950	1,811,228,869	89,869,954	172,547,956	129,806,310	10,695,680,023	57,555,028,080	50,702,885,630
Accumulated depreciation and impairment losses															
Balance as at 01 April	-	19,159,128	786,741,053	29,724	9,591,476	904,674,984	104,241,562	-	1,185,724,717	51,425,098	134,411,545	47,540,454	-	3,243,539,742	2,437,377,945
Charge for the year	-	2,242,783	624,534,303	223,726,091	11,695,798	60,597,121	4,968,140	16,833,110	110,986,236	6,602,932	6,324,343	12,983,346	-	1,081,500,202	718,456,009
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(178,068,583)
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,235,123)
Effects of movement in exchange rates	-	-	24,739,286	-	(1,1218)	929	-	-	3,551,404	-	11,907	-	-	28,352,308	269,009,495
Balance as at 31 March	-	21,401,911	1,436,074,641	223,755,815	21,276,056	965,273,035	109,205,702	16,833,110	1,300,262,357	58,028,030	140,747,795	60,529,799	-	4,353,992,252	3,243,539,742
Carrying amount															
As at 31 March 2023	5,185,798,000	29,813,274	24,338,630,235	11,729,191,778	22,366,033	269,960,987	46,784,552	239,425,840	511,066,512	31,841,924	31,800,161	69,276,511	10,695,680,023	53,201,635,828	47,459,345,886
As at 31 March 2022	5,185,798,000	32,056,057	22,760,382,326	11,029,541,846	32,782,380	176,226,640	3,179,613	242,016,799	357,111,503	8,596,869	30,952,790	82,265,656	7,518,435,209	47,459,345,888	30,612,087,965

Notes to the Financial Statements

Year ended 31 March 2023

11. PROPERTY, PLANT AND EQUIPMENTS Contd..

11.1.1 Property, plant and equipment included fully depreciated assets that are still in use having a gross amount of Rs. 1,647,626,313 as at 31st March 2023 [2021/22 - Rs. 1,493,093,418].

11.1.2 The capitalized borrowing costs related to the construction of property, plant and equipment during the year is Rs1,336,480,549 [2021/22 - Rs. 1,304,038,073].

11.1.3 Capital work-in-progress represent the cost incurred by the Company which has not been completed as yet and cost incurred thus far for the development in Maldives.

11.1.4 The fair value of the revalued properties were determined by Mr. W.M Chandrasena, independent valuers who hold recognized and relevant professional qualification and have recent experience in the location and category of the revalued properties.

11.1.5 The Group has 120 Buildings as at 31st March 2023 [2021/22 - 120 Buildings].

11.1.6 Details of group's land and buildings are indicated below;

Property	Land extent	Building extent	Revalued amount	Revalued date
Eden Hotel Lanka PLC				
Hotel land - Aluthgama	5A-OR-30P		1,245,000,000	31.03.2022
Staff quarters land- Aluthgama	0A-OR-40P		56,000,000	31.03.2022
Staff quarters land- Moragalla	0A-OR-130P		117,144,000	31.03.2022
Bare land - Aluthgama	0A-OR-20P		28,000,000	31.03.2022
Dickwella Resorts [Pvt] Ltd				
Main land- Dickwella	6A-2R-3.93P		1,565,150,000	31.03.2022
Beach front land- Dickwella	1A-3R-29.25P		247,400,000	31.03.2022
Green Paradise [Pvt] Limited				
Main Land - Dambulla	11A-OR-13.27P		354,654,000	31.03.2022
Serendib Hotels PLC				
Hotel land - Bentota	0A-OR-20P		10,000,000	31.03.2022
Dolphin Hotels PLC				
Hotel land - Waikkal	14A-2R-10P		891,450,000	31.03.2022
Frontier Capital Lanka [Pvt] Ltd				
Lantern Botique land - Mirissa	0A-1R-30.80P		177,000,000	31.03.2022
Ubuntu 1 Beach Villa land - Mirissa	0A-1R-34P		185,000,000	31.03.2022
Ubuntu 2 Beach Villa land - Mirissa	0A-1R-38.40P		196,000,000	31.03.2022
Ubuntu 1 Beach Villa bare land - Mirissa	0A-1R-5.24P		113,000,000	31.03.2022
			5,185,798,000	

Notes to the Financial Statements

Year ended 31 March 2023

11. PROPERTY, PLANT AND EQUIPMENTS Contd..

11.1.6 Details of group's land and buildings are indicated below; C

Property	Land extent	Building extent	Revalued amount	Revalued date
Hotel Building & Swimming Pool				
Eden Hotel Lanka PLC	-	251,615 sqft	3,225,856,000	31.03.2022
Dickwella Resorts (Pvt) Ltd	-	100,648 sqft	1,034,000,000	31.03.2022
Green Paradise (Pvt) Ltd		115,216 sqft	1,708,202,646	31.03.2022
Sun & Fun Resorts Ltd		121,655 sqft	1,424,500,000	31.03.2022
Serendib Hotels PLC		72,532 sqft	991,000,000	31.03.2022
Dolphin Hotels PLC		220,339 sqft	1,884,000,000	31.03.2022
Hotel Sigiriya PLC		65,763 sqft	562,000,000	31.03.2022
Frontier Capital Lanka (Pvt) Ltd -Lantern Botique		11,149 sqft	150,000,000	31.03.2022
Frontier Capital Lanka (Pvt) Ltd -Ubuntu 1 Beach Villa		10,403 sqft	146,000,000	31.03.2022
Frontier Capital Lanka (Pvt) Ltd -Ubuntu 2 Beach Villa		10,403 sqft	146,000,000	31.03.2022
			11,271,558,646	

11.1.7 Details of the group's reclaimed land are indicated below;

Property	Land extent	Currency	Revalued amount	Revalued date
Bodufaru Beach Resort (Pvt) Ltd Kaafu islands [3] located at North Male Atoll	73A-2R-8.125P	USD	56,810,000	01.10.2020
Browns Ari Resort (Pvt) Ltd Bodufinolu island in South Ari Atoll	17A-0R-18.125P	USD	24,342,500	01.10.2020
Browns Raa Resort (Pvt) Ltd Bodufarufinolhu island in Raa Atoll	12A-2R-16.875P	USD	3,937,500	01.10.2020

11.1.8 If the land and buildings were stated on the historical cost basis, the amount would be as follows.

Property	Cost 31.03.2023	Acc. Depreciation 31.03.2023	Net book value 31.03.2023
Land	233,317,534	-	233,317,534
Buildings	6,184,951,106	(905,766,974)	5,279,184,132
	6,418,268,640	(905,766,974)	5,512,501,666

Notes to the Financial Statements

Year ended 31 March 2023

11. PROPERTY, PLANT AND EQUIPMENTS Contd..

11.1.9 Land and building of Eden Hotel Lanka PLC [Plan 4490 dated 07 February 2014] which is situated at Kaluwamodara, Aluthgama has been kept as mortgage against the credit facility [Rs.1.9Bn] obtained from Seylan Bank PLC.

Building of Sun & Fun Resorts Ltd which is situated at Passikuda, has been kept as mortgage against the credit facility [Rs. 250 Mn] obtained from Sampath Bank PLC.

Land and building of Dolphin Hotels PLC which is situated at Waikkala, has been kept as mortgage against the credit facility [Rs. 2.8 Bn] obtained from HSBC Sri Lanka.

Land and building of Frontier Capital Lanka [Pvt] Ltd [Plan 3625B dated 07 December 2010 and Plan 21031 dated 28 November 2010] which is situated at Mirissa, Matara has been kept as mortgage against the credit facility [Rs. 62Mn] obtained from DFCC Bank PLC.

Land and building of Frontier Capital Lanka [Pvt] Ltd [Cadastral Map No. 820079] which is situated at Mirissa, Matara has been kept as mortgage against the credit facility [Rs. 31Mn] obtained from National Development Bank PLC.

11.1.10 The fair value measurement of land and building of the Group is categorized under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

Property	Method of valuation	Significant unobservable input	Sensitivity of the fair value to the inputs
Land of Eden Hotel Lanka PLC	Sales comparison approach - A value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales price of the comparable properties based on the various elements of comparison.	Estimated price per perch Rs. 900,000 - Rs. 1.5 MN	Positively correlated
Land of Dickwella Resorts [Pvt] Limited		Estimated price per perch Rs. 800,000 - Rs. 1.5 MN	Positively correlated
Land of Green Paradise [Pvt] Ltd		Estimated price per perch Rs. 200,000	Positively correlated
Land of Serendib Hotels PLC		Estimated price per perch Rs. 500,000	Positively correlated
Land of Dolphin Hotels PLC		Estimated price per perch Rs. 350,000	Positively correlated
Land of Frontier Capital Lanka [Pvt] Limited		Estimated price per perch Rs. 2 MN - Rs. 2.5 MN	Positively correlated
Reclaimed Land of Bodufaru Beach Resort [Pvt] Limited		Estimated price per perch USD 4,827	Positively correlated
Reclaimed Land of Browns Ari Resort [Pvt] Limited		Estimated price per perch USD 8,890	Positively correlated
Reclaimed Land of Browns Raa Resort [Pvt] Limited		Estimated price per perch USD 1,952	Positively correlated
Buildings of Eden Hotel Lanka PLC		Depreciated replacement cost - Depreciated replacement cost uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.	Estimated price per square foot Rs. 1,000 - Rs.25,000
Buildings of Dickwella Resorts [Pvt] Ltd	Estimated price per square foot Rs. 850 - Rs.20,000		Positively correlated
Buildings of Green Paradise [Pvt] Ltd	Estimated price per square foot Rs. 1,500 - Rs.25,000		Positively correlated
Buildings of Sun & Fun Resorts Ltd	Estimated price per square foot Rs. 1,200 - Rs.18,000		Positively correlated
Buildings of Serendib Hotels PLC	Estimated price per square foot Rs. 3,000 - Rs.16,500		Positively correlated
Buildings of Dolphin Hotels PLC	Estimated price per square foot Rs.3,000 - Rs.13,500		Positively correlated
Buildings of Hotel Sigiriya PLC	Estimated price per square foot Rs. 350 - Rs.17,500		Positively correlated
Buildings of Frontier Capital Lanka [Pvt] Ltd	Estimated price per square foot Rs. 6,000 - Rs.20,000		Positively correlated

11.1.11 The capitalized depreciation costs related to the construction of property, plant & equipment during the year is Rs. 16,102,176 [2021/22 - Rs. 9,274,406].

Notes to the Financial Statements

Year ended 31 March 2023

11. PROPERTY, PLANT AND EQUIPMENTS

11.2 PROPERTY, PLANT AND EQUIPMENTS - COMPANY

	Freehold Lands (Rs.)	Improvement to Lands (Rs.)	Buildings (Rs.)	Motor Vehicles (Rs.)	Furniture and Fittings (Rs.)	Linen & Furnishing (Rs.)	Swimming Pool (Rs.)	Plant & Machinery (Rs.)	Cutlery, Crockery & Glassware (Rs.)	Computers (Rs.)	Marine Vessel (Rs.)	Capital Work-in-Progress (CWIP) (Rs.)	Total 2023 (Rs.)	Total 2022 (Rs.)
Balance as at 01 April	1,446,144,000	-	3,180,856,000	6,506,882	276,887,531	79,334,370	45,000,000	355,641,435	15,683,810	16,475,475	129,806,310	105,758,789	5,659,094,601	4,159,295,821
Additions		642,629,438		93,878,489	38,021,988		14,007,000	148,029,060	15,017,939	1,177,150		719,273,291	1,672,034,355	81,080,030
Revaluation														1,417,718,750
Transfers												(635,975,910)	(635,975,910)	-
Balance as at 31 March	1,446,144,000	-	3,823,485,438	6,506,882	370,766,020	117,356,357	59,007,000	503,670,495	30,701,748	17,652,625	129,806,310	189,056,171	6,694,153,046	5,659,094,600
Accumulated depreciation and impairment losses														
Balance as at 01 April	-	-	-	5,256,882	247,640,430	77,371,013	-	296,326,354	14,492,505	12,328,012	47,540,454	-	700,955,648	658,238,990
Charge for the year			40,179,676	625,000	14,417,748	1,889,817	5,119,802	12,826,170	815,832	1,512,312	12,989,346	-	90,375,703	89,525,525
Revaluation														(46,888,867)
Balance as at 31 March	-	-	40,179,676	5,881,882	262,058,177	79,260,831	5,119,802	309,152,524	15,308,336	13,840,324	60,529,799	-	791,331,351	700,955,648
Carrying amount														
As at 31 March 2023	1,446,144,000	-	3,783,305,762	625,000	108,707,843	38,095,527	53,887,198	194,517,971	15,393,412	3,812,301	69,276,511	189,056,171	5,902,821,695	4,957,138,951
As at 31 March 2022	1,446,144,000	-	3,180,856,000	1,250,000	292,471,011	1,963,356	45,000,000	59,315,082	1,191,305	4,147,464	82,265,856	105,758,789	4,957,138,953	3,500,936,831

Notes to the Financial Statements

Year ended 31 March 2023

11. PROPERTY, PLANT AND EQUIPMENTS Contd..

11.2.1 Property, plant and equipment included fully depreciated assets that are still in use having a gross amount of Rs. 357,558,484 as at 31st March 2023 [2021/22 - Rs 355,954,484].

11.2.2 The capitalized borrowing costs related to the construction of property, plant and equipment during the year is Rs. Nil [2021/22 - Rs. Nil].

11.2.3 The fair value of the revalued properties were determined by Mr. W.M. Chandrasena, independent valuer who hold the recognized and relevant professional qualification and have recent experience in the location and category of the revalued properties

Date of valuation 31st March 2022
Valuation method Sales comparison and cost method

11.2.3 Details of group's land and buildings are indicated below;

Property	Land extent	Building extent	Revalued amount	Revalued date
Eden Hotel Lanka PLC				
Hotel land - Aluthgama	5A-OR-30P	-	1,245,000,000	31.03.2022
Staff quarters land- Aluthgama	0A-OR-40P	-	56,000,000	31.03.2022
Staff quarters land- Moragalla	0A-OR-130P	-	117,144,000	31.03.2022
Bare land - Aluthgama	0A-OR-20P		28,000,000	31.03.2022
			1,446,144,000	
Hotel building and swimming pool		251,615 sqft	3,225,856,000	
			4,672,000,000	

11.2.4 If the land and buildings were stated on the historical cost basis, the amount would be as follows.

Property	Cost 31.03.2023 Rs	Acc. depreciation 31.03.2023 Rs	Net book value 31.03.2023 Rs
Eden Hotel Lanka PLC	67,011,787		67,011,787
Bare land - Aluthgama	1,438,289,254	[180,448,911]	1,257,840,343
	1,505,301,041	1,505,301,041	1,324,852,130

11.2.5 Land and building of Eden Hotel Lanka PLC [Plan 4490 dated 07 February 2014] which is situated at Kaluwamodara, Aluthgama has been kept as mortgage against the credit facility [Rs.1.9Bn] obtained from Seylan Bank PLC.

Notes to the Financial Statements

Year ended 31 March 2023

11. PROPERTY, PLANT AND EQUIPMENTS Contd..

11.2.6 Land and building are categorised under level 03 of the fair value hierarchy. Significant unobservable data is as follows

Property	Method of valuation	Sensitivity of the fair value of the input	Sensitivity of the input to the fair value
Land of Eden Hotel Lanka PLC	Sales comparison approach - A value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sales price of the comparable properties based on the various elements of comparison.	Estimated price per perch Rs. 900,000 - Rs. 1.5 MN	Positively correlated
Buildings of Eden Hotel Lanka	Depreciated replacement cost - Depreciated replacement cost uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.	Estimated price per square foot Rs. 1,000 - Rs.25,000	Positively correlated

12. INVESTMENT PROPERTY - COMPANY & GROUP

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 01 April	57,000,000	51,000,000	57,000,000	51,000,000
Change in fair value during the year	13,000,000	6,000,000	13,000,000	6,000,000
Balance as at 31 March	70,000,000	57,000,000	70,000,000	57,000,000

12.1 Details of investment property portfolio

Property	Land extent	Revalued amount	Revalued Date
Land at Wattala	0A-1R-25.6P	70,000,000	31.03.2023

12.2 Relevant income and expenditure relating to investment properties

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Rent income earned	-	-	-	-

12.3 The fair value measurement of investment property of the Company is categorized under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below. The Group engaged Mr. W.M Chandrasena, an independent valuation expert to determine the fair value of its investment property.

Notes to the Financial Statements

Year ended 31 March 2023

12. INVESTMENT PROPERTY - COMPANY & GROUP Contd..

12.3 Valuation of investment properties - Group Contd..

Details of the Company's investment property valuation;

Property	Method of valuation	Significant unobservable inputs	Sensitivity of the input to the fair value
Land of Eden Hotel Lanka PLC	Sales comparison approach	Estimated price per perch Rs. 800,000- 1,250,000	Positively correlated

13 RIGHT OF USE ASSET

As at 31 March	Group	
	2023 Rs.	2022 Rs.
Cost		
Balance as at 01 April	6,330,045,269	4,500,091,593
Adjustment on changes in the estimation	919,423,749	[110,822,489]
Effect of movement in exchange rate	475,164,542	1,940,776,165
Balance as at 31 March	7,724,633,560	6,330,045,269
Accumulated amortisation		
Balance as at 01 April	[456,030,904]	[208,405,393]
Charge to income statement	[210,666,207]	[113,905,059]
Effect of movement in exchange rate	[24,430,651]	[133,720,452]
Balance as at 31 March	[691,127,762]	[456,030,904]
Carrying amount as at 31 March	7,033,505,797	5,874,014,365

Notes to the Financial Statements

Year ended 31 March 2023

13 RIGHT OF USE ASSET Contd..

13.1 Maturity analysis – Contractual undiscounted cash flows

As at 31 March	Group	
	2023	2022
	Rs.	Rs.
Less than one year	391,294,199	287,073,041
Between one and five years	6,751,909,599	3,133,842,682
More than five years	30,185,912,858	31,576,897,924
	37,329,026,656	34,997,813,647

13.1 Maturity analysis – Contractual undiscounted cash flows

As per SLFRS 16 – Leases		
Interest on lease liabilities	1,115,960,795	828,248,657
Recognised in interest expenses	1,115,960,795	828,248,657
Depreciation – right-of-use assets	210,666,442	113,905,059
Recognised in Depreciation and amortization	210,666,442	113,905,059

13.3 Head lease rights of Browns Ari Resort Private Limited situated in Bodufinolhu Island, Alifu Dhaalu Atoll, Republic of Maldives has been kept as mortgage against the credit facility (USD 10Mn) obtained from People's Bank.

13.4 Details of the group's right of use assets are indicated below;

	Land extent	Currency	Revalued amount	Revalued date
Bodufaru Beach Resort (Pvt) Ltd Kaafu islands [3] located at North Male Atoll	73A-2R-8.125P	USD	9,269,000	01.10.2020
Browns Ari Resort (Pvt) Ltd Bodufinolhu island in South Ari Atoll	17A-0R-18.125P	USD	5,390,125	01.10.2020
Browns Raa Resort (Pvt) Ltd Bodufarufinolhu island in Raa Atoll	12A-2R-16.875P	USD	4,620,000	01.10.2020
Green Paradise (Pvt) Ltd Hotel land- Dambulla	4A-0R-1.04P	LKR	19,403,416	01.10.2020
Sun & Fun Resorts Ltd Hotel land- Pasikudah	7A-1R-27.43P	LKR	201,000,000	01.10.2020
Serendib Hotels PLC Hotel land - Bentota	3A-1R-23P	LKR	206,937,275	31.12.2020
Hotel Sigiriya PLC Hotel land - Sigiriya	9A-2R-39.2P	LKR	57,924,089	31.12.2020
Frontier Capital Lanka (Pvt) Ltd Beach house land - Mirissa	0A-2R-9.21P	LKR	48,475,103	31.12.2020

Notes to the Financial Statements

Year ended 31 March 2023

13 RIGHT OF USE ASSET Contd...

13.5 The Group engaged Mr. W.M Chandrasena, as independent valuation expert to determine the fair value of its right of use assets.

13.6 The fair value measurement of right-of-use assets of the Group is categorized under "Level 3" of the fair value hierarchy. Details of the methods adopted in determining fair value and the significant unobservable inputs used are explained below.

Property	Method of valuation	Sensitivity of the fair value to the inputs	Sensitivity of the input to the fair value
Right-of -use assets of Bodufaru Beach Resort (Pvt) Ltd	Sales comparison approach - A value indication is derived by comparing the property being appraised to similar properties that have been leased recently, applying appropriate units of comparison, and making adjustments to the leased price of the comparable properties based on the various elements of comparison.	Estimated price per perch USD.788	Positively correlated
Right-of -use assets of Browns Ari Resort (Pvt) Ltd		Estimated price per perch USD.1,969	Positively correlated
Right-of -use assets of Browns Raa Resort (Pvt) Ltd		Estimated price per perch USD.2,291	Positively correlated
Right-of -use assets of Green Paradise (Pvt) Ltd		Estimated price per perch Rs.30,269	Positively correlated
Right-of -use assets of Sun & Fun Resorts Ltd		Estimated price per perch Rs.169,273	Positively correlated
Right-of -use assets of Serendib Hotels PLC		Estimated price per perch Rs.381,100	Positively correlated
Right-of -use assets of Hotel Sigiriya PLC		Estimated price per perch Rs.37,150	Positively correlated
Right-of -use assets of Frontier Capital Lanka (Pvt) Ltd		Estimated price per perch Rs.543,382	Positively correlated

14 INTANGIBLE ASSETS

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Goodwill on acquisition	14.1	42,551,948	42,551,948	-	-
Other intangible assets	14.2	26,508,919	10,477,616	22,136,033	2,347,887
		69,060,867	53,029,564	22,136,033	2,347,887

Notes to the Financial Statements

Year ended 31 March 2023

14.1 Goodwill on Acquisition

As at 31 March	Note	Group	
		2023 Rs.	2022 Rs.
Balance as at 01 April	14.1.1	241,123,532	241,123,532
Additions			-
		241,123,532	241,123,532
Allowance for impairment	14.1.2	(198,571,584)	(198,571,584)
Balance as at 31 March		42,551,948	42,551,948

14.1.1 Goodwill is attributable to the acquisitions of following subsidiaries

Dickwella Resorts [Pvt] Ltd	67,685,314	67,685,314
Green Paradise [Pvt] Ltd	9,057,978	9,057,978
Sun & Fun Resorts Ltd	130,886,270	130,886,270
Bodufaru Beach Resorts [Pvt] Limited	33,493,970	33,493,970
	241,123,532	241,123,532

14.1.2 Allowance for impairment

Balance as at 01 April	(198,571,584)	(67,685,314)
Provisions made during the year	-	(130,886,270)
Balance as at 31 March	(198,571,584)	(198,571,584)

The recoverable amounts of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering five year periods. The key assumptions used are given below;

Business growth rate – Based on the long term average growth rate of each cash generating unit and the industry.

Inflation rate – Based on current inflation rate.

Discount rate – Risk free rate adjusted by the addition of an appropriate risk premium.

Margin – Based on past performance and budgeted expectations.

Notes to the Financial Statements

Year ended 31 March 2023

14.2 OTHER INTANGIBLE ASSETS

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Computer Software				
Cost/Valuation				
Balance as at 01 April	20,368,751	22,623,154	5,585,261	5,585,261
Additions	20,593,136	-	20,593,136	-
Disposal	(1,292,850)	(2,254,403)	-	-
Balance as at 31 March	39,669,037	20,368,751	26,178,397	5,585,261
Accumulated amortization and impairment losses				
Balance as at 01 April	9,891,135	7,876,092	3,237,373	2,432,383
Charge for the year	3,268,984	3,455,485	804,990	804,990
Depreciation on disposal	-	(1,440,443)	-	-
Balance as at 31 March	13,160,119	9,891,135	4,042,363	3,237,373
Carrying amount	26,508,919	10,477,616	22,136,033	2,347,887

15 Investment in Subsidiaries

The Group's principal subsidiaries at 31st March 2023 are set out below. Unless otherwise stated, share capital consisting solely from ordinary shares that are held directly by the Group and the portion of ownership interests held equals the voting rights held by the Group.

As at 31 March	Note	2023		2022	
		% Holding	Rs.	% Holding	Rs.
15.1 Company					
Dickwella Resorts (Pvt) Ltd		100.00%	1,507,500,000	100.00%	1,507,500,000
Green Paradise (Pvt) Limited		100.00%	1,250,000,000	100.00%	1,250,000,000
Sun and Fun Resorts Limited		51.00%	331,158,844	51.00%	331,158,844
Bodufaru Beach Resort (Pvt) Ltd		63.91%	2,052,202,630	63.91%	2,052,202,630
Browns Ari Resort (Pvt) Ltd		50.00%	319,400,000	50.00%	319,400,000
Serendib Hotels PLC		58.23%	2,010,113,452	55.76%	800,342,654
Less : Provision for impairment	15.1.1		(481,158,844)		(305,000,000)
			6,989,216,082		5,955,604,128

	2023 Rs.	2022 Rs.
15.1.1 Company		
Balance as at 01st April	305,000,000	150,000,000
Provision made during the year - Sun and Fun Resorts Limited	176,158,844	155,000,000
Balance as at 31st March	481,158,844	305,000,000

Notes to the Financial Statements

Year ended 31 March 2023

15.1.2 Provision for Impairment

As at 31 March	2023	2022
	Rs.	Rs.
Dickwella Resorts (Pvt) Limited	150,000,000	150,000,000
Sun and Fun Resorts Limited	331,158,444	155,000,000
	481,158,444	305,000,000

15.2 Group Holdings in Subsidiaries

	Principal Activities	2023		2022	
		No of Shares	Control Holding	No of Shares	Control Holding
Dickwella Resorts (Pvt) Ltd	Hotelier	481,314	100.00%	481,314	100.00%
Green Paradise (Pvt) Ltd	Hotelier	5,000,009	100.00%	5,000,009	100.00%
Sun & Fun Resorts Ltd	Hotelier	57,233,463	51.00%	57,233,463	51.00%
Serendib Hotels PLC	Hotelier	259,773,140	58.23%	62,187,841	55.76%
Dolphin Hotels PLC	Hotelier	43,849,317	69.33%	20,609,378	65.18%
Hotel Sigiriya PLC	Hotelier	11,300,770	64.29%	3,696,047	63.08%
Frontier Capital Lanka (Pvt) Ltd	Hotelier	3,216,295	100.00%	3,216,295	100.00%
Bodufaru Beach Resort (Pvt) Ltd	Pre-operational	150,700	63.91%	150,700	63.91%
Browns Ari Resort (Pvt) Ltd	Pre-operational	20,000	50.00%	20,000	50.00%
Browns Raa Resort (Pvt) Ltd	Pre-operational	100	99.00%	100	99.00%
Browns Kaafu N Resort (Pvt) Ltd	Pre-operational	100	99.00%	100	99.00%
Serendib Leisure Management Ltd	Management	6,050,000	100.00%	6,050,000	100.00%
Sanctuary Resorts Lanka (Pvt) Ltd		2	100.00%	2	100.00%

15.3 Acquisition of Dickwella Resort (Private) Limited

In November 2013, Eden Hotel Lanka PLC acquired 99.99% of the voting rights of DRS whose principal activity is operating as a hotelier. The acquisition has been accounted for using the acquisition method.

15.4 Investment in Bodufaru Beach Resort (Private) Limited

Bodufaru Beach Resort (Pvt) Ltd is a limited liability company incorporated in the Republic of Maldives to develop a resort hotel. As a result of the investment made by Eden Hotel Lanka PLC and Dickwella Resorts (Pvt) Ltd, Bodufaru Beach Resort (Pvt) Ltd treated as a subsidiary of Eden Hotel Lanka PLC

15.5 Acquisition of Green Paradise (Pvt) Limited and Sun and Fun Resorts Limited

In April 2018, Eden Hotel Lanka PLC, acquired 100% stake in Green Paradise (Pvt) Ltd and 51% stake in Sun and Fun Resorts Limited both of whose principle activity is operating as hoteliers. The acquisition has been accounted for using the acquisition method.

15.6 Acquisition of Serendib Hotels PLC

In December 2020, Eden Hotel Lanka PLC acquired 55.76% stake in Serendib Hotels PLC whose principal activity is operating as a hotelier. The acquisition has been accounted for using acquisition method. As a result of this acquisition, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Serendib Leisure Management Limited, Sanctuary Resorts Lanka (Pvt) Limited and Frontier Capital Lanka (Pvt) Limited are consolidated under Eden Group.

Notes to the Financial Statements

Year ended 31 March 2023

15.6.1 Dolphin Hotels PLC

Dolphin Hotels PLC issued 31,621,477 shares, at a price of Rs 20 per share, with the objective of raising an equity capital of Rs 632.4Mn. Being the Immediate Parent Company of Dolphin Hotels PLC, Serendib Hotels PLC [a subsidiary of Eden Group] subscribe to the aforementioned rights issue, acquiring 23,239,939 shares with a further investment of Rs 464,798,780, which resulted an increase of the Control Holding from 65.18% to 69.33% from the perspective of Eden Group.

15.6.2 Hotel Sigiriya PLC

Hotel Sigiriya PLC issued 11,718,000 shares, at a price of Rs 30 per share, with the objective of raising an equity capital of Rs 351.540,000. Being the Immediate Parent Company of Hotel Sigiriya PLC, Serendib Hotels PLC [a subsidiary of Eden Group] subscribe to the aforementioned rights issue, acquiring 7,604,723 shares with a further investment of Rs 228,141,690, which resulted an increase of the Control Holding from 63.08% to 64.29% from the perspective of Eden Group.

15.6.3 Serendib Hotels PLC

Serendib Hotels PLC issued 226,544,214 voting shares and 108,033,168 non-voting shares at Rs 7 per share, with the objective of raising an additional capital of Rs 2,017,942,170. Being the immediate Parent Company of Serendib Hotels PLC, Eden Hotel Lanka PLC, subscribe to the aforementioned rights issue, acquiring 182,739,232 voting shares and 77,033,908 non-voting shares, with a total investment of Rs 1,209,770,800, which resulted an increase of the Control Holding from 55.76% to 58.23% from the perspective of Eden Group.

15.7 The following table summarises the information relating to each of the Group's subsidiaries that has material NCI

	Sun and Fun Resorts Limited	Bodufaru Beach Resort (Pvt) Ltd	Browns Ari Resort (Pvt) Limited	Browns Raa Resort (Pvt) Limited	Browns Kaaf N Resort (Pvt) Limited	Serendib Hotels PLC	Dolphin Hotels PLC	Hotel Sigiriya PLC	Total
Effective Holding %	51.00%	63.91%	50.03%	63.27%	63.27%	58.23%	40.37%	37.44%	
NCI percentage	49.00%	36.09%	49.97%	36.73%	36.73%	41.77%	59.63%	62.56%	
	100%	100%	100%	100%	100%	100%	100%	100%	
Total Assets	1,638,740,842	23,556,849,542	20,340,227,044	2,817,334,008	2,004,033	3,733,036,918	5,188,915,646	1,057,784,120	58,334,892,152
Total Liabilities	2,203,946,531	7,958,621,255	13,437,864,178	3,194,747,833	575,368	1,394,898,268	2,099,999,481	231,893,064	30,522,545,978
Equity	(565,205,688)	15,598,228,286	6,902,362,866	(377,413,825)	1,428,664	2,338,138,650	3,088,916,165	825,891,056	27,812,346,174
Carrying amount of NCI	(276,950,517)	5,629,386,072	3,448,897,161	(138,620,282)	404,857	150,869,549	1,578,070,016	308,685,351	-
Hotel Revenue	161,772,249	-	-	-	-	464,251,166	575,896,844	245,493,756	1,447,414,015
Profit/(Loss) after tax	(552,558,229)	(976,219,982)	(391,822,768)	(305,560,740)	(326,384)	(291,784,072)	(103,009,297)	(3,599,892)	(2,624,881,363)
Other comprehensive income	(184,631,402)	1,502,917,006	658,845,319	15,972,396	(151,010)	(81,296,965)	(253,652,443)	(51,460,160)	1,606,542,741
Total comprehensive income	(737,189,631)	526,697,024	267,022,551	(289,588,343)	(477,393)	(373,081,037)	(356,661,740)	(55,060,052)	(1,018,338,622)
Loss after tax allocated to NCI	(270,753,525)	(352,316,881)	(195,781,711)	(112,229,427)	(119,877)	121,873,458	(61,419,573)	(2,252,135)	(1,116,746,587)
Other comprehensive income allocated to NCI	(90,469,384)	542,401,345	329,204,616	5,866,503	(55,464)	(33,956,419)	(151,240,958)	(32,194,081)	569,556,158
Total comprehensive income allocated to NCI	(361,222,909)	190,084,464	133,422,905	(106,362,925)	(175,342)	(155,829,877)	(212,660,531)	(34,446,215)	(547,190,429)

Notes to the Financial Statements

Year ended 31 March 2023

16 TRADING ASSETS - FAIR VALUE THROUGH PROFIT OR LOSS

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Equity securities	16.1	3,154,940	3,474,360	3,154,940	3,474,360
		3,154,940	3,474,360	3,154,940	3,474,360

16.1 Details of the equity trading portfolio

As at 31 March	Group 2023			Group 2022		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Vallibel Finance PLC	11,300	248,600	2,974,160	11,300	248,600	3,353,840
Raigam Wayamba Salterns PLC	26,200	65,500	180,780	26,200	65,500	120,520
		314,100	3,154,940		314,100	3,474,360

As at 31 March	Company 2023			Company 2022		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Vallibel Finance PLC	11,300	248,600	2,974,160	11,300	248,600	3,353,840
Raigam Wayamba Salterns PLC	26,200	65,500	180,780	26,200	65,500	120,520
		314,100	3,154,940		314,100	3,474,360

17. INVESTMENT SECURITIES

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Financial assets measured at fair value through other comprehensive income	17.1	128,050,628	127,914,949	181,057	160,636
Financial assets at amortized cost	17.2	42,534,278	28,900,000	42,534,278	28,900,000
		170,584,906	156,814,949	42,715,335	29,060,636

Notes to the Financial Statements

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17. INVESTMENT SECURITIES Contd...

17.1 Designated FVOCI investment securities

As at 31 March	Group 2023			Group 2022		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Rainforest Ecolodge (Pvt) Ltd	1,247,001	12,470,010	6,053,211	1,247,001	12,470,010	5,777,532
Jada Resorts & Spa (Pvt) Limited	24,449,480	318,106,475	121,997,417	24,449,480	318,106,475	122,137,417
		330,576,485	128,050,628		330,576,485	127,914,949

As at 31 March	Company 2023			Company 2022		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Rainforest Ecolodge (Pvt) Ltd	37,000	370,000	181,057	37,000	370,000	160,636
		370,000	181,057		370,000	160,636

17.2 Financial assets at amortized cost

As at 31 March	Group 2023			Group 2022		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Investments in debentures	100,000	17,960,000	42,534,278	100,000	17,960,000	28,900,000
	100,000	17,960,000	42,534,278	100,000	17,960,000	28,900,000

As at 31 March	Company 2023			Company 2022		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Investments in debentures	100,000	17,960,000	42,534,278	100,000	17,960,000	28,900,000
	100,000	17,960,000	42,534,278	100,000	17,960,000	28,900,000

Notes to the Financial Statements

Year ended 31 March 2023

18 INVENTORIES

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Consumables, maintenance and spares		36,451,270	15,318,771	8,983,786	2,768,306
Food and beverages		65,561,240	37,677,546	13,249,727	1,726,981
Others		26,160,119	15,448,253	6,751,278	3,036,731
		128,172,629	68,444,571	28,984,791	7,532,018

19 LOANS DUE FROM RELATED PARTIES

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Gross balance as at 01st April		175,000,000	175,000,000	282,118,393	282,118,393
Gross balance as at 31st March		175,000,000	175,000,000	282,118,393	282,118,393
Loan interest receivable		214,302,391	244,789,946	425,322,321	365,388,064
Balance as at 31st March		389,302,391	419,789,946	707,440,714	647,506,457

Loan disclosure

During the financial year 2012/13, Eden Hotel Lanka PLC granted two loans to its related companies. These two loans were granted to those Companies in order to settle the liabilities. The related details are as follows.

	Relationship	Interest Rate	Initial loan granted	Balance as at 31.03.2023
Dickwella Resorts [Pvt] Limited	Subsidiary	16.75%	107,118,393	107,118,393
Palm Garden Hotels PLC	Immediate Parent	16.75%	285,705,378	175,000,000
			392,823,771	282,118,393

20 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Trade receivables	20.1	340,192,157	263,656,653	98,533,598	27,072,934
Amounts due from related parties	20.2	1,854,969,698	1,560,800,816	32,362,308	1,160,815
Other receivables		105,347,879	71,619,941	4,566,143	3,885,283
		2,300,509,734	1,896,077,410	135,462,049	32,119,032
Prepayments and other advances		292,800,709	280,363,989	24,733,236	258,767
		2,593,310,443	2,176,441,399	160,195,285	32,377,799

Notes to the Financial Statements

Year ended 31 March 2023

20.1 Trade receivables

As at 31 March	Note	Group		Company	
		2023	2022	2023	2022
		Rs.	Rs.	Rs.	Rs.
Trade receivables		390,860,496	297,211,327	128,558,056	45,177,101
Less: Impairment for trade receivables	20.1.1	(50,668,340)	(33,554,675)	(30,024,457)	(18,104,167)
		340,192,157	263,656,653	98,533,598	27,072,934

20.1.1 Movement of allowance for Trade Receivables

Balance as at 01st April		33,554,675	32,943,186	18,104,167	17,122,780
Provisions made during the year		17,113,665	611,489	11,920,290	981,387
Balance as at 31st March		50,668,340	33,554,675	30,024,457	18,104,167

20.2 Amounts due from Related Parties

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
LOLC Holdings PLC		1,240,430		
Tropical Villas (Pvt) Ltd	85,560	4,440	85,560	4,440
Riverina Resorts (Pvt) Ltd	38,212		38,212	
Sun & Fun Resorts Limited	-	-	866,912	384,912
NPH Investments Limited	6,875,803	636,780	-	
NPH Investments Limited	1,802,209,894	1,529,219,133	-	
Browns Investments PLC	10,922,409	10,063,608	-	
LOLC Finance PLC	2,998,633		-	
East Coast Land Holding (Pvt) Limited	483,685		-	
Samudra Beach Resorts (Pvt) Limited	15,810,416	15,608,458	15,810,416	207,463
Serendib Hotels PLC	-	-	9,494,603	493,500
Millennium Development (Pvt) Limited	116,993	131,822	-	
Browns Leisure (Pvt) Limited	9,348,497	3,896,145	-	
Excel Restaurant (Pvt) Limited	6,079,597		6,066,605	
	1,854,969,698	1,560,800,816	32,362,308	1,160,815

21. CURRENT TAX ASSETS

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Value added tax recoverable	61,105,524	112,466,215	39,209,676	22,758,977
Withholding tax recoverable	9,567,758	9,190,119	4,660,303	8,477,258
Income tax recoverable	10,144,087	10,144,087	-	-
Economic service charge recoverable	1,023,216	14,228,194	-	4,830,799
GST receivable	247,303,454	211,301,177	-	-
	329,144,039	357,329,792	43,869,979	36,067,035

Notes to the Financial Statements

Year ended 31 March 2023

22 CASH AND CASH EQUIVALENTS

22.1 Cash in hand and favorable bank balances

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash in hand	8,793,358	6,334,527	2,327,284	668,230
Cash at banks	1,075,345,866	658,856,815	85,151,488	80,091,733
Short term investments	1,596,720,324	173,109,503	-	-
	2,680,859,548	838,300,845	87,478,771	80,759,963

22 CASH AND CASH EQUIVALENTS CONTD...

22.2 Unfavorable bank balances

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Bank overdrafts	[49,107,516]	[143,245,417]	[25,803,841]	-
Net cash and cash equivalents	2,631,752,032	695,055,428	61,674,930	80,759,963

23 STATED CAPITAL

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Issued and fully paid	23.1	5,808,000,000	5,808,000,000	5,808,000,000	5,808,000,000
528,000,000 Ordinary shares		5,808,000,000	5,808,000,000	5,808,000,000	5,808,000,000

The holders of ordinary shares are entitled to receive a dividend as declared from time to time and are entitled to one vote per share at meeting of the Company. All shares ranked equally with regard to the Company's residual assets. Ordinary shares as a par share value of Rs 10.00.

23.1 Movement in stated capital

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance at the beginning of the year	5,808,000,000	5,808,000,000	5,808,000,000	5,808,000,000
Issue of shares	-	-	-	-
Balance at the end of the year	5,808,000,000	5,808,000,000	5,808,000,000	5,808,000,000

23.2 Movement in stated capital

Balance at the beginning of the year	528,000,000	528,000,000	528,000,000	528,000,000
Issue of shares	-	-	-	-
Balance at the end of the year	528,000,000	528,000,000	528,000,000	528,000,000

Notes to the Financial Statements

Year ended 31 March 2023

24. RESERVES

As at 31 March	Noe	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revaluation reserve	24.1	10,212,627,899	11,654,368,642	3,063,904,463	3,621,041,585
Fair value reserve	24.2	[134,260]	[199,870]	[168,488]	[199,870]
Translation reserve	24.3	6,897,527,412	5,597,154,420	-	-
Balance at the end of the year		17,110,021,051	17,251,323,191	3,063,735,975	3,620,841,715

24.1 Revaluation reserve

The revaluation reserve relates to the revaluation surplus of Property, Plant and Equipment. Once the respective revalued items are disposed, the relevant portion of revaluation surplus is transferred to retained earnings.

24.2 Fair value reserve

Fair value reserve represents the cumulative net changes in fair value of FVOCI financial assets until the investment are derecognized or impaired.

24.3 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

25. ACCUMULATED LOSSES

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance brought forward	[7,385,140,512]	[5,046,639,108]	[5,048,891,747]	[3,757,759,140]
Defined benefit plan actuarial gain [net of tax]	7,038,492	[3,268,368]	999,810	567,680
Net profit for the year	[4,204,676,759]	[2,359,587,036]	[1,954,295,058]	[1,316,324,286]
Fair value gains/ [losses] recycled to the income Statement on reclassification	-	24,624,000	-	24,624,000
Change in ownership that do not result in change in control	162,389,000	-	-	-
Balance at the end of the year	[11,420,386,779]	[7,384,870,512]	[7,002,186,994]	[5,048,891,747]

26. LOANS AND BORROWINGS

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Lease obligations	26.1	10,684,012,848	8,090,490,711	-	-
Long-term borrowings	26.2	9,421,633,912	6,707,383,081	2,195,451,465	1,644,127,997
		20,105,646,760	14,797,873,792	2,195,451,465	1,644,127,997

Notes to the Financial Statements

Year ended 31 March 2023

26.1 Operating lease obligations

As at 31 March	Note	Group	
		2023 Rs.	2022 Rs.
Opening Balance	26.2	8,090,490,711	5,117,298,703
Acquisition of Subsidiaries			-
Adjustment on the lease term and consideration		919,424,040	[110,822,489]
Leases obtained during the year			
Amortized interest		1,115,955,980	461,426,035
Lease rentals paid during the year		[31,144,585]	[16,453,931]
Effect of movement in exchange rate		589,286,702	2,639,042,394
Net lease liability		10,684,012,848	8,090,490,711

26.2 Long - term borrowings

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Gross balance as at 01st April	6,422,100,162	4,484,771,916	1,413,181,672	1,037,669,606
Effect of consolidation	-	-	-	-
Acquisition of subsidiaries	-	-	-	-
Received during the year	3,906,289,210	817,916,102	1,584,666,523	257,502,449
Repaid during the year	[2,135,651,818]	[693,209,014]	[1,620,688,249]	[261,316,404]
Exchange translation difference	594,877,561	1,812,621,158	186,779,379	379,326,021
Gross borrowings as at 31st March	8,787,615,116	6,422,100,162	1,563,939,325	1,413,181,672
Loan interest payable	634,002,175	285,282,918	631,512,140	230,946,325
Balance as at 31 March	9,421,617,291	6,707,383,081	2,195,451,465	1,644,127,997
Borrowings - current	4,579,155,155	3,081,230,083	1,759,116,878	1,116,896,122
Borrowings - non-current	4,842,478,757	3,626,152,998	436,334,587	527,231,875
	9,421,633,912	6,707,383,081	2,195,451,465	1,644,127,997
Analysis of non-current portion of long-term borrowings				
Payable within 3 years	4,842,478,757	3,255,392,998	436,334,587	527,231,875
Payable after 3 years	-	370,760,000	-	-
	4,842,478,757	3,626,152,998	436,334,587	527,231,875

26.3 Analysis of loans and borrowings

Current	3,935,249,321	2,609,750,496	1,759,116,878	1,116,896,122
Non-current	16,170,397,434	12,188,123,291	436,334,587	527,231,875
	20,105,646,756	14,797,873,788	2,195,451,465	1,644,127,997

Notes to the Financial Statements

Year ended 31 March 2023

26.4 Details of the Company's related party loans are as follows;

Type of Loan	Relationship	Interest Rate	Carrying Amount	
			2023	2022
Company				
Seylan Bank PLC	Associate of Ultimate Parent	AWPLR + 2%	398,118,430	957,675,838
Browns Engineering [Pvt] Limited	Subsidiary of Intermediate parent	AWPLR + 4.5%	300,000,000	300,000,000
B.Commodities ME FZE	Subsidiary of Ultimate parent	AWPLR + 10%	60,128,593	155,505,834
LOLC Global [Pvt] Ltd	Subsidiary of Ultimate parent	AWPLR + 10%	805,692,303	-
			1,563,939,325	1,413,181,672

26.4 Details of the Group's loans are as follows;

Type of Loan	Relationship	Interest Rate	Carrying Amount	
			2023	2022
Brown & Company	Intermediate parent	AWPLR+4.5%	-	-
Sampath Bank PLC	Associate of Ultimate Parent	AWPLR + 2%	125,158,210	138,982,795
Browns Investments PLC	Intermediate parent	AWPLR+4.5%	12,377,020	12,377,020
Peoples Bank	Not Applicable	9%	2,974,975,200	3,212,814,660
LOLC Holdings PLC	Ultimate Parent	11%	149,863,808	89,760,000
B Commodities ME[FZE]	Subsidiary of Ultimate Parent	10%	1,013,472,414	452,764,209
Hatton National Bank PLC	Associate of Ultimate Parent	AWPLR + 1%	-	29,500,000
Hatton National Bank PLC	Associate of Ultimate Parent	4%	-	17,700,189
HSBC Sri Lanka	Not applicable	GBP LIBOR +2.4 %	407,261,756	435,649,689
HSBC Sri Lanka	Not applicable	EURO LIBOR +2.6 %	518,767,576	497,200,917
Commercial Bank of Ceylon PLC	Not applicable	4%	-	-
DFCC Bank PLC	Not applicable	WAYR + 1 %	21,409,812	51,428,988
National Development Bank PLC	Not applicable	12%	514,700	14,705,381
LOLC Global [Pvt] Limited	Not applicable	AWPLR + 6.5%	323,025,360	49,368,000
Bank of Maldives	Not applicable	AWPLR+ 10%	1,676,849,935	-
			7,223,675,791	5,008,918,488

Notes to the Financial Statements

Year ended 31 March 2023

27 EMPLOYEE BENEFITS

27.1 Movement in the present value of the defined benefit obligation

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance at the beginning of the year		107,935,196	104,403,346	17,590,426	18,297,151
Benefits paid by the plan		(18,797,491)	(16,320,629)	(1,768,035)	(2,606,181)
Expenditure recognized in the profit or loss	27.2	23,929,414	15,843,048	3,906,449	2,559,550
Actuarial Gains/([losses]) recognized in other comprehensive income		(21,104,110)	9,075,858	(1,428,300)	(660,094)
Transfers during the year		-	(5,066,427)	-	-
		91,963,009	107,935,196	18,300,540	17,590,426

27 EMPLOYEE BENEFITS Contd...

27.2 Expense recognized in profit or loss

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current service costs		7,739,133	7,490,779	1,267,885	1,095,778
Interest costs		16,190,282	8,352,269	2,638,564	1,463,772
		23,929,414	15,843,048	3,906,449	2,559,550

Actuarial assumptions

Gratuity liability is based on the actuarial valuation carried out by Messrs Actuarial and Management Consultants (Pvt) Ltd, as at 31 March 2023. The projected unit credit method has been used for the valuation. The principal assumptions used are as follows.

As at 31 March	Group		Company	
	2023	2022	2023	2022
Discount rate	14%	15%	14%	15%
Future salary increases	11.50%	13%	11.50%	13%
Staff turnover factor	20%	20%	20%	20%
Retirement age	60 Years	60 Years	60 Years	60 Years

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

27.3 Expense recognized in profit or loss

Sensitivity analysis on discounting rate and salary increment rate to statement of financial position and statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

Year ended 31 March 2023

Assumption	Rate change	Group		Company	
		Financial Position - Liability	Statement of profit or loss and OCI - Charge for the period	Financial Position - Liability	Statement of profit or loss and OCI - Charge for the period
Discount rate	+1	(3,655,191)	3,655,191	(646,731)	646,731
	-1	3,967,017	(3,967,017)	696,815	(696,815)
Future salary increases	+1	4,300,094	(4,300,094)	788,470	(788,470)
	-1	(4,026,979)	4,026,979	(743,032)	743,032

Demographic assumptions

In addition to the above, demographic assumption such as mortality, withdrawal and disability and retirement age were considered for the actuarial valuation. "A67/07 mortality table" by the Institute of Actuaries, London was used to estimate the gratuity liability of the Company/Group.

27.4 Maturity analysis of the payments

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Within the next 12 months		19,936,613	23,168,164	3,897,572	3,654,769
Between 1 and 2 years		24,385,927	31,710,477	5,115,712	5,130,111
Between 2 and 5 years		22,777,057	24,591,360	4,367,224	4,211,025
Between 5 and 10 years		19,631,297	22,106,159	3,905,540	3,659,050
Beyond 10 years		5,232,115	6,359,036	1,014,492	935,471
Total expected payments		91,963,009	107,935,196	18,300,540	17,590,426

The Group's weighted average duration of defined benefit obligation is 4.3 years [202122/19 - 4.3 years]

The Defined Benefit Plan entitles a retired employee to receive a payment equal to half of the last drawn monthly salary multiplied by the number of completed years of service. However, as per the Statute, the company is liable to pay gratuity only upon the completion of continuous 5 Years of service.

Notes to the Financial Statements

Year ended 31 March 2023

28 DEFERRED TAX ASSETS AND LIABILITIES

28.1 Recognised deferred tax liabilities

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Property, plant and equipment		4,075,104,396	3,647,179,847	1,229,936,641	1,180,493,626
Lease assets		81,945,150	[1,003,954,743]	-	-
Revaluation of properties		30,427,585,178	18,707,873,273	3,482,107,005	3,482,107,005
Unutilized tax losses		[8,195,720,751]	[1,486,704,497]	[4,163,025,446]	[340,923,879]
Employee benefits		[91,963,006]	[81,681,624]	[18,300,540]	[17,590,427]
General Provisions		[8,126,448]	[4,993,717]	-	-
Unrealised Loss on Exchange		[65,003]	[85,425]	[65,003]	[85,425]
Investment Properties		[71,134,879]	[53,947,423]	32,368,000	19,368,000
Net taxable temporary difference		26,217,624,638	19,723,685,691	563,020,657	4,323,368,901
Total recognized deferred tax liabilities		5,396,288,947	4,318,136,645	168,906,196	604,500,343

28.2 Movement in Recognised Deferred Tax Liabilities

Balance at the beginning of the year		4,318,136,645	2,984,900,401	604,500,343	404,732,151
Recognised in statement of profit of loss	28.3	[964,762,891]	[223,856,734]	[993,148,799]	[5,367,742]
Recognised in other comprehensive income		1,810,233,572	763,295,992	557,554,652	205,135,935
Exchange translation difference		232,681,621	793,796,987	-	-
Balance as at 31 March		5,396,288,947	4,318,136,645	168,906,196	604,500,343

28.3 Deferred tax expense

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Reversal of temporary differences during the year		[964,762,891]	[223,856,734]	[993,148,799]	[5,367,742]
		[964,762,891]	[223,856,734]	[993,148,799]	[5,367,742]

Deferred tax has been computed at 30% [which is applicable for Companies engaged in the promotion of tourism] for the Company and Group, as per the provisions of the Inland Revenue Act No 24 of 2017, which is effective from 01st April 2018.

Notes to the Financial Statements

Year ended 31 March 2023

29 TRADE AND OTHER PAYABLES

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade payables		476,482,935	337,813,992	49,567,683	15,036,274
Advance received		16,627,708	4,197,097	16,627,708	4,197,559
Amounts due to related parties	29.1	16,771,089,998	10,150,129,790	9,632,419,551	5,082,431,909
Other payables		236,197,713	321,250,523	8,025,035	-
		17,500,398,355	10,813,391,402	9,706,639,978	5,101,665,741
Accrued expenses and other payable		316,312,853	326,971,327	70,382,206	61,000,816
		17,816,711,208	11,140,362,729	9,777,022,183	5,162,666,557

29.1 Amounts due to related parties

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
LOLC Holdings PLC		6,291,795,462	2,881,538,335	2,889,423,858	320,560,720
Browns Hotels and Resorts Ltd		672,124,719	449,260,847	349,129,606	224,833,733
Excel Restaurant (Pvt) Ltd		-	72,861	-	72,861
Browns Investment PLC		7,313,571,555	5,251,457,217	6,303,793,388	4,536,088,759
Lanka ORIX Information Technology Services Ltd		16,719,054	8,163,066	2,381,518	110,233
LOLC Finance PLC		568,529	286,835	196,873	2,694
Palm Garden Hotels PLC		12,798,030	2,174	12,744,032	-
LOLC Corporate Services (Pvt) Ltd		2,176,000	161,000	980,000	140,000
Brown & Company PLC		25,842,832	3,000,000	-	-
LOLC Motors Ltd		140,129	-	140,129	-
Browns Engineering and Construction (Pvt) Limited		2,435,353,689	1,554,310,289	-	-
Green Paradise (Pvt) Limited		-	-	1,698,046	622,910
Dolphin Hotels PLC		-	-	16,814,828	-
Hotel Sigiriya PLC		-	-	8,508	-
Serendib Leisure Mgt Ltd.		-	-	8,347,414	-
Serendib Hotels PLC		-	-	117,416	-
Millennium Development (Pvt) Limited		-	1,877,168	-	-
Dickwella Resorts (Pvt) Limited		-	-	46,643,935	-
		16,771,089,998	10,150,129,790	9,632,419,551	5,082,431,909

Notes to the Financial Statements

Year ended 31 March 2023

30 CURRENT TAX PAYABLES

As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Income tax payable		10,514,572	13,987,020	-	[0]
Value Added Tax payable		86,466,111	-	-	-
Nation Building Tax payable		3,292,776	-	-	-
Economic Service Charge payable		-	(1,695,680)	-	-
Other taxes payable		105,031,104	84,913,433	2,980,420	33,943
		205,304,563	97,204,773	2,980,420	33,943

31 COMMITMENTS AND CONTINGENCIES

There are no material capital commitments and contingent liabilities that require adjustment to or disclosure in the financial statements.

32 EVENTS OCCURRING AFTER THE REPORTING DATE

There has been no material events occurring after the reporting date that require adjustment to or disclosure in these Financial Statements, except the following.

Rights Issue of Eden Hotel Lanka PLC

With the view of strengthening the financial position while reducing the entity level debts of Eden Hotel Lanka PLC, Board of Directors approved a Rights Issue of 1,056,000,000 shares at Rs 10.00 per share on 13th June 2023 and the announcement was made on the Colombo Stock Exchange. The Company received the approval from Colombo Stock Exchange for the aforementioned Rights Issue.

33 RELATED PARTY DISCLOSURES

33.1 Transactions with key management personnel

The Group and Company carries out transactions in the ordinary course of business with the parties who are defined as related parties in Sri Lanka Accounting Standard – LKAS 24 (Related Party Disclosures), the details of which are reported below.

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of business with the following related entities. The list of Directors at each of the subsidiary companies have been disclosed in the Note 33.3.

Transactions with related parties are carried out in the ordinary course of the business. These transactions carried at arm's length basis. Outstanding current account balances at year end are unsecured and settlement occurs in cash.

Recurrent and non-recurrent related party transactions

Recurrent and non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2022 audited financial statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13 (c) of the Security Exchange Commission Act have been disclosed in the Note 31.4.

Close family members are defined as spouse or dependent. Dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs. Close family members of the KMP are those family members who may be expected to influence or be influenced by that KMP in their dealings with the entity. They may include KMP's domestic partner, children of the KMP's domestic partner and dependents of the KMP.

Key management personnel compensation

There are no short term employment benefits, long-term employment benefits, post -employment benefits or termination benefits paid to the Key Management Personnel during the year.

33.2 Transactions with Related Parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24 "Related Party Disclosures". The Pricing applicable to such transactions are based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated Customers.

Notes to the Financial Statements

Year ended 31 March 2023

33.2 Transactions with Related Parties Contd...

Company	Relationship	Nature of Transactions	Group		Company		Group		Company	
			2023 [Rs.]	2022 [Rs.]	2023 [Rs.]	2022 [Rs.]	2023	2022	2023	2022
								Aggregate Value of Related Party Transaction as a % of Net Revenue		Aggregate Value of Related Party Transaction as a % of Net Revenue
		Fund transfers in	4,376,523,946	969,392,495	2,148,755,100	227,600,000				
		Fund transfers out	2,106,258,923	121,985,130	103,505,812	54,060,695				
LOLC Holdings PLC	Ultimate Parent	Expenses shared	80,261,498	364,220,220	62,414,539	54,964,844			>100%	>100%
		Interest on C/A	1,059,730,606	485,196,796	461,199,312	30,477,927				
		Expenses shared	70,625,129	35,998,315	22,576,817	23,521,405				
		Interest on current accounts	1,76,971,598	45,574,326	91,460,775	23,568,693			14%	9%
Browns Hotels & Resorts Limited	Intermediate Parent	Fund transfers out	45,364,390	4,000,000	-	-				
		Management fees	10,258,280	4,795,914	10,258,280	4,795,914				
		Fund transfers in	10,373,255	8,453,733	-	-				
		Interest on loans	-	496,714	-	496,714				
Brown & Company PLC	Intermediate Parent	Fund transfers out	3,000,000	105,529,614	-	105,529,614			1%	10%
		Expenses shared	25,842,832	-	-	-				
		Fund transfers out	2,998,632	61,246	-	47,865				
LOLC Finance PLC	Subsidiary of Ultimate Parent	Expenses shared	281,693	215,349	-	44,332			0%	0%
		Expenses shared	8,873,701	6,144	-	-				
		Fund transfers in	6,000,000	28,504,142	-	4,142				
Browns Investments PLC	Intermediate Parent	Fund transfers out	-	102,684,600	-	101,374,603			91%	66%
		Interest on current accounts	2,046,381,836	586,600,604	-	507,983,875				
		Interest income received	3,921,768	-	-	-				
		Interest income on loans	29,312,500	29,312,500	-	29,312,500				
Palm Garden Hotels PLC	Immediate Parent	Expenses shared	12,795,855	40,594	29,312,500	19,295			5%	3%
		Fund transfers out	59,800,055	20,749	12,744,032	-				

Notes to the Financial Statements

Year ended 31 March 2023

33.2 Transactions with Related Parties Contd...

Company	Relationship	Nature of Transactions	Group		Company		Group		Company	
			2023 (Rs.)	2022 (Rs.)	2023 (Rs.)	2022 (Rs.)	2023	2022	2023	2022
								Aggregate Value of Related Party Transaction as a % of Net Revenue		Aggregate Value of Related Party Transaction as a % of Net Revenue
		Expenses shared	-	-	-	1,733,283				
Dickwella Resorts (Pvt) Ltd	Subsidiary	Fund transfers in	-	-	28,648,343	2,568,783		0%	0%	19%
		Fund transfers out	-	-	-	-		0%	0%	15%
		Interest income on loans	-	-	-	17,942,331				
Riverina Resorts (Pvt) Ltd	Subsidiary of immediate parent	Expenses shared	10,000	-	-	-		0%	0%	0%
		Fund transfer out	48,212	15,000	48,212			0%	0%	0%
Tropical Villas (Pvt) Ltd	Subsidiary of Intermediate Parent	Fund transfers out	-	-	-	172,440		0%	0%	0%
		Expenses shared	81,120	172,440	-	172,440		0%	0%	0%
		Loans obtained	-	156,161,849	-	156,161,849				
		Interest on loans	68,695,663	30,746,345	-	30,746,345				
Seylan Bank PLC	Associate of ultimate parent	Repayment of loans	723,796,333	314,494,611	68,695,663	314,494,611		41%	76%	100%
		Repayment of loans	-	-	723,796,333					
		Exchange impact on loan revaluation	142,277,095	327,647,180	-	327,647,180				
Sun and Fun Resorts Limited	Subsidiary	Expenses shared	-	-	-	-		0%	0%	0%
		Fund transfers in	-	-	803,112			0%	0%	0%
		Fund transfers out	-	-	-	-				
Lanka Orix Information (Pvt) Limited	Subsidiary of Ultimate Parent	Fund transfers out	1,208,523	4,467,217	-	1,488,115		0%	1%	2%
		Expenses shared	9,764,511	1,485,741	-	1,485,741				
LOLC Corporate Services (Pvt) Ltd	Subsidiary of Ultimate Parent	Fund transfers out	1,774,000	1,795,500	-	1,680,000		0%	0%	1%
		Expenses shared	3,789,000	1,806,000	840,000	1,680,000		0%	0%	2%

Notes to the Financial Statements

Year ended 31 March 2023

33.2 Transactions with Related Parties Contd...

Company	Relationship	Nature of Transactions	Group		Company		Group		Company	
			2023 [Rs.]	2022 [Rs.]	2023 [Rs.]	2022 [Rs.]	2023	2022	2023	2022
LOLC Motors [Pvt] Limited	Subsidiary of Ultimate Parent	Fund transfers out	-	18,000	-	-	0%	0%	0%	0%
		Expenses shared	140,129	-	-	-	0%	0%	0%	0%
NPH Investments Limited	Subsidiary of immediate parent	Interest Income	279,229,778	-	-	-	12%	35%	0%	0%
		Fund transfers in	-	382,637,557	-	-	-	-	-	-
East Coast Land Holdings Limited	Subsidiary of Ultimate Parent	Expenses shared	-	756,745	-	-	-	-	1%	0%
		Fund transfer out	136,530	-	-	-	-	-	-	-
Browns Engineering and Constructions [Pvt] Limited	Subsidiary of Intermediate Parent	Fund transfers in	-	-	-	-	-	-	-	-
		Interest on loan	193,957,980	55,059,219	-	55,059,219	39%	>100%	75%	37%
		Supply of services	687,085,421	1,387,712,136	-	-	-	-	-	-
		Fund transfer out	-	-	-	-	-	-	-	-
Excel Restaurant [Pvt] Limited	Subsidiary of Intermediate Parent	Expenses shared	6,221,458	[5,393]	-	[5,393]	0%	1%	2%	0%
		Fund transfer out	69,000	-	6,064,466	-	-	-	-	-
Green Paradise [Pvt] Limited	Subsidiary	Fund transfers in	-	-	832,015	1,382,500	-	-	-	-
		Expenses shared	-	-	-	609,469	0%	0%	1%	1%
Samudra Beach Resorts [Pvt] Limited	Subsidiary of Intermediate Parent	Fund transfer Out	-	-	1,907,152	162,500	-	-	-	-
		Expenses shared	602,952	5,971,973	-	5,570,947	0%	1%	0%	4%
Serendib Hotels PLC	Subsidiary	Fund transfer out	401,028	-	-	-	-	-	-	-
		Expenses shared	-	-	-	630,164	-	-	-	-
		Fund transfers in	-	-	9,430,854	136,664	0%	0%	25%	1%
		Fund transfers out	-	-	27905,054	-	-	-	-	

Notes to the Financial Statements

Year ended 31 March 2023

33.2 Transactions with Related Parties Contd...

Company	Relationship	Nature of Transactions	Group		Company		Group		Company	
			2023 [Rs.]	2022 [Rs.]	2023 [Rs.]	2022 [Rs.]	2023	2022	2023	2022
								Aggregate Value of Related Party Transaction as a % of Net Revenue		Aggregate Value of Related Party Transaction as a % of Net Revenue
		Fund transfers out	-	-	58,297,621	-	-			
Dolphin Hotels PLC	Subsidiary	Interest Expenses on Loan	-	-	40,000,000	-	-	0%	0%	39%
		Expenses shared	-	-	738,575	-	-			
Hotel Sigiriya PLC	Subsidiary	Fund transfers in Expenses shared from	-	-	-	1,136,608	-	0%	0%	1%
Serendib Leisure Management Limited	Subsidiary	Fund transfers out Expenses shared to	-	-	-	5,198,670	-	0%	0%	7%
Frontier Capital Lanka (Pvt) Limited	Subsidiary	Fund transfers in Expenses shared from	-	-	-	621,541	-	0%	0%	0%
LOLC Life Assurance (Pvt) Limited	Subsidiary of Ultimate Parent	Expenses shared Fund transfers out	-	-	-	-	928,497	0%	1%	0%
Millennium Development [Pvt] Limited	Subsidiary of Intermediate Parent	Expenses shared Fund transfers out	-	-	1,877,168	-	-	0%	0%	0%
Browns Leisure [Pvt] Limited	Subsidiary of Ultimate Parent	Expenses shared	5,452,352	3,896,145	-	-	-	0%	0%	0%

Closing balances of above related parties has been disclosed in Note 21.2 and Note 30.1.

Fund Transfers in, represent cash inflows to the company and Fund Transfers out, represent cash outflows from the company. Interest expense represent interest charge on intercompany lending and borrowings. Expenses shared represent common expenses incurred on behalf of the company. Management fee represent the fees charged by Browns Hotels & Resorts Ltd as the management company of leisure sector. All these transaction are arms length transactions.

Notes to the Financial Statements

Year ended 31 March 2023

33.3 Group Companies/Directors

Company Name/Relationship	2023
LOLC Holdings PLC [Ultimate Parent]	I C Nanayakkara, W D K Jayawardena, Mrs. K U Amarasinghe, M D D Pieris, R A Fernando, F K C P N Dias
Brown & Company PLC [Intermediate Parent]	I C Nanayakkara, H P J De Silva, W D K Jayawardena, Mrs. K U Amarasinghe, T Bandaranayake, D Abeyrathne, T.Sanakan
Browns Investment PLC [Intermediate Parent]	I C Nanayakkara, D S K Amarasekera, S Furkhan, Mrs. K U Amarasinghe, W D K Jayawardena, Dr. J M Swaminathan
Browns Hotels and Resorts Ltd [Intermediate Parent]	Mrs. V G S S Kotakadeniya, J B W Kelegama, D S K Amarasekera
Palm Garden Hotels PLC [Immediate Parent]	W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan
Dickwella Resorts (Pvt) Ltd [Subsidiary]	J B W Kelegama, P D G Jayasena
Tropical Villas (Pvt) Ltd [Subsidiary of intermediate parent]	D S K Amarasekera, J B W Kelegama, P D G Jayasena
Riverina Resorts (Pvt) Ltd [Subsidiary of immediate parent]	Mrs. K U Amarasinghe, D S K Amarasekera
Green Paradise (Pvt) Ltd [Subsidiary]	D S K Amarasekera, Mrs. K U Amarasinghe, E.C Wijerathna, P.D.G Jayasena
Sun & Fun Resorts Ltd [Subsidiary]	V K Vemuru, D S K Amarasekera, T Selviah, E.C Wijerathna, P.D.G Jayasena
Bodufaru Beach Resort (Pvt) Ltd [Subsidiary]	D S K Amarasekera, K A K P Gunawardena, I Riswaan, M Niham
Browns Ari Resort (Pvt) Ltd [Subsidiary]	I C Nanayakkara, D S K Amarasekera, K A K P Gunawardena, M Niham, S Mohmed
Browns Raa Resort (Pvt) Ltd [Subsidiary]	I C Nanayakkara, D S K Amarasekera, K A K P Gunawardena, M Niham
Browns Kaafu N Resort (Pvt) Ltd [Subsidiary]	I C Nanayakkara, D S K Amarasekera, O A Razzak
Serendib Hotels PLC [Subsidiary]	E.J.D. Rajakariar, W.A.T.M. Wijesinghe, S.A. Chojnacki, J.P.S. Kurumbalapitiya, W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan

Notes to the Financial Statements

Year ended 31 March 2023

33.3 Group Companies/Directors Contd...

Company Name/Relationship	2023
Dolphin Hotels PLC [Subsidiary]	B.S.M.De Silva, J.P.S. Kurumbalapitiya, W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan,
Hotel Sigiriya PLC [Subsidiary]	B.S.M.De Silva, J.P.S. Kurumbalapitiya, W D K Jayawardena, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan,
Frontier Capital Lanka (Pvt) Limited [Subsidiary]	J.P.S. Kurumbalapitiya, D S K Amarasekera, , Dr. J M Swaminathan
Serendib Leisure Management (Pvt) Limited [Subsidiary]	J.P.S. Kurumbalapitiya, Mrs. K U Amarasinghe, D S K Amarasekera, , Dr. J M Swaminathan, E.J.D. Rajakarriar,
Sanctuary Lanka Resorts (Pvt) Limited [Subsidiary]	J.P.S. Kurumbalapitiya, D S K Amarasekera, , Dr. J M Swaminathan

33.4 Related party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower.

There are no related party transactions those require specified disclosure in accordance with the continuing listing requirements of Colombo Stock Exchange.

34 VALUATION OF FINANCIAL INSTRUMENTS

34.1 Fair Value Hierarchy

Group As at 31 March 2023	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets	16	3,154,940	-	-	3,154,940
Trading assets - fair value through profit or loss	17	-	-	170,584,906	170,584,906
Investment securities		3,154,940	-	170,584,906	173,739,846

Group As at 31 March 2022	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Other financial assets	16	3,474,360	-	-	3,474,360
Trading assets - fair value through profit or loss	17	-	-	156,814,949	156,814,949
Investment securities		3,474,360	-	156,814,949	160,289,309

Notes to the Financial Statements

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34 VALUATION OF FINANCIAL INSTRUMENTS

34.1 Fair Value Hierarchy Contd...

Company	Note	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
As at 31 March 2023					
Other financial assets	16	3,154,940	3,154,940		3,154,940
Trading assets - fair value through profit or loss	17			42,715,335	42,715,335
Investment securities		3,154,940	3,154,940	42,715,335	45,870,275
As at 31 March 2022					
Other financial assets	16	3,474,360	3,474,360		3,474,360
Trading assets - fair value through profit or loss	17			29,060,636	29,060,636
Investment securities		3,474,360	3,474,360	29,060,636	32,534,996

34.2 Financial instruments not measured at fair value

As at 31 March	Note	Group		Company	
		Carrying Amount	Carrying Amount	Carrying Amount	Carrying Amount
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Financial assets					
Trade receivables	20.1	340,192,157	263,656,653	98,533,598	27,072,934
Amounts due from related parties	20.2	1,854,969,698	1,560,800,816	32,362,308	16,160,815
Financial assets - amortize cost	17	42,534,278	28,900,000	42,534,278	28,900,000
Cash and cash equivalents	22.1	2,680,859,548	838,300,845	87,478,771	80,759,963
		4,918,555,681	2,691,658,314	260,908,956	152,893,712
Financial liabilities					
Trade Payables	29	476,482,935	337,813,992	49,567,683	15,036,274
Amounts due to related parties	29.1	16,771,089,998	10,150,129,790	9,632,419,551	5,082,431,909
Interest bearing borrowings	26	20,105,646,756	14,797,873,251	2,195,451,465	1,644,127,997
Bank overdrafts	22.1	49,107,516	143,245,417	25,803,841	-
		37,402,327,205	25,429,062,450	11,903,242,540	6,741,596,180

The carrying amount of trade receivable, amount due from related parties, equity securities - unquoted, cash and cash equivalents, trade payables, amounts due to related parties, interest bearing borrowings and bank overdrafts are an approximation of fair value.

There are various limitations inherent in this fair value disclosure particularly where prices may not represent the underlying value due to dislocation in the market. Not all the Group's financial instruments can be exchanged in an active market. The Group obtains the fair values for investment securities from quoted market prices where available. Where securities are unlisted and quoted prices are not available, the Group obtains the fair values using other valuation techniques that are commonly used by market participants.

Notes to the Financial Statements

Year ended 31 March 2023

34.2 Financial instruments not measured at fair value Contd...

Asset	Valuation techniques	Significant observable and unobservable inputs	Sensitivity of the fair value to the inputs
Financial assets measured at fair value through OCI	Adjust net asset basis	Carrying value of the assets and the liabilities adjusted for market participant assumptions	Variability of inputs are significant to have an impact on fair value

35 MATURITY ANALYSIS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

35.1 Maturity analysis of financial assets-Group

For the year ended 31 March 2023	Note	Carrying amount [Rs.]	Gross cash inflow [Rs.]	Less than 1 month [Rs.]	1-3 months [Rs.]	4 - 12 months [Rs.]	13 - 60 months [Rs.]	More than 60 months [Rs.]
Assets								
Cash and cash equivalents	22.1	2,680,859,548	2,680,859,548	2,680,859,548	-	-	-	-
Other financial assets								
Trading assets - fair value through profit or loss	16	3,154,940	3,154,940	-	-	-	3,154,940	-
Investment securities	17	170,584,906	170,584,906	-	-	-	170,584,906	-
Trade and other receivable								
Financial assets	20	2,689,812,125	2,689,812,125	-	105,347,879	2,584,464,246	-	-
		5,544,411,519	5,544,411,519	2,680,859,548	105,347,879	2,584,464,246	173,739,846	-
For the year ended 31 March 2022								
	Note	Carrying amount [Rs.]	Gross cash inflow [Rs.]	Less than 1 month [Rs.]	1-3 months [Rs.]	4 - 12 months [Rs.]	13 - 60 months [Rs.]	More than 60 months [Rs.]
Assets								
Cash and cash equivalents	22.1	838,300,845	838,300,845	838,300,845	-	-	-	-
Other financial assets								
Trading assets - fair value through profit or loss	16	3,474,360	3,474,360	-	-	-	3,474,360	-
Investment securities	17	156,814,949	156,814,949	-	-	-	156,814,949	-
Trade and other receivable								
Financial assets	20	2,315,867,356	2,315,867,356	-	71,619,941	2,244,247,415	-	-
		3,314,457,510	3,314,457,510	838,300,845	71,619,941	2,244,247,415	160,289,309	-

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Year ended 31 March 2023

35.2 Maturity analysis of financial liabilities-Group

For the year ended 31 March 2023	Note	Carrying amount [Rs.]	Gross cash inflow [Rs.]	Less than 1 month [Rs.]	1-3 months [Rs.]	4 - 12 months [Rs.]	13 - 60 months [Rs.]	More than 60 months [Rs.]
Bank overdrafts	22.2	49,107,516	49,107,516	49,107,516	-	-	-	-
Loans and borrowings								
Lease liabilities	26.1	10,684,012,848	10,684,012,848	-	-	420,753,003	6,825,297,225	3,437,962,620
Borrowings	26.2	9,421,617,291	-	-	-	-	-	-
Financial liabilities	29	17,500,398,355	17,500,398,355	-	-	493,110,643	17,007,287,712	-
		37,655,136,010	28,233,518,719	49,107,516	-	913,863,646	23,832,584,937	3,437,962,620

For the year ended 31 March 2022	Note	Carrying amount [Rs.]	Gross cash inflow [Rs.]	Less than 1 month [Rs.]	1-3 months [Rs.]	4 - 12 months [Rs.]	13 - 60 months [Rs.]	More than 60 months [Rs.]
Bank overdrafts	22.2	143,245,417	143,245,417	143,245,417	-	-	-	-
Loans and borrowings								
Lease liabilities	26.1	8,090,490,170	-	-	-	284,093,125	8,090,490,170	4,747,399,687
Borrowings	26.2	6,707,383,081	-	-	-	3,081,229,932	6,707,383,081	-
Financial liabilities	29	10,813,391,864	-	-	-	342,011,089	10,813,391,864	-
		25,754,510,532	143,245,417	143,245,417	-	3,707,334,145	25,754,510,531	4,747,399,687

35.1 Maturity analysis of financial assets-Company

For the year ended 31 March 2023	Note	Carrying amount [Rs.]	Gross cash inflow [Rs.]	Less than 1 month [Rs.]	1-3 months [Rs.]	4 - 12 months [Rs.]	13 - 60 months [Rs.]	More than 60 months [Rs.]
Assets								
Cash and cash equivalents	22.1	87,478,771	87,478,771	87,478,771	-	-	-	-
Other financial assets								
Trading assets - fair value through profit or loss	16	3,154,940	3,154,940	-	-	-	3,154,940	-
Investment securities	17	42,715,335	42,715,335	-	-	-	42,715,335	-
Trade and other receivable								
Financial assets	20	842,902,763	842,902,763	-	103,099,741	739,803,022	-	-
		976,251,809	976,251,809	87,478,771	103,099,741	739,803,022	45,870,275	-

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Year ended 31 March 2023

35.1 Maturity analysis of financial assets-Company

For the year ended 31 March 2022	Note	Carrying amount [Rs.]	Gross cash inflow [Rs.]	Less than 1 month [Rs.]	1-3 months [Rs.]	4 - 12 months [Rs.]	13 - 60 months [Rs.]	More than 60 months [Rs.]
Assets								
Cash and cash equivalents	22.1	80,759,963	80,759,963	80,759,963	-	-	-	-
Other financial assets								
Trading assets - fair value through profit or loss	16	3,474,360	3,474,360	-	-	-	3,474,360	-
Investment securities	17	29,060,636	29,060,636	-	-	-	29,060,636	-
Trade and other receivable								
Financial assets	20	694,625,489	694,625,489	-	-	679,625,489	-	-
		807,920,448	807,920,448	80,759,963	-	679,625,489	32,534,996	-

35.1 Maturity analysis of financial Liabilities - Company Contd...

For the year ended 31 March 2023	Note	Carrying amount [Rs.]	Gross cash inflow [Rs.]	Less than 1 month [Rs.]	1-3 months [Rs.]	4 - 12 months [Rs.]	13 - 60 months [Rs.]	More than 60 months [Rs.]
Liabilities								
Bank overdrafts	22.2	25,803,841	25,803,841	25,803,841	-	-	-	-
Loans and borrowings								
Finance lease liabilities	26.1	-	-	-	-	-	-	-
Borrowings	26.2	2,195,451,465	-	-	-	-	-	-
Financial liabilities	29	9,706,639,978	9,706,639,978	-	66,195,392	9,640,444,586	-	-
		11,927,895,284	9,732,443,819	25,803,841	66,195,392	9,640,444,586	-	-

For the year ended 31 March 2022	Note	Carrying amount [Rs.]	Gross cash inflow [Rs.]	Less than 1 month [Rs.]	1-3 months [Rs.]	4 - 12 months [Rs.]	13 - 60 months [Rs.]	More than 60 months [Rs.]
Liabilities								
Bank overdrafts	22.2	-	-	-	-	-	-	-
Loans and borrowings								
Finance lease liabilities	26.1	-	-	-	-	-	-	-
Borrowings	26.2	1,644,127,997	1,644,127,997	-	-	1,116,896,122	527,231,875	-
Financial liabilities	29	5,101,665,741	5,101,665,741	-	19,233,832	5,082,431,909	-	-
		6,745,793,738	6,745,793,739	-	19,233,832	6,199,328,031	527,231,875	-

Notes to the Financial Statements

Year ended 31 March 2023

37. FINANCIAL RISK MANAGEMENT – GROUP/COMPANY

Enterprise Risk Management is an ongoing process where the Group identifies events that would affect the entities, assess them and respond accordingly to provide a reasonable assurance in achieving its objectives. In assessing the risks, the Eden Group considers the existing and emerging risk factors that may impact the business. The risks are evaluated thereafter in terms of likelihood and impact, after which appropriate risk treatments are decided upon. Effective risk management is crucial to enhance value creation via sustainable business operations. A solid risk management framework ensures that the Board discharges its responsibilities in identifying, assessing and responding to the identified risks efficiently and effectively across its portfolio of hotels and resorts.

Risk Governance

The Board assumes the ultimate responsibility for managing risk. The Board is assisted by the Audit Committee, which oversees risk and internal control matters. The Group's ERM division support the Audit Committee in performing its role of assurance through regular reviews and recommendations on the robustness of the internal control systems. In addition, the sector risk management team is responsible for the effective execution of the risk management framework.

The Group has exposure to the following risks from financial instruments:

- 1) Credit Risk
- 2) Liquidity Risk
- 3) Market Risk
- 4) Interest Rate 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 risk, and the Group's management of capital.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the audit committee, which is responsible for developing and monitoring risk management policies in their specified areas. All Board committees have both executive and non-executive members and report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Company Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Company Audit Committee is assisted in these functions by Enterprise Risk Management division (ERM). ERM undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Company Audit Committee.

1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty fails to meet its contractual obligations. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

The Group's/Company's maximum exposure to credit risk on trade receivables as at the year-end based on the carrying value in the statement of financial position is given below.

Group	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade Receivables	390,860,496	297,211,327	128,558,056	45,177,101
Less				
Impairment of trade receivables	(50,668,340)	(33,554,675)	(30,024,457)	(18,104,167)
	340,192,157	263,656,653	98,533,598	27,072,934
Cash and cash equivalents	2,680,859,548	838,300,845	87,478,771	80,759,963

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedure for follow-up and recovery are in place to monitor credit risk.

Age Analysis of Trade Receivables

Group	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
0-60 days	258,990,929	210,022,270	85,155,116	
61-180 days	64,647,379	9,614,443	15,099,215	
181-365 days	35,255,845	7,723,115	1,525,525	
Over 365 days	31,966,343	69,851,499	26,778,200	45,177,101
Gross Trade Receivables	390,860,496	297,211,327	128,558,056	45,177,101
Impairment	(50,668,340)	(33,554,675)	(30,024,457)	(18,104,167)
Net Trade Receivables	340,192,156	263,656,653	98,533,599	27,072,934

Notes to the Financial Statements

Year ended 31 March 2023

Management of Credit Risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers various statistics and characteristics of the customer base, including the default risk, business relationships with due attention given to past performances, stability in the industry and creditworthiness, as these factors may have an influence on credit risk.

In monitoring customer credit risk, customers are grouped according to their business volumes and consider separately for granting credit limits. Based on the volume of the transaction and based on the relationship, the customers are ranked. For the customers who identified as "High Risks Customers", sales are made once they made an advance or full payment.

The group has established a credit policy under which each new customer is analyzed individually for creditworthiness. Credit limits are established for each customer and these limits are reviewed frequently.

The following steps also taken to reduce the credit risk.

- 1) Outstanding credits are followed up on a daily basis.
- 2) Steps taken to obtain advances from travel agents and tour operators wherever possible.
- 3) Opting for legal action for customers defaulting settlements.

Regular audits of hotel and Company credit processes are undertaken by ERM. The Group treasury division overlooks cash and cash equivalent on regular basis to manage the credit risk

Impairment

The Group establishes an allowance for impairment that represents its estimate of incur losses in respect of trade receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures based on aging of the outstanding.

The group limits its exposure to credit risk on bank balances by maintaining balances with reputable and credit worthy banks having high credit ratings.

Bank of Ceylon	AAA(fitch)
Nations Trust Bank PLC	-A(fitch)
Cargills Bank PLC	-A(fitch)
Sampath Bank PLC	A(fitch)
Citi Bank N. A	AAA(fitch)
Seylan Bank PLC	-A(fitch)
National Development Bank PLC	-A(fitch)
Hatton National Bank PLC	A(fitch)

2) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of Liquidity Risk

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 risking damage to the Group's reputation.

The Company/Group continuously prepares and monitors rolling cash flow forecasts to ensure it has sufficient cash to meet operational needs. Regular reviews are also carried out to check actual performance against budgeted targets.

As at the reporting date, the company has a higher liability in relation to internal and external borrowings. This is mainly due to the long-term loan obtained from Seylan bank and intercompany borrowings, financing the increase in investments into leisure sector locally and Maldives and the completed refurbishment.

	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Non current portion of interest bearing borrowings	16,170,397,434	12,201,941,959	436,334,587	527,231,875
Trade Payables	476,482,935	337,813,992	49,567,683	15,036,274
Current portion of interest bearing borrowings	3,935,249,321	2,595,931,366	1,759,116,878	1,116,896,122
Bank overdrafts	49,107,516	143,245,417	25,803,841	-

3) Market Risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) 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 exposures within acceptable parameters, while optimizing the return on risk.

The Group being involved in hoteliering operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect of the US dollar, UK pound and Euro. More than 90% of room contracts are entered into in foreign currencies and invoiced in SLR using the conversion rates established by the industry. Purchases such as import of capital goods for hotel operations are also transacted in foreign currency. The Company very closely works with group treasury division and obtains their advice to reduce impact on foreign currency exposure.

Notes to the Financial Statements

Year ended 31 March 2023

In order to reduce the Foreign exchange risk, the Group implements the following strategies.

- 1] Negotiation of room rates and enters into agreements in strong currencies.
- 2] Matching inflows and outflows of the same currency to the extent that is permitted by prevailing laws.
- 3] Monitors exchange rates on a daily basis and use best rates for foreign currency conversions.

4] Interest rate risk

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

In order to reduce the Interest rate risk, the group implements the following strategies.

- 1] Debt has been structured through fixed interest rates in order to manage the volatility in the market.
- 2] Proper mechanism to monitor the fluctuations in interest rates.
- 3] Work towards the low gearing ratio.
- 4] Internal funding sources rather than the external funding sources.

Variable rate instruments

Related party borrowings are at AWPLR plus a margin of 10%.

Management is of the view that the Group's exposure to interest rate risk is minimal as Group does not expect significant changes in AWPLR.

Carrying amounts of these loans has been disclosed in loans & borrowings note.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's involvement with regard to operational activities, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- 1] Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- 2] Requirements for the reconciliation and monitoring of transactions.
- 3] Compliance with regulatory and other legal requirements.
- 4] Documentation of controls and procedures.
- 5] Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- 6] Requirements for the reporting of operational losses and proposed remedial action.
- 7] Development of contingency plans.
- 8] Training and professional development; and
- 9] Ethical and business standards

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 of the following

Equity Capital

- Ordinary share capital

Debt

- Long term borrowings
- Short term borrowings

The Group monitors capital on the basis of the debt to equity ratio. The following factors are also objectively taken into consideration in managing capital of the Group.

- Maintain sufficient capital to meet minimum regulatory requirements [Companies Act].
- Maintain strong equity base as opposed to debt capital Group's future developments, investments and business strategies.
- Group further developments, investment and business strategies.

38. IMPACT OF ECONOMIC CRISIS

Adverse movement on the foreign exchange rate

The Central Bank of Sri Lanka (CBSL) abandoned a peg of LKR 200/- against the USD in March 2022, allowing the exchange rate to be decided by market factors. This resulted in the cost of imported inputs experiencing a significant increase. The Company earns a significant portion of its revenues in foreign currency and the Sri Lankan Rupee depreciation against other currencies have had a favourable impact on the Company which has negated the adverse impact of the Company's increasing costs.

Increasing inflation

Country experienced a 50.30% YoY headline inflation in the month of March 2023 as per the CCPI. This is mainly due to the increase in import prices and domestic prices resulting from rupee depreciation and excessive money printing by CBSL. This has unfavourably impacted the areas of repair & maintenance, material purchase, payroll costs and transportation costs etc.

Increasing interest rates

CBSL raised the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 100 basis points to 15.50 per cent and 16.50

Notes to the Financial Statements

Year ended 31 March 2023

per cent, respectively in March 2023. It is assessed there will be no significant impact as the Company settled a majority of its borrowings utilising the funds received from the rights issue.

Global economic crisis

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh heavily on the outlook. Global growth is forecasted to slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic.

Global inflation has risen from 4.1% to 6.5% in 2022 and is forecasted to decline to 6.5% in 2023 and to 4.1% by 2024.

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the effects of the prevailing macroeconomic conditions and its effects on the Company and the appropriateness of the use of the going concern basis.

In General

It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue to operate as a going concern. The Company's business recorded strong improvement in revenues compared to the previous year.

The management has formed reasonable a judgement that the Company has adequate resources to continue in operational existence for the foreseeable future driven by the continuous operationalization of risk mitigation initiatives and monitoring of business continuity and response plans, along with the financial strength of the LOLC Group.

In determining the above, significant management judgements, estimates and assumptions, the impact of the

macroeconomic uncertainties, including supply chain disruptions, power interruptions and distribution challenges on account of the prevailing foreign exchange market limitations have been considered as of the reporting date and specific considerations have been disclosed under the notes, as relevant.

The management is in constant dialog with Foreign Tour Operators [FTO's] and local Destination Management Companies [DMC's], to ascertain the current market conditions of the target market segments. Even though the industry is having a temporary drawback, those local and foreign tour operators are positive for the medium and long term. Several Foreign Tour Operators are in discussions to finalize contracts for the immediate future.

The Company expects the economy to revive with the resumption of business activities where the Company is already seeing positive momentum. Given the volatile and evolving landscape, the Company will continue to monitor the impacts on its operations and pro-actively take measures to ensure the business continues as seamlessly as possible.

SUPPLEMENTARY INFORMATION

Summarized Quarterly Statistics

Statement Value Added

Notice of Meeting

Form of Proxy

Registration of Shareholder Details for Online Participation

Summarized Quarterly Statistics

Statement of Profit or Loss and Other Comprehensive Income [in Rs 000]

	2022/23				
	30-Jun	30-Sep	31-Dec	31-Mar	Total
Revenue	722	866	16,020	240,200	257,808
Cost of Sale	(326)	(146)	(7,435)	(61,998)	(69,905)
Gross Profit	396	720	8,586	178,202	187,903
Other Income/ (Expenses)	1,006	582	2,594	624	4,805
Fair value gain in investment properties	-	-	-	13,000	13,000
Profit before operating expenses	1,401	1,302	11,179	191,827	205,709
Other operating expenses	(67,891)	(79,627)	(115,021)	(147,543)	(410,081)
Impairment provision for investments in subsidiaries				(176,159)	(176,159)
Results from operating activities	(66,489)	(78,326)	(103,841)	(131,875)	(380,531)
Net Finance Cost	(685,149)	(558,514)	(770,334)	(552,916)	(2,566,913)
Profit/ [Loss] before Taxation	(751,638)	(636,840)	(874,176)	(684,791)	(2,947,444)
Income tax expense	-	-	-	993,149	993,149
Nett profit after tax	(751,638)	(636,840)	(874,176)	308,358	(1,954,295)

Statement of Financial Position [in Rs 000]

As at	2022/23			
	30-Jun	30-Sep	31-Dec	31-Mar
Assets	12,024,923	12,230,555	13,729,587	14,058,014
Liabilities	8,396,613	9,239,083	11,612,290	12,188,466
Net assets	3,628,310	2,991,472	2,117,297	1,869,549
Share capital	5,808,000	5,808,000	5,808,000	5,808,000
Reserves	(2,179,690)	(2,816,527)	(3,690,703)	(3,938,451)
Share capital and reserves	3,628,310	2,991,473	2,117,297	1,869,549

Statement of Value Added

Year ended 31 March 2023

Statement of Profit or Loss and Other Comprehensive Income (in Rs 000)

For the year ended	2019	2020	2021	2022	2023
	In Rs "000"	In Rs "000"	In Rs "000"	In Rs "000"	In Rs "000"
Turnover(Gross)	831,654	602,851	300,711	148,676	257,808
Add: Other Income	13,299	20,705	11,871	15,207	17,805
	844,953	623,556	312,582	163,883	275,614
Less: Value Bought Out					
Materials & Services	304,739	376,235	334,064	298,601	433,082
Value Added	540,214	247,321	[21,482]	[134,718]	[157,468]
Distributed as follows:					
To Employees as Remuneration	103,183	99,705	77,814	76,646	87,530
To Government as Taxes	168,382	44,044	4,463	1,496	2,590
To Providers of Loan Capital as Interest	1,050,002	1,128,321	917,800	1,013,133	1,615,527
To Shareholders					
Retained with the Business -	[869,459]	[1,116,270]	[1,115,965]	[1,316,324]	[1,954,295]
	88,106	91,521	94,406	90,331	91,179
Total	540,214	247,321	[21,482]	[134,718]	[157,468]

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST ANNUAL GENERAL MEETING of the Company will be held on 25th September 2023 at 10.15 a.m. as an on-line audio-visual meeting with arrangements for the on-line meeting platform made at the registered office of the Company at No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya, for the following purposes :

ORDINARY BUSINESS

1. To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31st March, 2023 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. S Furkhan who retires by rotation in terms of the Article 86 of Articles of Association of the Company.
3. *To re-elect as a Director Dr. J. M. Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out below in relation to his re-election (see note 4 (b) below).
4. To re-appoint M/s PricewaterhouseCoopers, Chartered Accountants as the External Auditors of the Company for the ensuing year at a remuneration to be agreed by the Directors.
5. To approve in terms of the Companies (Donations) Act No.26 of 1951, the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Resolution as an ORDINARY RESOLUTION:

"IT IS HEREBY RESOLVED to provisionally allot 1,056,000,000 Ordinary Voting Shares, to the Shareholders holding the existing Voting Ordinary Shares of the Company, in the Register of Shareholders, as at end of trading on 2nd October 2023 [being the 3rd Market Day from and excluding the date of this Meeting, which is also referred to as the "Record Date"] ["Date of Entitlement"], by way of a Rights Issue, on the basis that every Shareholder holding One [01] Ordinary Voting Share, be provisionally allotted Two [02] new Ordinary Voting Shares, at a consideration of Rupees Ten [Rs. 10/-] per share, which consideration is in the opinion of the Board fair and reasonable to the Company and to all existing shareholders of the Company, so that, if the Rights issue in respect of the Ordinary Voting Shares is fully subscribed, the Stated Capital of the Company would increase from Rs.5,808,000,000/- represented by 528,000,000 Ordinary Voting Shares to Rs.16,368,000,000/- represented by 1,584,000,000 Ordinary Voting Shares.

that the said Ordinary Voting Shares be issued with a right to request for additional Shares, and the right to renounce the Rights Entitlement only to the Central Depository Systems (Pvt) Ltd;

that the Ordinary Voting Shares not duly subscribed for partly or fully as at the last date of Acceptance specified in the Provisional Letter of Allotment and / or where the Letter of Acceptance and Registration is rejected by the Company, as invalid be deemed to have been declined, and such declined Ordinary Voting Shares be available for allotment at the same price to the existing shareholders applying for additional Shares, on a pro-rata basis to their existing holdings, and any further unsubscribed shares remaining thereafter to be allotted to Palm Garden Hotels PLC, [after fully allotting to all applicants applying for additional rights shares].

that the new Ordinary Voting Shares so allotted shall, upon acceptance and due payment having been received by the Company rank Pari Passu in all respects with the existing Ordinary Voting Shares of the Company including the right to participate in any dividend declared, only after the final allotment which shall be after the last date of acceptance and payment."

By order of the Board
EDEN HOTEL LANKA PLC



LOLC CORPORATE SERVICES (PVT) LTD
Secretaries

23 August 2023
Rajagiriya (in the greater Colombo)

Notice of Annual General Meeting

NOTE:

- 1) A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/ her. A Proxy need not be a shareholder of the Company.
- 2) The completed Form of Proxy should be received by the Company at its Secretaries' office No. 100/1, Sri Jayawardenapura Mawatha, Rajagiriya not later than forty eight (48) hours before the start of the meeting.
- 3) A Form of Proxy accompanies this Notice.

4) IMPORTANT NOTICE:

- [a] *Special Notice was received by the Company from a shareholder of the Company giving Notice of intention to move the following Resolution at the above Annual General Meeting :
"Resolved that Dr. J. M. Swaminathan who reached the age of 70 years in 2011, be and is hereby re-elected a Director of the Company and it is further specifically declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Dr. J. M. Swaminathan."
- [b] This year the Annual Report and Financial Statements of the Company are available on the:
 - [1] Corporate Website – <https://www.browshotels.com/investor-relations/>
and
 - [2] The Colombo Stock Exchange – <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=EDEN>
Members may also access the Annual Report and Financial Statements on their electronic devices by scanning the following QR code:



For clarifications on how to download and/or access the Annual Report and Financial Statements, please contact Secretaries on +94 11 5880359 during normal office hours (8.30 a.m. to 5.00 p.m.) or email corporateservices@lolc.com.

Should Members wish to obtain a hard copy of the Annual Report, they may send a written request to the registered office of the Company by filling the request form attached to the Form of Proxy. A printed copy of the Annual Report will be forwarded by the Company within eight (8) market days from the date of receipt of the request.

Form of Proxy

I/We

of

being a member/members of the above named Company hereby appoint of

..... whom failing;

Waduthanthri Darshan Kapila Jayawardena	of Colombo or failing him
Mrs. Kalsha Upekha Amarasinghe	of Colombo or failing her
Don Soshan Kamantha Amarasekera	of Colombo or failing him
Dr. Jayanta Mootatamby Swaminathan	of Colombo or failing him
Stefan Furkhan	of Colombo

as my/our proxy to represent me/us and vote on my/our behalf at the Thirty First Annual General Meeting of the Company to be held on 25th September 2023 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid Meeting.

		For	Against
ORDINARY BUSINESS			
1.	To re-elect as a Director Mr. S Furkhan who retires by rotation in terms of Article 86 of the Articles of Association of the Company as set out in item 2 of the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-elect as a Director Dr. J. M. Swaminathan who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as set out in item 3 of the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To re-appoint M/s PricewaterhouseCoopers, Chartered Accountants as the External Auditors of the Company for the ensuing year at a remuneration to be agreed by the Directors, as set out in item 4 of the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To authorize the Directors to make donations, as set out in item 5 of the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS			
5.	<p>To resolve by way of a Ordinary Resolution, as referred to item 6 of the Notice of Meeting</p> <p>“IT IS HEREBY RESOLVED to provisionally allot 1,056,000,000 Ordinary Voting Shares, to the Shareholders holding the existing Voting Ordinary Shares of the Company, in the Register of Shareholders, as at end of trading on 2nd October 2023 [being the 3rd Market Day from and excluding the date of this Meeting, which is also referred to as the “Record Date”] [“Date of Entitlement”), by way of a Rights Issue, on the basis that every Shareholder holding One (01) Ordinary Voting Share, be provisionally allotted Two (02) new Ordinary Voting Shares, at a consideration of Rupees Ten (Rs. 10/-) per share, which consideration is in the opinion of the Board fair and reasonable to the Company and to all existing shareholders of the Company, so that, if the Rights issue in respect of the Ordinary Voting Shares is fully subscribed, the Stated Capital of the Company would increase from Rs.5,808,000,000/- represented by 528,000,000 Ordinary Voting Shares to Rs.16,368,000,000/- represented by 1,584,000,000 Ordinary Voting Shares.</p> <p>that the said Ordinary Voting Shares be issued with a right to request for additional Shares, and the right to renounce the Rights Entitlement only to the Central Depository Systems [Pvt] Ltd;</p> <p>that the Ordinary Voting Shares not duly subscribed for partly or fully as at the last date of Acceptance specified in the Provisional Letter of Allotment and / or where the Letter of Acceptance and Registration is rejected by the Company, as invalid be deemed to have been declined, and such declined Ordinary Voting Shares be available for allotment at the same price to the existing shareholders applying for additional Shares, on a pro-rata basis to their existing holdings, and any further unsubscribed shares remaining thereafter to be allotted to Palm Garden Hotels PLC, [after fully allotting to all applicants applying for additional rights shares].</p> <p>that the new Ordinary Voting Shares so allotted shall, upon acceptance and due payment having been received by the Company rank Pari Passu in all respects with the existing Ordinary Voting Shares of the Company including the right to participate in any dividend declared, only after the final allotment which shall be after the last date of acceptance and payment.”</p>	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 2023

.....
Signature of Shareholder

Form of Proxy Contd..

NOTE:

- 1] A proxy need not be a member of the company

INSTRUCTIONS AS TO COMPLETION

1. Please return the completed Form of Proxy after filling in legibly your full name and address, signing on the space provided and filling in the date of signature.
2. The completed Form of Proxy should either be:
 - (i) addressed to the 'Company Secretaries' and posted or hand delivered to the registered office of the Company at 100/1, Sri Jayawardenapura Mawatha, Rajagiriya;
or
 - (ii) Scanned and emailed to the email address: corporateservices@lolc.com with the email subject titled "EDEN AGM PROXY" not less than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy has been signed by an attorney, a copy of the Power of Attorney certified by a notary should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the company.

Registration of Shareholder Details for Online Participation

31st ANNUAL GENERAL MEETING REGISTRATION OF SHAREHOLDER DETAILS FOR ONLINE PARTICIPATION

To: LOLC Corporate Services (Pvt) Ltd
 Secretaries to Eden Hotel Lanka PLC
 100/1, Sri Jayewardenapura Mawatha,
 Rajagiriya

	Details of Shareholder	
1. Full Name/s of Shareholder/s		
2. Address/s		
3. National Identity Card Number/ Company Registration number		
4. CDS Account number		
5. Contact number/s	Land line (residence/work):	Mobile:
6. Email address/s [to which the on-line meeting link should be forwarded by the Company]		
In the event a Proxy Holder is appointed by the Shareholder		
7. Name of the Proxy holder		
8. Proxy holders NIC/PP No.		
9. Proxy holders contact No. [mandatory]	Land line (residence/work):	Mobile:
10. Proxy holder's email [it is mandatory for the proxy holder to provide an email address in order to forward the login information for the on-line meeting link]		

Important - Only registered shareholders and registered proxy holders will be permitted to log in and participate at the AGM on-line. Duly filled Form should be scanned and emailed to : corporateservices@lolc.com or Sent by facsimile to + 94 112865602 not less than 48 hours before the meeting.

I/My Proxy holder am/is willing to participate at the AGM online:

Yes No

Signature/s & date:

.....
 Principal Shareholder

.....
 1st Joint Holder

.....
 2nd Joint Holder

Corporate Information

NAME OF COMPANY

EDEN HOTEL LANKA PLC

DATE OF INCORPORATION

13th January 1992

LEGAL FORM

A Public Quoted Company with Limited Liability

COMPANY REGISTRATION NUMBER

PQ 199

STOCK EXCHANGE LISTING

The Ordinary shares of the Company are listed on the Colombo Stock Exchange

DIRECTORS

W. D. K. Jayawardena - Chairman
Mrs. K. U. Amarasinghe - Non Executive Director
S. Furkhan - Non Executive Director
D. S. K. Amarasekera Independent Director
Dr. J. M. Swaminathan - Independent Director

AUDIT COMMITTEE

Dr. J. M. Swaminathan - Committee Chairman
W. D. K. Jayawardena
D. S. K. Amarasekera

REMUNERATION COMMITTEE

Dr. J. M. Swaminathan - Committee Chairman
Mrs. K. U. Amarasinghe
D. S. K. Amarasekera

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Dr. J. M. Swaminathan - Committee Chairman
W D K Jayawardena
Mrs. K U Amarasinghe

REGISTERED OFFICE

100/1, Sri Jayawardenapura Mawatha, Rajagiriya, Sri Lanka.
Tel : +94 11 5880880
Fax : +94 11 2865606

COMPANY SECRETARIES

LOLC Corporate Services [Pvt] Ltd

AUDITORS

PricewaterhouseCoopers [Chartered Accountants]

LAWYERS

Nithya Partners [Attorneys-at-Law]

REGISTRARS

P W Corporate Secretarial [Pvt] Ltd

BANKERS

Bank of Ceylon
Nations Trust Bank PLC
Seylan Bank PLC

SUBSIDIARIES

Serendib Hotels PLC
Dolphin Hotels PLC
Hotel Sigiriya PLC
Dickwella Resorts [Private] Limited
Green Paradise [Private] Limited
Sun & Fun Resorts Limited
Bodufaru Beach Resort [Private] Limited
Browns Ari Resort [Private] Limited
Browns Raa Resort [Private] Limited
Browns Kaafu N Resorts [Private] Limited



EDEN HOTEL LANKA PLC

[Registered Office]

No. 100/1, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka

Telephone: 011-5880880 Fax: 011-2865606 [Gen]

Website: www.barcelo.com/en-ww/occidental-eden-beruwala/