

# Dolphin Hotels PLC

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Annual Report 2020/2021

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Annual Report

# Vision, Mission & Values

## OVERVIEW

### OUR VISION

“To be one of the top three contributors to the development of the hospitality industry in Sri Lanka and be the benchmark for guest service, F&B standards and management of human capital”

### OUR MISSION

#### OUR GUESTS

*To create experiences to write home about by exceeding the expectations of our guests at all times*

#### OUR CUSTOMERS

*To be the most trusted hotel partner, delivering consistently superior value at all times*

#### OUR PEOPLE

*To create an environment that will inspire our people to work with pride, happiness and passion which will reflect in service excellence thus delighting our guests*

#### OUR COMMUNITY

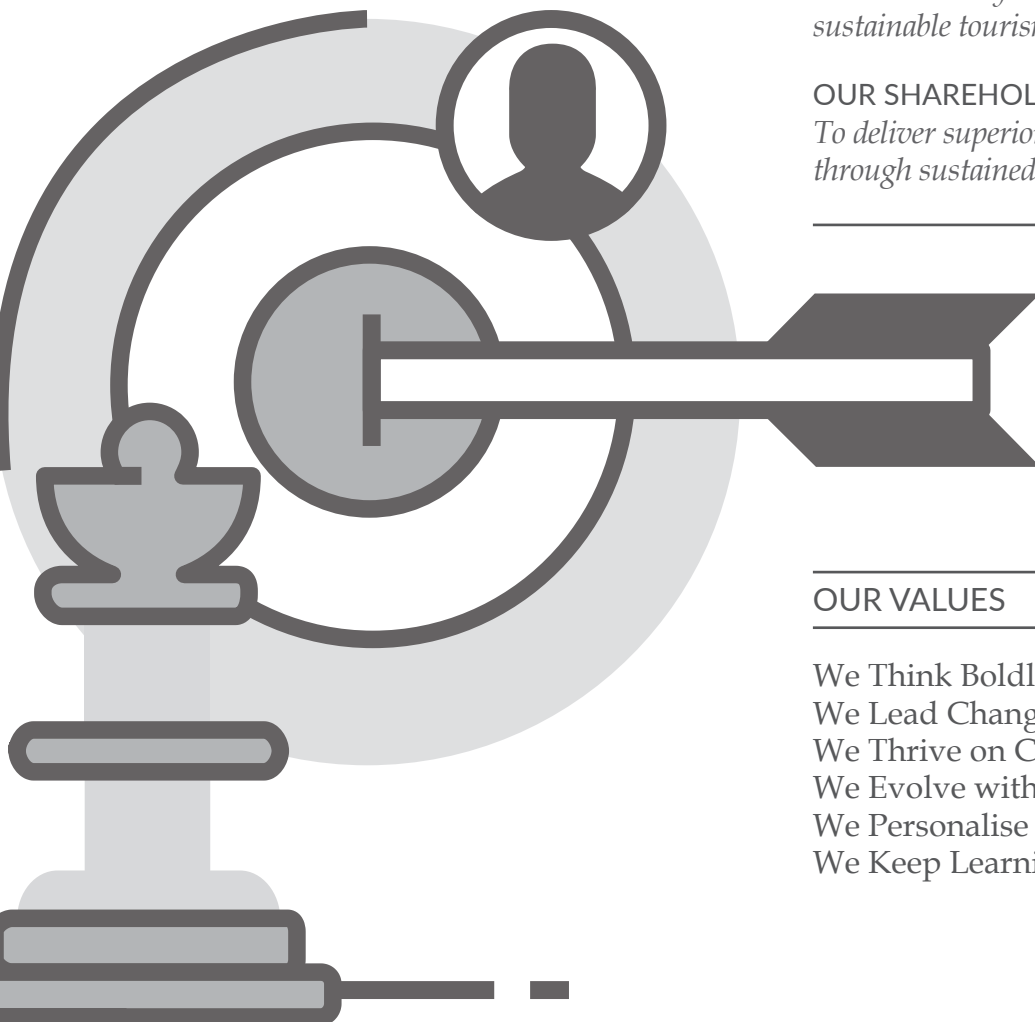
*To develop our community and protect our environment by adopting and implementing sustainable tourism initiatives*

#### OUR SHAREHOLDERS

*To deliver superior returns to our shareholders through sustained performance excellence*

### OUR VALUES

We Think Boldly  
We Lead Change  
We Thrive on Creativity  
We Evolve with Our Customers  
We Personalise Experiences  
We Keep Learning



# Financial Highlights

## OVERVIEW

Year ended 31 March		2021	2020
Revenue	Rs.000's	349,729	728,502
Profit before Interest, Tax, Depreciation & Amortization (EBITDA)	Rs.000's	29,580	139,403
Profit before Tax	Rs.000's	(36,082)	62,517
Profit after Tax	Rs.000's	(33,225)	44,485
Earnings per Share	Rs.	(1.05)	1.41
Cash Earnings per Share	Rs.	3.43	3.48
Interest Cover	Times	(1.13)	3.45
Return on Equity (ROE)	%	(1.58)	2.13
Return on Capital Employed (ROCE)	%	(2.18)	1.71

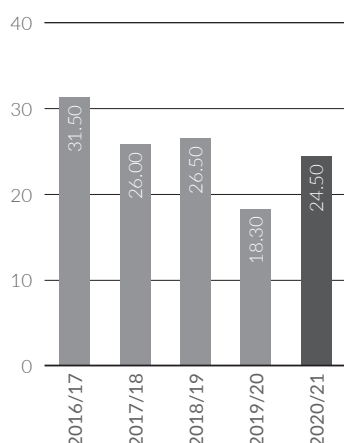
### Statement of Financial Position Highlights and Ratios

Total Assets	Rs.000's	3,223,072	3,123,780
Total Debt	Rs.000's	732,182	643,960
Total Shareholders' Funds	Rs.000's	2,103,952	2,093,150
No. of Shares in Issue		31,621,477	31,621,477
Net Assets per Share	Rs.	66.54	66.19
Debt/Total Equity	%	34.80	30.77
Debt/Total Assets	%	22.72	20.61

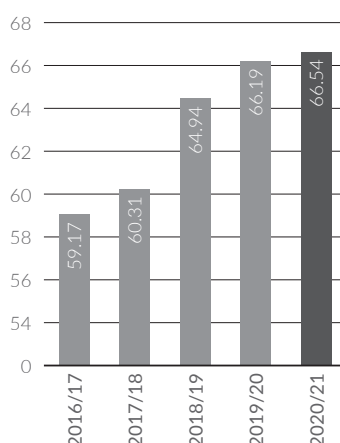
### Market/Shareholder Information

Market Price of Share as at 31 March	Rs.	24.50	18.30
Market Capitalization	Rs.000's	774,726	578,673
Price Earnings Ratio	Times	(23.32)	13.01
Dividends per Share	Rs.	Nil	Nil
Dividends Payout	%	Nil	Nil

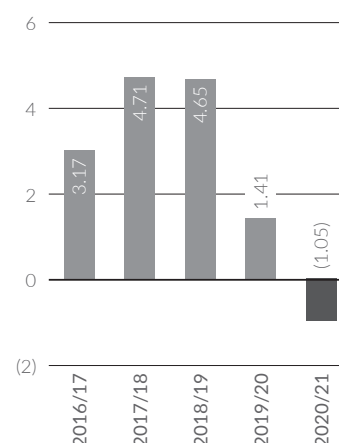
Market Price Per Share (Rs.)



Net Assets Per Share (Rs.)



Earning Per Share (Rs.)



# Chairman's Message

## LEADERSHIP



On behalf of the Board, it is my pleasure to present the Annual Report and Financial Statements of Dolphin Hotels PLC for the year ended 31 March 2021.

### GLOBAL TOURISM

The tourism industry is one of the leading industries contributing to sustainable economic growth. The tourism industry carries great significance in the economic development of any country. COVID-19 crisis has affected global travel and tourism more than any other sector globally. The ramification of COVID-19 has reduced the global mobility to a dismal level causing exorbitant economic losses for all nations dependent on the tourism sector.

### TOURISM INDUSTRY IN SRI LANKA

Travel and Tourism have been emphasized as one of the main sources of foreign exchange as well as an emerging economic sector in the country. Further, Tourism is identified as one of the main economic sectors due to the massive growth and development, the volume of foreign exchange, and huge infrastructure development, all contributing to the socio-economic development in the country.

The Sri Lankan government, fully cognizant that good infrastructure is necessary for the country to achieve economic and tourism growth, has constantly focused on bringing foreign aid into the country to build infrastructure projects. The last decade has seen a massive infrastructure development in the form of roads, railways, bridges, ports and etc, which have aided tourism growth.

*“COVID-19 pandemic has brought remarkable shocks over tourism globally”*

The government also streamlined the tourism sector's regulatory framework by setting up a 'One-Stop Unit (OSU)' to assist potential investors. Several incentives, such as VAT exemption, tax holidays for hotel development, tax exemption for MICE organizations, subsidies for the development of medical tourism facilities, and zero import duties on caravans, yachts, surfing equipment, and mini cruise boats, among others, have helped increase investment in the sector over the years. The government also launched effective marketing campaigns to negate the bad publicity caused by the civil war and to rebuild its image as a safe tourist destination. Electronic visa authorization was also introduced to ease travel into the country.

Despite all the positive initiatives taken in the previous years, COVID-19 pandemic severely impacted the tourism sector, the worst hit sector. The number of tourist arrivals came down drastically in the year under review, compared to the previous period. As a result of the quick spread of the virus, the airport was closed mid-March 2020 which resulted, no tourist arrivals during the months of April to December 2020, except for the 393 tourist arrival from Ukraine as part of a pilot project in December 2020. Even though the government reopened its borders in January 2021, the number of tourist arrivals remain low reflecting the lower demand for international travel.

### COMPANY PERFORMANCE

The Company carried out its business activities as a repatriation hotel in the year under review. Despite the negative challenges, the Company achieved 48% occupancy, compared to 66% occupancy achieved in the previous financial year. The Company recorded a revenue of Rs. 349.7Mn for the year ended 31 March 2021, compared to Rs. 728Mn recorded in the previous year.

The Company concluded 2020/21 on a negative note, recording a negative EBIT of Rs. 61.8Mn, compared to Rs. 46.7Mn positive EBIT recorded in the previous financial year.

With the objective of increasing the overall value proposition of the property and to reap the benefits when the country situation reaches normalcy, the Company is

intending to perform a much-needed refurbishment in the property. The estimated cost of the refurbishment is amounting to Rs. 215Mn.

Sales and Marketing are in constant dialogue 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. All the short term and long terms strategies are in place to achieve better results in future, when the industry conditions are back to its normal pace.

I take this opportunity, to express my sincere gratitude and appreciation to our valued guests, business partners who provided their continuous support and our staff, who are working hard during these tiring times to provide quality 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.



**W D K Jayawardena**  
*Chairman*

## Board of Directors

### LEADERSHIP



#### Left to Right - Top Row

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

#### Left to Right - Bottom Row

A R Gamage (Mrs) - Independent Director, S Kurumbalapitiya - Non-Executive Director,  
B S M De Silva - Independent Director, K J Pathiraja - Executive Director



## LEADERSHIP

**W D K JAYAWARDENA****Chairman**

Mr. W D K Jayawardena holds a 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. He served as Country Head and CEO (Sri Lanka and Maldives) of Citibank NA from 1998 to 2007. With his varied experience in the fields of Investment Banking, Banking Operations, Audit, Relationship Management, Corporate Finance, Corporate Banking and Treasury Management, Mr. Jayawardena served in the following Boards/Committees:

- Chairman of the Sri Lanka Banks' Association (SLBA) in 2003/04
- President of the American Chamber of Commerce in Sri Lanka in 2006/2007
- Member of the Financial Sector Reforms Committee (FSRC)
- Member of the National Council of Economic Development (NCED)
- Board Member of the United States - Sri Lanka Fulbright Commission.

Mr. Jayawardena joined LOLC in the year 2007 as the Group Managing Director/CEO and is the Chairman/Director of the following companies and is also on the Boards of the subsidiaries of the LOLC Group.

**Key appointments:****Chairman**

- LOLC General Insurance Ltd
- LOLC Securities Ltd
- Palm Garden Hotels PLC
- Eden Hotel Lanka PLC
- Serendib Hotels PLC
- Hotel Sigiriya PLC
- LOLC Development Finance PLC

**Director**

- LOLC Holdings PLC
- Seylan Bank PLC
- Brown & Company PLC
- Riverina Resorts (Pvt) Ltd
- LOLC International (Pvt) Ltd
- Browns Investments PLC
- LOLC Advance Technologies (Pvt) Ltd
- LOLC Asia (Pvt) Ltd
- LOLC (Pvt) Ltd
- Ceylon Graphene Technologies (Pvt) Ltd
- LOLC Africa Holdings (Pvt) Ltd
- Leapstich Technologies (Pvt) Ltd

**K U AMARASINGHE (MRS)****Non - Executive Director**

Mrs. K U Amarasinghe holds an Honours Degree in Economics and has an outstanding vision for investments. She serves on the Boards of subsidiaries of Browns Group of Companies and L O L C Holdings PLC.

**Key appointments:****Executive Director**

- LOLC Holdings PLC
- LOLC Finance PLC

**Director**

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

**D S K AMARASEKERA****Non - Executive Director**

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

## Board of Directors (Contd.)

### LEADERSHIP

#### 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. He is an Attorney-at-Law with 55 years in practice. He is a Member of the Office for Reparation 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 Member of the Company Law Advisory Commission and The Intellectual Property Law Advisory Commission. He is the Chairman of the 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 also serves on the Boards of several public and private companies.

#### B S M DE SILVA

##### *Independent Director*

Mr. B S M De Silva counts over 30 years' experience in the Tourism and Leisure industries. He was appointed to the Board in 1990. He has extensive experience in the Spice industry for over 45 years and is the Founder Chairman of the Spice Council. He is the Chairman and Managing Director of B. Darsin De Silva & Sons (Private) Limited and the Chairman of Cinnamon Training Academy Limited, Ceylon Cinnamon Geographical Indications Association and Ceylinco General Insurance Limited. Mr. De Silva holds directorships in Hotel Sigiriya PLC, Sri Lanka International Arbitration Centre, HVA Foods PLC and National Institute of Exports. He was also the former Chairman and Managing Director of Intercom Group of Companies and several other companies and is a Past President of the National Chamber of Exporters of Sri Lanka.

#### A R GAMAGE (MRS)

##### *Independent Director*

Mrs. A R Gamage was appointed to the Board in 1994. She is a Fellow of the Chartered Institute of Management Accountants U.K. Mrs. Gamage also serves as a Director of Hotel Sigiriya PLC.

#### J P S KURUMBALAPITIYA

##### *Non-Executive Director*

Mr. J P S Kurumbalapitiya has over 25 years' experience in the areas of Finance, Business Restructure, Production Management, Marketing, Construction and Project Management, Human Resource Management, and General Management, including CEO responsibilities. Prior to joining Serendib Leisure, he was the Group CFO of Rockland Distilleries (Private) Limited. He is a Fellow Member of the Institute of Chartered Accountants Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants UK. He also holds an MBA from the University of West London. He was a former council member of the Institute of Chartered Accountants of Sri Lanka. Mr. Kurumbalapitiya joined Hemas Holdings PLC in 2014 and took over responsibilities of COO of Serendib Leisure Management Ltd in 2017 and was appointed as the Managing Director of Serendib Leisure Management Ltd on 1 April 2019, prior to being appointed to the Board in March 2020. He also serves on the Boards of Serendib Hotels PLC, Hotel Sigiriya PLC and several other public and private entities.

#### K J PATHIRAJA

##### *Executive Director*

Counting over 7 years of experience in Accounting, Finance and Business Administration, Mr. K J Pathiraja currently holds the position of General Manager - Finance at Serendib Leisure Management Ltd. Mr. Pathiraja is an Associate Member of the Institute of Chartered Accountants of Sri Lanka as well as the Association of Chartered Certified Accountants, UK. He holds an MBA from the University of Southern Queensland and a bachelor's degree from the University of Sri Jayewardenepura specialised in Accounting. He was appointed to the Board in March 2020. He also serves as a Director of Hotel Sigiriya PLC and Serendib Leisure Management Ltd.

# Risk Management

## GOVERNANCE

Dolphin Hotels PLC takes a dynamic approach in risk management which ensures proactive identification, assessment and response of Key business risks. Our risk assessment process takes the likelihood and the potential impact of an event into account and lists out the action plans taken to mitigate the risk of such an event.

We have adopted the ISO 31000 standard of risk management which provides a platform that ensures the quality of managing risk within the guidelines and principles of the framework. The framework elaborates on establishing the context, risk identification, risk assessment, risk response, treatment for the risk, risk reporting and monitoring.

### THE GROUP RISK POLICY

Our policy for risk management is to proactively manage risk to ensure continued growth of our business and to protect our people, assets and reputation.

This implies that we will:

- Implement an effective and integrated risk management system while maintaining business flexibility.
- Identify and assess material risks associated with our business, monitor, manage and mitigate risks.

### Internal Control and Risk Management

The management team of Serendib Leisure Management Ltd, managing agent of Dolphin Hotels PLC, reviews and assesses significant risks on a regular basis and has implemented an oversight program to ensure that there is

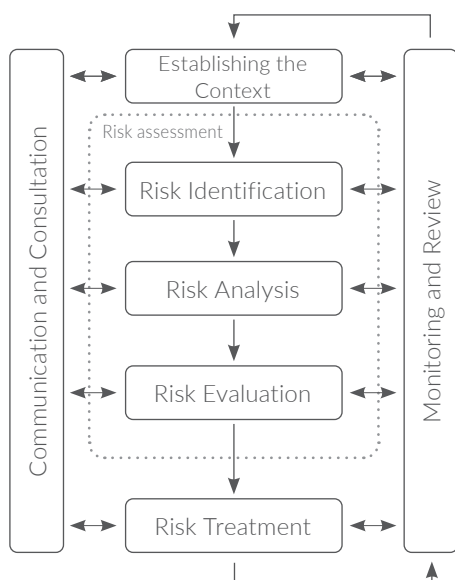
a system of information gathering, awareness and action to mitigate exposure to identified risks.

The management team of Serendib Leisure Management Ltd, managing agent of Dolphin Hotels PLC, overlooks the risk management process of the Dolphin Hotels PLC. The Group Risk Management Committee (GRMC) of LOLC Holdings PLC (ultimate parent company of Dolphin Hotels PLC) reviews the company's risk profile and provides guidance on required risk responses on a quarterly basis.

The Audit Committee of Dolphin Hotels PLC reviews and monitors internal controls. The internal audit scope is approved by the Audit Committee at the beginning of the financial year. Follow-up of internal audit findings are performed by the Internal Audit team of LOLC Holdings PLC.

The management reports on compliance to financial and operational controls based on a checklist drafted by GRMC on a quarterly basis were reviewed quarterly by the Audit Committee and necessary recommendations were made on risk responses. As a part of the Risk Management Process, the Board reviews its strategies, processes, procedures and guidelines on a continuous basis to effectively identify, assess and respond to risks. The group-wide Risk Management program is facilitated by the Group Risk and Control division with the inputs from Business Strategy, Corporate Finance, Group Treasury and Group Human Resource divisions. Risk facilitation is exercised through risk workshops, risk reviews, essential control check lists and risk reporting.

**Risk Management Process**  
ISO 31000:2009



**Risk Management Framework**  
ISO 31000:2009



## Risk Management (Contd.)

### GOVERNANCE

#### RISK EVALUATION AND MAPPING

The risk heat map is developed based on the assessment of the likelihood of occurrence and the potential impact of risks. Likelihood of occurrence is assessed on the basis of past experience and preventive actions in place. A ranking of Rare, Unlikely, Moderate, Likely and Almost Certain is assigned to all risks based on the likelihood of occurrence. The impact of the event is evaluated by determining the loss it would cause and the extent of the impact. After considering the above two factors, the impact is categorised as Insignificant, Minor, Moderate, Major and Extraordinary. The position of a risk in the risk heat map indicates whether it falls below or above the risk appetite level of Dolphin Hotels PLC.

Risk and their corresponding mitigating action plans are then reviewed by the GRMC. The identified risk is then mapped on the below risk matrix and relevant action is taken as per the risk rating.

Dolphin Hotels PLC's risk management system engages risks posed to the group on a broad front. The risk management process is entrenched in the core values of the company and the senior management demonstrates leadership in championing the company's risk management initiatives, thereby ensuring the company's competitiveness and sustainability in the long term.

Impact	Extraordinary	S	H	H	H	E
	Major	S	S	H	H	H
	Moderate	M	M	S	S	H
	Minor	L	L	M	S	S
	Insignificant	L	L	L	M	S
		Rare	Unlikely	Moderate	Likely	Almost Certain
Likelihood						

Risk Rating	Required Action
Extreme	<ul style="list-style-type: none"> <li>Board attention is required.</li> <li>Immediate action by senior management with a detailed research and management of risk through appropriate responses.</li> </ul>
High	<ul style="list-style-type: none"> <li>Board attention is required.</li> <li>Senior management responsibility is specified.</li> <li>Risk must be managed by senior management with a detailed risk treatment plan.</li> </ul>
Significant	<ul style="list-style-type: none"> <li>Senior management attention is required.</li> <li>Management responsibility is specified.</li> <li>Risks should be treated using one or more of the risk treatment options.</li> </ul>
Moderate	<ul style="list-style-type: none"> <li>Risks should be treated using one or more of the risk treatment options.</li> <li>Risk should be managed using specific monitoring or treatment procedures.</li> </ul>
Low	<ul style="list-style-type: none"> <li>Risk is accepted with minimal treatment and can normally be managed using existing routing procedures.</li> <li>Low risks need to be monitored and periodically reviewed to ensure they remain acceptable.</li> </ul>

## GOVERNANCE

## MANAGING RISK

The following framework depicts the specific and most relevant risks faced by the company and management actions to mitigate them

	Risk category	Risk Exposure	Risk Mitigating Actions
1	<b>Global Travel Risk</b> <b>Risk Assessment</b> <b>Impact:</b> <i>Extraordinary</i> <b>Likelihood:</b> <i>Almost certain</i>	Adverse impact on global travel due to country borders being shutdown/ negative travel advisories/ cancellation of flights and negative appetite of foreign travel among global travelers due to COVID-19 pandemic.	<ul style="list-style-type: none"> <li>Implementation of recommended safety protocols to ensure safety of guests and employees.</li> <li>Awareness training for COVID-19 for guests and the staff.</li> <li>Actively participate in industry associations to lobby for releasing negative travel advisories.</li> <li>Join in Destination marketing campaigns on social media and other digital media.</li> </ul>
2	<b>Liquidity Risk</b> <b>Risk Assessment</b> <b>Impact:</b> <i>Major</i> <b>Likelihood:</b> <i>Likely</i>	Risk of inability to meet short term loan repayments/supplier payments and other liabilities.	<ul style="list-style-type: none"> <li>Loan moratorium in placed for interest and capital repayments until September 2021 through government COVID-19 relief package.</li> <li>New working capital loan was taken under government COVID-19 relief package at concessionary interest rate.</li> <li>Restructuring existing loans post September 2021 to match the forecasted inflows.</li> <li>Negotiating new overdraft facilities to fund short term cash requirements.</li> <li>Negotiation of longer credit periods with suppliers.</li> <li>Re-negotiation of all contracts / subscriptions and annuities for better credit terms.</li> <li>Maintaining the fixed overheads at a minimum level to control operational cash-burn.</li> </ul>
3	<b>Risk of noncompliance</b> <b>Risk Assessment</b> <b>Impact:</b> <i>Major</i> <b>Likelihood:</b> <i>Likely</i>	Possible requirement of mandatory disclosure of star rating of hotels.	<ul style="list-style-type: none"> <li>Invest in all properties for the necessary improvements to retain the currently advertise star rating.</li> </ul>
4	<b>Market Risk</b> <b>Risk Assessment</b> <b>Impact:</b> <i>Major</i> <b>Likelihood:</b> <i>Almost certain</i>	Adverse impact on yields and occupancies due to fluctuation in demand.	<ul style="list-style-type: none"> <li>Closely monitor the socio-economic environment of the traditional markets and targeting new emerging markets.</li> <li>Analyse resources and capabilities to identify core competencies and differentiate through brand and service excellence.</li> <li>Sourcing new markets and developing new channels.</li> <li>Participate in trade fairs both local and foreign in order to promote the properties and to attract new tour operators.</li> </ul>

## Risk Management (Contd.)

### GOVERNANCE

	Risk category	Risk Exposure	Risk Mitigating Actions
5	<b>Credit Risk</b> <b>Risk Assessment</b> <b>Impact:</b> <i>Moderate</i> <b>Likelihood:</b> <i>Likely</i>	Risk arising due to default by customers due to possible bankruptcy of travel agents / tour operators. Impact on liquidity and profitability.	<ul style="list-style-type: none"> <li>• Credit is allowed only for approved customers which is reviewed bi-annually.</li> <li>• Monitor and review the overdue debtor balances monthly.</li> <li>• Obtain booking advances.</li> <li>• Compliance to laid down credit SOPs on credit control. Signing up for payment plans with Tour Operators &amp; Travel Agents.</li> </ul>
6	<b>Health and Safety Risk</b> <b>Risk Assessment</b> <b>Impact:</b> <i>Moderate</i> <b>Likelihood:</b> <i>Moderate</i>	Risk of litigation due to non-adherence to laid down health and safety regulations. This could be due to, but not restricted to food poisoning, personal or accidental harm to guests or employees.	<ul style="list-style-type: none"> <li>• Insurance taken to cover both employee and guest injuries. Further, regular maintenance of the property and equipment's is done to ensure all operating equipment are of good operating condition.</li> <li>• Group has defined its food safety standards in its Procedure Manual and all food handlers are taken through comprehensive training on the same.</li> <li>• The hotel takes all precautions from sourcing the supplier to storage and preparation of food to ensure contamination is avoided.</li> <li>• Tour operator safety standards are complied with and necessary action is taken immediately on any area of concern related to health and safety based on audit inspections done by tour operators.</li> <li>• The company sources its products and services from approved suppliers.</li> <li>• Performing quarterly health and Safety audit reviews.</li> </ul>
7	<b>Foreign Exchange Rate Risk</b> <b>Risk Assessment</b> <b>Impact:</b> <i>Moderate</i> <b>Likelihood:</b> <i>Likely</i>	Adverse impact on P&L and gearing.	<ul style="list-style-type: none"> <li>• Exchange rate movements are taken into consideration when entering into contracts with travel agents.</li> <li>• Structure Forex borrowings in proportion to the revenue currency mix.</li> <li>• Hedge in Forward Rate Agreements (FRAs).</li> </ul>
8	<b>Human Resource Risk</b> <b>Risk Assessment</b> <b>Impact:</b> <i>Moderate</i> <b>Likelihood:</b> <i>Rare</i>	Risk of losing skilled and trained human capital and recruitment of right staff for new hotel developments. Trade union activities resulting in work disruptions.	<ul style="list-style-type: none"> <li>• Establish career development programs and succession plans in order to retain and motivate the talent pool of the company.</li> <li>• Provide focused and structured training for staff at all levels to aid personal and professional development.</li> <li>• Develop a strong employer brand to attract staff of the right quality.</li> <li>• Increasing employee engagement through designing recognition programmes.</li> </ul>

# Corporate Governance

## GOVERNANCE

### INTRODUCTION

Corporate Governance involves a set of relationships between a Company's management, its Board, its shareholders and other stakeholders. Corporate Governance also provides the structure through which the objectives of the Company are set, and the means of attaining those objectives and monitoring performance are determined.

### THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Dolphin Hotels PLC is fully aware and committed to implementing governance standards that conform to best practices. As part of the corporate culture, it engages and interacts with all the stakeholders in a way that promotes mutual trust, better understanding and good faith.

The main scope of the Company's Corporate Governance policies encompass a clear description of duties and responsibilities among the Board of Directors, checks and balances, clear business roles and strategies within the Company, ethical business conduct, engagement with stakeholders through risk mitigation, upholding corporate social responsibility in sustained good corporate citizenship as well as disclosure of material information in a timely and accurate manner.

### Board of Directors

The board of Directors of the Company presently comprises of Seven members.

The Board has determined that Mr. B S M De Silva, Mrs. A R Gamage and Dr. J M Swaminathan can appropriately be classified as 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.

The Directors' profiles, shareholding and other information relating to the Board are given in the Annual Report of the Board of Directors on page 16 to 18.

### Auditors

The Auditors M/s Ernst & Young, Chartered Accountants retire and offer themselves for re appointment. The Board recommends their reappointment for the year 2021/2022 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 eco-friendly 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

As permitted by the Listing Rules of the Colombo Stock Exchange, the Audit Committee and the Remuneration Committee of the Parent Company, Serendib Hotels PLC function as the Audit & Remuneration Committees of the Company.

The said 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.

## Corporate Governance (Contd.)

### GOVERNANCE

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

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance	Description
<b>7.10</b>	<b>Corporate Governance</b>		
	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.
<b>7.10.1</b>	<b>Non-Executive Directors</b>		
	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 1/3rd of the total number of directors whichever is higher.	Complied	As at 31 March 2021 the Board comprised 6 Non-Executive Directors.
<b>7.10.2</b>	<b>Independent Directors</b>		
	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 non-executive directors appointed to the Board, whichever is higher shall be independent.	Complied	As at 31 March 2021 the Board comprised 3 Independent Directors from whom signed declarations of independence were obtained.
<b>7.10.3-4</b>	<b>Disclosures Relating to Directors</b>		
	Annual determination as to the independence or non-independence of each Non-Executive Director.	Complied	The Board has reviewed and satisfied itself as to the independent/non-independent status of the non-executive directors.  Please refer directors' profiles on page 6 to 8.
<b>7.10.5</b>	<b>Remuneration Committee</b>		
	Shall comprise of a minimum of two independent Non-Executive Directors or of non-executive directors a majority of whom shall be independent, whichever shall be higher.	Complied	As at 31 March 2021 the Committee of the parent company comprised 2 Non-Executive Directors. Both are independent.  The Chairman of the Committee is an Independent Director appointed by the Board of the parent company.  The names of the Chairman and members of the committee are indicated in the Directors' Report.



## GOVERNANCE

Sec No.	Rules of the Colombo Stock Exchange	Level of compliance	Description
<b>7.10.6</b>	<b>Audit Committee</b>		
	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.	Complied	As at 31 March 2021 the Committee of the parent company comprised 3 non-executive Directors of whom 2 are independent.  Please refer committee report on page 22.
<b>9.2.2</b>	<b>Related Party Transactions Review Committee</b>		
	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.	Complied	The Related Party Transactions Review Committee of the Parent Company, Serendib Hotels PLC functions as the Related Party Transactions Review Committee of the Company.  As at 31 March 2021 the Committee comprised 2 non-executive Directors and 1 Independent Director, who is the Committee Chairman.  Please refer committee report on page 21.

# Annual Report of the Board of Directors

## GOVERNANCE

The Board of Directors of Dolphin Hotels PLC takes pleasure in presenting their Report together with the Audited Financial Statements of the Company for the year ended 31 March 2021

### PRINCIPAL ACTIVITY

The Principal activity of the Company is operating a tourist hotel remained unchanged during the year under review. The Company owns and operates 154 rooms in Club Hotel Dolphin Waikkal.

The Directors to the best of their knowledge and belief confirm that the Company has not been engaged in any activity that contravenes laws and regulations.

### CORPORATE GOVERNANCE

The Directors confirm that the Company complies with the Rules on Corporate Governance laid down by the Colombo Stock Exchange and has adopted the relevant rules on Corporate Governance issued by the Securities & Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. The Corporate Governance practices of the Company are given from page 13 to 15 of the Annual Report.

### GOING CONCERN

The Board having considered the financial position, operating conditions, regulatory and other factors and such matters required to be addressed in the Corporate Governance Code, have a reasonable expectation that the Company possesses adequate resources to continue its operations for the foreseeable future. For this reason, the Company continues to adopt the 'Going Concern basis' in preparing the Financial Statements.

### SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements for the period ended 31 March 2021 have been prepared in accordance with the Sri Lanka Accounting Standards which were in effect up to that date. The Accounting Policies adopted in the preparation of these Financial Statements are given from page 36 to 48.

### PROPERTY PLANT & EQUIPMENT

Details of the Company's Property Plant & Equipment are found on page 53 to 54.

### STATED CAPITAL

The Stated Capital of the Company as at 31 March 2021 amounted to Rs. 316,214,770/- (2020- Rs. 316,214,770/-) divided into 31,621,477 ordinary shares.

### STATUTORY PAYMENTS & COMPLIANCE WITH LAWS AND REGULATIONS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company as at the reporting date have been paid, or where relevant, provided for in the Financial Statements.

The Company has also ensured that it has complied with the applicable laws and regulations including the Listing Rules of the Colombo Stock Exchange.

Details of Material Issues pertaining to the Employees & Industrial Relations of the Entity During the year under review there were no material issues pertaining to Employees & industrial Relations other than those disclosed in Note 23 to the Financial Statements found on page 64.

### CORPORATE DONATIONS

Donations made by the Company during the year under review amounted to Rs. 31,068 (Rs. 408,441 in 2020).

### Directors

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

#### W D K Jayawardene

*Chairman (appointed w.e.f. 11.02.2021)*

#### A N Esufally

*Outgoing chairman (w.e.f. 11.02.2021)*

#### Dr. J M Swaminathan

*Independent Director (appointed w.e.f. 11.02.2021)*

#### D S K Amarasekera

*Non-Executive Director (appointed w.e.f. 11.02.2021)*

#### Mrs. K U Amarasinghe

*Non-Executive Director (appointed w.e.f. 11.02.2021)*

#### J P S Kurumbalapitiya

*Non-Executive Director*

#### B S M De Silva

*Independent Director*

#### Mrs. R Gamage

*Independent Director*

#### K J Pathiraja

*Executive Director (resigned w.e.f. 03.06.2021)*

The profiles of the Directors are given on page 6 to 8.

## GOVERNANCE

**INTEREST REGISTER**

In compliance with the requirements of the Companies Act. No. 07 of 2007 an interest Register was maintained by the Company during the accounting period ended 31 March 2021.

**DIRECTORS' INTEREST IN CONTRACTS**

In terms of Section 192 (2) of the Companies Act. The Directors have declared their interest 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 page 19 to 20 of the Annual report.

**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.

	As at 31.03.2021	As at 31.03.2020
W D K Jayawardene	-	-
Dr. J M Swaminathan	-	-
D S K Amarasekera	-	-
Mrs. K U Amarasinghe	-	-
J P S Kurumbalapitiya	-	-
B S M De Silva	209,700	209,700
Mrs. A R Gamage	20,416	20,416
A N Esufally (resigned w.e.f. 11.02.2021)	16,565	16,565
K J Pathiraja (resigned w.e.f. 03.06.2021)	-	-

**Retirement of Directors**

In terms of Article 74 of the Articles of Association of the Company, Mr. W D K Jayawardena, Mrs. K U Amarasinghe, Mr. D S K Amarasekera retires by rotation and offers themselves for re-election. The Directors recommend their re-election.

Mrs A R Gamage who is retiring in terms of Article 86 of the Articles of Association of the Company and offer herself for re-election. The Directors recommend her re-election.

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 Financial Statements page 68.

**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 page 21 to 22 and provide further details.

## Annual Report of the Board of Directors (Contd.)

### GOVERNANCE

Board and Board Sub-committee Membership:

Director	Board	Audit Committee	RPTR Committee	Board Meeting Attendance 14.08.2020
W. D. K. Jayawardena* (appointed w.e.f. 11.02.21)	✓	-	✓	-
Mrs. K. U. Amarasinghe (appointed w.e.f. 11.02.21)	✓	-	✓	-
D. S. K. Amarasekera (appointed w.e.f. 11.02.21)	✓	✓	✓	-
Dr J M Swaminathan ** (appointed w.e.f. 11.02.21)	✓	✓	✓	-
Mr A N Esufally (res. W.e.f 11.02.21)	✓	✓	✓	✓
Mr. B S M De Silva	✓	-	-	✓
Mrs. A R Gamage	✓	-	-	✓
Mr S Kurumbalapitiya	✓	-	✓	✓

\* Chairman

\*\* Committee Chairman

### TRANSACTIONS WITH RELATED PARTIES

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

Details of related party transactions are disclosed in the financial statements.

Related Party Transactions are disclosed in Note 26 to the Financial Statements. 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.

### 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 page 31 to 71.

### DIVIDENDS

The Directors have not recommended a payment of a dividend for the year under review.

### RISK MANAGEMENT

The Company has put in place a process to identify, evaluate and manage any significant risks faced by the entity, where annual risk reviews had been carried out by the Group Risk

& Control Department of the previous management. The principal risks and mitigating actions had been reviewed by the Audit Committee on a quarterly basis.

### AUDITORS

During the year under review Messrs. Ernst & Young, Chartered Accountants, served as the External Auditors of the Company. The Auditors were paid Rs. 900,000/- as audit fees.

The Directors have confirmed that to the best of their knowledge the Auditors have had no interest in or relationship with the Company or its subsidiaries other than that of External Auditors.

The Auditors have confirmed that they are independent in accordance with the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

### AUDITORS REPORT

The Auditors report appears on page 27.

### ANNUAL GENERAL MEETING

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

For and on behalf of the Board  
Dolphin Hotels PLC



W D K Jayawardena  
Chairman  
30 August 2021



J P S Kurumbalapitiya  
Director  
30 August 2021

## Directors' Interest in Contracts with the Company

### GOVERNANCE

Related party disclosures as required by the Sri Lanka Accounting standards No. 24 on Related Party Disclosures are detailed in Note 26 to the Financial Statements. In addition, the company carried out transactions in the ordinary course of business with entities where the Directors of the Company are Directors of such entities.

The Company had two Director Boards during the year ended 31 March 2021 as the Board prior to 11 February 2021, and after. No transactions had taken place with the companies that directors of Dolphin Hotels PLC hold the directorships except for what is disclosed below.

Company	Director/s	Nature of Transaction	Value 2020/21	Value 2019/20
Hemas Holdings PLC	Mr. A N Esufally *	Sale of Goods/Services	-	233,756
		Purchase of Goods/Services	(1,458,824)	(1,705,341)
		Expenses Incurred on Behalf of the Company by Others	-	(156,155)
		Settlement of Dues from Related Parties	(74,878)	(196,378)
		Settlement of Dues to Related Parties	1,263,075	2,949,614
Serendib Hotels PLC	Mr. A N Esufally * Mr. J P S Kurumbalapitiya	Sale of Goods/Services	-	412,926
		Purchase of Goods/Services	(245,667)	-
		Expenses Incurred on Behalf of the Company by Others	(110,322)	(562,350)
		Treasury loans granted	50,000,000	260,192,000
		Recovery of treasury loans granted	-	(18,000,000)
		Loan Interest Income	37,869,171	35,386,917
		Settlement of Dues from Related Parties	-	(849,303)
		Settlement of Dues to Related Parties	161,461	569,097
Hotel Sigiriya PLC	Mr. A N Esufally * Mr. B S M De Silva Mr. A R Gamage	Sale of Goods/Services	62,858	337,193
		Purchase of Goods/Services	(182,815)	-
		Expenses Incurred on Behalf of the Company by Others	(3,902,479)	(1,500,234)
	Mr. J P S Kurumbalapitiya	Expenses Incurred on Behalf of the Others by the Company	-	218,311
	Mr. K J Pathiraja	Settlement of Dues from Related Parties	(72,556)	(2,305,336)
		Settlement of Dues to Related Parties	2,351,935	872,668

## Directors' Interest in Contracts with the Company (Contd.)

### GOVERNANCE

Company	Director/s	Nature of Transaction	Value 2020/21	Value 2019/20
Serendib Leisure Management Ltd	Mr. A N Esufally *	Settlement of Dues from Related Parties	(29,754)	(1,339,261)
	Mr. J P S Kurumbalapitiya	Settlement of Dues to Related Parties	37,803,043	45,027,852
	Mr. K J Pathiraja	Expenses Incurred on Behalf of the Company by Others	(35,469,698)	(43,224,680)
		Sale of Goods/Services	-	205,983
		Management and Accounting Fees Expense	(18,768,651)	(44,402,040)
		Settlement of management and accounting fees	19,463,408	49,679,624
		Gratuity Transfers	312,000	-
Frontier Capital Lanka (Pvt) Ltd	Mr. A N Esufally *	Sale of Goods/Services	-	21,292
	Mr. J P S Kurumbalapitiya	Purchase of Goods/Services	(26,840)	-
		Loan Interest Income	-	251,947
		Settlement of Dues from Related Parties	(315,529)	(26,354)
		Settlement of Dues to Related Parties	6,417	-
		Other	-	(6,417)
Jada Resort & Spa (Pvt) Ltd	Mr. A N Esufally *	Sale of Goods/Services	-	12,691
		Settlement of Dues from Related Parties	-	(45,000)
Diethelm Travel Lanka (Pvt) Ltd	Mr. A N Esufally *	Sale of Goods/Services	-	4,691,583
		Purchase of Goods/Services	-	(96,274)
		Settlement of Dues from Related Parties	(301,526)	(4,472,491)
		Settlement of Dues to Related Parties	32,156	64,118
Hemas Travels (Pvt) Ltd	Mr. A N Esufally *	Settlement of Dues from Related Parties	-	(42,750)
		Settlement of Dues to Related Parties	-	112,170
P H Resorts (Pvt) Ltd	Mr. A N Esufally *	Purchase of Goods/Services	-	(65,714)
LOLC Life Assurance Limited	Mrs. K U Amarasinghe **	Purchase of Goods/Services	(883,841)	-
		Settlement of Dues to Related Parties	883,841	-

\* Resigned from the Board with effective from 11 February 2021

\*\* Appointed to the Board with effective from 11 February 2021

# Report of the Related Party Transactions Review Committee

GOVERNANCE

The Related Party Transactions Review Committee of the Parent Company, Serendib Hotels PLC functions as the Related Party Transactions Review Committee of the Company.

Complying with the Listing Rules of the Colombo Stock Exchange, the Related Party Transactions Review Committee comprised the following members during the period under review:

**Mr. M A Jafferjee**

*Outgoing Committee Chairman (resigned w.e.f 25.03.2021)*

**Mr. A N Esufally**

*Non-Executive Director (resigned w.e.f 11.02.2021)*

**Mr. J P S Kurumbalapitiya**

*Non-Executive Director*

**Dr. J M Swaminathan**

*Independent Director*

*(Committee Chairman-appointed w.e.f. 01.04.2021)*

**W D K Jayawardena**

*Non-Executive Director*

*(appointed to the committee w.e.f. 01.04.2021)*

**D S K Amarasekera**

*Non-Executive Director*

*(appointed to the committee w.e.f. 01.04.2021)*

**Mrs. K U Amarasinghe**

*Non-Executive Director*

*(appointed to the committee w.e.f. 01.04.2021)*

The objectives of the Committee are to exercise oversight on behalf of the Board, that all Related Party Transactions of Serendib Hotels PLC and its listed subsidiaries other than those exempted by the Code of Best Practices on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka are consistent with the Code and that the required disclosures are made in a timely manner as required by the Code.

The RPT Policy developed by the Committee and recommended for adoption by the Board of Directors of Serendib Hotels PLC and its listed subsidiaries, is consistent with the operating model. The policy in detail is as follows:

- Defined and established threshold values for each listed company as per the Code which require discussion in detail; RPTs which have to be pre-approved by the Board and those that require immediate market disclosure, those that require Shareholder approval and RPTs which require disclosure in the Annual Report.

- Defined principles that guide RPTs which require pre-approval of the Board and those transactions that do not require prior Board approval and therefore, to be reviewed retrospectively.
- Established a process to identify the recurrent RPTs from the total RPTs.
- Set guidelines to be followed by the Senior Management in dealing with Related Parties, including the conformance with the Transfer Pricing regulations and the Code.
- Introduced standardized documentation that should be used by listed companies for presenting the RPT information to the Committee.

Further in accordance with the RPT Policy, the criteria for identifying the Group's Key Management Personnel (KMP) was established and all Executive & Non-Executive Directors of Board were identified as the KMPs in order to establish greater transparency and governance. Also, declarations were obtained from each Director and KMP of the Company for the purpose of identifying parties related to them and to provide annual disclosure.

The Committee met once during the year ended 31 March 2021. Due to the COVID-19 outbreak the Committee meetings scheduled for the months of June, October 2020 & February 2021 were not held.

The RPTRC Charter operational procedures, activities and the observations by the Committee have been communicated to the Board of Directors through verbal briefings and by tabling the minutes of the Committee Meetings at subsequent Board Meetings.

The details of the Related Party Transactions reviewed and approved by the Committee are disclosed in Note 26 of the Financial Statements for the year ended 31 March 2021 found on page 65 to 67 of the Annual Report.



**Dr. J M Swaminathan**

*Committee Chairman*

# Report of the Audit Committee

## GOVERNANCE

The Audit Committee of the Parent Company, Serendib Hotels PLC functions as the Audit Committee of the Company.

### COMPOSITION

The members of the Audit Committee as at 31 March 2021 were as follows:

**M A Jafferjee**

*Outgoing Committee Chairman (resigned w.e.f. 25.03.2021)*

**A N Esufally**

*Non-Executive Director (resigned w.e.f. 11.02.2021)*

**Dr. J M Swaminathan**

*Independent Director*

*(Committee Chairman - appointed w.e.f. 01.04.2021)*

**T M Wijesinghe**

*Independent Director*

**D S K Amarasekera**

*Non-Executive Director*

*(Committee member - appointed w.e.f. 01.04.2021)*

The Audit Committee ("the Committee") has been formally appointed by the Board of Directors of the parent Company in conformity with the Listing Rules of the Colombo Stock Exchange. The Chairman of the Audit Committee is an Independent Non- Executive Director.

Subsequent to a change in ownership Mr. Murtaza Ali Jafferjee stepped down as the Audit Committee Chairman w.e.f. 25 March 2021 and Dr. J M Swaminathan was appointed as the Committee Chairman instead.

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.

The activities and views of the Committee have been communicated to the Board through verbal briefings and by tabling the Minutes of the Committee Meetings.

### ROLE OF THE COMMITTEE

The Audit Committee operates within the Terms of Reference outlined in its Charter and assist the Board in fulfilling their oversight responsibilities in the following areas.

- i) Ensuring the quality and integrity of the Company's Financial Statements and financial reporting process, including the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with the Sri Lanka Accounting Standards.
- ii) Monitoring the system of internal accounting and financial controls of the Company.
- iii) Ensuring compliance with legal and statutory requirements including financial reporting requirements, disclosure requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- iv) Overseeing the performance of Internal Audit functions including the process to ensure that the internal controls and risk management of the Company are adequate.
- v) Assessing the independence and performance of the External Auditors of the Company and make recommendations to the Board pertaining to the appointment, re appointed or removal of External Auditors and their remuneration and approve terms of engagement.

### INTERNAL AUDIT

The Internal Audit Function of the Company had been carried out by the Enterprise Risk Management Division of the previous shareholders during the year. Internal audit had independently reviewed the financial and internal control systems of the Company. It had carried out independent audits in accordance with an internal Audit Plan which is approved by the Audit Committee before the commencement of the financial year.

The Enterprise Risk Management Division follows up on the implementation of recommendations and reports the progress to the Audit Committee.



**EXTERNAL AUDIT**

The External Audit function of the Company is carried out by Messrs Ernst & Young, Chartered Accountants. The External Auditors' Letter of Engagement including the scope of the Audit is discussed with the External Auditors and the Management prior to commencement of the Audit.

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Confirmation has been obtained from the External Auditors of their compliance with the independence guidelines given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka.

The Auditors M/s Ernst & Young, Chartered Accountants retire and offer themselves for re-appointment. The Board recommends their reappointment for the year 2021/2022 at a fee to be decided upon by the board.

The Committee met once during the year. Due to the COVID-19 outbreak the Audit Committee meeting scheduled for the months of June, October 2020 & February 2021 were not held. However, approving of the Quarterly financials were done by circulation.



**Dr. J M Swaminathan**  
*Chairman - Audit Committee*

Club Hotel

*Dolphin*

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# Statement of Directors' Responsibility in Relation to Preparing Financial Statements

## FINANCIAL REPORTS

The Statement of Directors' responsibilities is to be read in conjunction with the Report of the Auditors and is made to distinguish the respective responsibilities of the Directors and of the Auditors in relation to the Financial Statements.

The Companies Act No. 7 of 2007 requires that the Directors to prepare and circulate among Shareholders, Financial Statements which give a true and fair view of the state of affairs of the Company as at the Balance Sheet date and the profit and loss of the Company for the financial year.

The Directors are required to ensure that in preparing the Financial Statements;

- Appropriate accounting policies are used, selected and applied in a consistent manner, and material departures, if any, have been disclosed and explained.
- All applicable and relevant Accounting Standards have been followed.
- Judgements and estimates have been made which are reasonable and prudent.

The Directors confirm that the company maintains accounting records, with reasonable accuracy. The financial position of the Company and that the Financial Statements have been prepared in accordance with the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and have provided the information required by or otherwise complied with the Rules of the Colombo Stock Exchange.

The Directors having reviewed the Company's future financial projections cash flows and current performance, are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. The Directors have thus adopted a 'Going concern basis' in preparing the Financial Statements.

The Directors have also taken reasonable steps to safeguard the assets of the Company and to establish proper systems of internal control with a view to detect and prevent any irregularities.

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

### COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that was due in respect of the Company as at the Balance Sheet date have been paid or where relevant provided for in the Financial Statements.

By Order of the Board of  
**DOLPHIN HOTELS PLC**



**W D K Jayawardena**  
*Chairman*

30 August 2021

# Independent Auditor's Report



Ernst & Young  
Chartered Accountants  
201 De Saram Place  
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Sri Lanka

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## TO THE SHAREHOLDERS OF DOLPHIN HOTELS PLC

### Report on the audit of financial statements

#### Opinion

We have audited the financial statements of Dolphin Hotels PLC ("the Company"), which comprise the statement of financial position as at 31 March 2021, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for opinion

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

#### Key audit matters

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

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

## Independent Auditor's Report (Contd.)

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment testing of significant Non-Current Assets</b> As at 31st March the Company reported Property, Plant &amp; Equipment which included Land and Buildings amounting to Rs. 1,816 Mn accounted for 56% of the Total Assets of the Company.</p> <p>The continuing impacts of COVID-19 on the Company's results, have been considered a trigger for impairment testing of Non-Current Assets. The Company tested significant Non-Current Assets for impairment based on the recoverable amount determined using fair value less cost to sell.</p> <p>Impairment testing of significant non-current assets was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of Land and Buildings including the impacts of COVID-19. The fair valuation this year contains higher estimation uncertainties as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value</li> <li>Key areas of significant judgments, estimates and assumptions included the following: <ul style="list-style-type: none"> <li>estimate of per perch value of the land and per square foot</li> <li>value of buildings</li> </ul> </li> </ul>	<p>Our audit procedures included the following;</p> <ul style="list-style-type: none"> <li>We read the reports of the external valuer and understood the key estimates made and the approach taken by the valuers in determining the valuation of land &amp; buildings;</li> <li>We engaged our internal resources to assist us in <ul style="list-style-type: none"> <li>assessing the appropriateness of the valuation techniques used and the reasonableness of the significant judgements and assumptions such as per perch price and value per square foot used by the valuer</li> <li>we discussed with the external valuer and those charged with governance, the external valuer's judgments, assumptions and estimates used by the external valuer and compared the same with relevant published data; and</li> </ul> </li> <li>We have also assessed the adequacy of the disclosures made in Note 3.7 and 11 to the financial statements</li> </ul>

### Other Information included in the 2020/2021 Annual Report

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

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

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

## *Independent Auditor's Report (Contd.)*

### **Responsibilities of the management and those charged with governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company'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 or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

- 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## *Independent Auditor's Report (Contd.)*

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

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

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

### **Report on other legal and regulatory requirements**

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.



28 May 2021  
Colombo

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

A member firm of Ernst & Young Global Limited



# Statement of Financial Position

## FINANCIAL REPORTS

As at 31 March	Note	2021 Rs.	2020 Rs.
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	11	1,938,505,289	1,973,074,181
Intangible Assets	12	4,035,808	10,068,929
Other Financial Assets	13	944,878,412	810,957,224
Total Non-Current Assets		2,887,419,509	2,794,100,334
<b>Current Assets</b>			
Inventories	14	18,638,654	20,649,157
Trade and Other Receivables	15	92,916,719	146,491,748
Cash and Cash Equivalents	16	224,097,571	162,538,833
Total Current Assets		335,652,944	329,679,738
<b>Total Assets</b>		<b>3,223,072,453</b>	<b>3,123,780,072</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated Capital	17	316,214,770	316,214,770
Other Components of Equity	18	635,262,113	594,970,045
Retained Earnings		1,152,475,329	1,181,964,720
Total Equity		2,103,952,212	2,093,149,535
<b>Non-Current Liabilities</b>			
Interest Bearing Loans and Borrowings	19	646,088,849	562,947,849
Deferred Tax Liability	9	192,206,542	196,012,166
Retirement Benefit Obligation	20	31,617,649	30,987,615
Total Non-Current Liabilities		869,913,040	789,947,630
<b>Current Liabilities</b>			
Trade and Other Payables	21	150,640,437	149,377,772
Dividends Payable	22	3,754,046	3,754,046
Income Tax Payables		8,719,145	6,539,106
Interest Bearing Loans and Borrowings	19	73,334,191	47,679,991
Bank Overdraft	16	12,759,382	33,331,992
Total Current Liabilities		249,207,201	240,682,907
<b>Total Equity and Liabilities</b>		<b>3,223,072,453</b>	<b>3,123,780,072</b>

These financial statements are 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 these financial statements.  
Signed for and on behalf of the Board by.



**W D K Jayawardena**  
Director



**J P S Kurumbalapitiya**  
Director

The accounting policies and notes on page 36 through 71 form an Integral Part of the financial statements.

28 May 2021  
Colombo

## Statement of Profit or Loss

### FINANCIAL REPORTS

Year ended 31 March	Note	2021 Rs.	2020 Rs.
Revenue	5	349,728,671	728,502,170
Cost of Sales		(82,351,280)	(220,195,669)
Gross Profit		267,377,391	508,306,501
Other Operating Income and Gains	6	23,220,132	28,419,861
Sales and Marketing Expenses		(2,240,006)	(14,420,811)
Administrative Expenses		(350,253,301)	(475,578,547)
Operating Profit/(Loss)		(61,895,784)	46,727,004
Finance Cost	7	(16,936,941)	(25,544,119)
Finance Income	7	42,750,989	41,333,634
Profit/(Loss) Before Tax		(36,081,736)	62,516,519
Income Tax Expense	9	2,856,622	(18,031,041)
<b>Profit/(Loss) for the Year</b>		<b>(33,225,114)</b>	<b>44,485,478</b>
Earning/(Loss) Per Share - Basic	10	(1.05)	1.41

The accounting policies and notes on page 36 through 71 form an Integral Part of the financial statements.

# Statement of Comprehensive Income

FINANCIAL REPORTS

Year ended 31 March	Note	2021 Rs.	2020 Rs.
Profit for the Year		(33,225,114)	44,485,478
<b>Other Comprehensive Income</b>			
<b>Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods</b>			
Net Movement on Cash Flow Hedge	18	-	(2,108,240)
Net Other Comprehensive Loss to be Reclassified to Profit or Loss in Subsequent Periods		-	(2,108,240)
<b>Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods</b>			
Fair Value Loss on Fair Value Through OCI Investments	13	(746,812)	(247,122)
Revaluation of Land and Buildings	11	47,719,628	-
Deferred Taxation Attributable to Revaluation of Land and Buildings	9	(6,680,748)	-
Defined Benefit Obligation Actuarial Gain/(Loss)	20	4,343,864	(3,065,975)
Deferred Taxation Attributable to Actuarial (Gain)/Loss	9	(608,141)	429,236
Net Other Comprehensive Income/(Loss) not to be Reclassified to Profit or Loss		44,027,791	(2,883,861)
Other Comprehensive Income/(Loss) for the Year, Net of Tax		44,027,791	(4,992,101)
<b>Total Comprehensive Income for the Year, Net of Tax</b>		<b>10,802,677</b>	<b>39,493,377</b>

The accounting policies and notes on page 36 through 71 form an Integral Part of the financial statements.

# Statement of Changes in Equity

## FINANCIAL REPORTS

	Note	Attributable to Equity Holders of the Parent						Total
		Other Component of Equity			Revaluation Reserve			Retained Earnings
		Stated Capital	Cash Flow Hedge Reserve					
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Balance as at 31 March 2019</b>		316,214,770	2,108,240	596,486,629	(1,269,462)	1,140,115,981	2,053,656,158	
Net Profit for the Year						44,485,478	44,485,478	
<b>Other Comprehensive Income</b>								
Net Movement of Cash Flow Hedge	18		(2,108,240)				(2,108,240)	
Fair Value Loss on Fair Value Through OCI Investments	18				(247,122)		(247,122)	
Actuarial Loss on Defined Benefit Obligation	20					(3,065,975)	(3,065,975)	
Deferred Taxation Attributable to Actuarial Loss	9					429,236	429,236	
<b>Total Comprehensive Income</b>		-	(2,108,240)	-	(247,122)	41,848,739	39,493,377	
<b>Balance as at 31 March 2020</b>		316,214,770	-	596,486,629	(1,516,584)	1,181,964,720	2,093,149,535	
<b>Balance as at 1 April 2020</b>		316,214,770	-	596,486,629	(1,516,584)	1,181,964,720	2,093,149,535	
Net Profit for the Year						(33,225,114)	(33,225,114)	
<b>Other Comprehensive Income</b>								
Revaluation of Land & building	11			47,719,628			47,719,628	
Deferred Taxation Attributable to Revaluation of Land and Buildings	9			(6,680,748)			(6,680,748)	
Fair Value Loss on Fair Value Through OCI Investments	18				(746,812)		(746,812)	
Actuarial Gain on Defined Benefit Obligation	20					4,343,864	4,343,864	
Deferred Taxation Attributable to Actuarial Gain	9					(608,141)	(608,141)	
Total comprehensive Income		-	-	41,038,880	(746,812)	(29,489,391)	10,802,677	
<b>Balance as at 31 March 2021</b>		316,214,770	-	637,525,509	(2,263,396)	1,152,475,329	2,103,952,212	

The accounting policies and notes on page 36 through 71 form an integral part of the financial statements.

# Statement of Cash Flows

## FINANCIAL REPORTS

Year ended 31 March	Note	2021 Rs.	2020 Rs.
<b>Operating Activities</b>			
Net Profit/(loss) Before Income Tax		(36,081,736)	62,516,519
<b>Adjustments for</b>			
Depreciation	11	87,218,502	87,133,280
Amortisation	12	4,257,391	5,542,801
Finance Income	7	(42,750,989)	(41,333,634)
Foreign Currency (Gain)/Losses		4,713,241	(19,683,697)
Finance Costs	7	16,936,941	25,544,119
Employee Benefit Provision	20	5,653,029	5,554,958
Impairment Provision/(Reversal) of Debtors	15	(9,435,748)	2,971,864
Loss on Disposal of Intangible Assets		5,748,631	-
		36,259,262	128,246,210
<b>Working Capital Adjustments:</b>			
(Increase)/Decrease in Inventories		2,010,503	(2,296,461)
Decrease/(Increase) in Trade and Other Receivables		96,361,460	56,301,345
Increase/(Decrease) in Trade and Other Payables		(18,553,463)	(46,637,068)
Cash Generated from Operations		116,077,762	135,614,026
Finance Costs Paid		(680,766)	(1,038,332)
Employee Retirement Benefit Paid	20	(991,131)	(5,889,205)
Income Tax Paid		(6,054,284)	(18,760,845)
Net Cash Flows from Operating Activities		108,351,581	109,925,644
<b>Investing Activities</b>			
Purchase of Property, Plant and Equipment	11	(4,929,983)	(11,724,652)
Purchase of Intangible Assets		(1,168,500)	-
Loans Given to Related Parties	13	(50,000,000)	(233,738,246)
Loans Settled by Related Parties	13	-	18,000,000
Finance Income		4,878,250	2,220,176
Net Cash Flows Used in Investing Activities		(51,220,233)	(225,242,722)
<b>Financing Activities</b>			
Dividends Paid		-	(1,800)
Loans Obtained During the Period	19	25,000,000	-
Repayment of Interest Bearing Loans and Borrowings	19	-	(5,383,320)
Net Cash Flows from/(used in) Financing Activities		25,000,000	(5,385,120)
Net Increase/(Decrease) in Cash and Cash Equivalents		82,131,348	(120,702,198)
Cash and Cash Equivalents at the Beginning of the Year		129,206,841	249,909,039
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>16</b>	<b>211,338,189</b>	<b>129,206,841</b>

The accounting policies and notes on page 36 through 71 form an Integral Part of the financial statements.

# Notes to the Financial Statements

## FINANCIAL REPORTS

### 1. CORPORATE INFORMATION

#### 1.1 General

Dolphin Hotels PLC ("Company") is a Public limited liability Company listed on the Colombo Stock Exchange incorporated and domiciled in Sri Lanka. The registered office is located at No. 75, Braybrooke Place, Colombo 2.

#### 1.2 Principal Activities and Nature of Operations

The principal activity of the Company is operation of a hotel in Waikkal, Sri Lanka.

#### 1.3 Parent Entity and Ultimate Parent Entity

The Company's ultimate parent undertaking and controlling party was Hemas Holdings PLC which is incorporated in Sri Lanka up to 15 December 2020.

On 15 December 2020, Serendib Hotels PLC which is the immediate parent of Dolphin Hotels PLC has acquired by Eden Hotel Lanka PLC. Thus, subsequent to 15 December 2020, Company's first intermediate, second intermediate and ultimate parent undertaking and controlling parties are Eden Hotel Lanka PLC, Browns Investments PLC and LOLC Holdings PLC respectively, which are incorporated in Sri Lanka. However, Serendib Hotels PLC continues to be the immediate parent of the Company despite of the said acquisition.

Though the acquisition of Serendib Hotels PLC by Eden Hotel Lanka PLC has effected in 15 December 2020, 31 December 2020 was considered as the effective date of the acquisition for the reporting purpose.

#### 1.4 Date of Authorisation for Issue

The Financial Statements of Dolphin Hotels PLC for the year ended 31 March 2021 were authorised for issue, in accordance with a resolution of the Board of Directors on 28 May 2021.

#### 1.5 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors' Responsibility Report in the Annual Report.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 07 of 2007.

#### 2.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the financial statements continue to be prepared on going concern basis.

Due to the significant uncertainty arising from the COVID-19 pandemic management has performed a detailed going concern review of company's liquidity positions to ensure that there is enough headroom to withstand negative cash flow impacts, performance of the company and the related impact to the company considering the evolving situations as outlined below.

COVID-19 outbreak has caused an unprecedented crisis to the global tourism industry. Following the declaration of the virus being a pandemic by the World Health Organization (WHO), world tourism has virtually come to a halt as travel restrictions have been imposed by almost all countries across the globe. As a result, Sri Lanka too closed its borders from 18 March 2020 onwards to prevent the spread of the virus, resulting in zero tourist arrivals into the island till December 2020. Ending a nine-month-long travel ban imposed due to the pandemic situation, 393 tourists from Ukrain arrived to the island in a series of charters under a pilot project starting from 28 December under strict regulatory controls imposed by the Sri Lankan Health and Tourism authorities.

Even though travel restrictions were relaxed and there were signs of domestic travel increasing, the sudden surge of Covid-19 infected cases in the country, once again curtailed free travel. This had an impact on domestic tourism.

After the lifting of the national lockdown and increase in repatriation flights to Sri Lanka, Dolphin Hotels PLC was converted to paid quarantine center for Sri Lankans returning from overseas undergoing government regulated mandatory quarantine.

To date the overall impact of the pandemic on the company revenues and profitability was negative, both in the last few weeks of FY 2019/20 and continuing on to FY 2020/21. Cost cutting and cash conservation measures to protect the business have already been initiated. We have deferred capital expenditure and discretionary spending and instituted salary cuts at the senior levels in the Company. The Company is working through a detailed plan on cash conservation and cost containment. Moreover, Company

has also looked at the potential sources of funding that can be used if required. Management is also working on a sound business continuity plan designed for the Company. The existing and anticipated impact of the pandemic on the Company have been adequately evaluated and addressed through wide range of factors under multiple stress tested scenarios. With such strong measures taken by the management to curtail the impact from the pandemic to the Company and considering the available resources with the Company, the Directors have concluded that the use of the going concern assumption is appropriate and the Company has adequate resources to continue its operations for the foreseeable future.

Following challenging current operational and economic conditions due to the ongoing COVID-19 pandemic, the Company has reassessed the expected future business performance relating to cash generating units where the management has concluded that the recoverable value of CGU exceeds its carrying value.

### 2.3 Basis of Measurement

The Financial Statements of the Company have been prepared on an accrual basis and under the historical cost convention other than lands, buildings, right of use assets, fair value through other OCI investments and fair value through P&L investments carried at valuation.

### 2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees, which is also the parent company's functional and presentation currency.

### 2.5 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.

### 2.6 Comparative Information

The presentations and classification of Financial Statements of the previous years have been amended for better presentation and to be comparable with those of the current year.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for all periods presented in the Financial Statements by the Company except fair valuation policy on right of use assets which was adapted with effective from 01 January 2021.

Accordingly, the Company has adopted fair valuation policy on right of use assets recognized under SLFRS 16. However, the adoption did not result in any changes to the financial statements of the Company as there are no any active leases as of 01 January 2021 and 31 March 2021.

The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

### 3.1 Foreign Currency

Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or transaction of monetary items are recognised in Profit or Loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured fair value is treated in line with the recognition of gain or loss on change in fair value in the item (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 3.2 Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- It does not have the right at the reporting date to defer the settlement of the liability by the transfer of cash or other assets for at least 12 months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

#### 3.3 Fair Value Measurement

The Company measures financial instruments such as Fair Value Through OCI Financial Assets, Fair Value Through P&L Financial Assets, Financial Derivatives and Non-Financial Assets such as certain classes of Property, Plant and Equipment and Right of Use Assets, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised under the respective notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period. External valuers are involved for valuation of significant assets, such as properties and significant liabilities, such as defined benefit obligations.

Involvement of external valuers is decided upon annually after discussion with and approval by the Company's Board Audit Committee wherever necessary. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Board Audit Committee whenever necessary after discussions with the Company's external valuers decide which valuation techniques and inputs to use for each case.



## FINANCIAL REPORTS

At each reporting date the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing on the information in the valuation computation to contracts and other relevant documents. The Management in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

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

### 3.4 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

#### 3.4.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

##### 3.4.1.1 Revenue

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

##### a) Principal versus agent considerations

In determining whether the Company is the principal or the agent pertaining to the certain revenue contracts the Company has evaluated who has control over the goods and service before transferring it to the customer;

The following factors were also considered;

- The primarily responsibility for fulfilling the promise to provide the specified goods or the service.
- Inventory risk before or after the specified goods has been transferred to the customer.
- The discretion in establishing the price for the specified equipment.

Based on the above factors if the Company concludes that it has control over the goods & services before transferring it to the customer, Company act as the principal in which case revenue will be recognised at gross and if the Company does not have control over the goods before transferring it to the customer, it will recognise revenue on the contract on a net basis as an agent.

##### b) Evaluation of Point of Transfer of Control of Goods or Services to the Customer

The following factors were considered in determining the point of transfer of control to the customer.

- The entity has a present right to payment for the asset
- The customer has legal title to the asset
- The entity has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset

Whilst the above indicators assist in the determination of transfer of control, non of the indicators above are meant to individually determine whether control has been transferred. Further not all of them must be present. Hence the above evaluation requires significant judgement.

##### 3.4.1.2 Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## Notes to the Financial Statements (Contd.)

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#### 3.4.2 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### 3.4.2.1 Revaluation of Property, Plant and Equipment and Right of Use Assets

The Company carries its lands, buildings and right of use assets at revalued amounts with changes in fair value being recognised in OCI. The Company engages an independent valuation specialist to assess fair value for the said assets. Lands, buildings and right of use assets values by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The valuation methodology adopted and the key assumptions to determine the fair value of the properties and sensitivity analyses are provided in relevant notes as required.

##### 3.4.2.2 Impairment of Non - Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

##### 3.4.2.3 Defined Benefit Plans

The cost of defined benefit plans-gratuity is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, futures salary increases and retirement age. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date.

#### 3.5 Revenue from contracts with customers

##### 3.5.1 Recognition of Revenue

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

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

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In determining the transaction price for the revenue contracts, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration to the customer (if any).

Room revenue is recognised based on the rooms occupied on a daily basis, and food and beverage are accounted for at the time of sale.

In connection with contracts with travel agents, tour operators, on-line travel agents, corporate customers and free-individual-travellers, the Company identified certain principal versus agent considerations. In recognising revenue from these transactions, the Company considered whether the nature of its promise is a performance obligation to provide the hotel services itself (acting as a principal) or to arrange for the other party to provide those such services (acting as an agent).

### 3.5.1.1 Goods Transferred at a Point in Time

Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and services.

### 3.5.1.2 Services Transferred Over Time

Under SLFRS 15, the Company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied overtime, the Company recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

### 3.5.2 Contract Liabilities

Contract liabilities are Company's obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. Contract liabilities includes advances received for reservations. Contract liabilities of the Company have been disclosed in other current liabilities note.

## 3.6 Taxation

### a) Current Income Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the country where the Company operates and generates taxable income. Current income tax

relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Management has used its judgment on the application of tax laws including transfer pricing regulations involving identification of associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

### b) Deferred Taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except;

Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 3.7 Property, Plant and Equipment

Plant and Machinery, Furniture, Fittings and Equipment, Motor Vehicles and Cutlery, Crockery, Glassware and Silverware are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company de-recognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred.

Land and its improvements, buildings and swimming pool are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Where Land and Buildings are subsequently revalued, the entire class of such assets is revalued. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of profit or loss, in which case the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it

offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

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

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:

	2021	2020
Buildings on Freehold Land	Over maximum period of 60 years	Over maximum period of 60 years
Furniture, Fittings and Equipment	5 -10 Years	5 -10 Years
Motor Vehicles	5 -10 Years	5 -10 Years
Plant and Machinery	5 -10 Years	5 -10 Years
Swimming Pool	Over maximum period of 60 years	Over maximum period of 60 years
Cutlery, Crockery, Glassware and Silverware	2-3 Years	2-3 Years

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

Capital Work In Progress is recognized at cost and subsequently it is carried at cost less accumulated impairment.

#### Borrowing Costs

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

### 3.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible assets.

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

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is de-recognised.

### 3.9 Inventory

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:

Foods and Beverages Stocks	At actual cost on weighted average basis.
Maintenance and Others	At actual cost on weighted average basis.

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

### 3.10 Financial Instruments

#### 3.10.1 Financial Assets

##### 3.10.1.1 Initial Recognition and Measurement

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

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

##### 3.10.1.2 Subsequent Measurement

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

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

#### a) Financial Assets at Amortised Cost (Debt Instruments)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets at amortised cost includes trade receivables, loans to employees and loans to related parties.

#### b) Financial Assets at Fair Value Through OCI (Debt Instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company do not classified any instrument under this category as of 31 March 2021.

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

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

Gains and losses on these financial assets are never recycled to Statement of Profit or Loss. Dividends are recognised as other income in the Statement of Profit or Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its listed and non-listed equity investments under this category.

#### d) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Profit or Loss.

The Company did not classify any instrument under this category as of 31 March 2021.

#### 3.10.1.3 De-recognition

A financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.



### 3.10.1.4 Impairment of financial assets

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 3.10.2 Financial Liabilities

### 3.10.2.1 Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

### 3.10.2.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

#### a) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified as at FVPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities

at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

#### b) Loans and borrowings

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit or Loss. This category generally applies to interest bearing loans and borrowings.

### 3.10.2.3 De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

### 3.10.2.4 Offsetting of financial instruments

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

## 3.10.3 Derivative Financial Instruments and Hedge Accounting

### 3.10.3.1 Initial Recognition and Subsequent Measurement

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

### 3.10.3.2 Cash Flow Hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited

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to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

#### 3.10.4 Cash and Short-Term Deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the Company's Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

#### 3.11 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 3.12 Retirement Benefits

##### a) Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

##### b) Defined Benefit Plans - Gratuity

A defined benefit plan is post-employment benefits plan other than a defined contribution plans - Employees' Provident Fund and Employees' Trust Fund. The liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

The defined benefit obligation is calculated using the 'Projected Unit Credit method'. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

Provision has been made in the Financial Statements for retiring gratuities from the first year of service for all employees, in conformity with LKAS 19 - "Employee Benefits". Actuarial gain or losses are recognised in Other Comprehensive Income (OCI) in the period which it arises.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued service. The liability is not externally funded.

#### 3.13 SLFRS 16 - Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company only reassesses whether a contract is, or contains, a lease subsequent to initial recognition if the terms and conditions of the contract are changed.

##### 3.13.1 Right of use assets

The Company recognizes right of use assets at the commencement date of the lease, when the underlying asset is available for use. Right of use assets are measured initial at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Subsequent measurement basis of Right of Use asset was at fair value. However, the management decided to change the said measurement basis from cost to fair value with effective from 01 January 2021. There was no impact to the financial statements from the said policy change as there was no active operating leases as of 01 January 2021 and 31 March 2021.



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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. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right of use assets are subject to impairment.

### 3.13.2 Lease liabilities

At the commencement date of the lease, the Company recognizes 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. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans and borrowings.

### 3.13.3 Short-term leases and leases of low-value assets

The Company 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.

## 4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards that are issued, but not yet effective to the date of issuance of these financial statements are disclosed below. None of the new or amended pronouncements are expected to have a material impact on the financial statements of the Company in the foreseeable future. The Company intends to adopt these amended standards, if applicable, when they become effective.

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

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark

reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

### 4.2 Amendments to SLFRS 16 - COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020.

### 4.3 Amendments to SLFRS 3: Definition of a Business - referred to the Conceptual Framework

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. IASB also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

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

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

#### 4.5 Onerous Contracts - Costs of Fulfilling a Contract - Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation

of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments

#### 4.6 Property, Plant and Equipment: Proceeds before Intended Use - Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

## FINANCIAL REPORTS

**5. REVENUE**

Year ended 31 March	2021 Rs.	2020 Rs.
Accommodation, Food and Beverage	348,983,796	719,213,099
Others (Hotel Operations)	744,875	9,289,071
	<b>349,728,671</b>	<b>728,502,170</b>

**6. OTHER OPERATING INCOME AND GAINS**

Year ended 31 March	2021 Rs.	2020 Rs.
Rental Income	-	3,217,924
Sundry Income	600,456	969,729
Exchange gains on Operations	12,946,163	23,349,400
Foreign Currency Encashment	237,765	882,808
Reversal of bad debt provision	9,435,748	-
	<b>23,220,132</b>	<b>28,419,861</b>

**7. FINANCE COST AND INCOME****7.1 Finance Costs**

Year ended 31 March	2021 Rs.	2020 Rs.
Interest Expense on Overdrafts	24,733	1,038,332
Interest Expense on Loans and Borrowings	16,912,208	15,462,525
Fair Value Loss on Forward Exchange Contracts	-	9,043,262
	<b>16,936,941</b>	<b>25,544,119</b>

**7.2 Finance Income**

Year ended 31 March	2021 Rs.	2020 Rs.
Interest Income from - Related Parties	37,869,171	35,638,864
Interest Income from - Others	4,009,018	2,220,176
Exchange Gains on Loans	872,800	3,474,594
	<b>42,750,989</b>	<b>41,333,634</b>

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 8 PROFIT BEFORE TAX

Year ended 31 March	2021 Rs.	2020 Rs.
<b>Stated After Charging/(Crediting)</b>		
Employees Benefits Including the Following		
- Defined Benefit Plan Costs - Gratuity	5,653,029	5,554,958
- Defined Contribution Plan Costs - EPF and ETF	10,756,708	15,912,665
Depreciation and Amortization	91,475,894	92,676,081
Auditors' Remuneration (Fees and Expenses)	900,000	1,086,175
Management Fees	15,618,380	38,940,873
Charge on/(Reversal of) Impairment of Debts	(9,435,748)	2,971,864
Legal Fees	706,342	1,470,145
Donations	31,068	408,441

#### 9 INCOME TAX EXPENSE

Year ended 31 March	Note	2021 Rs.	2020 Rs.
<b>Statement of Profit or Loss</b>			
<b>Current Income Tax</b>			
Current Tax Expense on Ordinary Activities for the Year	9.1	10,050,765	5,901,425
(Over)/Under Provision of Current Taxes in Respect of Prior Years		(1,812,874)	6,976,096
<b>Deferred Income Tax</b>			
Deferred Taxation Charge/(Reversal)	9.2.2	(11,094,513)	5,153,520
		<b>(2,856,622)</b>	<b>18,031,041</b>
<b>Statement of Other Comprehensive Income</b>			
Deferred Taxation Charge/(Reversal)	9.2.2	7,288,889	(429,236)
		7,288,889	(429,236)
<b>Income Tax Expense Recorded in Total Comprehensive Income</b>		<b>4,432,267</b>	<b>17,601,805</b>

## FINANCIAL REPORTS

**9.1 Reconciliation Between Current Tax Expense and the Product of Accounting Profit**

Year ended 31 March	2021 Rs.	2020 Rs.
Profit/(Loss) Before Tax	(36,081,736)	62,516,519
Aggregate Disallowable Items	108,813,080	101,614,466
Income from Other sources	(41,878,189)	(37,859,040)
Aggregate Allowable Items	(120,499,080)	(128,738,489)
Taxable Profit from Trade Income	(89,645,925)	(2,466,544)
Taxable Profit from Other Sources	41,878,189	37,859,040
	<b>(47,767,736)</b>	<b>35,392,496</b>
Income Tax - 14% (2020-14%)	-	3,629,883
Income Tax - 24% (2020-28% & 24%)	10,050,765	2,271,542
<b>Current Income Tax Expense</b>	<b>10,050,765</b>	<b>5,901,425</b>
Effective Tax Rate (%)	(28%)	9%

**9.1.2** The business profit of the Company is liable for income tax at the rate of 14% which is applicable for tourism promotion as per the Inland Revenue Act No. 24 of 2017 and amendments thereto. Other sources of income are taxable at 24%.

**9.1.3 Tax Losses Brought Forward**

Year ended 31 March	2021 Rs.	2020 Rs.
Adjustment to the Reflect Impacts from Tax Return 2019/20	5,140,586	-
Tax Losses Utilized	-	(2,466,544)
Tax losses Incurred During the Year	89,645,926	2,466,544
<b>Tax Losses Carried Forward</b>	<b>94,786,512</b>	<b>-</b>

**9.2 Deferred Tax****9.2.1 Deferred Tax Assets and Liabilities Relate to the Following;**

Deferred Tax Liability	211,129,622	202,468,698
Deferred Tax Assets	(18,923,080)	(6,456,532)
<b>Net Deferred Tax Liability</b>	<b>192,206,542</b>	<b>196,012,166</b>

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 9.2.2 Deferred Taxation Charge/(Reversal) - Statement of Profit or Loss/Other Comprehensive Income

	Statement of Profit or Loss		Other Comprehensive Income	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
<b>Deferred Tax Liability</b>				
Capital Allowances for Tax Purposes	1,980,176	5,388,888	-	-
Revaluation of Land & Buildings	-	-	6,680,748	-
	1,980,176	5,388,888	6,680,748	-
<b>Deferred Tax Assets</b>				
Defined Benefit Plans	(1,125,582)	47,693	-	-
Collective Impairment of Trade and Other Receivables	1,321,005	(283,061)	-	-
Carry Forward of Unused Tax Losses	(13,270,112)	-	-	-
Actuarial Loss	-	-	608,141	(429,236)
	(13,074,689)	(235,368)	608,141	(429,236)
	<b>(11,094,513)</b>	<b>5,153,520</b>	<b>7,288,889</b>	<b>(429,236)</b>

Deferred tax provision as of 31 March 2021 has been computed based on the future tax rate applicable to company (14%) in accordance with Inland Revenue Act, No. 24 of 2017.

#### 9.2.3 Deferred Tax Asset/Liability Relates to the Following:

	Statement of Financial Position	
	2021	2020
	Rs.	Rs.
<b>Deferred Tax Liability</b>		
Capital Allowances for Tax Purposes	107,380,003	105,399,827
Revaluation of Assets	103,749,619	97,068,871
	211,129,622	202,468,698
<b>Deferred Tax Assets</b>		
Defined Benefit Plans	5,034,612	3,909,030
Collective Impairment of Trade and Other Receivables	312,017	1,633,022
Carry Forward of Unused Tax Losses	13,270,112	-
Actuarial (Gain)/Loss	306,339	914,480
	18,923,080	6,456,532
<b>Net Deferred Tax Liability</b>	<b>192,206,542</b>	<b>196,012,166</b>

## FINANCIAL REPORTS

**10 EARNINGS PER SHARE**

**10.1** Basic Earnings Per Share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

**10.2** The following reflects the income and share data used in the Basic Earnings Per Share computation.

Year ended 31 March	2021 Rs.	2020 Rs.
<b>Amounts Used as the Numerator:</b>		
Profit Attributable to Ordinary Shareholders	(33,225,114)	44,485,478
	<b>2021 Number</b>	<b>2020 Number</b>
<b>Number of Ordinary Shares Used as the Denominator:</b>		
Weighted Average Number of Ordinary Shares in Issue Applicable to Basic Earnings Per Share	31,621,477	31,621,477
Earnings Per Share - Basic	(1.05)	1.41

As there were no potential ordinary shares outstanding as at the year end, Diluted Earnings per Share is equal to the Basic Earnings per Share for the year and last year.

**11 PROPERTY, PLANT & EQUIPMENT****11.1 Gross Carrying Amounts**

	Balance As at 01.04.2020 Rs.	Additions Rs.	Transfer on Revaluation Rs.	Revaluation Gain/(Loss) Rs.	Balance As at 31.03.2021 Rs.
<b>At Cost</b>					
Furniture, Fittings and Equipment	318,506,874	-	-	-	318,506,874
Motor Vehicles	215,660	-	-	-	215,660
Plant and Machinery	222,364,416	4,929,983	-	-	227,294,399
Cutlery and Crockery	23,758,483	-	-	-	23,758,483
	564,845,433	4,929,983	-	-	569,775,416
<b>At Valuation</b>					
Land	511,000,000	-	-	49,340,000	560,340,000
Buildings and Swimming Pools on Freehold Land	1,352,789,422	-	(95,076,854)	(1,620,372)	1,256,092,196
	1,863,789,422	-	(95,076,854)	47,719,628	1,816,432,196
<b>Total Value of Depreciable Assets</b>	<b>2,428,634,855</b>	<b>4,929,983</b>	<b>(95,076,854)</b>	<b>47,719,628</b>	<b>2,386,207,612</b>

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 11.2 In the Course of Construction

	Balance As at 01.04.2020 Rs.	Additions Rs.	Balance As at 31.03.2021 Rs.
Capital work in progress	576,276	-	576,276
	576,276	-	576,276

#### 11.3 Depreciation

	Balance As at 01.04.2020 Rs.	Charge for the Year Rs.	Transfer on Revaluation Rs.	Balance As at 31.03.2021 Rs.
<b>At Cost</b>				
Furniture, Fittings and Equipment	220,145,521	32,517,501	-	252,663,022
Motor Vehicles	215,660	-	-	215,660
Plant and Machinery	149,082,888	22,558,545	-	171,641,433
Cutlery and Crockery	23,758,483	-	-	23,758,483
	393,202,552	55,076,046	-	448,278,598
<b>At Valuation</b>				
Buildings and Swimming Pool on Freehold Land	62,934,398	32,142,456	(95,076,854)	-
	62,934,398	32,142,456	(95,076,854)	-
<b>Total Depreciation</b>	<b>456,136,950</b>	<b>87,218,502</b>	<b>(95,076,854)</b>	<b>448,278,598</b>

#### 11.4 Net Book Value

As at 31 March	2021 Rs.	2020 Rs.
<b>At Cost</b>		
Furniture, Fittings and Equipment	65,843,852	98,361,353
Plant and Machinery	55,652,965	73,281,528
	121,496,817	171,642,881
<b>At Valuation</b>		
Land and Improvements	560,340,000	511,000,000
Buildings and Swimming Pools on Freehold Land	1,256,092,196	1,289,855,024
	1,816,432,196	1,800,855,024
<b>In the Course of Construction</b>		
Capital work in progress	576,276	576,276
<b>Total Carrying Amount of Property, Plant and Equipment</b>	<b>1,938,505,289</b>	<b>1,973,074,181</b>



## FINANCIAL REPORTS

- 11.5** During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 4,929,983/- ( in year 2020 - Rs.11,724,652/- ), the consideration for which was settled by cash.
- 11.6** Property, Plant and Equipment of the Company includes fully depreciated assets having a gross carrying amounts of Rs. 265,139,576/- (2020 - 211,719,337/-)
- 11.7** No borrowing cost has been capitalized during the year (2020 - Nil).
- 11.8** The Company has stated following properties at revalued amounts. The valuation was carried out by independent valuer W.M. Chandrasena - Chartered Valuers. The surplus and losses arising from the revaluation was transferred to revaluation reserve.

Property	Number of Buildings	Extent	Method of Valuation and Significant Unobservable Inputs	Valuation	Date of Valuation
Land at Waikkal	56	14A 2R 10P	Market Basis of Valuation Value per Perch - Rs. 220,000	560,340,000	31-Mar-2021
Buildings at Waikkal		220,339 Sq. Ft 154 Rooms	Market Basis of Valuation Value per square foot - Rs. 2,000 - Rs. 9,000	1,256,092,196	31-Mar-2021

The movement of revaluation reserve and other information are disclosed under Note 18.

The carrying amount of revalued assets that would have been included in the financial statements had the assets been carried at cost less depreciation is as follows:

Class of Asset	Cost Rs.	Cumulative Depreciation If Assets were Carried at Cost Rs.	Net Carrying Amount 2021 Rs.	Net Carrying Amount 2020 Rs.
Land	10,051,397	-	10,051,397	10,051,397
Buildings and Swimming Pool	1,218,351,925	238,217,865	980,134,060	1,000,439,926

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 12 INTANGIBLE ASSETS

As at 31 March	2021 Rs.	2020 Rs.
<b>Computer Software</b>		
At the Beginning of the Year	28,597,187	28,597,187
Additions During the Year	3,972,900	-
Disposals During the Year	(26,532,144)	-
At the End of the Year	6,037,943	28,597,187
<b>Amortization &amp; Impairment</b>		
At the Beginning of the Year	18,528,257	12,985,457
Amortization	4,257,391	5,542,801
Disposals	(20,783,513)	-
At the End of the Year	2,002,135	18,528,258
<b>Carrying Value</b>	<b>4,035,808</b>	<b>10,068,929</b>

**12.1** Intangible assets are amortized over their useful economic life and useful economic life is estimated as 5 - 10 years.

#### 13 OTHER FINANCIAL ASSETS

As at 31 March	2021 Rs.	2020 Rs.
Other Financial Assets - Non Current (13.1)	944,878,412	810,957,224
	<b>944,878,412</b>	<b>810,957,224</b>

##### 13.1 Other Financial Assets - Non Current

The Company has investments in unquoted equity shares of Rainforest Ecolodge (Pvt) Ltd.

Investments in Equity Securities (13.1.1)	1,736,604	2,483,416
Loans granted to related companies (13.1.2)	943,141,808	808,473,808
	<b>944,878,412</b>	<b>810,957,224</b>

##### 13.1.1 Non Quoted - FVTOCI Investment - Rainforest Ecolodge (Pvt) Ltd

As at 31 March	2021 Rs.	2020 Rs.
At the Beginning of the Year	2,483,416	2,730,538
Change in Fair Value	(746,812)	(247,122)
At the End of the Year	<b>1,736,604</b>	<b>2,483,416</b>

## FINANCIAL REPORTS

Investment in Equity Securities solely comprises application and allotment money paid to Rainforest Ecolodge (Pvt) Ltd for purchase of 400,000 shares of Rs. 10/- each. The fair value of the unquoted equity shares in Rainforest Ecolodge (Pvt) Ltd is estimated using Price to Book Value Multiple (P/BV) and significant unobservable inputs used for the valuation are as of follows,

Peer Multiple	1.2
Liquidity Discount	20%
Premium for Sustainable Tourism Concept	5%
Present Slowing down in the Tourism Industry	10%

**13.1.2 Loans and Receivables Granted to Related Companies**

	Relationship	As at 01.04.2020 Rs.	Loans Granted Rs.	Loans Ex.Gain (Loss)	As at 31.03.2021 Rs.	Repayment Terms	Rates of Interest
Serendib Hotels PLC - LKR	Parent Company	192,321,808	50,000,000	-	242,321,808	On demand after 31 March 2022	At a margin over 1 month AWPLR
Serendib Hotels PLC - EURO 1.6Mn	Parent Company	334,944,000	-	38,000,000	372,944,000	On demand after 31 March 2022	At a margin over 1 Month EURIBOR
Serendib Hotels PLC - GBP 1.2Mn	Parent Company	281,208,000	-	46,668,000	327,876,000	On demand after 31 March 2022	At a margin over 1 Month GBP LIBOR
		<b>808,473,808</b>	<b>50,000,000</b>	<b>84,668,000</b>	<b>943,141,808</b>		

**13.1.2.1** The Company has granted a 1 year loan moratorium ending 31 March 2022 for the above loans as tourism industry is currently showing critical downturn with the COVID-19 outbreak.

**14 INVENTORIES**

As at 31 March	2021 Rs.	2020 Rs.
Food	3,263,910	4,126,641
Beverage	2,806,625	3,427,879
Housekeeping and Maintenance	5,851,999	5,797,807
Linen and Cutlery	-	7,138,938
Spa	-	1,067
Other Replacements	6,716,120	156,825
	<b>18,638,654</b>	<b>20,649,157</b>

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 15 TRADE AND OTHER RECEIVABLES

As at 31 March	Note	2021 Rs.	2020 Rs.
Trade Receivables - Related Parties	15.3	-	384,804
- Other		20,688,748	138,557,777
		20,688,748	138,942,581
Less: Provision for Impairment of trade receivables	15.2	(2,228,696)	(11,664,444)
		18,460,052	127,278,137
Other Receivables		19,451,733	-
Advances and prepayments		15,415,787	16,525,162
		34,867,520	16,525,162
Non Trade Dues from Related Parties	15.5	38,633,171	1,275,350
Loans and advances to company officers	15.4	955,976	1,413,099
		39,589,147	2,688,449
		<b>92,916,719</b>	<b>146,491,748</b>

#### 15.1 Trade Debtors Age Analysis

As at 31 March	Total	Neither past due nor impaired	Past due but not impaired		
			30-90 days	91-120 days	>120 days
2021	20,688,748	3,334,010	123,220	-	17,231,518
2020	138,942,581	60,565,688	71,408,477	5,821,718	1,146,698

The Company grants credit approvals to its customers subjected to the internal credit limits which are regularly reviewed and controlled by the management. The average credit period granted to such debtors are 30 Days.

#### 15.2 The Movement of the Provision for Impairment of Trade Receivables

	2021			2020		
	Individual Impairment	Collective Impairment	Total Impairment	Individual Impairment	Collective Impairment	Total Impairment
Opening Balance	-	11,664,444	11,664,444	762,184	8,880,396	9,642,580
Provision/(Reversal) to Profit or Loss	-	(9,435,748)	(9,435,748)	(762,184)	3,734,048	2,971,864
Writte-off Against Provisions	-	-	-	-	(950,000)	(950,000)
Closing Balance	-	2,228,696	2,228,696	-	11,664,444	11,664,444

## FINANCIAL REPORTS

**15.3 Trade Dues Receivables from Related Parties**

As at 31 March	Relationship	2021 Rs.	2020 Rs.
Diethem Travel Lanka (Private) Limited	Other Related Party *	-	301,526
Hemas Holdings PLC	Ultimate Parent Company *	-	74,878
Frontier Capital Lanka (Pvt) Ltd	Other Related Party	-	8,400
		-	<b>384,804</b>

\* By virtue of the acquisition of Serendib Hotels PLC, immediate parent of Dolphin Hotels PLC by Eden Hotel Lanka PLC from Hemas Holdings PLC, receivable balances as at 31 March 2021 from these entities (Note 15.3) are reclassified to "Trade Receivables - Other".

**15.4 Loans and Advances to Company Officers**

Balance as at the Beginning of the Year	1,413,099	359,296
Loans Granted during the Year	-	4,110,430
Less: Repayments	(457,123)	(3,056,627)
<b>Balance as at the end of the Year</b>	<b>955,976</b>	<b>1,413,099</b>

**15.5 Other Receivables From Related Parties**

Serendib Hotels PLC	Parent Company	37,869,173	-
Hotel Sigiriya PLC	Other Related Party	62,858	72,556
Jada Resort and Spa (Pvt) Ltd.	Other Related Party *	-	311,021
Serendib Leisure Management Ltd.	Other Related Party	312,000	29,754
Digital Healthcare (Pvt) Ltd	Other Related Party *	-	16,000
Kalutara Luxury Resorts (Pvt) Ltd.	Other Related Party *	-	149,750
Frontier Capital Lanka (Pvt) Ltd	Other Related Party	-	307,129
Kammala Hoteliers (Pvt) Ltd.	Other Related Party	389,140	389,140
		<b>38,633,171</b>	<b>1,275,350</b>

\* By virtue of the acquisition of Serendib Hotels PLC, immediate parent of Dolphin Hotels PLC by Eden Hotel Lanka PLC from Hemas Holdings PLC, receivable balances as at 31 March 2021 from these entities (Note 15.5) are reclassified to "Other Receivables".

**16 CASH AND CASH EQUIVALENTS**

As at 31 March	2021 Rs.	2020 Rs.
----------------	-------------	-------------

**16.1 Favourable cash and cash equivalents balance**

Cash and Bank Balances	139,955,701	162,538,833
Money Market Investments	84,141,870	-
	<b>224,097,571</b>	<b>162,538,833</b>

**16.2 Unfavourable Cash and Cash Equivalent Balances**

Bank Overdraft	(12,759,382)	(33,331,992)
<b>Cash and Cash Equivalents for the Purpose of Cash Flow Statement</b>	<b>211,338,189</b>	<b>129,206,841</b>

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 17 STATED CAPITAL

	2021	2020	2021	2020
	No. of shares		Rs.	Rs.
Fully Paid Ordinary Share	31,621,477	31,621,477	316,214,770	316,214,770
	-	-	316,214,770	316,214,770

**17.1** The holders of ordinary shares possess the right to receive dividends as declared from time to time. The holders of ordinary shares are entitled to one vote per share at a meeting of the company.

Ordinary shares of the Company do not have a par value.

#### 18 RESERVES

As at 31 March	Note	2021	2020
		Rs.	Rs.
Other Component of Equity			
Revaluation Reserve	18.1	637,525,509	596,486,629
Fair Value Reserve	18.3	(2,263,396)	(1,516,584)
		635,262,113	594,970,045

##### 18.1 Revaluation Reserve

At the Beginning of the Year	596,486,629	596,486,629
Revaluation Surplus During the year	47,719,628	-
Deferred Tax Attributable to Revaluation Surplus	(6,680,748)	-
At the End of the Year	637,525,509	596,486,629

The above revaluation surplus consists of net surplus resulting from the revaluation of land, buildings and swimming pools as described in Note 11.

## FINANCIAL REPORTS

**18.2 Cash Flow Hedge Reserve**

The company designated its identified foreign currency loans as a hedging instrument against its highly probable, specifically identified future revenue in foreign currency namely apartment revenue. Through which, the company hedged the risk of changes in value of the identified foreign currency loans, caused by the fluctuations in foreign exchange rates.

The effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit or Loss as finance income/cost. Amounts recognised as Other Comprehensive Income are transferred to Statement of Profit or Loss when the forecasted transaction occurs (when the forecast revenue realises). If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Statement of Profit or Loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation a hedge revoked, any cumulative gain or loss previously recognised in Other Comprehensive Income remains in equity until the forecast transaction occurs as per the hedge agreement.

As at 31 March	2021 Rs.	2020 Rs.
<b>Cash Flow Hedge Reserve</b>		
At the Beginning of the Year	-	2,108,240
Movement of Cashflow Hedge Reserve		
- Recognised through Revenue	-	(2,108,240)
- Recognised through Foreign Exchange Gain/Loss	-	-
<b>At the End of the Year</b>	<b>-</b>	<b>-</b>

**18.3 Fair Value Reserve**

At the Beginning of the Year	(1,516,584)	(1,269,462)
Change in Fair Value	(746,812)	(274,122)
<b>At the End of the Year</b>	<b>(2,263,396)</b>	<b>(1,516,584)</b>

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 19 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March	2021			2020		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Bank Loans (19.1)	73,334,191	646,088,849	719,423,040	47,679,991	562,947,849	610,627,840
	<b>73,334,191</b>	<b>646,088,849</b>	<b>719,423,040</b>	<b>47,679,991</b>	<b>562,947,849</b>	<b>610,627,840</b>

##### 19.1 Bank Loans

	As at 01.04.2020 Rs.	Loans Obtained Rs.	Exchange Loss/(Gain) Rs.	As at 31.03.2021 Rs.
HSBC - GBP 1.2M	275,449,200	-	45,890,200	321,339,400
HSBC - Euro 1.6M	335,178,640	-	37,905,000	373,083,640
HNB - LKR 25M	-	25,000,000	-	25,000,000
	<b>610,627,840</b>	<b>25,000,000</b>	<b>83,795,200</b>	<b>719,423,040</b>

The Company was granted with a 1 year loan moratorium ending 31 March 2020 for the above foreign currency loans as tourism industry in Sri Lanka was severely affected from the terrorist attack occurred on Easter Sunday. The said moratorium has been extended for further 1 and half years ending 30 September 2021 with the COVID-19 outbreak as tourism industry is currently showing critical downturn.

The Company is currently accruing loan interest for above two loans and the said accrued interest will be converted in to two new loans with the expiration of the loan moratorium.

#### 20 RETIREMENT BENEFIT OBLIGATION

As at 31 March	2021 Rs.	2020 Rs.
At the Beginning of the Year	30,987,615	28,262,304
Charge for the Year	5,653,029	5,554,958
Actuarial (Gain)/Loss	(4,343,864)	3,065,975
Benefit Paid	(991,131)	(5,889,205)
Liability Transfer in	312,000	-
Liability Transfer out	-	(6,417)
<b>At the End of the Year</b>	<b>31,617,649</b>	<b>30,987,615</b>

##### 20.1 Expense Recognised in Statement of Profit or Loss

Current Service Cost	2,523,067	2,304,793
Interest Cost	3,129,962	3,250,165
	<b>5,653,029</b>	<b>5,554,958</b>



## FINANCIAL REPORTS

**20.2 Actuarial (Gain)/Loss Immediately Recognised In Other Comprehensive Income**

Due to experience	(5,288,190)	1,138,822
Due to changes in financial assumptions	257,012	1,927,153
Due to changes in demographic assumptions	687,314	-
	<b>(4,343,864)</b>	<b>3,065,975</b>

Actuarial & Management Consultants (Pvt) Ltd and Messer's K.A Pandith Actuaries, consultants and Actuaries, carried out actuarial valuations of the defined benefit plan gratuity on 31 March 2021 and 31 March 2020 respectively. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principle assumptions used as follows:

As at 31 March	2021	2020
<b>Financial Assumptions</b>		
Discount Rate	8.00%	10.00%
Future Salary Increment Rate	6.50%	8.50%
<b>Demographic Assumptions</b>		
Retirement Age	55 Years	55 Years
Rate of Employee Turnover	20.00%	10.00%

**20.3 Sensitivity of Assumptions in Actuarial Valuation**

The following table demonstrates the sensitivity to possible changes in key assumptions employed with all other variables held constant in the Retiring Gratuity Obligation measurement as at 31 March 2021. The sensitivity of the Statement of Financial Position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate and salary increment rate on the profit or loss and Retiring Gratuity obligation for the year.

	2021		2020	
	Delta Effect of			
	+1%	(-1%)	+1%	(-1%)
Increase/(Decrease) in Discount Rate	(1,133,538)	1,220,919	(1,314,337)	1,446,034
Increase/(Decrease) in Salary Increment Rate	1,059,081	(1,001,738)	1,452,967	(1,343,465)
Increase/(Decrease) in Employee Turnover	91,835	(105,263)	85,403	(95,689)

**20.4 Following Payments are Expected Over the Weighted Average Life Span Obligation on the Future Years:**

Years From the Current Period	2021 Rs.	2020 Rs.
within the next 12 months	6,936,369	5,785,105
between 1 to 2 years	8,960,606	3,582,050
between 3 to 5 years	8,565,077	11,305,406
between 6 to 10 years	5,582,648	16,128,433

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 21 TRADE AND OTHER PAYABLES

As at 31 March	Note	2021 Rs.	2020 Rs.
Trade Payable		18,894,817	38,185,833
Other Payables - Related Parties	21.1	9,510,067	11,719,786
- Other		95,818,686	58,618,633
Contract Liabilities		9,677,662	8,299,786
Sundry Creditors Including Accrued Expenses		16,739,205	32,553,734
		<b>150,640,437</b>	<b>149,377,772</b>

The average credit period of the company is 60 days.

##### 21.1 Other Payable to Related Parties

As at 31 March	Relationship	2021 Rs.	2020 Rs.
Hemas Holdings PLC	Ultimate Parent Company *	-	297,214
Serendib Hotels PLC	Parent Company	355,989	161,461
Hotel Sigiriya PLC	Other Related Party	2,360,926	627,566
Serendib Leisure Management Ltd.	Other Related Party	6,766,312	9,794,637
Diethelm Travel Lanka (Pvt) Ltd	Other Related Party *	-	32,156
Frontier Capital Lanka (Pvt) Ltd	Other Related Party	26,840	6,417
Hemas Corporate Service (Pvt) Ltd.	Other Related Party *	-	49,831
Vishwa BPO (Pvt) Ltd	Other Related Party *	-	356,145
PH Resorts (Pvt) Ltd.	Other Related Party *	-	131,429
Atlas Axillia Co. (Pvt) Ltd.	Other Related Party *	-	262,930
		<b>9,510,067</b>	<b>11,719,786</b>

\* By virtue of the acquisition of Serendib Hotels PLC, immediate parent of Dolphin Hotels PLC by Eden Hotel Lanka PLC from Hemas Holdings PLC, payable balances as at 31 March 2021 from these entities (Note 21.1) are reclassified to "Other Payables - Other"

#### 22 DIVIDEND PAYABLE

As at 31 March	2021 Rs.	2020 Rs.
Unclaimed Dividend	3,754,046	3,754,046
	<b>3,754,046</b>	<b>3,754,046</b>

#### 23 COMMITMENTS AND CONTINGENCIES

**23.1** Wennappuwa Pradeshiya Sabha has filed a case against Club Hotel Dolphin at Magistrate Court- Marawila, charged for operating the Hotel without the required permit issued by the Pradeshiya Sabha in the years 2016, 2017, 2018 & 2019.

**23.2** A guest has filed a case against travel agent (First Choice), charged for injuries happened due to accident occurred in the hotel premises.

Except the above there are no other significant commitments and contingencies as at the reporting date.

## FINANCIAL REPORTS

**24 ASSETS PLEDGED**

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of Liability	Carrying Amount of Pledged		Included Under
		2021 Rs.	2020 Rs.	
Freehold Land and Buildings at Waikkal (Extent 7A-3R-31P)	<p>Primary Mortgage Bond No. 427 dated 11/02/2019 for Rs. 592,320,000 executed over Club Hotel Dolphin's Hotel premises at Waikkala owned by the company to HSBC. (GBP Loan of Rs. 1.2 Mn).</p> <p>Concurrent Mortgage Bond No. 429 dated 03/04/2019 for Rs. 316,672,000 executed over Club Hotel Dolphin's Hotel premises at Waikkala owned by the company to HSBC. (EURO Loan of Rs. 1.6 Mn)</p>	1,816,432,196	1,800,855,024	Property, Plant and Equipment

**25 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

However, the Company has been closely monitoring the impact of the COVID-19 outbreak on its business operations.

**26 RELATED PARTY DISCLOSURES****26.1 Terms and conditions of transactions with related parties**

Transactions with related parties are at arm's length and are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

Terms and conditions on loans granted to related parties are disclosed in Note 13 to these financial statements.

**26.2 Non-recurrent related party transactions**

There were no non-recurrent Related Party Transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2020 audited financial statements, which required additional disclosures in the 2020/21 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.

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 26 RELATED PARTY DISCLOSURES (CONTD)

##### 26.3 Recurrent related party transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of the Related Party transactions entered into during the financial year	Value of the Related Party transaction as a % of the Revenue	Terms and conditions of the Related Party Transactions
Serendib Hotels PLC	Parent Company	Aggregate recurrent transactions	88,225,161	12.11%	Standard Terms on Alarms length basis

There were no other recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2020 audited financial Statements, which required additional disclosures in the 2020/21 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.

Details of significant related party disclosures are as follows:

##### 26.4 Transactions with the Ultimate Parent, Parent and Related Entities

Serendib Hotels PLC, immediate parent of Dolphin Hotels PLC was taken over by Eden Hotel Lanka PLC from Hemas Holdings PLC on 15 December 2020, however, 31 December 2020 was considered as the effective date of the acquisition for the reporting purpose. With the said acquisition, Serendib Hotels Group has become a member of LOLC Group.

Details of significant related party transactions carried out with companies in Serendib Group during the year and with Hemas Holdings PLC and other companies which were in Hemas Group during the period starting from 01 April 2020 to 31 December 2020 are as follows:

	Ultimate Parent		Parent		*Other Related Parties		Total	
	* Hemas Holdings PLC		Serendib Hotels PLC					
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Sale of Goods / Services	-	233,756	-	412,926	62,858	8,377,535	62,858	9,024,217
Purchase of Goods / Services	(1,458,824)	(1,705,341)	(245,667)	-	(2,095,814)	(4,017,701)	(3,800,305)	(5,723,042)
Finance Income	-	-	37,869,171	35,386,917	-	251,947	37,869,171	35,638,864
Management Fees and Accounting Fees Payable	-	-	-	-	(18,768,651)	(44,402,040)	(18,768,651)	(44,402,040)
Expenses Incurred on Behalf of the Company	-	(156,155)	(110,322)	(562,350)	(39,372,178)	(44,724,914)	(39,482,500)	(45,443,419)
Expenses Incurred on Behalf of the Others	-	-	-	-	-	231,003	-	231,003
Settlement of Management fees and Accounting Fees	-	-	-	-	42,644,050	49,679,624	42,644,050	49,679,624
Settlement of Dues from Related Parties	(74,878)	(196,378)	-	(849,303)	(719,366)	(11,336,675)	(794,244)	(12,382,357)
Settlement of Dues to Related Parties	1,263,075	2,949,614	161,461	569,097	19,463,408	49,616,431	20,887,944	53,135,142
Loan Granted	-	-	50,000,000	260,192,000	-	-	50,000,000	260,192,000
Recovery of Loans Granted	-	-	-	(18,000,000)	-	-	-	(18,000,000)
Gratuity Transfers	-	-	-	-	312,000	(6,417)	312,000	(6,417)
	(270,627)	1,125,496	87,674,643	277,149,287	1,526,307	3,668,793	88,930,323	281,943,575

## FINANCIAL REPORTS

**Other Related Parties**

Hotel Sigiriya PLC  
 Serendib Leisure Mgt. Ltd.  
 Frontier Capital Lanka (Pvt) Ltd.  
 Diethelm Travels Lanka (Pvt) Ltd. \*  
 Hemas Corporate Services Ltd. \*  
 Jada Resorts & Spa (Pvt) Ltd. \*  
 Hemas Travels (Pvt) Ltd. \*  
 Hemas Manufacturing (Pvt) Ltd. \*  
 PH Resorts (Pvt) Ltd. \*  
 Kalutara Luxury Hotels & Resort (Pvt) Ltd. \*  
 Kammala Hoteliers (Pvt) Ltd.

\* By virtue of the acquisition of Serendib Hotels PLC, the immediate parent of Dolphin Hotels PLC by Eden Hotel Lanka PLC from Hemas Holdings PLC, these companies were related parties only up to 31 December 2020.

Related party transactions were carried out with the companies in LOLC Group during the period starting from 01 January 2021 to 31 March 2021 are as follows:

	Ultimate Parent		Parent		*Other Related Parties		Total	
	LOLC Holdings PLC		Serendib Hotels PLC					
	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Purchase of Goods/Services	-	-	-	-	(883,841)	-	(883,841)	-
Settlement of Dues to Related Parties	-	-	-	-	883,841	-	883,841	-

**Other Related Parties**

LOLC Life Assurance Limited \*

\* By virtue of the acquisition of Serendib Hotels PLC, the immediate parent of Dolphin Hotels PLC by Eden Hotel Lanka PLC from Hemas Holdings PLC, these companies were related parties from 01 January 2021.

**26.5** The details of the loans granted to related parties are set out in Note 13.

**26.6** The Company wise breakdown of related party receivable and payable balances are given in Note 15 and 21 respectively.

**26.7 Terms and Conditions:**

**Management Fees** - Management fees are paid based on the Hotel Management Agreement with Serendib Leisure Management Ltd.

**Expenses Incurred** - Expenses Incurred on behalf of/by Related Parties are reimbursed on actual cost basis.

**Loans** - Information relating to loans granted to related parties are disclosed in Note 13.

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 27 TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE COMPANY

The Key Management Personnel of the Company are the Board of Directors of the Company.

##### Key Management Personnel Compensation

There were no Compensation to the Key Management Personnel during the year.

##### Other Transactions With Key Management Personnel

There were no other transactions with the Key Management Personnel during the year.

The Company had two Director Boards during the year ended 31 March 2021 as the Board prior to 11 February 2021 and after. No significant transactions had taken place involving Key Management Personnel & their close family members of both the said Boards except for what is disclosed above.

#### 28 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, trade receivables and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term floating-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 March 2021, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

Investment in equity shares are carried at fair value.

The fair value of financial liabilities approximate their carrying values.

Set out below is a comparison by class of the carrying value of Company's financial instruments that are carried in the Financial Statements.

As at 31 March	2021 Rs.	2020 Rs.
<b>Financial Assets:</b>		
Trade and Other Receivables	77,500,932	129,966,586
Other Financial Assets - Investment in Equity Shares	1,736,604	2,483,416
Other Financial Assets - Loans Granted to Related Parties	943,141,808	808,473,808
Cash and cash equivalents	224,097,571	162,538,833
<b>Total</b>	<b>1,246,476,915</b>	<b>1,103,462,643</b>
<b>Financial Liabilities:</b>		
Interest Bearing Loans and Borrowings	719,423,040	610,627,840
Trade and Other Payables	150,640,437	149,377,772
Bank Overdraft	12,759,382	33,331,992
<b>Total</b>	<b>882,822,859</b>	<b>793,337,604</b>

## FINANCIAL REPORTS

**28.1 Fair value Hierarchy**

Company held the following financial instruments at fair value in the Statement of Financial Position as at the reporting dates:

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques.

**Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** - Other techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial Assets	31-Mar-2021	Level 1	Level 2	Level 3
Investment in Equity Shares	1,736,604	-	-	1,736,604
Financial Assets	31-Mar-2020	Level 1	Level 2	Level 3
Investment in Equity Shares	2,483,416	-	-	2,483,416
Non-Financial Assets Measured at Fair Value	31-Mar-2021	Level 1	Level 2	Level 3
Land and Building	1,816,432,196	1,816,432,196	-	-
Non-Financial Assets Measured at Fair Value	31-Mar-2020	Level 1	Level 2	Level 3
Land and Building	1,863,789,422	-	-	1,863,789,422

**29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations. The Company also holds available for sale investments.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. Senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Company. BOD provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite. It is the Group's policy that all derivative activities for risk management purposes are required to be approved by Board of Directors of Serendib Hotels PLC. (The Parent Company)

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

**Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

## Notes to the Financial Statements (Contd.)

### FINANCIAL REPORTS

#### 29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base rates such as AWPLR.

	Increase/(decrease) in basis points	Effect on Profit Before Tax Rs.
2021	+ 100 basis points	7,194,230
	- 100 basis points	(7,194,230)
2020	+ 100 basis points	6,106,278
	- 100 basis points	(6,106,278)

#### Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

Currency risk is managed by the Group's treasury function that monitors foreign currency cash inflows and outflows and its closing position on a daily basis. The Group also monitors its exposure to movements in exchange rates on a net basis.

#### Foreign currency sensitivity

A strengthening/weakening of the Rupees as indicated below, against the foreign currencies as at 31 March would have increased/(decreased) Profit or Loss by the amounts shown below.

	Foreign Currency	Change in exchange rate	Effect on Profit Before Tax Rs.
2021	GBP	1%	-
	EURO	1%	-
	USD	1%	-
2020	GBP	1%	1,738,880
	EURO	1%	2,354,809
	USD	1%	1,447,999

#### Equity Price Risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

#### Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities which includes deposits with banks.

#### Trade Receivables

Customer credit risk is managed by each company subject to the Serendib Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the credit risk evaluation model and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored and contracts are signed and agreed with all credit customers.



## FINANCIAL REPORTS

Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for Impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security.

### Financial Instruments and Cash Deposits

Credit risk from balances with banks is managed by the Managing Agent's treasury department in accordance with the Serendib Group's policy. Investments of surplus funds are made only with approved counterparties as per the Treasury Policy and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Serendib Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Board. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 13 and 15 except for financial guarantees and derivative financial instruments.

### Liquidity Risk

The Company monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and intercompany borrowings. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual payments.

	On Demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
Interest-Bearing Loans and Borrowings	-	-	73,334,191	646,088,849	-	719,423,040
Trade and Other Payable	-	107,251,150	-	-	-	107,251,150
Bank Overdraft	12,759,382	-	-	-	-	12,759,382
	<b>12,759,382</b>	<b>107,251,150</b>	<b>73,334,191</b>	<b>646,088,849</b>	<b>-</b>	<b>839,433,572</b>
Interest-Bearing Loans and Borrowings	-	-	47,679,991	381,439,928	181,507,921	610,627,840
Trade and Other Payable	-	110,213,718	-	-	-	110,213,718
Bank Overdraft	33,331,992	-	-	-	-	33,331,992
	<b>33,331,992</b>	<b>110,213,718</b>	<b>47,679,991</b>	<b>381,439,928</b>	<b>181,507,921</b>	<b>754,173,550</b>

### Capital Management

Capital includes ordinary shares. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes managing capital during the years ended 31 March 2021 and 31 March 2020. The Company monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Company's policy is to keep the gearing ratio below 40%.

# Ten Year Financial Review

## SUPPLEMENTARY INFORMATION

Year ended 31 March	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
(Figures in Rs.'000 unless otherwise stated)				Restated			Restated			

### Trading Results

Revenue	349,729	728,502	952,910	877,784	878,311	880,508	870,774	606,768	765,341	643,862
Profit/(Loss) Before Tax	(36,082)	62,517	176,816	189,681	129,566	219,818	186,766	121,161	231,957	100,474
Profit/(Loss) for the year	(33,225)	44,485	147,178	148,976	100,337	208,172	155,855	108,824	199,976	92,925

### Hotel Operations

Annual sales growth (%)	(51.99)	(23.55)	8.56	(0.06)	(0.25)	1.12	43.51	(20.72)	18.87	51.01
Room occupancy (%)	48.15	65.66	81.88	78.00	79.00	83.00	84.00	84.00	86.00	87.00

Current ratio (Times)	1.35	1.37	3.41	1.23	0.89	1.04	0.74	1.43	1.59	1.12
Interest cover (Times)	(1.13)	3.45	11.82	33.09	16.96	17.08	9.18	7.84	14.48	4.07
Debt equity ratio (%)	34.80	30.77	30.42	7.35	10.60	12.79	23.63	68.67	37.12	48.07

### Market/Shareholder Information

Return on equity (%)	(1.58)	2.13	7.17	7.81	5.36	11.52	11.53	9.80	19.47	10.61
Net assets per share (Rs.)	66.54	66.19	64.94	60.31	59.17	57.17	42.76	35.70	32.47	27.69
Earnings/(loss) per share (Rs.)	(1.05)	1.41	4.65	4.71	3.17	6.58	4.93	3.50	6.32	2.94
Market price per share (Rs.)	24.50	18.30	26.50	26.00	31.50	42.00	56.90	42.20	33.00	30.00
Price earning ratio (Times)	(23.32)	13.01	5.69	5.52	9.93	6.38	11.54	12.05	5.25	10.42
Dividend per share (Rs.)	Nil	Nil	Nil	1.00	1.00	1.50	1.00	Nil	1.50	1.50

# Investor Information

## SUPPLEMENTARY INFORMATION

### Shareholder Information

	2021			2020		
	No. of Shareholders	Total Holding	%	No. of Shareholders	Total Holding	%
1 - 1000	1,169	302,528	0.96	1,178	313,896	0.99
1,001 - 10,000	317	1,080,807	3.42	338	1,123,778	3.55
10,001 - 100,000	85	2,362,011	7.46	99	2,991,518	9.46
100,001 - 1,000,000	16	4,480,279	14.16	15	3,822,160	12.09
Over 1,000,000	3	23,395,852	74.00	3	23,370,125	73.91
	<b>1,590</b>	<b>31,621,477</b>	<b>100.00</b>	<b>1,633</b>	<b>31,621,477</b>	<b>100.00</b>

### Categories of Shareholders

Institutions	95	25,953,560	82.08	104	25,742,433	81.41
Individuals	1,495	5,667,917	17.92	1,529	5,879,044	18.59
	<b>1,590</b>	<b>31,621,477</b>	<b>100.00</b>	<b>1,633</b>	<b>31,621,477</b>	<b>100.00</b>

### Public Holding

	2021	2020
Public holding as a percentage of the Issued share capital	34.10%	26.13%
Number of shareholders representing the public holding	1,586	1,625

### Share Trading

	2021	2020
Highest Market Price (Rs.)	30.50 (07/12/2020)	27.70 (04.08.2019)
Lowest Market Price (Rs.)	11.00 (12/05/2020)	18.10 (20.03.2020)
Last Traded Price (Rs.)	24.50 (31/03/2021)	30.00 (20.03.2020)
No. of Shares Traded	447,830	1,237,100
No. of Trades	448	835
Turnover (Rs.)	11,372,954.90	29,689,148.10

## SUPPLEMENTARY INFORMATION

## Twenty Major Shareholders as at 31.03.2021

	2021		2020	
	No of Shares	%	No of Shares	%
Serendib Hotels PLC	20,609,378	65.18	20,609,378	65.18
Hemtours (Pvt) Ltd	1,691,747	5.35	1,691,747	5.35
Mr. R C J Goonewardene	1,094,727	3.46	1,069,000	3.38
Freudenberg Shipping Agencies Ltd	612,387	1.94	612,397	1.94
Hatton National Bank PLC/ S R Ferando	544,906	1.72	-	-
Bansei Securities Capital (Pvt) Ltd/ Dawi Investment Trust (Pvt) Ltd	525,200	1.66	512,217	1.62
Mr. A N Esufally	450,007	1.42	450,007	1.42
Hemas Holdings PLC	376,808	1.19	376,808	1.19
Mr. S R S De Saram	300,326	0.95	-	-
Mr. A A A Rifkee	210,000	0.66	210,000	0.66
Mrs. K S Yapa	210,000	0.66	210,000	0.66
Seylan Bank PLC./ B S M De Silva	204,700	0.65	204,700	0.65
People's Leasing & Finance PLC/L.P. Hapangama	189,047	0.60	174,047	0.55
Mr. A Sithampalam	179,300	0.57	179,300	0.57
Miss. L M Goonewardena	178,805	0.57	125,000	0.40
Mr. P S M Fernando	150,000	0.47	-	-
Amina Investments Limited	124,449	0.39	248,350	0.79
People's Leasing & Finance PLC/Dr. H S D Soysa & Mrs. G Soysa	118,100	0.37	118,100	0.37
Mr. C Chanmugam	106,244	0.34	106,244	0.34
Mr. A P Somasiri	100,000	0.32	100,000	0.32
Merchant Bank of Sri Lanka/ Mr. P S M Fernando	100,000	0.32	-	-
Total held by the above shareholders	28,076,131	88.79		
Shares held by the balance shareholders	3,545,346	11.21		
<b>Total Issued capital</b>	<b>31,621,477</b>	<b>100.00</b>		

# Notice of Annual General Meeting

SUPPLEMENTARY INFORMATION

NOTICE IS HEREBY GIVEN THAT THE 40TH ANNUAL GENERAL MEETING of the Company will be held on 23 September 2021 at 11.30 a.m. as an on-line audio-visual meeting with arrangements for the on-line meeting platform made at LOLC Board Room, 100/1, Sri Jayawardenapura Mawatha, Rajagiriya, for the following purposes:

1. To receive and consider the Report of the Directors and Statement of Accounts for the year ended 31 March, 2021 with the Report of the Auditors thereon.
2. To re-elect as a Director Mrs. A R Gamage who retires by rotation in terms of Article 86 of the Articles of Association of the Company
3. To re-appoint the following Directors who retire by rotation in terms of Article 74 of the Articles of Association of the Company.  
Mr. W D K Jayawardena  
Mrs. K U Amarasinghe  
Dr. J M Swaminathan  
Mr. D S K Amarasekera
4. \*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 (Refer Note 4)
5. To re-appoint as auditors M/s Ernst & Young, Chartered Accountants for the ensuing year at a remuneration to be agreed by the Directors.
6. To approve in terms of the Companies Act No. 26 of 1951 (Donations), 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.

By order of the Board  
DOLPHIN HOTELS PLC



L O L C CORPORATE SERVICES (PVT) LTD  
Secretaries

30 August 2021  
Rajagiriya

## 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) \*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."

## *Notice of Annual General Meeting (Contd.)*

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### SUPPLEMENTARY INFORMATION

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#### 5) IMPORTANT NOTICE:

This year the Annual Report and Financial Statements of the Company are available on the:

- 1) **Corporate Website:** <https://www.serendibleisure.com/financial-reports/>
- 2) **The Colombo Stock Exchange:** <https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=STAF.N0000>

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 Dunisha on +94 11 5880359 during normal office hours (8.30 a.m. to 5.00 p.m.) or email [corporateservices@lolc.com](mailto:corporateservices@lolc.com).

Should Members wish to obtain a hard copy of the Annual Report, they may send a written request to 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.

In the event the Company is required to take any further action in relation to the Meeting, in the best interest of the Meeting attendees due to the COVID-19 pandemic; and/or any communications, guidelines, directives or orders issued by the Government of Sri Lanka, Notice of such action shall be given by way of an announcement to the Colombo Stock Exchange and publication on the Company website - <https://www.serendibleisure.com/financial-reports/>

# Registration of Shareholder Details for Online Participation

SUPPLEMENTARY INFORMATION

## DOLPHIN HOTELS PLC 40<sup>th</sup> Annual General Meeting – 2021

**To:** LOLC Corporate Services (Pvt) Ltd  
Secretaries to Dolphin Hotels PLC  
100/1 Sri Jayawardenapura Mawatha  
Rajagiriya

Details of shareholder		
1. Full name	2. Primary :	
	3. Joint * :	
4. Address/s		
5. National Identify Card number/ Company Registration number		
6. CDS Account number/s		
7. Contact number/s	Land line (residence/work):	Mobile:
8. Email address/s (to which the on-line meeting link should be forwarded by the Company)		
9. Name of the Proxy Holder		
10. Proxy holder/s' NIC/Passport No.		
11. Proxy holder/s' Contact number/s	Land line (residence/work):	Mobile:
12. Proxy holder/s' email		

\*strike out if not applicable

I/We hereby certify that the details given above are true and accurate and are furnished for the purpose of enabling my/our online participation at the Annual General Meeting. I/We acknowledge that the Company shall have the right to disable my/our participation in the event the above information furnished are found to be incorrect or inconsistent with shareholding records.

.....  
Shareholder's Signature & Date

.....  
Shareholder's Signature & Date

### Note:

- It is mandatory for the shareholder/s to provide the email address in the space provided above in order to forward the log in information to facilitate the online participation at the meeting
- Duly completed registration of Shareholder Details Form should be forwarded to corporateservices@lolc.com or by facsimile on 011-2865602, to reach the Company Secretaries not less than five (05) days before the date of the meeting.

Only registered shareholders and registered proxy holders will be permitted to log in and participate in the AGM on-line

## SUPPLEMENTARY INFORMATION



# Form of Proxy

## SUPPLEMENTARY INFORMATION

I/We ..... of

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

..... whom failing;

Mr. W D K Jayawardena	of Colombo or failing him
Mrs. K U Amarasinghe	of Colombo or failing her
Mr. D S K Amarasekera	of Colombo or failing him
Dr. J M Swaminathan	of Colombo or failing him
Mr. J P S Kurumbalapitiya	of Colombo or failing him
Mr. B S M De Silva	of Colombo or failing him
Mrs. A R Gamage	of Colombo or failing her

as my/our\* Proxy to represent me/us\* at the Fortieth (40th) Annual General Meeting of the Company to be held as an on-line meeting on 23rd September 2021 at 11.30 a.m and at any adjournment thereof and at every poll which may be taken in consequence thereof.

### THE PREFERENCES IN THE FOLLOWING TABLE TO BE MARKED BY ORDINARY (VOTING) SHAREHOLDER/S ONLY.

I/We\* the undersigned, ordinary (voting) shareholder(s) of the Company hereby authorise my/our\* Proxy to vote for me/us\* and on my/our\* behalf in accordance with the preferences indicated below (please mark your preference with an 'X'):

	For	Against
1. To re-elect as a Director Mrs A R Gamage who retires by rotation in terms of Articles 86 of the Article of Association of the Company.		
2. To re-appoint the following Directors who retires by rotation in terms of Article 74 of the Articles of Association of the Company. W D K Jayawardena Mrs. K U Amarasinghe Dr. J M Swaminathan Mr. D S K Amarasekera		
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 as set out in item 4 of the Notice of Meeting.		
4. To re-appoint as auditors M/S Ernst & Young, Chartered Accountants for the ensuing year at a remuneration to be agreed by the Directors.		
5. To authorize the Board of Directors to determine donations.		

Dated this ..... day of ..... 2021.

- i) \*please strike off inappropriate word
- ii) please refer overleaf for instructions

## Form of Proxy (Contd.)

### SUPPLEMENTARY INFORMATION

**Important:** Please post or scan and email the Form of Proxy together with the following additional details as per the instructions given below.

CDS Account Number of the Shareholder (s)	
Shareholder's contact number/s	Land line (residence/work):
	Mobile:
Email address to which the on-line link should be forwarded to for the proxy holder's participation at the AGM	
Proxy holder's NIC number	

- 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.
- The completed Form of Proxy should either be:
  - addressed to the 'Company Secretary' and posted or hand delivered to 100/1, Sri Jayawardenapura Mawatha, Rajagiriya;
  - or
  - Scanned and emailed to the email address: corporateservices@lolc.com with the email subject titled **"DOLPHIN AGM PROXY"** not less than 48 hours before the time appointed for the holding of the Meeting.
- 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.

# Corporate Information

## **Name of the Company**

Dolphin Hotels PLC  
(Formerly Stafford Hotels PLC)

## **Legal Form**

A Public Quoted Company with Limited Liability, incorporated on 20th January 1981 under the Companies Ordinance (Cap 145) and re-registered under the Companies Act No. 7 of 2007

## **Company Registration**

PQ 224

## **Board of Directors**

**W D K Jayawardena - Chairman**  
(Appointed w.e.f. 11.02.2021)

**A N Esufally - Outgoing Chairman**  
(Resigned w.e.f. 11.02.2021)

**B S M De Silva**

**A R Gamage (Mrs) (Alt. Prof. L D K B Gamage)**

**J P S Kurumbalapitiya**

**Mrs. K U A Amarasingh** (Appointed w.e.f. 11.02.2021)

**Mr. D S K Amarasekera** (Appointed w.e.f. 11.02.2021)

**Dr. J M Swaminathan** (Appointed w.e.f. 11.02.2021)

**K J Pathiraja** (Resigned w.e.f. 03.06.2021)

## **Bankers**

Commercial Bank of Ceylon PLC  
Hatton National Bank PLC  
Nations Trust Bank PLC  
Sampath Bank PLC  
Hongkong and Shanghai Banking Corporation Ltd.  
Deutsche Bank AG

## **Hotel**

**Club Hotel Dolphin Waikkal**

**Tel.:** +94 (31) 4877111, +94 (31) 2277788

**Fax:** +94 (31) 2279437

## **Company Secretaries**

LOLC Corporate Services (Pvt) Ltd

## **Registrars**

**SSP Corporate Services (Pvt) Ltd.**

**Address:** No. 101, Inner Flower Road, Colombo 03

**Tel.:** +94 (11) 2573894

**Fax:** +94 (11) 2573609

## **Managing Agent**

Serendib Leisure Management Limited (SLML)

## **Auditors**

Ernst & Young

## **Chartered Accountants**

201, De Saram Place, Colombo 10

## **Registered Office**

**Address:** No. 75, Braybrooke Place, Colombo 02.

(To be changed to 100/1 Sri Jayawardenapura  
Mawatha Rajagiriya shortly)

**Tel.:** +94 (11) 588 0880

**Fax:** +94 (11) 286 5602

**Website:** www.serendibleisure.lk

