

<b>C O N T E N T S</b>	<b>Page No.</b>
<b>Corporate Information</b>	<b>2</b>
<b>Notice of Meeting</b>	<b>3</b>
<b>Chairman's Report</b>	<b>4</b>
<b>Board of Directors</b>	<b>6</b>
<b>Report of the Directors</b>	<b>8</b>
<b>Corporate Governance</b>	<b>12</b>
<b>Statement of Directors' Responsibility</b>	<b>17</b>
<b>Report of the Auditors</b>	<b>18</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>21</b>
<b>Statement of Financial Position</b>	<b>22</b>
<b>Statement of Changes in Equity</b>	<b>23</b>
<b>Statement of Cash Flows</b>	<b>24</b>
<b>Notes to the Financial Statements</b>	<b>25</b>
<b>Information to Shareholders &amp; Investors</b>	<b>51</b>
<b>Form of Proxy</b>	<b>(Enclosed)</b>

# RENUKA CITY HOTELS PLC

## CORPORATE INFORMATION

<b>Name of Company</b>	<b>:</b>	<b>Renuka City Hotels PLC</b>
<b>Legal Form</b>	<b>:</b>	<b>A Public Quoted Company with Limited Liability (Incorporated in Sri Lanka on 6<sup>th</sup> February 1992)</b>
<b>Company Registration No.</b>	<b>:</b>	<b>PQ 189</b>
<b>Registered Office</b>	<b>:</b>	<b>328, Galle Road, Colombo - 3.</b>
<b>Directors</b>		<b>Mr. R. B. Thambiayah - Chairman Mrs. N. A. Thambiayah – Deputy Chairman Ms. S. R. Thambiayah – Jt. Managing Director Ms. A.L. Thambiayah – Jt. Managing Director Mrs. M. A. Jayawardena Ms. N. R. Thambiayah Mr. T. Dharmarajah Mr. C.V. Cabraal Dr. D. Senathirajah (w.e.f. 15.07.2024)</b>
<b>Secretary</b>	<b>:</b>	<b>Ms. A. Withana</b>
<b>Auditors</b>	<b>:</b>	<b>BDO Partners Chartered Accountants 65/2, Sir Chittampalam A. Gardiner Mawatha, Colombo 2.</b>
<b>Bankers</b>	<b>:</b>	<b>NDB Bank Hatton National Bank Commercial Bank of Ceylon Seylan Bank PLC DFCC Bank PLC</b>

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 33<sup>rd</sup> Annual General Meeting of Renuka City Hotels PLC, will be conducted from the Conference Room, Renuka City Hotel, 328, Galle Road, Colombo 3, on 27<sup>th</sup> September 2024 at 10.30 a.m. as a virtual meeting using a digital platform for the following purposes.

Agenda:-

- 1) Receive and adopt the Audited Accounts for the year ended 31<sup>st</sup> March 2024 and the Reports of the Directors and Auditors.
- 2) To declare a dividend.
- 3) To authorise the Directors to determine and make donations.
- 4) To re-elect Directors
  - a) To re-elect Mr. R.B. Thambiayah as a director of the Company, who retires pursuant to Section 210 of the Companies Act No. 7 of 2007.  
Pursuant to section 211 of the Companies Act, special notice of the following ordinary Resolution has been received by the Company from a member of the Company.  
"That Mr. R.B. Thambiayah who has reached the age of 70 years on 28<sup>th</sup> January 2015 be re-elected as a Director of the Company and it is hereby declared that the provision of section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.B. Thambiayah".
  - b) To re-elect Mrs. N.A. Thambiayah as a director of the Company, who retires pursuant to section 210 of the Companies Act No 7 of 2007.  
Pursuant to section 211 of the Companies Act special notice of the following ordinary resolution has been received by the Company from a member of the Company.  
"That Mrs. N.A. Thambiayah who has reached the age of 70 years on 31st May 2021 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No 7 of 2007 shall not apply to Mrs. N.A. Thambiayah"
  - c) To re-elect Mrs. M.A. Jayawardena as a Director of the Company, who retires pursuant to section 210 of the Companies Act No 7 of 2007. Pursuant to section 211 of the Companies Act special notice of the following ordinary resolution has been received by the company from a member of the Company.  
"That Mrs. M.A. Jayawardena who has reached the age of 70 years on 21 August 2024 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No 7 of 2007 shall not apply to Mrs. M. A. Jayawardena"
  - d) To re-elect Mr. T. Dharmarajah who retires by rotation at the Annual General Meeting in terms of the Articles of Association of the Company, as a Director.
  - e) To re-elect Dr. D. Senathirajah who retires at the Annual General Meeting in terms of the Articles of Association, as a Director.
- 5) To re-appoint M/s BDO Partners, Chartered Accountants as Auditors of the Company and authorise the Directors to determine their remuneration.

The Annual Report and financial statements of the company are available on the following websites  
C S E Website : <https://www.cse.lk/home/company-info/RENU.N0000/financials>  
Company Website : <https://www.renukacityhotel.com/wp-content/uploads/2024/08/RCH-Annual-Report-2023-2024.pdf>

By Order of the Board,



**Ms. A. Withana**  
Company Secretary  
Colombo  
29 August 2024

Notes:

A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.

The completed form of Proxy should be deposited at the Registered Office of the Company 328, Galle Road, Colombo 3, not later than forty-eight (48) hours before the time appointed for the holding of the meeting.

## CHAIRMAN'S REPORT

On behalf of the Board of Directors I have great pleasure in welcoming you to the 33rd Annual General Meeting of Renuka City Hotels PLC. It is my privilege to present to the Shareholders the Report pertaining to the operations of our Company during the year ended 31st March 2024.

### Profit and Operations (Our Performance)

I am proud to state that our Company concluded the financial year 2023/2024 with a commendable profit of Rs 289 million which consists of Finance Income and Other income amounting to Rs 238 million. By maintaining a reasonable occupancy level this year through a combination of excellent service, rigorous marketing, and careful cost management, the company made an operational profit of Rs. 50 million which is promising going forward.

Colombo's hospitality sector, including our hotel, experienced increases in hotel occupancy due to the growth in tourism arrivals and an increase in room rates due to the Minimum Room Rate Gazette that was in place during the year. However the positive impact of this increase was diluted due to the pressure from an oversupply of rooms in Colombo City.

### Industry Overview

The Sri Lankan Hotel sector, especially the City hotels in Colombo, saw a mix of opportunities and challenges in the year under review, particularly as the industry worked to recover from an economic crisis, the COVID-19 pandemic and the negative impact as a result of the Easter Sunday attacks.

A key issue faced by Colombo's hospitality industry is the unhealthy competition due to the significant oversupply of rooms in the City. Price wars can damage profitability, especially for medium scale hotels like ours. The enforcement of the Minimum Room Rate ensured that the industry remained sustainable through the year under review. We strongly support this policy as it not only protects hotel revenues, but also ensures higher remuneration to the staff in the industry in the form of increased Service Charge and to the Authorities in the form of increased taxes paid by organisations.

Unfortunately to the disappointment of most of the stakeholders of the industry, the Minimum Room Rate Gazette was reversed just a few months after its implementation by the Authorities. Had the Minimum Rate Regulation continued it could have resulted in hotels focussing on delivering value for their guests rather than competing solely on price, and in the long term brought benefits to the hospitality sector.

Another challenge experienced by the industry is the shortage of skilled labour largely in middle management and in the junior staff categories. The hospitality sector relies heavily on trained staff to deliver the level of service that guests expect. The recent trend of young jobseekers pursuing careers overseas due to better prospects and remuneration offered in the hospitality sector in some countries overseas, and the unreasonable increases in taxes in Sri Lanka enforced upon them, show an alarming decline in the availability of efficient and trained labour.

Inflation has been another pressing concern, particularly in relation to operational costs. Rising prices for food, utilities, and other essential supplies that are required to run hotels have had an impact on our bottom line. While inflation remains a concern, we are confident

## CHAIRMAN'S REPORT (continued)

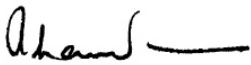
that our proactive measures to manage our costs will help mitigate its impact on our profitability to a certain level.

For the coming year, we presume that the challenges posed by oversupply of rooms, labour migration and inflation will persist. However, we are optimistic about the growth of the tourism industry in Colombo as the city continues to attract both business and leisure travellers. Our focus will remain on enhancing our guest experience, controlling costs, and advocating policies such as the Minimum Room Rate that help stabilize the market and improve the quality of the hospitality industry of the country.

### Acknowledgements

It is my pleasure to record my appreciation of the help and guidance given to me by my colleagues of the Board. I would also like to express my gratitude to our dedicated staff for their hard work and commitment throughout the year, and to our shareholders for their continued support. I also wish to thank our Auditors Messrs, BDO Partners and the several government departments including the Ministry of Tourism, the Ministry of Finance, and the Sri Lanka Tourism Development Authority for their cooperation and assistance during the year.

It is also my duty to acknowledge with gratitude the support of our many customers and guests, whose loyal and valued patronage has sustained us over the years. Our staff is committed to the continued and consistent improvement of our services and that commitment will reap benefits not only to us, but to our valued customers and guests as well.



**MR. R. B. THAMBIAYAH**  
**CHAIRMAN**

Colombo, 29<sup>th</sup> August 2024

## BOARD OF DIRECTORS

### **Mr. R. B. Thambiayah** **Executive Chairman**

(Member of the Board since 06.02.92 and appointed Chairman on 20.05.92)

#### **Skills and Experience**

Mr. Thambiayah's early career was in Tourism. He was the President of Colombo City Tourist Hotels Association and Vice-President of the Tourist Hotels Association of Sri Lanka. He was educated at the University of Madras, where he received a Degree in Economics. He is a Fellow of the Chartered Management Institute (UK).

#### **Other Current Appointments**

##### **Listed companies:**

Executive Chairman of Cargo Boat Development Company PLC and Executive Director of Renuka Hotels PLC

##### **Others:**

Executive Director of Renuka Consultants and Services Limited, Renuka Properties Limited, Lancaster Holdings Limited, Crescent Launderers & Dry Cleaners (Pvt) Ltd, Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited.

### **Mrs. N. A. Thambiayah**

#### **Executive - Deputy Chairman**

(Member of the Board since 02.09.96)

#### **Skills and Experience**

Mrs. Thambiayah is an Advertising & Marketing professional with over 25 years' experience. She has been a member of Zonta International Club I Colombo from 1997. She is also a member of SARRC Women's Association, Sri Lanka Chapter from 1998 and was the President of the Association in 2003/2004 and 2021-2023. She is a Graduate of the Chartered Institute of Marketing UK. She is an AFS Scholar and was an exchange student in Los Angeles, USA.

#### **Other Current Appointments**

##### **Listed companies:**

Executive Director of Renuka Hotels PLC and Cargo Boat Development Company PLC.

##### **Others:**

Executive Director of Renuka Consultants & Services Limited and Crescent Launderers & Dry Cleaners (Pvt) Ltd, Non-Executive Director of Renuka Properties Limited, Lancaster Holdings Limited, Amalgamated Theatres (Pvt) Ltd., and Portfolio Management Services (Pvt) Ltd.

### **Ms. S. R. Thambiayah**

#### **Executive Jt. Managing Director**

(Member of the Board since 14.03.05)

#### **Skills and Experience**

She began her career in the hospitality industry in 1999 at Hotel Renuka and Renuka City Hotel and is currently Jt. Managing Director for both hotels. Ms. Thambiayah has also held positions at Nestle Lanka Ltd., and with Expedia Inc. in New York as a Market Manager during her career. Ms. Thambiayah was also a director of DFCC Vardhana Bank from October 2010 to March 2015 and a Director of DFCC Bank PLC from March 2015 to September 2021. Ms. Thambiayah holds a bachelor of Economics (Hons.) degree from the University of Nottingham, UK; and a Master of Management in Hospitality from Cornell University, USA.

#### **Other Current Appointments**

##### **Listed companies:**

Chairperson /Jt. Managing Director of Renuka Hotels PLC and Non-Executive Director of Cargo Boat Development Company PLC.

##### **Others:**

Non-Executive Director of Crescent Launderers & Dry Cleaners (Pvt) Ltd, Renuka Consultants & Services Limited, and Lancaster Holdings Limited. Executive Director of Renuka Properties Limited and Portfolio Management Services (Pvt) Ltd. Vice President (representing Colombo City Hotels) of The Tourist Hotels Association of Sri Lanka, the Vice President of The Colombo City Tourist Hotels Association and a Member of the Committee of the Ceylon Chamber of Commerce representing "General Interest".

### **Ms. A. L. Thambiayah**

#### **Executive Jt. Managing Director**

(Member of the Board since 24.02.09)

#### **Skills and Experience**

Ms Thambiayah has worked as an Executive at Keells Hotel Management and John Keells Holdings – New Business Development and Group Initiatives for two and a half years. She commenced work at Hotel Renuka and Renuka City Hotel in 2008 and is currently the Joint Managing Director of both Renuka Hotels PLC and Renuka City Hotels PLC. She holds a Bachelor of Arts (Hons.) in Management Studies from the University of Nottingham, UK, and a Master of Science in International Business and Management from Manchester Business School, University of Manchester, UK.

#### **Other Current Appointments**

##### **Listed companies:**

Joint Managing Director of Renuka Hotels PLC, Non-Executive Director of Cargo Boat Development Company PLC and DFCC Bank PLC.

##### **Others:**

Non- Executive Director of Renuka Properties Limited and Lancaster Holdings Limited. Executive Director of Renuka Consultants and Services Limited, Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited.

### **Mrs. M. A. Jayawardena**

#### **Non Independent Non-Executive Director**

(Member of the Board since 14.03.05)

Ms Jayawardena has over 40 years experience in accounting and finance both locally and internationally. She worked in Zambia for more than 13 years in various capacities including Group Chief Accountant of the Copper belt Companies of Anglo American Corporation (Central Africa) Ltd. She had also functioned as the Group Financial Controller of EDS Group of Companies overseeing accounting and finance of their regional IT companies in South Asia. She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants, U.K.

#### **Other Current Appointments**

##### **Listed companies:** None

##### **Others:**

Non-Executive Director of Amalgamated Theaters (Pvt) Limited and Crescent Launderers & Dry Cleaners (Pvt) Limited.

### **Ms. N. R. Thambiayah**

#### **Non Independent Non-Executive Director**

(Member of the Board since 06.07.10)

#### **Skills and Experience**

Ms. Thambiayah has over 20 years' experience in general management and operations in the commercial real-estate and hotel sectors. She has been the Managing Director of Cargo Boat Development Company PLC since 2014 and a Director since 2010. She has been a Director of Renuka Hotels PLC since 2009. She holds a Bachelor of Arts with Honours degree in Industrial Economics from the University of Nottingham, UK and a Master of International Business from Monash University, Australia.

#### **Other Current Appointments**

##### **Listed companies:**

Executive Director of Cargo Boat Development Company PLC, Non-Executive Director of Renuka Hotels PLC and Royal Ceramics Lanka PLC.

##### **Others:**

Executive Director of Renuka Consultants and Services Limited, Renuka Properties Limited, Lancaster Holdings Limited, Crescent Launderers and Dry Cleaners (Pvt) Limited, Non-Executive Director of Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited.

## BOARD OF DIRECTORS

### **Mr. T. Dharmarajah**

#### **Independent Non-Executive Director**

(Member of the Board since 22.06.20)

#### **Skills and Experience**

Mr. Dharmarajah is the Senior Partner (Audit & Assurance) of M/S Amerasekera & Company. He was a director of DFCC Bank PLC and DFCC Vardhana Bank, a Member of the Board of Management Postgraduate Institute of Management and Curriculum Development Committee of the National Institute of Education. He was also a Member of the Council of the Institute of Chartered Accountants of Sri Lanka and University of Sri Jayewardenepura. He is also a former president of the Association of Accounting Technicians of Sri Lanka.

Mr Dharmarajah holds a BSc. Management (Sp) Degree of the University of Sri Jayewardenepura and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, Association of Accounting Technicians of Sri Lanka, and Institute of Public Finance & Development Accountancy.

#### **Other Current Appointments**

##### **Listed companies:**

Non-Executive Director of Raigam Wayamba Salterns PLC, Hapugastenne Plantations PLC and Udapussellawa Plantations PLC.

##### **Others:**

Executive Director of Management Applications (Pvt) Limited, Lanka Industrial Estates Ltd and DHS Medical Group (Private) Limited. Member of the Council of the University of the Visual and Performing Arts, Postgraduate Institute of Indigenous Medicine, and a member of the Standing Committee on Management Studies of the University Grant Commission.

### **Mr. C.V. Cabraal**

#### **Independent Non-Executive Director**

(Member of the Board since 13.01.21)

#### **Skills and Experience**

Mr Cabraal previously worked at CHEC Port City Colombo (Pvt) Ltd as Senior Manager – Estate Management upto October 2003 and before at Brandix Lanka (Pvt) Ltd as a Sustainability Engineer (2011-2014) in the Energy and Environment Department. He began his career in 2010 as a Management Trainee at John Keells Hotel Management Services. He also served as a member of the Sri Lanka Export Development Board from December 2019 to 2022. He is a Graduate (with Honours) in Mechanical Engineering (BSc.) with a focus in manufacturing and design from the Missouri University of Science and Technology, USA.

#### **Other Current Appointments**

##### **Listed companies:**

Non-Executive Director of Kelani Valley Plantations PLC, The Fortress Resort and Spa PLC and Vallibel Power Erathna PLC

##### **Others:**

None.

### **Dr. D. Senathirajah**

#### **Independent Non-Executive Director**

(Member of the Board since 15.07.24)

#### **Skills and Experience**

Dr. Senathirajah counts over 40 years of experience in finance, accounting and law and is the National Director/Chief Executive Officer of World Vision Lanka, which position he has held from October 2016 to date. Prior to that he was with the National Development Bank PLC from June 1998 and had functioned as Vice President - Finance & Planning and Financial Controller. He had also worked at the Maharaja Organization and Reckitt and Colman of Ceylon Limited. Dr. Senathirajah is an Attorney-at-Law and a Fellow of The Chartered Institute of Management Accountants, UK.

#### **Other Current Appointments**

##### **Listed companies:** None

##### **Others:**

National Director-World Vision Lanka (Gte) Ltd.  
Chairman – Vision Fund Lanka Ltd.

# RENUKA CITY HOTELS PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2024

1) The Directors present herewith the Audited Financial Statements for the year ended 31<sup>st</sup> March 2024.

### 2) RESULTS

The results and the state of affairs of the Company as at 31<sup>st</sup> March 2024 are set out in these Audited Financial Statements.

3) PROFIT AND APPROPRIATIONS :	2023/24 Rs.	2022/23 Rs.
Profit for the year	263,085,650	1,338,212,399
Other comprehensive income	403,856,759	(24,768,604)
Total comprehensive income for the year	666,942,409	1,313,443,795
Dividend	(14,000,000)	(14,000,000)
Unappropriated profit for the period	652,942,409	1,299,443,795

### 4) STATE OF AFFAIRS

The state of affairs of the Company as at 31 March 2024 is set out in the Statement of Financial Position on page 22.

### 5) PRINCIPAL ACTIVITY

The Principal Activity of the Company is the operation of a Tourist Hotel at No. 326, Colombo - 3. The Company had entered into an Agreement with the Board of Investment of Sri Lanka in relation to the construction and operation of such Hotel. However, the Company terminated this Agreement with the Board of Investment in 2021. The hotel operations commenced in March 1995.

### 6) DIRECTORS

The Directors of the Company as at 31st March 2024 were as follows:

Mr. R. B. Thambiayah - Chairman  
Mrs. N. A. Thambiayah – Deputy Chairman  
Ms. S. R. Thambiayah – Jt. Managing Director  
Ms. A.L. Thambiayah – Jt. Managing Director  
Mrs. M. A. Jayawardena  
Mr. R.S. Tissanayagam (Resigned on 15 July 2024)  
Ms. N.R. Thambiayah  
Mr. T. Dharmarajah  
Mr. C.V. Cabraal

#### Appointment, Retirement/ Resignation and Re-election of Directors

There were no new appointments or resignations during the year under review.

Dr. D. Senathirajah was appointed as a Director on 15 July 2024, subsequent to the year end.



# RENUKA CITY HOTELS PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2024 (continued)

### Retirement by Rotation and Re-election of Directors

Details relating to Directors seeking re-election:

Name of Director/ Date of appointment	Date last re-elected	Board Committees served during FY 2023/24	Directorships and other principal commitments FY 2021/22 - FY 2023/24
Mr. R.B. Thambiyah/ 06.02.1992	26 Sep 2023	NONE	Chairman Cargo Boat Development Company PLC and Director of Renuka Hotels PLC and in several Renuka Hotels Group companies
Mrs. N.A. Thambiyah/ 02.09.1996	26 Sep 2023	NONE	Deputy Chairperson-Renuka Hotels PLC and Cargo Boat Development Company PLC and director of several Renuka Hotels Group companies
Mrs. M. A. Jayawardena/ 14.03.2005	29 Sep 2022	Member - Audit, Remuneration and Related Party Transaction Review Committees	Director-Renuka Hotels PLC and Cargo Boat Development Company PLC and in few of the Renuka Hotels Group companies
Dr. D. Senathirajah/ 15.07.2024	-	-	Chairman – Vision Fund Lanka Ltd Director-World Vision Lanka (Gte) Ltd
Mr. T. Dharmarajah/ 22.06.2020	26 Nov 2020	Chairman - Audit and Related Party Transactions Review Committees Member - Remuneration Committee	Director-Management Applications (Pvt) Limited, Lanka Industrial Estates Ltd and DHS Medical Group (Private) Limited.

- a) In accordance with the Articles of Association Mr. T. Dharmarajah retires by rotation and being eligible, offers himself for re-election.
- b) Dr. D. Senathirajah retires at the Annual General Meeting in terms of the Articles of Association and being eligible offers himself for re-election.
- c) Mr. R. B. Thambiyah retires in terms of Section 210 of the Companies Act No. 7 of 2007. Pursuant to section 211 of the Companies Act, special notice of the following ordinary Resolution has been received by the Company from a member of the Company.

“That Mr. R. B. Thambiyah who has reached the age of 70 years on 28th January 2015 be re-elected as a Director of the Company and it is hereby declared that the provision of section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.B. Thambiyah”.

- d) Mrs. N. A. Thambiyah retires in terms of section 210 of the Companies Act No 7 of 2007. Pursuant to Section 211 of the Companies Act special notice of the following ordinary resolution has been received by the Company from a member of the Company.

“That Mrs. N. A. Thambiyah who has reached the age of 70 years on 31st May 2021 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No 7 of 2007 shall not apply to Mrs. N.A. Thambiyah”

- e) Mrs. M. A. Jayawardena retires in terms of section 210 of the Companies Act No 7 of 2007. Pursuant to Section 211 of the Companies Act special notice of the following ordinary resolution has been received by the Company from a member of the Company.

“That Mrs. M. A. Jayawardena who has reached the age of 70 years on 21 August 2024 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No 7 of 2007 shall not apply to Mrs. M.A. Jayawardena”

# RENUKA CITY HOTELS PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2024 (continued)

### 7. DIRECTORS' INTERESTS IN SHARES OF THE COMPANY AS AT 31 MARCH

	No. of Shares	
	31-3-2024	31-3-2023
Mr. R. B. Thambiayah	13,004	13,004
Ms. N. A. Thambiayah	4,467	4,467
Ms. M. A. Jayawardena	-	-
Ms. S. R. Thambiayah	-	-
Mr. R.S. Tissanayagam (resigned on 15.7.24)	-	-
Ms. A. L. Thambiayah	-	-
Ms. N. R. Thambiayah	-	-
Mr. T. Dharmarajah	-	-
Mr. C.V. Cabraal	-	-

### 8. DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

The Directors' direct or indirect interests in contracts or proposed contracts with the Company have been disclosed in the Interest Register and "Related Party Transaction" stated in Note 30 to the Financial Statements. These interests in contracts have been declared at meetings of Directors. No director or their close family members has had any material business relationship during the year with other directors of the company.

### 9. DONATIONS

During the year the company did not contribute (2023 - NIL) for charitable purposes.

### 10. BOARD COMMITTEES

The following are the present members of the Committees of the Board.

Committee	Members	Nature of Directorship	Date Appointed to Committee
Audit Committee	T. Dharmarajah - Chairman	Independent	29 June 2020
	D. Senathirajah	Independent	15 July 2024
	Ms. M. A. Jayawardena	Non Independent	29 June 2020
Related Party Transactions Review Committee	T. Dharmarajah - Chairman	Independent	29 June 2020
	D. Senathirajah	Independent	15 July 2024
	Ms. M. A. Jayawardena	Non Independent	29 June 2020
Remuneration Committee	T. Dharmarajah - Chairman	Independent	29 June 2020
	D. Senathirajah	Independent	15 July 2024
	Ms. M. A. Jayawardena	Non Independent	29 June 2020

### 11. CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment, during the year, are set out in Note 16 to the financial statements.

### 12. EMPLOYEES AND INDUSTRIAL RELATIONS

There have been no material issues pertaining to employees and industrial relations of the Company during the financial year.

### 13. DIVIDENDS

The Directors recommend a payment of a final dividend of Rs. 2/- per share for the year ended 31st March 2024 payable after approval by the shareholders.

### 14. SHAREHOLDING

The substantial shareholder of the Company as at reporting date was Renuka Hotels PLC., which held 71.88% of the Company's issued Share Capital.

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2024 (Continued)

### 15. EMPLOYMENT AND REMUNERATION POLICY

The Policy of the Company is to maintain a dedicated and motivated group of employees who are committed to creating sustainable value through effective management and high quality service. The Company is an equal opportunity employer. Annual increments are based on the performance of the individual.

### 16. RELATED PARTY TRANSACTIONS

The Related Party Transactions Review Committee is responsible for ensuring compliance with the requirements specified in Rule 9.14 of the Colombo Stock Exchange Listing Rules on Related Party Transactions. The committee reviewed the related party transactions carried out during the year and noted that the transactions were in compliance with the said Rule.

### 17. EVENTS AFTER THE FINANCIAL POSITION DATE

No material events have occurred after the Balance Sheet date which require adjustments or disclosure in the financial statements.

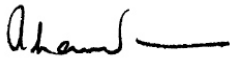
### 18. AUDITORS

A resolution to re-appoint our present Auditors, M/s BDO Partners, Chartered Accountants, who have indicated their willingness to continue, will be proposed at the Annual General Meeting.

### 19. ACKNOWLEDGEMENT OF THE CONTENT OF THE REPORT.

As required by Section 168 (1) (k), of the Companies Act No. 7 of 2007, the Board of Directors hereby acknowledges the contents of this report.

For and on behalf of the Board of Directors.



Mr. R. B. Thambiyah  
Chairman  
29th August 2024



Ms. S. R. Thambiyah  
Jt. Managing Director



Ms. A. Withana  
Company Secretary

## CORPORATE GOVERNANCE

### Introduction:

Corporate Governance deals with the systems by which companies are led, directed and controlled, the role of the Board of Directors, the frame-work of internal controls and relationships between the Board of Directors, Shareholders and Auditors.

The platform on which Corporate Governance principles are structured in Sri Lanka is that the Board of Directors is responsible for the proper Governance of the Company. In that context, the Board of Directors of Renuka City Hotels PLC., have recognized that their responsibilities include the setting out of the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the shareholders on their stewardship. Therefore, they strive to discharge such duties collectively.

The shareholders responsibilities cover the appointing of Directors and Auditors and satisfying themselves that the appropriate Governance structures are in place.

The Company is in compliance with Section 9 of the CSE Rules on Corporate Governance which are effective as at date.

### The Board of Directors

The Board of Directors of Renuka City Hotels PLC., takes responsibility for the good corporate Governance of the Company. The Board sets out the Company's strategic focus, and oversees the business and connected affairs of the Company and it also formulates the strategic objectives and policy frame work for the Company.

Board composition and Directors Independence as at date:

Name of Director	Type	Shareholding
Mr. R. B. Thambiyah	Executive Chairman	Yes
Mrs. N. A. Thambiyah	Executive Deputy Chairman	Yes
Ms. S. R. Thambiyah	Executive Jt. Managing Director	No
Ms. A. L. Thambiyah	Executive Jt. Managing Director	No
Mrs. M. A. Jayawardena	Non-Independent Non-Executive Director	No
Ms. N. R. Thambiyah	Non-Independent Non-Executive Director	No
Mr. T. Dharmarajah	Senior Independent Non-Executive Director	No
Mr. C.V. Cabraal	Independent Non-Executive Director	No
Dr. D. Senathirajah (w.e.f 15.7.24)	Independent Non-Executive Director	No

Mr. R. S. Tissanayagam who functioned as a director during the year resigned on 15 July 2024.

The Independent Directors satisfy the criteria set out in Section 9.8.3 of the CSE Listing Rules. Further, all directors satisfy the fit and proper assessment criteria stipulated in the CSE Listing Rules.

## **CORPORATE GOVERNANCE (Continued)**

### **Senior Independent Director (SID)**

The Chairman, Mr. R. B. Thambiyah is an Executive Director. Mr. R. B. Thambiyah, who is a founder Director of the Company, possesses a wealth of knowledge and expertise in the Hotel Industry as well as in managing investment portfolios. His expertise has been a driving force behind the growth and stability of the business and the Company will continue to benefit from his contribution to the operation of the Company in an executive capacity. As such, Mr. Thambiyah will remain as the Chairman and an Executive Director of the Company.

The Company has therefore, elected to comply with the alternative option provided under Section 9.6.3 of the Listing Rules with the appointment of Mr. T. Dharmarajah as the Senior Independent Director.

SID is required to meet with the Non-Executive Directors, enabling discussions and communication on governance related matters and further to carry out an annual review of the performance of the Chairman. The SID also provides guidance to the Chairman on matters of governance relating to the Company.

### **Directors responsibility for the preparation of the Financial Statements**

The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, and preventing and detecting fraud and/or other irregularities. The Board of Directors also confirm that the applicable Sri Lanka Accounting Standards have been adhered to, subject to any material departures being disclosed and explained in the Notes to the Financial Statements. The Board of Directors further confirm that suitable accounting policies consistently applied and supported by reasonable and prudent judgement and estimates, have been applied in the preparation of the financial statements.

### **Compliance regarding Payments**

The Board of Directors confirm that all known statutory payments have been paid up to date and all retirement gratuities have been provided for in the financial statements. At the same time, all management fees and payments made to related parties have been reflected in the financial statements.

### **Compliance with Laws, Regulations and Prudential Requirements**

The Company has not engaged in any activities contravening the laws and regulations and has complied with all prudential requirements. The Directors are provided with updates on revisions to rules and relevant laws.

### **Internal Control**

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place. These controls are designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information generated and the safeguarding of assets of the Company, to the extent possible, and to minimize the impact of identifiable risks. These controls provide reasonable and not absolute assurance against errors or material misstatements of management and financial information. The Management assists the Board by regularly reviewing and ensuring the operation and implementing of these controls.

### **Going Concern**

The Board of Directors is satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the "going concern" basis when preparing financial statements.

# RENUKA CITY HOTELS PLC

## CORPORATE GOVERNANCE (Continued)

### Directors Attendance

Attendance of Directors at meetings - During Year ended 31 March 2024								
Name of Director	Board Meetings		Audit Committee		Remuneration Committee		Related Party Transactions Review Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
R B Thambiyah	1	1	-	-	-	-	-	-
N A Thambiyah	1	1	-	-	-	-	-	-
S R Thambiyah	1	1	-	-	-	-	-	-
A L Thambiyah	1	1	-	-	-	-	-	-
M A Jayawardena	1	1	4	4	1	1	5	5
R S Tissanayagam	-	1	4	4	1	1	5	5
N R Thambiyah	1	1	-	-	-	-	-	-
T Dharmarajah	1	1	4	4	1	1	5	5
C V Cabraal	1	1	-	-	-	-	-	-

### Audit Committee Report

The Audit Committee during the year consisted of three Non-Executive Directors, namely Mr. T. Dharmarajaha (Chairman), Mr. R.S. Tissanayagam and Mrs. M.A. Jayawardena.

The purpose of the Audit Committee is to assist the Directors fulfill their responsibility with regard to certain aspects of best Corporate Governance practices, namely Audit and Risk Management. The Audit Committee is empowered to review the activities and financial affairs of the Company. The Audit Committee also receives direct reports from the External Auditors on their audit findings and provides a forum for the impartial review of these reports. The Committee also reviews the External Auditor's management letter and examines the actions taken by management in response thereto.

The Audit Committee, through independent reviews by the Night Auditors ensures that the internal controls continue to be effective. As a part of this process the committee also obtained the assurance from the Managing Director and the Head of Finance who are responsible for designing and effectively implementing the company's internal control systems. The Audit Committee thereby provides assurance that control issues, which would have a bearing on the management of enterprise risks, are identified and appropriate and timely action taken to overcome these.

Audit Committee through review of Quarterly financial statements and Annual Financial statements is satisfied with the adequacy of disclosures, consistency of Accounting Policies, compliance with CSE Listing rules, requirements of Companies Act No 07 of 2007, SEC Act and other relevant financial reporting regulations.

The Audit Committee is satisfied that a strong control environment arising from the effectiveness or organization structures and compliance with the Company's accounting and operational policies is prevalent within the Company. By their very nature, these controls provide reasonable, but not absolute, assurance that the financial positions of the Company is well managed, and to the extent possible, systems are in place to minimize the impact of identifiable risks.

## **CORPORATE GOVERNANCE (Continued)**

The External Auditors of the Company have direct access to the Committee, which ensure that their independence is not impaired in any way. The Audit Committee assessed the performance and effectiveness of the external auditors, their independence, professional capabilities, obtained a statement confirming their independence in accordance with the terms of all relevant professional and regulatory requirements and made recommendations to the Board pertaining to the re-appointment of the external auditors, Messrs BDO Partners.

**(Sgd) T. Dharmarajah**

**Chairman.**

**Audit Committee**

29 August 2024

### **Remuneration Committee Report**

The Remuneration committee during the year consisted of three Non-Executive Directors namely, Mr. R.S. Tissanayagam (chairman), Mr. T. Dharmarajah and Mrs. M.A. Jayawardena.

The Purpose of the Remuneration committee is to lay down guidelines and recommend a policy on remuneration of the Senior Management Staff. The committee meets whenever it is required to review the remuneration of the Senior Management. The main objective of the remuneration package is designed to retain Quality Managerial Staff and reward those who are performing well. The Managing Directors attend the meetings by invitation and provides information to the committee and participate in the deliberations.

**(Sgd) R.S. Tissanayagam**

**Chairman.**

**Remuneration Committee**

31 March 2024

### **Related Party Transactions Review Committee Report**

The Board appointed Related Party Transactions Review Committee is in accordance with Section 9 of the Listing Rules on Related Party Transactions issued by the Colombo Stock Exchange. The committee during the year comprised of three Non-Executive Directors two of whom are independent Non-Executive Directors, namely, Mr. T. Dharmarajah (Chairman), Mr. R.S. Tissanayagam and Mrs. M.A. Jayawardena.

The purpose of the Related Party Transactions Review Committee is to conduct an independent review of all related party transactions of the company and to ensure that they comply with the rules issued by the Colombo Stock Exchange.

The responsibilities of the committee, amongst others, includes:

- To develop policies and procedures consistent with CSE guidelines to be adopted by the Board of Directors in relation to Related Party Transactions.
- To identify Related Party Transactions which require immediate market disclosure as per section 9 of the Continuing Listing Requirements of the CSE.
- To review all proposed Related Party Transactions of the company and to determine whether it requires prior approval of the Board.
- To ensure that appropriate disclosures are made in the Annual Report of the company on Related Party Transactions as required by the Continuing Listing Requirements of the CSE.

## **CORPORATE GOVERNANCE (Continued)**

The committee met quarterly during the year to review all proposed related party transactions and their compliance with the CSE Listing Rules. Where necessary, these are communicated to the Board to obtain the prior Approval. The committee is satisfied that the company is in compliance with the Rules issued by the Colombo Stock Exchange on Related Party Transactions.

**(Sgd.) T. Dharmarajah**

**Chairman**

**Related Party Transactions Review Committee**

29 August 2024

## **Statement by the Senior Independent Director (SID)**

In terms of the option provided in Section 9.6.3, since the Chairman is an Executive Director, I was appointed as the SID on 31 October 2023.

The role of the SID is to provide an opportunity to non-executive directors to discuss matters and concerns relating to the company and the operations of the Board.

In line with the regulatory requirements, I chaired two meetings, one with only the Independent Directors and the other with all the non-executive directors without the presence of the Chairman or the Executive Directors and an opportunity was given to the directors to raise any concerns or matters that they require to be taken up, so that where necessary, any matters of concern can be communicated and taken up for further discussion at Board level. The performance of the chairman was also reviewed at the meeting with the non-executive directors.

I confirm that the Company has complied with all relevant mandatory governance requirements.

**(Sgd.) T. Dharmarajah**

**Senior Independent Director**

29 August 2024



## **STATEMENT OF THE DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS**

The Board of Directors is responsible for preparing and presenting the financial statements, which are set out on pages 21 to 50.

As per the provisions of the Companies Act, No. 7 of 2007 the Directors are required to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year.

The Company prepared its Financial Statements for all periods up to and including the year ended 31st March 2011, in accordance with Sri Lanka Accounting Standards which were in effect up to that date. Following the convergence of Sri Lanka Accounting Standards with the International Financial Reporting Standards (IFRSs), all existing/new Sri Lanka Accounting Standards were prefixed as SLFRS and LKAS to represent Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards and Sri Lanka Accounting Standards corresponding to International Accounting Standards (IASs), respectively. Accordingly, the Company adopted these new Sri Lanka Accounting Standards (which are commonly known as SLFRSs) applicable for financial periods commencing from 1st April 2011. The Significant Accounting Policies adopted in the preparation of the Financial Statements of the Company are given on pages 25 to 50 of the Annual Report.

The accounting policies set out on pages 25 to 50 have been applied consistently to all periods presented in these Financial Statements, except the changes in significant accounting policies disclosed in the financial statements.

The Directors are also confident that the Company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the Company and to ensure that the financial statements presented comply with the requirements of the Companies Act, No. 7 of 2007.

The Directors have taken reasonable steps to safeguard the assets of the Company and established appropriate internal control systems with a view to preventing and for the detection of fraud and other irregularities.

The Directors are confident that they have discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company as at the reporting date have been paid or where relevant, provided for.

By order of the Board.



**Ms. A. Withana**  
**Company Secretary**  
**Colombo.**

29<sup>th</sup> August 2024

# RENUKA CITY HOTELS PLC

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF RENUKA CITY HOTELS PLC

Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Renuka City Hotels PLC ("the Company"), which comprise the statement of financial position as at 31<sup>st</sup> March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information as set out on pages 21 to 50.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31<sup>st</sup> March 2024, 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 for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

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

Key Audit Matter	How our audit addressed Key Audit Matter
<p><b>Revenue recognition</b></p> <p>Revenue represents the Company's gross inflow of economic benefits in terms of cash, receivables or other assets arising from the operating activities. The net revenue for the 2023/2024 year amounted to Rs. 257 Mn. The Company has low volume of sales from multiple revenue streams which include room sales, food and beverages sales as well as other hotel related revenue and is routed through free individual travelers and online platforms. Such streams carry terms and conditions that would require details analysis of gross/net revenue analysis.</p> <p>As the reservation systems are not directly linked to the Company's general ledger, the Company recognize the revenue through initiation of the journal entries over the different revenue streams which impose an additional risk over recognition. Considering these facts, revenue recognition has been as a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"><li>● Obtaining and understanding and assessing the design, implementation and operating effectiveness of management's key internal controls assisted by our own IT specialist over revenue recognition, including initiating and monthly revenue transfers.</li><li>● Performing substantive analytical procedures over different streams of revenue to assess the reasonability of revenue recognition.</li><li>● On sample basis, performing focused substantive testing procedures based on our industry knowledge which includes:<ul style="list-style-type: none"><li>* Revenue recognition over different streams. Comparing revenue transactions recorded before and after the financial year end date with our understanding to assess whether that the revenue has been recognized in the correct accounting period.</li><li>* Logic test, vouching and reconciliation with invoice wise listing, verification of agreement with online service provides and appropriateness of allocation basis.</li><li>* Testing journal entry and investigating any manual sales entries which were not recorded in the course of the month end closing procedures.</li><li>* Assessing the adequacy of the financial statement's disclosures.</li></ul></li></ul>

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF RENUKA CITY HOTELS PLC

Key Audit Matter	How our audit addressed Key Audit Matter
<p><b>Valuation of Investments at Fair Value Through Other Comprehensive Income</b></p> <p>The Company's portfolio of investment in financial assets makes up 41% of the Company's total assets. The equity investment of the Company is classified as fair value through other comprehensive income as at 31<sup>st</sup> March 2024 and it amounts to Rs. 1,280 million. Although, financial market has gradually improved with the recovery from prevailing uncertainty in macro-economic environment, still there is an uncertainty with regard to market conditions.</p> <p>We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the Financial Statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>• Documenting and assessing the processes in place to record investment transactions and to value the portfolio.</li> <li>• Agreeing the valuation of investments in the portfolio to externally quoted prices; and agreeing the investment holdings in the portfolio to documentary evidence from third party.</li> </ul> <p>Assessing the adequacy of disclosures in the Financial Statements as required by the relevant accounting standards.</p>

#### Other information

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

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

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

Responsibilities of 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.

# RENUKA CITY HOTELS PLC

As part of an audit in accordance with SLAuSs, we exercise professional judgement 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 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.

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

We also provide Those Charged with Governance with a statement that we have complied with ethical requirements in accordance and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards applied.

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

## Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1961.

*BDO Partners*

CHARTERED ACCOUNTANTS  
Colombo  
29<sup>th</sup> August 2024  
SR/kp

# RENUKA CITY HOTELS PLC

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH

	Note	2024 Rs.	2023 Rs.
<b>Revenue</b>	8	<b>257,198,942</b>	<b>128,077,475</b>
Cost of sales	9	(70,927,441)	(43,119,620)
<b>Gross profit</b>		<b>186,271,501</b>	<b>84,957,855</b>
Other operating income	10	100,210,186	60,143,253
		286,481,687	145,101,108
Salaries and related expenses	12.1	(68,293,991)	(74,829,405)
Administrative expenses		(58,819,813)	(58,005,216)
Marketing expenses		(8,442,232)	(9,756,068)
<b>Profit from operations</b>	12	<b>150,925,651</b>	<b>2,510,419</b>
Net finance income	11	138,126,505	1,339,275,505
<b>Profit before taxation</b>		<b>289,052,156</b>	<b>1,341,785,924</b>
Tax expense	13	(25,835,045)	(3,573,525)
<b>Profit for the year</b>		<b>263,217,111</b>	<b>1,338,212,399</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of retirement benefit obligation	25	(1,342,802)	9,025,334
Related tax on remeasurement of defined benefit obligation	26.1.1	402,841	(2,707,600)
Equity investments at FVTOCI - net change in fair value		404,665,259	(31,086,338)
<b>Total other comprehensive expense for the year, net of tax</b>		<b>403,725,298</b>	<b>(24,768,604)</b>
<b>Total comprehensive income for the year net of tax</b>		<b>666,942,409</b>	<b>1,313,443,795</b>
<b>Earnings for share</b>	14	<b>37.60</b>	<b>191.17</b>
<b>Dividend per share</b>	15	<b>2.00</b>	<b>2.00</b>

*Figures in bracket indicate deductions.*

The accounting policies and notes on pages 25 to 50 form an integral part of these financial statements.

Colombo  
29<sup>th</sup> August 2024

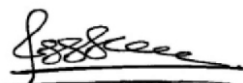
# RENUKA CITY HOTELS PLC

## STATEMENT OF FINANCIAL POSITION

AS AT 31 <sup>ST</sup> MARCH	Note	2024 Rs.	2023 Rs.
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	273,911,137	286,949,192
Intangible assets	17	--	--
Investments in financial assets	18	1,342,789,314	7,316,931,219
<b>Total non current assets</b>		<b>1,616,700,451</b>	<b>7,603,880,411</b>
<b>Current assets</b>			
Inventories	19	803,780	1,824,175
Other receivables	20	3,810,363	3,763,219
Deposits and pre-payments	21	8,690,849	7,053,977
Investment in financial asset	18.3	2,634,962,211	--
Cash and cash equivalents	22	5,357,155,685	1,302,287,289
<b>Total current assets</b>		<b>8,005,422,888</b>	<b>1,314,928,660</b>
<b>Total assets</b>		<b>9,622,123,339</b>	<b>8,918,809,071</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	23	110,000,000	110,000,000
Fair value reserve		255,233,893	(149,431,366)
Retained earnings		9,135,005,520	8,886,728,370
<b>Total equity</b>		<b>9,500,239,413</b>	<b>8,847,297,004</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	24	6,494,349	4,488,932
Deferred tax liability	25	62,892,363	37,460,159
<b>Total non current liabilities</b>		<b>69,386,712</b>	<b>41,949,091</b>
<b>Current liabilities</b>			
Trade and other payables	26	47,815,620	21,118,373
Amounts due to related party	27	2,116,337	7,135,624
Income tax payable	28	37,894	1,172,497
Bank overdraft	22	2,527,363	136,482
<b>Total current liabilities</b>		<b>52,497,214</b>	<b>29,562,976</b>
<b>Total liabilities</b>		<b>121,883,926</b>	<b>71,512,067</b>
<b>Total equity and liabilities</b>		<b>9,622,123,339</b>	<b>8,918,809,071</b>

Figures in brackets indicate deductions.

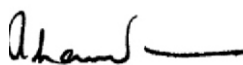
The accounting policies and notes on page s 25 to 50 form an integral part of these financial statements. It is hereby certified that the financial statement have been prepared in compliance with the requirements of the companies act No. 7 of 2007



**Mr. G. Koggalage**  
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements in accordance with Sri Lanka accounting standards.

Approved & Signed for and on behalf of the Board of Directors.



**Mr. R.B. Thambiayah**  
Chairman  
Colombo  
29<sup>th</sup> August 2024



**Ms. A.L. Thambiayah**  
Jt. Managing Director

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH

Description	Note	Stated Capital Rs.	General Reserve Rs.	Fair Value Reserve Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at</b>						
01 <sup>st</sup> April 2022	16	110,000,000	3,910,000,000	(118,345,028)	3,646,198,237	7,547,853,209
<b>Comprehensive Income for the year</b>						
Profit for the year		-	-	-	1,338,212,399	1,338,212,399
Other comprehensive expense				(31,086,338)	6,317,734	(24,768,604)
Transfer to retained earnings			(3,910,000,000)	-	3,910,000,000	-
<b>Total comprehensive Income for the year</b>		-	(3,910,000,000)	(31,086,338)	5,254,530,133	1,313,443,795
<b>Contributions by and distributions to owners</b>						
Dividend paid		-	-	-	(14,000,000)	(14,000,000)
<b>Total contributions by and distributions to owners</b>		-	-	-	(14,000,000)	(14,000,000)
<b>Balance as at 31st March 2023</b>		<b>110,000,000</b>	<b>-</b>	<b>(149,431,366)</b>	<b>8,886,728,370</b>	<b>8,847,297,004</b>
<b>Comprehensive Income for the year</b>						
Profit for the year		-	-	-	263,217,111	263,217,111
Other comprehensive Income		-	-	404,665,259	(939,961)	403,856,759
<b>Total comprehensive Income for the year</b>		-	-	<b>404,665,259</b>	<b>262,277,150</b>	<b>666,942,409</b>
<b>Contributions by and distributions to owners</b>						
Dividend paid		-	-	-	(14,000,000)	(14,000,000)
<b>Total contributions by and distributions to owners</b>		-	-	-	(14,000,000)	(14,000,000)
<b>Balance as at 31<sup>st</sup> March 2024</b>		<b>110,000,000</b>	<b>-</b>	<b>255,233,893</b>	<b>9,135,005,520</b>	<b>9,500,239,413</b>

\* Retained earnings are the cumulative net earnings of a company after accounting for dividend payments

\*\* Fair value reserve of financial assets as at fair value through other comprehensive income (FVTOCI) relates to the changes in investment in equity shares.

*Figures in bracket indicate deductions.*

The accounting policies and notes on pages 25 to 50 form an integral part of these financial statements.

Colombo  
29<sup>th</sup> August 2024

# RENUKA CITY HOTELS PLC

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH

		2024 Rs.	2023 Rs.
<b>Cash flows from operating activities</b>			
Profit before taxation	Note	289,052,156	1,341,785,924
<b>Adjustment for:</b>			
Depreciation	16	13,228,045	18,434,053
Interest income	11	(709,443,250)	(740,068,703)
Dividend income	10	(69,943,394)	(57,452,370)
Profit on sale of shares	10	(30,135,331)	(2,690,883)
Fair value gain on investment in unit trust	10	(131,461)	-
Provision for employee benefit obligation	24	990,865	856,862
<b>Operating (loss)/profit before working capital changes</b>		<b>(506,382,370)</b>	<b>560,864,883</b>
<b>Changes in working capital</b>			
Decrease/(increase) in inventories		1,020,395	(1,399,893)
(Increase)/decrease in other receivables, deposits and pre payments and amount due from related party		(1,684,016)	(4,825,936)
Increase/(decrease) in other payables and amount due to related parties		21,677,960	(2,499,490)
<b>Cash (used in)/generated from operating activities</b>		<b>(485,368,031)</b>	<b>552,139,564</b>
Income tax paid	28	(1,134,603)	(789,512)
Gratuity paid	24	(328,250)	(431,250)
<b>Net cash (used in)/generated from operating activities</b>		<b>(486,830,884)</b>	<b>550,918,802</b>
<b>Cash flows from investing activities</b>			
Net proceed from investments in shares	18	37,296,539	7,049,883
Net proceed from investment in fixed deposits	18	3,794,328,310	(485,942,580)
Investment in unit trust	18	(23,730,000)	-
Dividends received		36,160,290	29,652,143
Interest received	11	709,443,250	740,068,703
Purchase of property, plant and equipment	16	(189,990)	(214,024)
<b>Net cash generated from investing activities</b>		<b>4,553,308,399</b>	<b>290,614,125</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(14,000,000)	(14,000,000)
Repayment of loan		-	(3,432,000)
<b>Net cash used in financing activities</b>		<b>(14,000,000)</b>	<b>(17,432,000)</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>4,052,477,515</b>	<b>824,100,927</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,302,150,807</b>	<b>478,049,880</b>
<b>Cash and cash equivalents at the end of the year (Note A)</b>		<b>5,354,628,322</b>	<b>1,302,150,807</b>
<b>Note A</b>			
<b>At the end of the year</b>			
Bank overdraft		(2,527,263)	(136,482)
Cash in hand and at bank	22	3,808,430,545	7,709,765
Short - term fixed and call deposits		1,548,725,140	1,294,577,524
<b>Cash and cash equivalents at end of the period</b>		<b>5,354,628,322</b>	<b>1,302,150,807</b>

Figures in bracket indicate deductions.

The accounting policies and notes on pages 25 to 50 form an integral part of these financial statements.

Colombo  
29<sup>th</sup> August 2024



## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT

### 01 ACCOUNTING POLICIES

#### 1.1. Domicile and legal form and nature of the business

Renuka City Hotels PLC (the ‘company’), is a public limited liability company incorporated & domiciled in Sri Lanka and listed in the Colombo Stock Exchange. It has entered into an agreement with the Board of Investment of Sri Lanka in terms of Section 17 of the GCEC Law No. 04 of 1978 to set up/conduct and operate the business of a hotel. The corporate information is disclosed in page No. 02 of the Annual Report.

#### 1.2. Parent enterprise and ultimate parent enterprise

The Company’s parent and ultimate parent undertaking and controlling party is Renuka Hotels PLC.

#### 1.3 Principal activity and nature of operation

The principal activity of the Company is operating a Hotel.

#### 1.4 Number of employees

The total number of employees of the Company as at 31<sup>st</sup> March 2024 is 51 (2023 – 48).

### 02 BASIS OF PREPARATION

#### 2.1 Statement of compliance

The statement of financial position, statement of profit or loss and other comprehensive income, changes in equity and statement of cash flows, together with the notes, (the ‘Financial Statements’) of the Company as at 31<sup>st</sup> March 2024 and for the period then ended have been prepared in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka and complies with the requirements of the Companies Act No 07 of 2007 and the listing rules of the Colombo Stock Exchange.

The financial statements were authorized for issue by the Board of Directors on 29<sup>th</sup> August 2024.

#### 2.2 General accounting policies

The Financial Statements have been prepared on an accrual basis except for cash flow information and under the historical cost convention except for following material items in the statement of financial position:

- Equity investments are measured at fair value through other comprehensive income.
- Employee defined benefit obligations based on actuarial valuation

#### 2.3 Functional and presentation currency

The financial statements of the Company are presented in Sri Lankan Rupees, which is the Company’s functional and presentation currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest rupee.

#### 2.4 Use of estimates and judgments

The preparation of Financial Statements, management has made judgments, estimates and assumptions that affect the application of Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

## **MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT (Contd.)**

Information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant effects on the amounts recognized in these financial statements are included in the following notes.

- Note 3.1.3            - Impairment of assets  
Note 3.1.4            - Non-Financial assets and basis of measurement

### **2.5 Measurement of fair values**

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

The company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Company's Audit committee.

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

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

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

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair value is included in note 30.2

### **2.6 Going concern**

Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### **2.7 Comparative information**

The presentation and classification of the financial statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

### 3. MATERIAL ACCOUNTING POLICY INFORMATION

The preparation of the company's financial statements requires management to make judgements, and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date.

#### 3.1.1 Foreign currency transactions

Transactions in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lanka Rupees at the foreign exchange rate prevailing as at the reporting date. Non-monetary assets and liabilities which are stated at historical cost denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates of the transactions. Non-monetary assets & liabilities that are stated at fair value denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate prevailing at the dates that the values were determined. Foreign exchange differences arising on translation are recognized in the Statement of profit or loss and other comprehensive income.

#### 3.1.2 Financial instruments

##### Non derivative Financial assets

##### (a) Recognition and initial measurement

The Company initially recognises "Trade receivables and debt securities" when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, transaction costs that are directly attributable to its acquisition.

##### (b) Classification and subsequent measurement

On initial recognition, the company classifies a financial asset as measured at amortised cost; Fair Value through other comprehensive Income (FVOCI); or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. At the end of each reporting period all classifications are re-evaluated to the extent that such classification is required and permitted.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

## **MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT (Contd.)**

An investment is measured at FVOCI if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Company's investment in equity investments are classified as Fair Value through OCI.

### **Debt Securities measured at amortised cost**

Debt securities that were previously classified as held to maturity are now classified at amortised cost. The Company intends to hold the assets to maturity to collect contractual cashflows and these cashflows consist solely of payments of principal and interest on the principal amount outstanding.

### **Equity Securities measured at FVOCI**

The Company's investment in equity securities are classified as fair value through other comprehensive income (FVOCI).

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

### **Financial assets measured at amortised cost**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets classified and measured at amortised cost are limited to its investments in fixed deposits, other receivables, deposits and prepayments and cash & cash equivalents.

### **(c) Business model assessment**

- The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;

## **MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT (Contd.)**

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### **(d) Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

### **(e) Subsequent measurement and gains and losses**

#### **Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

#### **Financial assets at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### **(f) De-recognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire; it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset. In these cases, the transferred assets are not derecognised.

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

### Non derivative financial liabilities

#### (a) Recognition and initial measurement

The Company initially recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value and, for an item not at fair value through Profit or Loss, net of transaction costs that are directly attributable to its issue.

The Company's financial liabilities comprise of bank overdrafts, trade and other payables, and amounts due to related party.

Financial liabilities are classified as other financial liabilities or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognised in profit or loss.

#### (b) Subsequent measurement

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method minus any reduction for impairment.

### 3.1.3 Impairment of financial assets

The new impairment model applies to financial assets measured at amortised cost, contract assets, loan commitments and financial guarantee contracts. The loss allowance is based on the ECL associated with the probability of default in the next twelve months, unless there has been a significant increase in credit risk since its origination. If the credit risk on that financial asset has increased significantly since its initial recognition, the loss allowance is based on the change in the ECLs over the life time of the asset.

#### The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortized cost and
- contract assets.
- debt investments measured at FVOCI

#### The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and

## **MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT (Contd.)**

supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

### **Measurement of ECL for trade debtors**

Given the nature of the trade debtors of the Company, management can identify key drivers behind the changes in credit risk for each debtor on individual basis. Accordingly the life time ECL will be assessed on an individual basis for trade debtors.

### **Credit-impaired financial assets**

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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

### **Presentation of allowance for ECL in the statement of financial position**

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

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

## **3.1.4 Non-Financial assets and basis of measurement**

### **(a) Property, plant and equipment**

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes and are expected to be used during more than one period.

### **Basis of Recognition**

Property, plant and equipment are recognized if it is probable that future economic benefits

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

associated with the assets will flow to the Company and cost of the asset can be reliably measured.

### **Basis of Measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to, replace part of, or service it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use and the costs of dismantling and removing the items and restoring the site on which they are located.

### **Subsequent costs**

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalized. The cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property, plant and equipment are recognized in statement of profit or loss and other comprehensive income as incurred.

### **De-recognition**

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de recognition of an item of property, plant and equipment is included in statement of profit or loss and other comprehensive income when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is derecognized. Major inspection costs are capitalised. At each such capitalization, the remaining carrying amount of the previous cost is derecognized.

### **Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss and other comprehensive income on straight-line basis over the estimated useful lives of each item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 Years
Furniture, fixtures & electrical equipment	03 - 16 Years
Motor vehicles	05 Years
Air conditioners, lifts & generators	10 - 20 Years
Computers	03 Years

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.



## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

### (b) Intangible Assets

An intangible asset is recognised if it is probable that future economic benefits will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 on 'Intangible Assets'. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible assets with finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumptions of future economic benefits embodied in the assets is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income on the straight-line basis over the estimated useful lives, from the date they are available for use.

The estimated useful life of intangible assets with finite life is as follows:

Computer software 3 Years

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised.

### (c) Inventories

Inventories are valued at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the selling expenses.

The cost of inventories is generally determined by reference to weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

### (d) Liabilities and provisions

#### Liabilities

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

#### Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

### (e) Retirement benefit obligation

#### Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a

## **MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT (Contd.)**

further amount. Obligations for contributions to defined contribution plans are recognized as expense in the statement of profit and loss and other comprehensive income in the period during which related services are rendered by employees. Employees' Provident Fund the Company and Employees' contribute 12% & 8% respectively on the salary of each employee respectively. Said provident fund is being managed by the Central Bank of Sri Lanka. Employees Trust Fund the Company contributes 3% of the salary of each employee to the Employees' Trust Fund. Obligations for contributions to defined contribution plans are expensed as the related service is provided.

### **Defined benefit plans - retiring gratuity**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits' Such actuarial valuations will be carried out every year, The liability is not externally funded. All Actuarial gains or losses are recognized under other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

### **(f) Capital commitments & contingencies**

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured. Capital commitment and contingent liabilities of the Company are disclosed in the respective notes to the Financial Statements.

### **(g) Events after the reporting date**

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the financial statements wherever necessary.

## **3.1.5 Statement of profit and loss and other comprehensive income**

### **(a) Revenue recognition**

#### **Performance obligations and revenue recognition policies**

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

#### **Contracts with customers**

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

#### **The Company's performance obligations and significant judgements are summarised below:**

The revenue for providing the services are usually recognised at or after the guests' departure, over the period of stay or at the point of arrival of guests. The entity identifies the services under

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

each contract as one performance obligation. The revenue is accounted based on the output method. Since revenue will be based on the final good or service provided, the output method will provide a faithful depiction in recognising revenue. Accordingly, revenue is recognised on the rooms occupied on daily basis and food and beverages and hotel related sales are accounted for at the time of sale and rental income is recognised on an accrual basis.

### **(b) Cost of sales**

The total food cost incurred by Renuka Hotels PLC and Renuka City Hotels PLC is initially recognized by Renuka Hotels PLC. The food cost applicable to Renuka City Hotels PLC is subsequently transferred to the entity based on food related revenue of Renuka City Hotels PLC. 90% of electricity, water and maintenance expenses are included in cost of sales and the balance 10% is recognized under administrative expenses. The total salary cost of employees are recorded under salaries and related expenses not allocated to cost of sales, due to practical difficulties in identifying directly attributable salary cost for cost of sales.

### **(c) Other income**

Other income is recognized on an accrual basis. Net profits from the disposal of property, plant and equipment and other non-current assets, including investments, are accounted for in profit or loss, after deducting from the proceeds from disposal, the carrying amount of such assets and the related selling expenses. Gains and Losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

Dividend income is recognized in statement of profit or loss and other comprehensive income on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### **(d) Expenditure**

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

For the purpose of presentation of statement of profit or loss and other comprehensive income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted. Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to the statement of profit and loss and other comprehensive income the year in which the expenditure is incurred. The profit earned by the Company is before income tax expense and after making provision for all known liabilities and for the depreciation of property, plant & equipment and amortisation of intangible assets.

### **(e) Finance income**

Finance income comprises interest income and foreign currency gains or losses. Interest income is recognised using the effective interest method. Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

### (f) Income tax expense

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognized directly in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognized directly in equity or other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore will account for them under LKAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

### (g) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

### (h) Deferred tax

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

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes if any.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period to cover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

### (i) Basic earnings per share (EPS)

The financial statements present basic earnings per share (EPS) for its ordinary shareholders. The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

### 04 RELATED PARTY TRANSACTIONS - LKAS 24

The Company carries out transactions in the ordinary course of business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures".

### 05 STATEMENT OF CASH FLOW

The statement of cash flows has been prepared by using the "indirect method" of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of cash flows'.

Cash and cash equivalents comprise of cash in hand, short term call deposits and cash at bank.

### 06 NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATION ISSUES BUT NOT YET EFFECTIVE.

(a) The following new and amended standards are not expected to have a significant impact on the company's financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

Accounting Standard	Description	Effective Date
Classification of liabilities as current or non-current (Amendments to LKAS 01)	The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current. However, the IASB has subsequently proposed further amendments to LKAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1st January 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Company is closely monitoring the developments. The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those items.	1 <sup>st</sup> January 2024
Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)	The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk.	1 <sup>st</sup> January 2024
Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)	The amendment is intended to improve the requirements for sale and leaseback transactions in SLFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions.	1 <sup>st</sup> January 2024
Lack of Exchangeability (Amendments to LKAS 21)	The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1 <sup>st</sup> January 2025

## MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENT *(Contd.)*

<p>General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)</p>	<p>In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. No financial impact is expected on the Group except for additional disclosures.</p>	<p>1<sup>st</sup> April 2025</p>
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**(b) Change in material accounting policies**

The Company adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1<sup>st</sup> January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they had an impact on the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022/2023: Significant accounting policies) in certain instances in line with the amendments.

### 07 SEGMENT REPORTING

A segment is a distinguishable component of the company that is engaged either in products or services which are subject to risks and rewards that are different from those of other segments. The company does not distinguish its products for different segments as differentiations are insignificant.

The chief operating decision maker considers the performance of the Company as a whole considering the total operations as one segment in assessing the performance of the company and making decisions about the resource allocation within the company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH

	2024 Rs.	2023 Rs.
<b>8. REVENUE</b>		
Gross revenue	282,824,383	140,834,784
Less: Service charge	(25,625,441)	(12,757,309)
	257,198,942	128,077,475
	257,198,942	128,077,475
<b>Disaggregation of Revenue</b>		
Revenue is disaggregated by nature of revenue		
<b>8.1 - Revenue</b>		
Tariff & extra bed	182,060,900	97,905,617
Plan sales	26,709,742	15,465,549
Pool extras	348,790	136,200
Ebony	3,216,291	1,024,482
Eclipse	690,940	546,750
IDD calls income	4,294	18,614
Banquet	35,033,295	5,996,150
Room service	6,532,229	5,665,587
Laundry	1,657,933	814,139
Travel desk	944,528	504,387
	257,198,942	128,077,475
	257,198,942	128,077,475
<b>9. COST OF SALES</b>		
Food cost based on allocation	31,618,578	13,171,040
Liquor	63,977	246,687
Gas	-	4,850
Fuel	360,794	2,001,176
House keeping	3,465,682	2,748,826
Maintenance	4,498,297	10,100,555
Electricity	24,380,659	12,253,343
Water	1,127,948	588,157
Commission expense	5,411,506	2,004,986
	70,927,441	43,119,620
	70,927,441	43,119,620
<b>10. OTHER OPERATING INCOME</b>		
Dividend income	69,943,394	57,452,370
Profit on sale of shares	30,135,331	2,690,883
Fair value gain on investment in unit trust	131,461	-
	100,210,186	60,143,253
	100,210,186	60,143,253
<b>11. NET FINANCE INCOME</b>		
Exchange (loss)/gain	(571,316,745)	599,239,453
Interest income	709,443,250	740,068,703
	138,126,505	1,339,308,156
<b>Finance expense</b>		
Interest on bank loan	-	32,651
	138,126,505	1,339,275,505
<b>Net finance income</b>	138,126,505	1,339,275,505

# RENUKA CITY HOTELS PLC

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH

	2024 Rs.	2023 Rs.
<b>12. PROFIT BEFORE TAX IS STATED AFTER CHARGING ALL EXPENSES INCLUDING FOLLOWING</b>		
Directors emoluments	24,750,000	21,589,000
Auditors remuneration - Audit	293,000	353,043
Depreciation on property, plant and equipment	13,228,045	18,434,053
Salaries and related cost	68,293,991	74,829,405
<b>12.1 Salaries and related expenses</b>		
Salaries and wages	14,560,452	13,121,179
Over time	418,722	231,570
E.P.F.	4,534,356	4,042,184
E.T.F.	1,133,589	1,010,546
Service charge	4,692,864	10,669,634
Director bonus and ex-gratia	35,350,843	40,384,725
Staff welfare	650,240	-
Provision for employee benefit obligations	990,865	856,862
Travelling expense	5,962,060	4,512,705
	<u>68,293,991</u>	<u>74,829,405</u>
<b>13. INCOME TAX EXPENSES</b>		
Current taxation	13.1	-
Deferred taxation	25	1,172,496
	<u>25,835,045</u>	<u>2,401,028</u>
<b>Total income tax</b>	<u>25,835,045</u>	<u>3,573,525</u>

#### 13.1 Reconciliation between the income tax expense and the product of accounting profit

Numerical reconciliation between the tax expense and product of accounting profit multiplied by the applicable tax rate disclosing also the basis on which the applicable tax rate has been computed is given below.

Profit before taxation	289,052,156	1,341,785,924
Aggregate disallowable expenses	586,295,086	19,353,194
Aggregate allowable expenses	(5,206,131)	(168,748,152)
Exempt amounts	(809,521,975)	(1,187,505,564)
	<u>60,619,136</u>	<u>4,885,402</u>
Taxable income	60,619,136	4,885,402
Losses claimed from business	(60,619,136)	-
Assessable income	<u>-</u>	<u>4,885,402</u>
<b>Current taxation</b>	<u>-</u>	<u>1,172,496</u>

#### 14. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders to the weighted average of number of ordinary shares outstanding during the year as follows.

	2023/2024 Rs.	2022/2023 Rs.
Profit attributable to ordinary shareholders (Rs.)	263,217,111	1,338,212,399
Weighted average no. of ordinary shares (Nos.)	7,000,000	7,000,000
Basic/diluted earnings per share (Rs.)	<u>37.60</u>	<u>191.17</u>



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH

	2023/2024 Rs.	2022/2023 Rs.
<b>15. DIVIDEND PER SHARE</b>		
Dividend for the year (Rs.)	14,000,000	14,000,000
Weighted average number of ordinary shares (Nos.)	7,000,000	7,000,000
<b>Dividends per share (Rs.)</b>	<b>2.00</b>	<b>2.00</b>

### 16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building Rs.	Furniture, fixtures & electrical equipment Rs.	Motor vehicles Rs.	Air conditioners, lifts & generator Rs.	Total Rs.
<b>Cost</b>					
Balance as at 01 <sup>st</sup> April 2023	341,767,730	92,385,149	34,250,000	53,665,161	522,068,040
Additions during the year	-	189,990	-	-	189,900
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>341,767,730</b>	<b>92,575,139</b>	<b>34,250,000</b>	<b>53,665,161</b>	<b>522,258,030</b>
<b>Accumulated depreciation</b>					
Balance as at 01 <sup>st</sup> April 2023	76,868,329	83,602,136	33,050,538	41,597,845	235,118,848
Charge for the year	5,992,493	3,636,152	1,199,462	2,399,938	13,228,045
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>82,860,822</b>	<b>87,238,288</b>	<b>34,250,000</b>	<b>43,997,783</b>	<b>248,346,893</b>
<b>Net book value</b>					
Balance as at 31 <sup>st</sup> March 2024	<b>258,906,908</b>	<b>5,336,851</b>	<b>-</b>	<b>9,667,378</b>	<b>273,911,137</b>
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>264,899,401</b>	<b>8,783,013</b>	<b>1,199,462</b>	<b>12,067,316</b>	<b>286,949,192</b>

#### 16.1 Extent, Locations, Valuations and number of buildings and land holdings.

Locations	Number of buildings	Extent of land A. R. P.	Cost	Fair Value
Land & Building - No. 326, Galle Road, Colombo 3.	1	- 1 1.05	341,767,730	905,425,000

Property had been valued, by professional valuer Mr. T. Hilmy Farook (fellow member of the Institute of Valuers Sri Lanka) on 31st March 2024. Based on the valuation techniques used it has been classified under level 3 in fair value hierarchy.

#### 16.2 Details of fully depreciated assets which are still in use as at reporting date are as follows;

	as at 31.03.2024 Rs.	as at 31.03.2023 Rs.
Furniture, fixture and electrical equipment	44,700,892	38,741,351
Motor vehicles	34,250,000	11,250,000
Air conditions, lifts and generators	14,795,942	14,795,942
	<b>93,746,834</b>	<b>64,787,293</b>

#### 16.3 Property plant and equipment pledged as security

No property plant and equipment has been pledged as security for borrowing.

# RENUKA CITY HOTELS PLC

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### AS AT 31<sup>ST</sup> MARCH

#### 17. INTANGIBLE ASSETS

	2024 Rs.	2023 Rs.
<b>Cost</b>		
Balance as at 01 <sup>st</sup> April	4,261,191	4,261,191
Acquired during the year	-	-
<b>Balance as at 31<sup>st</sup> March</b>	<b>4,261,191</b>	<b>4,261,191</b>
<b>Accumulated amortization</b>		
Balance as at 01 <sup>st</sup> April	4,261,191	4,261,191
Charge for the year	-	-
<b>Balance as at 31<sup>st</sup> March</b>	<b>4,261,191</b>	<b>4,261,191</b>
<b>Carrying amount as at 31<sup>st</sup> March</b>	<b>-</b>	<b>-</b>

Details of fully amortized asset which is still in use as at reporting date is as follows;

	2024 Rs.	2023 Rs.
Computer software	4,261,191	4,261,191

#### 18. INVESTMENTS IN FINANCIAL ASSETS

	2024 Rs.	2023 Rs.
Investment in quoted companies - fair value through OCI (Note 18.1)	1,280,034,041	836,010,311
Investment in unquoted companies - fair value through OCI (Note 18.2)	-	12,736,575
Investment in unit trust - fair value through profit or loss (Note 18.3)	23,861,461	-
Investment in fixed deposits - amortised cost (Note 18.4.1)	38,893,812	6,468,184,333
	<b>1,342,789,314</b>	<b>7,316,931,219</b>

#### 18.1 Investments in quoted companies - equity securities

	2024			2023		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.
Access Engineering PLC	150,000	3,750,000	3,390,000	150,000	3,750,000	2,130,000
Aitken Spence & Company PLC	6,110	1,004,376	795,828	6,110	1,004,376	800,410
Aitken Spence Hotel Holdings PLC	462	2,418	30,585	462	2,418	27,674
Balangoda Plantations PLC	100	2,000	5,010	100	2,000	11,630
Commercial Bank of Ceylon PLC	3,786,065	242,651,656	369,898,550	3,575,652	228,974,787	227,411,467
D.F.C.C. Bank PLC	8,241,899	537,965,190	626,384,324	8,037,892	521,889,406	352,863,459
Dialog Axiata PLC	68,000	1,343,000	795,600	68,000	1,343,000	707,200
Hotel Services Ceylon PLC	4,520,600	33,904,500	48,822,480	4,520,600	33,904,500	44,753,940
Lanka IOC PLC	-	-	-	10,000	430,420	1,715,000
Chevron Lubricants Lanka PLC	706,000	73,777,000	76,071,500	706,000	73,777,000	64,669,600
Mackwoods Energy PLC	10,000	140,000	19,000	10,000	140,000	17,000
National Development Bank PLC	1,100,223	125,852,027	74,815,164	1,046,875	123,462,535	47,004,688
Royal Ceramics Lanka PLC	1,800,000	1,433,848	55,980,000	1,800,000	1,433,848	49,680,000
Royal Palms Beach Hotels PLC	84,200	748,929	2,526,000	84,200	748,929	2,214,460
Richard Pieris & Company PLC	1,000,000	4,560,793	20,500,000	2,000,090	9,231,213	41,401,863
Softlogic Capital PLC	-	-	-	19,200	192,000	213,120
Sierra Cables PLC	-	-	-	32,400	70,734	388,800
		<b>1,027,135,737</b>	<b>1,280,034,041</b>		<b>1,000,357,166</b>	<b>836,010,311</b>

#### 18.2 Investments in unquoted companies - equity securities

The Company designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for the long term for strategic purposes.

	No. of Shares	2024 Cost Rs.	Fair Value Rs.	No. of Shares	2023 Cost Rs.	Fair Value Rs.
Crescent Launderers & Dry Cleaners						
Balance as at the beginning of the year	7,500	150,000	12,736,575	7,500	150,000	12,736,575
Less Disposal During the year	(7,500)	(150,000)	(12,736,575)	-	-	-
Balance as at the end of the year	-	-	-	7,500	150,000	12,736,575

There were no dividend income recognised during the year or in the previous year.

#### 18.3 Investment in unit trust - fair value through profit or loss

	Fair value as at 1st April 2023 Rs.	Additions Rs.	Disposals Rs.	Fairvalue adjustment Rs.	Fair value as at 31st March 2024 Rs.
Investment in unit trust					
NDB Wealth Management Ltd.	-	23,730,000	-	131,461	23,861,461
	-	<b>23,730,000</b>	-	<b>131,461</b>	<b>23,861,461</b>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.) AS AT 31<sup>ST</sup> MARCH

	As at 31.03.2024		As at 31.03.2023	
	Market Value Rs.	Amortised Cost Rs.	Market Value Rs.	Amortised Cost Rs.
<b>18.4</b> Investments in fixed deposits - amortised cost				
<b>18.4.1</b> Non current	38,893,812	38,893,812	6,648,184,333	6,648,184,333
Fixed deposits	38,893,812	38,893,812	6,648,184,333	6,648,184,333
<b>18.4.2</b> Current	2,634,962,211	2,634,962,211	-	-
Fixed deposits	<b>2,634,962,211</b>	<b>2,634,962,211</b>	-	-
<b>19. INVENTORIES</b>			<b>2024</b> Rs.	<b>2023</b> Rs.
Liquor and beverages			215,720	209,275
Fuel stock			588,060	1,614,900
			<b>803,780</b>	<b>1,824,175</b>
<b>20. OTHER RECEIVABLES</b>				
Staff loan			639,568	745,847
With holding tax receivable			2,732,274	2,638,970
Other receivable			438,521	378,401
			<b>3,810,363</b>	<b>3,763,219</b>
<b>21. DEPOSITS AND PREPAYMENTS</b>				
Insurance			3,781,799	2,580,993
Deposits - electricity			1,400,000	1,400,000
Maintenance			609,248	428,076
Capital advance			447,182	447,182
Others			2,452,620	2,197,726
			<b>8,690,849</b>	<b>7,053,977</b>
<b>22. CASH AND CASH EQUIVALENTS</b>				
Cash in hand			200,000	200,000
Short-term deposits			1,548,725,140	1,294,577,524
Cash at bank			3,808,230,545	7,509,765
			<b>5,357,155,685</b>	<b>1,302,287,289</b>
Bank overdraft			(2,527,363)	(136,482)
			<b>5,354,628,322</b>	<b>1,302,150,807</b>
<b>23. STATED CAPITAL AND RESERVES</b>				
			<b>2024</b>	<b>2023</b>
Ordinary shares (NOS)			7,000,000	7,000,000
Stated Capital (Rs.)			<b>110,000,000</b>	<b>110,000,000</b>

The holders of ordinary shares are entitled to receive a dividend as declared from time to time and are entitled to one vote per share at meetings of the Company.

# RENUKA CITY HOTELS PLC

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### 24. RETIREMENT BENEFIT OBLIGATION

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out every year. The liability is not externally funded. All Actuarial gains or losses are recognized under other comprehensive income. Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

	2024 Rs.	2023 Rs.
<b>Balance at the beginning of the year</b>	4,488,932	13,088,654
Current service cost	307,332	210,353
Interest cost	683,533	646,509
Actuarial loss/(gain)	1,342,802	(9,025,334)
	<u>6,822,599</u>	<u>4,920,182</u>
Payments made during the year	(328,250)	(431,250)
<b>Balance at the end of the year</b>	<b><u>6,494,349</u></b>	<b><u>4,488,932</u></b>

The employee benefit liability of the Company is based on the actuarial valuation carried out by Mr. Thanuja Krishnaratna, Actuary. Actsure Lab (Pvt) Ltd., a firm of professional actuaries as at 31st March 2024.

**The principal assumptions used in determining the cost of employee benefits were:**

	2023/2024	2022/2023
Discount rate	12.42%	17.8%
Salary increment rate	22.50%	10%
Staff turnover rate	29.20%	20%
Retirement age	60 years	60 years

#### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2023/2024		2022/2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(6,427,370)	6,570,500	(4,424,721)	4,558,698
Future salary growth (1% movement)	6,612,699	(6,383,497)	4,602,156	(4,381,899)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

#### Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years from the fund as follows;

Within 12 months	4,727,177
Between 1-2 years	-
Between 2-5 years	219,467
Between 5-10 years	1,259,300
Beyond 10 years	288,405
<b>Total</b>	<b><u>6,494,349</u></b>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

AS AT 31<sup>ST</sup> MARCH

	2024 Rs.	2023 Rs.
<b>25. DEFERRED TAXATION</b>		
Deferred tax liabilities	68,492,419	73,345,230
Deferred tax assets	(5,600,056)	(35,885,071)
Note 25.1	62,892,363	37,460,159

Deferred taxes are calculated on all temporary differences under the liability method using a principle tax rate of 30%. The movement in the deferred tax account is as follows;

**25.1 The movement of the net deferred tax liability is as follows:**

Balance the beginning of the year		37,460,159	32,351,531
Originated during the year	Note 25.1.1	25,432,204	5,108,628
		62,892,363	37,460,159

**25.1.1 Deferred tax charge recognised as follows:**

Deferred tax charge recognised in profit or loss		25,835,045	2,401,028
Deferred tax charge recognised in other comprehensive income		(402,841)	2,707,600
		25,432,204	5,108,628

**25.2 Deferred tax assets and liabilities are attributable to the followings:**

	2023/2024		2022/2023	
	Temporary differences	Tax effect	Temporary differences	Tax effect
	Rs.	Rs.	Rs.	Rs.
On property, plant and equipment	228,308,064	68,492,419	235,458,766	70,637,630
Employee benefits	(6,494,348)	(1,948,304)	(4,488,932)	(1,346,680)
Tax losses	(12,172,505)	(3,651,752)	(106,102,637)	(31,830,791)
	209,641,211	62,892,363	124,867,197	37,460,159

	2024 Rs.	2023 Rs.
<b>26. TRADE AND OTHER PAYABLE</b>		
Trade creditors	5,474,401	3,199,940
Bonus	21,014,543	4,752,967
Value added tax	5,344,949	2,277,431
Other	8,908,732	4,587,721
Provision for medical and damages	2,357,754	1,585,073
Dividend	4,715,241	4,715,241
	47,815,620	21,118,373
<b>27. AMOUNT DUE TO RELATED PARTY</b>		
Renuka Hotels PLC	2,116,337	7,135,624
	2,116,337	7,135,624
<b>28. INCOME TAX PAYABLE</b>		
Balance at the beginning of the year	1,172,497	789,512
Add: Income tax provision for the year	--	1,172,497
Less: Income tax payments during the year	(1,134,603)	(789,512)
<b>Balance at the end of the period</b>	<b>37,894</b>	<b>1,172,497</b>

# RENUKA CITY HOTELS PLC

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### AS AT 31<sup>ST</sup> MARCH

#### 29. RELATED PARTY TRANSACTIONS

The Company carries out transactions in the ordinary course of business with parties who are defined as related parties in LKAS 24 - "Related Party Disclosures" the details of which are reported below.

##### 29.1. Transactions with Parent Company

	2024 Rs.	2023 Rs.
Cost of food sales	30,097,459	13,131,354
Insurance premiums	6,735,155	9,323,795

The total food cost is incurred by Renuka Hotels PLC and Renuka City Hotels PLC is initially recognised by Renuka Hotels PLC. The food cost applicable to Renuka City Hotels PLC is subsequently apportioned between the two entities based on the food related revenue reported in each entity.

Trade receivables are collected by Renuka Hotels PLC (parent company) on behalf of the Company and the respective debtors settlements recorded through related party current account. The balance payable to Renuka Hotels PLC amounted to Rs 2,116,337/- as at 31st March 2024.

##### 29.2 Transactions with other related entities

Name of the Company and relationship	Name of Director	Nature of transaction	Value of Transactions	
			2023/24 Rs	2022/23 Rs
Crescent Launderies & Dry Cleaners (Pvt) Ltd	Mr. R.B. Thambiayah	Expenses incurred	10,204,067	7,028,483
	Mrs. N.A Thambiayah			
	Mrs. M.A. Jayawardana	Fund received	(10,204,067)	(7,030,145)
	Ms. S.R. Thambiayah			
Renuka Consultants & Services Ltd	Ms. N.R. Thambiayah	Expenses incurred	12,631,102	9,359
	Mr. R.B. Thambiayah			
	Mrs. N.A Thambiayah	Fund received	(12,631,102)	(12,654)
	Ms. S.R. Thambiayah			
Ms. N.R. Thambiayah				
	Ms. A.L. Thambiayah			

##### Non - Recurrent related party transactions

There were no non-recurrent related party transactions which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per 31 March 2024 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

##### Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2024 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities Exchange Commission Act.

##### 29.3 Transactions with Key Management Personnel ("KMP")

According to LKAS 24 "Related Party Disclosures", key management personnel are those with authority and responsibility for planning and controlling the activities of the entity. Accordingly, the Directors of the Company and its parent company (including executive and non executive directors) have been classified as KMP of the Company.

Compensation to key management personnel (Board of Directors) are follows:

	2024 Rs.	2023 Rs.
Short term benefits	59,038,343	59,344,075
Long term benefits	6,014,043	4,213,902

#### 30. ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

The face value of the financial assets and the liabilities together with the carrying amounts shown in the statement of financial position according to its categories are as follows:

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### AS AT 31<sup>ST</sup> MARCH

#### 30.1 Classification of financial assets and liabilities

As at 31st March 2024	Financial assets at amortised cost Rs.	Financial assets at FVTOCI Rs.	Financial assets at FVTPL Rs.	Financial liabilities at amortised cost Rs.	Total Rs.
<b>Financial assets</b>					
Investments in financial assets	2,673,856,023	1,280,034,041	23,861,461	-	3,977,751,525
Other receivables (excluding WHT)	1,078,089	-	-	-	1,078,089
Deposits	1,400,000	-	-	-	1,400,000
Cash and Cash equivalents	5,357,155,685	-	-	-	5,357,155,685
<b>Total Financial Assets</b>	<b>8,033,489,797</b>	<b>1,280,034,041</b>	<b>23,861,461</b>	<b>-</b>	<b>9,337,385,299</b>
<b>Financial Liabilities</b>					
Trade and other payables	-	-	-	47,815,620	47,815,620
Amounts due to related party	-	-	-	2,116,337	2,116,337
Bank overdraft	-	-	-	2,527,363	2,527,363
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,459,320</b>	<b>52,459,320</b>

As at 31st March 2023	Financial assets at amortised cost Rs.	Financial assets at FVTOCI Rs.	Financial liabilities at amortised cost Rs.	Total Rs.
<b>Financial assets</b>				
Investments in financial assets	6,468,184,333	848,746,886	-	7,316,931,219
Other receivables (excluding WHT)	1,124,249	-	-	1,124,249
Deposits	1,400,000	-	-	1,400,000
Cash and Cash equivalents	1,302,287,289	-	-	1,302,287,289
<b>Total Financial Assets</b>	<b>7,772,995,871</b>	<b>848,746,886</b>	<b>-</b>	<b>8,621,742,757</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	21,118,373	21,118,373
Amounts due to related parties	-	-	7,135,624	7,135,624
Bank overdraft	-	-	136,482	136,482
<b>Total financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>28,390,479</b>	<b>28,390,479</b>

#### 30.2 Fair value hierarchy

As at 31st March 2024	Level 01 (Rs)	Level 02 (Rs)	Level 03 (Rs)	Total (Rs)
<b>Financial assets</b>				
Investments in financial assets				
- Investments in equity securities - quoted	1,280,034,041	-	-	1,280,034,041
- Investments in unit trust	23,861,461	-	-	23,861,461
<b>Total Financial assets</b>	<b>1,303,895,502</b>	<b>-</b>	<b>-</b>	<b>1,303,895,502</b>
<b>As at 31st March 2023</b>				
Investment in financial assets				
- Investments in equity securities - quoted	836,010,311	-	-	836,010,311
- Investments in equity securities - unquoted	-	-	12,736,575	12,736,575
<b>Total financial assets</b>	<b>836,010,311</b>	<b>-</b>	<b>12,736,575</b>	<b>848,746,886</b>

## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### AS AT 31<sup>ST</sup> MARCH

#### 31. FINANCIAL RISK MANAGEMENT - OBJECTIVES AND POLICIES

##### Introduction

The Company has exposure to the following risks from its use of financial instruments:

1. Credit risk
2. Market risk
3. Liquidity risk

The Company's financial risk management policies are established and reviewed regularly to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits.

#### 31.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's debentures, other receivables and cash at bank.

##### 31.1.1 Exposure to credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customer operate, as these factors may have an influence on credit risk.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was;

<i>As at 31<sup>st</sup> March</i>	<b>2024</b>	<b>2023</b>
	<b>Rs.</b>	<b>Rs.</b>
Other receivables (excluding WHT)	1,078,089	3,763,219
Investment in fixed deposits	2,673,856,023	6,468,184,333
Cash at bank	5,356,955,685	1,302,087,289
	<u>8,031,889,797</u>	<u>7,774,034,841</u>

##### 31.1.2 Mitigation of credit risk

###### a) Other receivables

The Credit risk of the Company is low since other receivables of the Company mainly includes staff loans and sundry letters.

###### b) Cash and cash equivalents

The credit risk arising to the Company on cash & cash equivalents is low since the Company has placed all its deposits in reputed financial institutions with good credit ratings.

<b>Name</b>	<b>Rating</b>
National Development Bank PLC	- A-(LKA) (RWN) Fitch Ratings Lanka Ltd.
Commercial Bank of Ceylon PLC	- A-(LKA) (RWN) Fitch Ratings Lanka Ltd.
DFCC Bank PLC	- A-(LKA) (RWN) Fitch Ratings Lanka Ltd.
Seylan Bank PLC	- A-(LKA) (RWN) Fitch Ratings Lanka Ltd.

#### 31.2 Market risk

'Market' risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.



## NOTES TO THE FINANCIAL STATEMENTS (Contd.)

### AS AT 31<sup>ST</sup> MARCH

#### 31.2.1 Interest rate risk

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

The Company's exposure to the risk of changes in market interest rates relates preliminary to the company's investments in securities. The Company utilises various financial instruments to manage exposure to interest rate risks.

<i>As at 31<sup>st</sup> March</i>	2024 Rs.	2023 Rs.
<b>Fixed rate instruments</b>		
Short term deposits	1,548,725,140	1,294,577,524
Investment fixed deposits	2,673,856,023	6,468,184,333
	<b>4,222,581,163</b>	<b>7,762,761,587</b>

#### 31.2.1.1. Sensitivity analysis

	1% increase	1% decrease
2024	42,537,947	(42,537,947)
2023	77,627,615	(77,627,615)

#### 31.2.2. Currency risk

The Company is sensitive to the fluctuations in exchange rates and it's principally exposed to fluctuations in the value of the Sri Lankan Rupee (LKR) against US Dollar (USD).

The Company's exposure to currency risks relates primarily to the company's foreign currency deposits held with various banks. The company generally does not convert its foreign currency and therefore the risk in this regard is very minimal. However, if the currency requires to be converted, the exchange rate for the conversion is negotiated with the bank and the best conversion rate agreed upon.

The following significant exchange rates were applied during the year:

	2024 Opening Rate	2024 Closing Rate	2024 Average Rate
USD	318.28	295.54	306.91

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the company is as follows.

<b>As at 31 March</b>	2024 USD	2023 USD
Net exposure	26,676,419	24,240,386
	<b>26,676,419</b>	<b>24,240,386</b>

#### 31.2.2.1 Sensitivity Analysis

A reasonably possible strengthening / (weakening) of the Sri Lankan Rupee against the USD as at 31 March 2024 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The LKR has depreciated against USD significantly after the reporting date, this may lead to substantial impact on the future profits of the Company.

	8% Increase	8% decrease
2024	630,722,091	(630,722,091)
2023	617,218,404	(617,218,404)

#### 31.3 Liquidity Risk

Liquidity risk' is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Cash flow forecasting is done by the Company on a regular basis. The finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

## NOTES TO THE FINANCIAL STATEMENTS *(Contd.)*

AS AT 31<sup>ST</sup> MARCH 2024

Maturity analysis of liabilities are as follows:

Cash Flows	6 months or less	6 months to 1 year	1-2 years	2-5 years	more than 5 years	Total
<b>As at 31st March 2024</b>						
Trade and other payables	47,815,620		–	–	–	47,815,620
Amount due to related parties	–	2,116,337	–	–	–	2,116,337
Bank overdraft	2,527,363	–	–	–	–	2,527,363
	<b>50,342,983</b>	<b>2,116,337</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>52,459,320</b>
<b>As at 31st March 2023</b>						
Trade and other payables	14,818,059	1,585,073	–	–	–	16,403,132
Amount due to related parties	–	7,135,624	–	–	–	7,135,624
Bank overdraft	136,482	–	–	–	–	136,482
	<b>14,954,341</b>	<b>8,720,697</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>23,675,238</b>

### 31.4 Capital Management

The Company's objective of managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

The capital of the company consist of Ordinary share capital and Debt. However, Company's leverage is almost fully towards equity and the debt constitute only an insignificant part of the capital.

### 32. Events after the reporting date

There were no material events that occurred after the reporting date, which require adjustments or disclosures in the financial statements.

### 33. Capital commitments and contingent liabilities

There were no material Capital Commitments or Contingent Liabilities as at the reporting date, which require adjustment to or disclosures in the Financial Statements.

### 34. Litigation and Claims

There were no pending litigation or claims as at the reporting date, other than the following;

a) Judgement was given dismissing the writ application (763/2010) filed by the Company (through Hotels Association of Sri Lanka) challenging the decision taken by Colombo Municipal Council to levy a license fee of 1% of the annual turnover as a pre condition to issue Annual Trade Licenses. An appeal was filed and the matter is fixed for support on 21st February 2025.

b) Colombo municipal council has filed a case (case No 25135/23 and No 37691/24) at the magistrates' court against the Hotel for operating restaurant without a Trade license for the year 2022 and 2023. The matter is fixed for trial on 20th September 2024 and 18th October 2024 & 2023 respectively.

## INFORMATION TO SHAREHOLDERS AND INVESTORS

### (1) Stock Exchange Listing

Renuka City Hotels PLC is a public quoted company, the issued ordinary shares of which are listed with the Colombo Stock Exchange of Sri Lanka.

### (2) Analysis of shareholders according to the number of shares - 31<sup>st</sup> March 2023.

No. of Shareholders		Holdings		No. of Share Holders %	Total Holdings	% Holdings
821	1	–	1,000	85.97	116,994	1.67
98	1001	–	10,000	10.26	310,250	4.43
31	10,001	–	100,000	3.25	803,881	11.48
4	100,001	–	1,000,000	0.42	737,067	10.53
1	Over		1,000,000	0.10	5,031,808	71.89
<b>955</b>				<b>100</b>	<b>7,000,000</b>	<b>100.00</b>

### (3) TWENTY MAJOR SHAREHOLDERS

Name of Share Holders	No. of Shares As at 31.03.24		No. of Shares As at 31.03.23	
		%		%
Renuka Hotels PLC	5,031,808	71.88	4,847,374	69.25
J.B. Cocoshell (Private) Limited	269,803	3.85	235,708	3.37
Associated Electrical Corporation Ltd.	226,816	3.24	226,817	3.24
Mr. Yusuf Husseinally Abdulhussein	128,107	1.83	128,107	1.83
Miss. Rukaiya Husseinally Abdulhussein	112,341	1.60	112,341	1.60
Medihelp Holdings (Private) Ltd.	86,263	1.23	–	–
Mr. Merril Joseph Fernando (Deceased)	70,350	1.01	70,350	1.01
Mr. Husseinally Moshinally				
Abdulhussein/Mrs. S.E. Lokhandwalla	54,575	0.78	50,348	0.72
Mr. Murtaza Ali Jafferjee	53,129	0.76	53,129	0.76
Mr. Muthusamy Asokan	44,296	0.63	37,779	0.54
Mr. Kangasu Chelvadurai Vignarajah	36,497	0.52	34,157	0.49
Merril J. Fernando & Sons (Pvt) Ltd.	33,750	0.48	33,750	0.48
N. Vaitilingam & Company Ltd.	32,434	0.46	34,455	0.49
Mr. Joseph Antony Gerard Motha	29,000	0.41	30,000	0.43
Peoples Leasing & Finance PLC/Mr. M.Z.M. Wafik	27,039	0.39	51,000	0.73
Mr. Arunasalam Sithampalam	26,253	0.38	26,253	0.38
Ceylon Galvanising Industries Ltd.	26,250	0.38	26,250	0.38
Essajee Carimjee Insurance Brokers (Pvt)Ltd.	24,485	0.35	24,485	0.35
Mr. Chinthaka Parakrama Punyajith Gamlath Hapudeniya	22,330	0.32	22,330	0.32
Mr.Sunil Santha Kumara Adikari/				
Mr. A. M. V. T. Adikari	19,133	0.27	9,800	0.14
<b>TOTAL</b>	<b>6,354,659</b>	<b>90.77</b>		

### (4) Public Holding

The percentage of Shares held by the public as at 31<sup>st</sup> March 2024 is 27.86%. (2023 - 27.87%)  
 The number of shareholders representing the public holding is 952. (2023 - 932)  
 Compliant under option 5 – Float adjusted market capitalisation Rs 702.07 Mn

# RENUKA CITY HOTELS PLC

## INFORMATION TO SHAREHOLDERS AND INVESTORS (Contd.)

		23/24	22/23	21/22	20/21	19/20
Occupancy	%	62	34	38	4	52
Net turnover	Rs. '000	257,198	128,077	95,173	16,339	150,011
Net profit before taxation	Rs. '000	289,052	1,341,786	2,333,893	410,895	481,719
Earnings per share	Rs.	37.60	191.17	332.32	63.91	63.42
Net assets per share	Rs.	1,357.18	1,263.90	1,078.26	768.02	735.13
Market value per share						
Highest value during the period	Rs.	404.00	425.00	419.00	288.75	280.00
Lowest value during the period	Rs.	300.50	232.75	204.00	155.00	191.00
Value as at 31 <sup>st</sup> March	Rs.	360.00	366.25	294.00	226.25	191.00
Non Current Assets	Rs. '000	7,976,787	7,603,880	7,052,991	5,277,376	1,571,095
Current Assets	Rs. '000	8,029,284	1,314,929	576,414	183,460	3,754,788
Equity	Rs. '000	9,500,239	8,847,297	7,547,853	5,376,144	5,145,878
Average shareholders fund	Rs. '000	9,173,768	8,197,575	6,461,999	5,261,011	4,839,394
Return on average shareholders fund	%	3	16	36.03	8.49	9.17
Dividend per share	Rs.	2.00	2.00	-	-	-
Dividend payout ratio	%	5	1	-	-	-
Number of Employees as at 31 <sup>st</sup> March		51	48	44	44	57

# RENUKA CITY HOTELS PLC

## RENUKA CITY HOTELS PLC FORM OF PROXY ANNUAL GENERAL MEETING

I/We.....

of .....

A member/members of Renuka City Hotels PLC, hereby appoint

Mr. R. B. Thambiayah	<i>of Colombo or failing him*</i>
Mrs. N. A. Thambiayah	<i>of Colombo or failing her*</i>
Ms. S. R. Thambiayah	<i>of Colombo or failing her*</i>
Ms. A. L. Thambiayah	<i>of Colombo or failing her*</i>
Ms M. A. Jayawardena	<i>of Colombo or failing her*</i>
Ms. N. R. Thambiayah	<i>of Colombo or failing her*</i>
Mr. T. Dharmarajah	<i>of Colombo or failing him*</i>
Mr. C. V. Cabraal	<i>of Colombo or failing him*</i>
Dr. D. Senathirajah	<i>of Colombo*</i>

*\*Please select what is required and delete the others.*

..... of .....

As *\*my/our proxy to vote on\** my/our behalf at the Annual General Meeting of the Company held on 27 September 2024 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	FOR	AGAINST
1. To receive and consider the Report of Directors and the Audited Statement of Accounts for the year ended 31 March 2024 with the Report of the Auditors' thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a dividend	<input type="checkbox"/>	<input type="checkbox"/>
3. To authorise the Board of Directors to determine and make Donations	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director, Mr. R. B. Thambiayah who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect as a Director, Mrs. N.A. Thambiayah who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect as a Director, Ms. M. A. Jayawardena who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Mr. T. Dharmarajah, who retires by rotation in terms of the Articles of Association of the Company as a Director	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-elect Dr. D. Senathirajah, who retires at the Annual General Meeting in terms of the Articles of Association of the Company as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
9. To appoint M/s BDO Partners, Chartered Accountants as Auditors of the Company	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2024

.....  
Signature

- NOTE: 1. \*Please delete the inappropriate words  
2. Instructions as to completion are noted on the reverse hereof  
3. If you wish your proxy to speak at the meeting you should interpolate the words "and to speak" immediately after the words "to vote"

# RENUKA CITY HOTELS PLC

## INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than a Director as your Proxy, please insert the relevant details in the space provided overleaf
3. In terms of Article 82 of the Articles of Association of the Company
  - a) In case of an individual shall be signed by the appointer or by his attorney
  - b) In case of a Corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the Corporation
4. In terms of Article 77 of the Articles of Association of the Company in case of joint-holders of a share the senior who tenders a vote, whether in person or by proxy or by attorney or by representatives shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid the completed Form of Proxy should be deposited at the Registered Office of the Company at 328, Galle Road, Colombo 3, not less than 48 hours before the appointed time for the meeting.