

# RENUKA HOTELS PLC

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# RENUKA HOTELS PLC

## CORPORATE INFORMATION

NAME OF COMPANY	: Renuka Hotels PLC
DIRECTORS	: Ms. S. R. Thambiayah (Chairperson/Jt. Managing Director) Mrs. N. A. Thambiayah (Deputy Chairman) Ms. A. L. Thambiayah (Jt. Managing Director) Mr. R. B. Thambiayah Ms. N. R. Thambiayah Mr. R. N. Asirwatham Mr. G. I. Koggalage Mr. M. J. Fernando Mr. P. M. B. Fernando Mrs S. M. A. N. Ranaweera (w.e.f. 15/07/2024)
SECRETARY	: Ms. A. Withana
BANKERS	: Commercial Bank of Ceylon PLC Nations Trust Bank NDB Bank Hatton National Bank DFCC Bank PLC
AUDITORS	: BDO Partners Chartered Accountants 65/2, Sir Chittampalam A Gardiner Mawatha, Colombo 2.
REGISTERED OFFICE	: 328, Galle Road, Colombo - 3.
LEGAL FORM	: A Public Quoted Company with Limited Liability.
COMPANY REGISTRATION NO.	: PB 776 PQ

# RENUKA HOTELS PLC

## NOTICE OF MEETING

Notice is hereby given that the Fifty Fifth Annual General Meeting of Renuka Hotels PLC., will be conducted from the Conference Room, Renuka City Hotel, 328, Galle Road, Colombo - 3 on 27 September 2024 at 12.00 p.m. as a Virtual meeting using a digital platform.

### Agenda:

1. To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.
2. To declare a dividend
3. To authorise the Directors to determine and make donations.
4. (1) To re-elect as a Director, Mr. R.N. Asirwatham 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.N. Asirwatham who has reached the age of 70 years on 26th August 2012 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.N. Asirwatham".
- (2) 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 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. Thambiayah".
- (3) To re-elect as a Director, Mrs. N.A. Thambiayah 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 31<sup>st</sup> 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"
- (4) To re-elect Ms. N. R. Thambiayah who retires by rotation at the Annual General Meeting in terms of the Articles of Association of the Company, as a Director.
- (5) To re-elect Mr. M. J. Fernando who retires at the Annual General meeting in terms of the Articles of Association of the Company, as a Director.
- (6) To re-elect Mr. P. M. B. Fernando who retires at the Annual General meeting in terms of the Articles of Association of the Company, as a Director.
- (7) To re-elect Mrs S. M. A. N. Ranaweera who retires at the Annual General meeting in terms of the Articles of Association of the Company, as a Director.
- (8) To appoint Auditors of the company and authorise the Directors to determine their remuneration.

The Annual Report and financial statement of the Company are available on the following websites

CSE Website <https://www.cse.lk/home/company-info/RCH.N0000/financial>

Company Website <https://www.renukacityhotel.com/wp-content/uploads/2024/08/RHL-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 No. 328, Galle Road, Colombo 3, not later than 48 hours before the time appointed for the Meeting.

# RENUKA HOTELS PLC

## CHAIRMAN'S REPORT

On behalf of the Board of Directors I have great pleasure in welcoming you to the 55th Annual General Meeting of Renuka 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

I am happy to state that our Company concluded the financial year 2023/2024 with a commendable profit before tax of Rs 435 million which consists of Finance Income and Other income amounting to Rs 533 million. Despite maintaining a reasonable occupancy level this year through a combination of excellent service, rigorous marketing, and careful cost management, the company made an operational loss, but one that was less than last year.

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 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.



**Ms. S.R. Thambiyah**  
**Chairperson**  
Colombo  
29th August 2024

# RENUKA HOTELS PLC

## BOARD OF DIRECTORS

**Ms. S. R. Thambiayah**  
**Executive Chairperson/Jt. Managing Director**  
(Member of the Board since 14.03.2005 and appointed as Chairperson in September 2017)

### 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:

Joint Managing Director of Renuka City 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".

**Mrs. N. A. Thambiayah**  
**Executive - Deputy Chairman**  
(Member of the Board since 20.02.2018)

### 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 City 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. A. L. Thambiayah**  
**Executive - Jt. Managing Director**  
(Member of the Board since 07.08.1990)

### 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 City 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.

**Mr. R. B. Thambiayah**  
**Executive Director**  
(Member of the Board since 20.02.2018)

### 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 Renuka City Hotels PLC and Cargo Boat Development Company 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.

**Ms. N. R. Thambiayah**  
**Non Independent Non-Executive Director**  
(Member of the Board since 07.08.2009)

### 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 City Hotels PLC since 2010. 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.

# RENUKA HOTELS PLC

## BOARD OF DIRECTORS

### Other Current Appointments Listed companies:

Executive Director of Cargo Boat Development Company PLC  
Non-Executive Director of Renuka City 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

### Mr. R. N. Asiriwatham Non Independent Non-Executive Director (Member of the Board since 23.12.2010)

### Skills and Experience

Mr. Rajan Asiriwatham was the Senior Partner and Country Head of KPMG Ford Rhodes Thornton & Company from 2001 to 2008. Further, he was the Chairman of the Steering Committee for the Sustainable Tourism Project Funded by the World Bank for the Ministry of Tourism and also a member of the Presidential Commission on Taxation, appointed by His Excellency the President. Mr. Asiriwatham is a fellow member of the Institute of Chartered Accountants of Sri Lanka.

### Other Current Appointments Listed companies:

Non-Executive Director of Royal Ceramics Lanka PLC, Vallibel One PLC, Dilmah Ceylon Tea Company PLC, Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Three Acre Farms PLC, Ceylon Grain Elevators PLC, Browns Beach Hotels PLC,

### Others:

Non-Executive Director Mercantile Merchant Bank and Yaal Hotels (Private) Limited.  
Member of the Board of Post Graduate Institute of Medicine and Lakshman Kadirgamar Institute of Strategic Studies

### Mr. G. I. Koggalage Executive Director (Member of the Board since 17.05.2023)

### Skills and Experience

Mr Koggalage joined Renuka Hotels PLC as the Head of Finance in May 2017. He counts over 25 years of finance and managerial experience gained by working as a Finance professional in different industries including services, hospitality, logistics and manufacturing. Prior to joining Renuka Hotels PLC he worked at various organizations including John Keells Holdings PLC, Hayleys Advantis cluster, Jetwing Travels (Pvt) Ltd and Pricewaterhousecoopers- Sri Lanka. He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and he holds a Master of Business Administration from the University of Southern Queensland, Australia.

### Other Current Appointments None

### Mr. M. J. Fernando Independent Non-Executive Director (Member of the Board since 20.11.2023)

### Skills and Experience

Mr. Malik J. Fernando is the Director Operations of the MJF Group. Established by Merrill J. Fernando; Dilmah, named after his two sons Dilhan and Malik, was the first producer owned tea brand, offering tea 'picked, perfected and packed' at origin. Mr Fernando is the founder of Resplendent Ceylon, the first Sri Lankan luxury resort brand. Resplendent Ceylon is developing a collection of small, luxury resorts offer discriminating travellers a remarkable circuit across Sri Lanka, with a range of authentic experiences, while contributing towards local communities & the environment through the MJF Foundation & Dilmah Conservation. After the Easter Sunday outrage, Mr Fernando spearheaded the Sri Lanka Tourism Alliance to mobilize the private tourism sector to act swiftly and strategically, with one voice under the Love Sri Lanka banner. Mr. Fernando had his secondary education at Stonyhurst College, England and obtained a BSc in Management from Babson College, Boston.

### Other Current Appointments Listed companies:

Non-Executive Director of Elpitiya Plantations PLC, Aitken Spence Plantation Management PLC, Talawakelle Tea Estates PLC, Printcare PLC, Kahawatte Plantations PLC, and The Fortress Resorts PLC

### Others:

Chairman - MJF Leisure (Private) Limited and Forbes and Walker (Private) Limited  
Managing Director -Resplendent Ceylon (Private) Ltd  
Co-Chair of MJF Holdings (Private) Limited, the holding Company of MJF Group.

### Mr. P. M. B. Fernando Independent Non-Executive Director (Member of the Board since 20.11.2023)

### Skills and Experience

Mr. P. M. B. Fernando started his professional career at KPMG Ford Rhodes Thornton & Company and was a Partner of the Firm. He has extensive experience as Head of Finance, holding positions of Senior Vice President – Finance of Vanik and Forbes Ceylon Group, Group Finance Director of Confifi Group, and Director Finance – Asian Region of Virtusa (An Information Technology Company based in Boston USA).

In General Management Mr. Fernando was the Managing Director of Capital Reach Holdings Ltd, Director/Chief Executive Officer of Softlogic Finance PLC, Director/Chief Executive Officer of Laugfs Capital Ltd, and Chief Executive Officer of Orient Finance PLC.

He was a Non-Executive Independent Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022.

Mr. Fernando is a Fellow Member of The Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Chartered Institute of Management Accountants of the UK. He holds a Bachelor of Science (Applied Science) Degree from the University of Sri Jayawardenapura.

# RENUKA HOTELS PLC

## BOARD OF DIRECTORS

### Other Current Appointments

#### Listed companies:

Non-Executive Director of LAUGFS Gas PLC, Laugfs Power PLC, The Lanka Hospitals Corporation PLC and PGP Glass Ceylon PLC.

#### Others:

Non-Executive Director of LAUGFS Leisure Limited, Laugfs Eco Sri Ltd, Lanka Hospitals Diagnostics (Pvt) Ltd, Evoke International Ltd, K-Seeds Investments (Pvt) Ltd., and DSI Holdings (Pvt) Ltd.

### Mrs S. M. A. N. Ranaweera

#### Independent Non-Executive Director

(Member of the Board since 15.07.2024)

### Skills and Experience

Ms. Ranaweera is a Barrister-at-Law from the Honourable Society of Gray's Inn, U.K., and an Attorney-at-Law, Sri Lanka. She holds an LL.B. (Honours) from University College London, U.K. Having interned in the Chambers of the late Hon. Justice Mark Fernando P.C., Ms. Ranaweera apprenticed in the Chambers of President's Counsel, Dr. K Kanag-Isvaran.

She has served on several Boards of the Mackwoods Group of Companies. Ms. Ranaweera began her legal career at the World Bank Project on Legal and Judicial Reforms, and thereafter she worked as an Associate, and was a Partner at the Law Firm, Julius & Creasy, in the Corporate Law Department.

### Other Current Appointments

#### Listed companies:

None

#### Others:

Non-Executive Director -Mackwoods Tea (Pvt) Ltd and Mackwoods Securities (Pvt) Ltd.

# RENUKA HOTELS PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2024

- The Directors present herewith the audited financial statements for the year ended 31st March 2024. The Board of Directors is responsible for preparing and presenting the financial statements set out on pages 24 to 59.

- PROFIT AND APPROPRIATIONS**

	2023/24 Rs.	2022/23 Rs.
Net profit for the year	355,001,146	659,441,222
Other Comprehensive Income	893,690,581	13,998,595
<b>Total Comprehensive Income</b>	<b>1,248,691,727</b>	<b>673,439,817</b>
Dividend	(30,223,148)	(20,148,765)
<b>Unappropriated profit for the year</b>	<b>1,218,468,579</b>	<b>653,291,052</b>

- RESULTS**

The results for the year and changes in equity are set out in the Statement of Comprehensive Income and Statement of Changes in Equity on pages 24 and 26 respectively.

- STATE OF AFFAIRS**

The state of affairs of the Company as at 31<sup>st</sup> March 2024 is set out in the Statement of Financial Position on page 25.

- DIVIDENDS**

The Directors have proposed a final dividend of Rs.0.75 per share (2023 - final dividend of Rs. - /50 per share) for the year ended 31<sup>st</sup> March 2024.

- GROUP ACTIVITY**

The principal activity of the Group, which remains unchanged since the previous year is the business of a hotelier.

- DIRECTORS**

The Directors of the Company as at 31<sup>st</sup> March 2024 were:

Ms. S. R. Thambiayah – (Chairperson/Jt. Managing Director)

Mrs. N.A. Thambiayah – (Deputy Chairman)

Ms. A. L. Thambiayah – (Jt. Managing Director)

Mr. R.B. Thambiayah

Mrs. M. A. Jayawardena (resigned on 15/07/24)

Mr. R. N. Asirwatham

Mr. G.I. Koggalage

Mr. M. J. Fernando

Mr. P. M. B. Fernando

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

**Appointments:**

New appointments during the year under review:

Mr. G.I. Koggalage (w.e.f. 17/05/23)

Mr. M. J. Fernando (w.e.f. 20/11/23)

Mr. P. M. B. Fernando (w.e.f. 20/11/23)

Ms S. M. A. N. Ranaweera was appointed on 15 July 2024, subsequent to the year end.

**Resignations:**

Resignations during the year under review:

Mr. G. U. Nanayakkara resigned with effect from 01 March 2024.

# RENUKA HOTELS PLC

## REPORT OF THE DIRECTORS (Contd.)

### 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.N. Asirwatham/ 23.12.2010	26 Sep 2023	Chairman* - Audit Committee Chairman*-Remuneration Committee Member- Related Party Transactions Review Committee	Director Mercantile Merchant Bank and Yaal Hotels (Private) Limited
Mr. R. B. Thambiayah/ 20.02.2018	26 Sep 2023	None	Chairman -Renuka City Hotels PLC and Cargo Boat Development Company PLC Director of several Renuka Hotels Group companies
Mrs. N.A. Thambiayah/ 20.02.2018	26 Sep 2022	None	Deputy Chairman – Renuka City Hotels PLC and Cargo Boat Development Company PLC and Director of several Renuka Hotels Group companies
Ms. N. R. Thambiayah / 07.08.1990	29 Sep 2022	None	Jt. Managing Director – Renuka City Hotels PLC Director- Cargo Boat Development Company PLC and several Renuka Hotels Group companies
Mr. M. J. Fernando/ 20.11.2023	-	None	Chairman - MJF Leisure (Private) Limited and Forbes and Walker (Private) Limited Managing Director -Resplendent Ceylon (Private) Ltd Co-Chair of MJF Holdings (Private) Limited, the holding Company of MJF Group. Director- Elpitiya Plantations PLC, Aitken Spence Plantation Management PLC, Talawakelle Tea Estates PLC, Printcare PLC, Kahawatte Plantations PLC, and The Fortress Resorts PLC
Mr. P. M. B. Fernando/ 20.11.2023	-	Member** - Audit Committee Member**-Remuneration Committee Chairman**- Related Party Transactions Review Committee (Appointed Chairman of Audit and Remuneration committees on 15 July 2024)	Director- LAUGFS Gas PLC, Lanka Hospitals Corporation PLC, LAUGFS Leisure Ltd, LAUGFS Eco Sri Ltd, and Evoke International Ltd
Mrs S. M. A. N. Ranaweera/ 15.07.2024	-	-	Director -Mackwoods Tea (Pvt) Ltd and Mackwoods Securities (Pvt) Ltd
* -Chairman until 15 July 2024 and member thereafter ** -Appointed on 25 March 2024			

# RENUKA HOTELS PLC

## REPORT OF THE DIRECTORS (Contd.)

- (1) Mr. R.N. Asirwatham 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.N. Asirwatham who has reached the age of 70 years on 26th August 2012 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.N. Asirwatham.”

- (2) Mr. R. B. Thambiayah 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 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. Thambiayah.”

- (3) Mrs. N.A. Thambiayah 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.”

- (4) Ms. N. R. Thambiayah, retires by rotation in terms of the Articles of Association and being eligible offer herself for re-election.

- (5) Mr. M. J. Fernando, Mr. P. M. B. Fernando and Mrs S. M. A. N. Ranaweera retires in terms of the articles of Association and being eligible offer themselves for re-election.

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

The Directors have no direct or indirect interest in any contract or proposed contract with the company, except as stated in Note 31 to the financial statements. The Directors have disclosed the nature of their interest in contracts and proposed contracts with the company at meetings of the Directors.

No director or their close family members has had any material business relationship during the year with other directors of the company.

# RENUKA HOTELS PLC

## REPORT OF THE DIRECTORS (Contd.)

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

	No. of Shares	
	2024	2023
Mrs. N. A. Thambiayah	6,189,616	6,189,616
Mr. R. B. Thambiayah	17,089,577	17,082,864
Ms. S.R. Thambiayah	1,043,598	993,943
Ms. A. L. Thambiayah	945,113	959,913
Mrs. M. A. Jayawardena (resigned on 15/07/24)	NIL	NIL
Mr. R. N. Asirwatham	NIL	NIL
Mr. G.I. Koggalage	NIL	NIL
Mr. M. J. Fernando	415,000	-
Mr. P. M. B. Fernando	NIL	-

### 10. DONATIONS

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

### 11. 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	P M B Fernando -Chairman	Independent	25 March 2024
	Ms.S M A N Ranaweera	Independent	15 July 2024
	R N Asirwatham	Non Independent	10 January 2022
Related Party Transactions Review Committee	P M B Fernando -Chairman	Independent	25 March 2024
	Ms.S M A N Ranaweera	Independent	15 July 2024
	R N Asirwatham	Non Independent	10 January 2022
Remuneration Committee	P M B Fernando -Chairman	Independent	25 March 2024
	Ms.S M A N Ranaweera	Independent	15 July 2024
	R N Asirwatham	Non Independent	6 July 2022

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

The movements in property, plant and equipment, during the year, are set out in Note 10 to the financial statements.

### 13. 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.

### 14. 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.

### 15. EMPLOYEES AND INDUSTRIAL RELATIONS

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

### 16. 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.

### 17. AUDITORS

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

### 18. 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.



**Ms S R Thambiayah**  
Chairperson/Jt. Managing Director



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



**Ms A Withana**  
Company Secretary

29 August 2024

# RENUKA HOTELS PLC

## 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 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 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
Ms. S. R. Thambiyah	Executive Chairperson/Jt. Managing Director	Yes
Mr. P. M. B. Fernando	Senior Independent Non-Executive Director	No
Mrs. N. A. Thambiyah	Executive Deputy Chairman	Yes
Ms. A. L. Thambiyah	Executive Jt. Managing Director	Yes
Mr. R. B. Thambiyah	Executive Director	Yes
Ms. N. R. Thambiyah	Non Independent Non-Executive Director	No
Mr. R.N. Asirwatham	Non Independent Non-Executive Director	No
Mr. G.I. Koggalage	Executive Director	No
Mr. M. J. Fernando	Independent Non-Executive Director	Yes
Mrs. S. M. A. N. Ranaweera (w.e.f.15.7.24)	Independent Non-Executive Director	No

Ms. M. A. Jayawardena 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

### Senior Independent Director (SID)

The Chairperson is also the Managing Director (Executive Position) of the Company. Ms. S. R. Thambiyah, Chairperson, has been actively involved in the hospitality industry since the early 2000's and is currently the Vice President of both The Hotels Association of Sri Lanka and The Colombo City Tourist Hotels Association. In addition, she is a member of the Managing Committee of the Ceylon Chamber of Commerce. As such the company will continue to benefit from her contribution to the operation of the Company as an Executive Chairperson and Managing Director. 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 a Senior Independent

# RENUKA HOTELS PLC

## CORPORATE GOVERNANCE (Contd.)

Director (SID). Mr. R. N. Asirwatham functioned as the SID until 15 July 2024 and thereafter Mr P. M. B. Fernando was appointed as the SID with effect from 15 July 2024.

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 chairperson. 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 Requisitions**

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.

# RENUKA HOTELS PLC

## CORPORATE GOVERNANCE (Contd.)

### 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.

### Directors Attendance

Name of Director	Attendance of Directors at Meetings – During Year Ended 31 March 2024							
	Main Board		Audit Committee		Remuneration Committee		Related Party Transactions Review Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
Ms. S. R. Thambiayah	1	1	-	-	-	-	-	-
Ms. N. A. Thambiayah	1	1	-	-	-	-	-	-
R. B. Thambiayah	1	1	-	-	-	-	-	-
Ms. A. L. Thambiayah	1	1	-	-	-	-	-	-
Ms. N. R. Thambiayah	1	1	-	-	-	-	-	-
G. U. Nanayakkara	1	1	-	3	-	-	5	5
Ms. M. A. Jayawardena	1	1	4	4	1	1	5	5
R. N. Asirwatham	1	1	4	4	1	1	5	5
M. J. Fernando	-	-	-	-	-	-	-	-
G. I. Koggalage	1	1	-	-	-	-	-	-
P. M. B. Fernando	-	-	-	-	1	1	-	-

# RENUKA HOTELS PLC

## CORPORATE GOVERNANCE (Contd.)

### Audit Committee Report

The Audit Committee consisted of three Non-Executive Directors two of whom were independent, including the Chairman of the Committee. With the resignation of Mr. G.U. Nanayakkara the Audit Committee was reconstituted during the year and consisted of three Non-Executive Directors who are Mr. R.N. Asirwatham (Chairman), Mr. P. M. B. Fernando and Mrs. M.A. Jayawardena.

The Managing Directors, Executive Directors, Chief Financial Officer and the External Auditors of the Company attend meetings by invitation. Chairman of the Audit Committee is a member of the Institute of Chartered Accountants of Sri Lanka.

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.

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.

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 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 has recommended to the Board of Directors that Messrs. BDO partners be re-appointed as Auditors for the Financial Year ending 31st March 2025, subject to the approval of the Shareholders at the next Annual General Meeting.

**(Sgd) R.N. Asirwatham**

Chairman.

Audit Committee

31 March 2024

# RENUKA HOTELS PLC

## CORPORATE GOVERNANCE (Contd.)

### Remuneration Committee Report

During the year with the resignation of Mr. G.U. Nanayakkara the Remuneration Committee was reconstituted and consisted of three Non-Executive Directors of which two were independent. They are namely, Mr. R.N. Asirwatham (Chairman), Mr. P. M. B. Fernando, and Mrs. M.A. Jayawardena. Mr G.U. Nanayakkara functioned as a member of the committee until his resignation on 1 March 2024.

The remuneration committee meets whenever it is required to review the remuneration of the Senior Management. The Purpose of the Remuneration committee is to lay down guidelines and recommend a policy on remuneration of the Senior Management Staff. 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.N. Asirwatham**

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. During the year with the resignation of Mr. G.U. Nanayakkara the Related Party Transaction Review Committee was reconstituted and the committee comprised of three Non-Executive Directors of which two were independent Non-Executive Directors. They are namely, Mr. P. M. B. Fernando (Chairman), Mr. R.N. Asirwatham and Ms M. A. Jayawardena. Mr. G.U. Nanayakkara functioned as the Chairman until his resignation on 1 March 2024.

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, among 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.

The committee met quarterly during the year to review all proposed related party transactions and their compliance to the code. Where necessary, these are communicated to the Board to obtain their 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.) P. M. B. Fernando**

Chairman

Related Party Transactions Review Committee

29 August 2024

# RENUKA HOTELS PLC

## CORPORATE GOVERNANCE (Contd.)

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

In terms of the option provided in Section 9.6.3, since the Chairperson is also the Managing 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 Chairperson 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 chairperson 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.) R.N. Asirwatham**  
Senior Independent Director  
31 March 2024

# RENUKA HOTELS PLC

## 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 24 to 59.

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.

In preparing the financial statements, the Directors have selected appropriate accounting policies and applied them in a consistent manner. Such policies are supported by reasonable and prudent judgment and all applicable Accounting Standards have been followed.

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 Balance Sheet date have been paid or where relevant, provided for.

By Order of the Board



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

29 August 2024

# RENUKA HOTELS PLC



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65/2, Sir Chittampalam A Gardiner Mawatha  
Colombo 02  
Sri Lanka

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RENUKA HOTELS PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Renuka Hotels PLC ('the Company') and the Consolidated financial statements of the Company and its subsidiary ('the Group'), which comprise the statement of financial position as at 31<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 material accounting policy information and other explanatory information as set out on pages 28 to 59.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31<sup>st</sup> March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

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

#### 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.

##### a) Valuation of Investments at Fair Value Through Other Comprehensive Income

Refer to the accounting policies in "Note 1.3.5.1 to the financial statements: Financial assets" and "Note 14 to the financial statements: Investments in equity securities at fair value through other comprehensive income".

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group's portfolio of investment in equity securities makes up 32% of the Group's total assets. The Equity Investment of the Group is classified as Fair Value Through Other Comprehensive Income as at 31 <sup>st</sup> March 2024 and it amounts to Rs. 4.72 billion.	Our audit procedures included: <ul style="list-style-type: none"><li>Documenting and assessing the processes in place to record investment transactions and to value the portfolio.</li></ul>

BDO Partners, a Sri Lankan Partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA, Ashani J.W. Jayasekera FCA, FCMA (UK), MBA, H. Sasanika Rathnawera FCA, ACMA, R. Vasanthakumar BSc (Acc), ACA, F. Sarah Z. Jifor ACA, ACMA (UK), CGMA, MCS (UK), Dinusha C. Rajapaksa FCA, LLB (Hons)(Colombo), CTA, Attorney at Law, Hirosha Vadiweli BSc (Acc), ACA, ACMA.

# RENUKA HOTELS PLC



Key Audit Matter	How our audit addressed the Key Audit Mat-
<p><b>a) Valuation of Investments.... (Continued)</b></p> <p>The Group has recorded a fair value gain of Rs. 1.3. billion during the reporting period compared to the fair value loss of Rs. 43.1 million recorded in the pre- vious year. Although, financial market has gradually improved with the recovery from prevailing uncer- tainty 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>	<ul style="list-style-type: none"> <li>• Agreeing the valuation of investments in the portfolio to externally quoted prices; and</li> <li>• Agreeing the investment holdings in the portfo- lio to documentary evidence from third party.</li> <li>• Assessing whether there is any impairment, if any has been adequately provided for; and</li> <li>• Assessing the adequacy of disclosures in the Financial Statements as required by the relevant accounting standards.</li> </ul>

## b) Revenue recognition

Refer to the accounting policies in “Note 1.5.6 to the Financial Statements: Revenue recognition” and Note 3 to the Financial Statements: Revenue”.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue represents the Group’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. 488 million. The Group has sales from multiple revenue streams which include room sales, food and beverage 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 detail analysis of gross/ net revenue.</p> <p>As the reservation systems are not directly linked to the general ledgers, the Group recognises the revenue through initiation of the journal entries over the different revenue streams which impose an additional risk over recognition.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the design, implementation and op- erating effectiveness of key controls regarding revenue recognition and assessing key perfor- mance indicators.</li> <li>• Performing substantive analytical procedures over the different streams of revenue to assess the reasonability of revenue recognised.</li> <li>• Performing focused substantive testing procedures based on our industry knowledge which includes among others testing on sample basis;</li> </ul>

# RENUKA HOTELS PLC



Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>b) Revenue recognition... (Continued)</b></p> <p>Considering these facts revenue recognition has been identified as a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>- Revenue recognition over different streams.</li> <li>- Cut-off testing procedures (by selecting a sample of transactions either side of year-end) to check that revenue had been recognised in the appropriate accounting period.</li> <li>- Reviewing reconciliations with invoice listing, verification of agreements with online service providers and other supporting documents and reviewing the appropriateness of allocation basis.</li> <li>- Journal entry testing procedures and investigating any manual sales entries which were not recorded during the course of month end closing procedures.</li> </ul> <ul style="list-style-type: none"> <li>• Assessing the adequacy of disclosures made in relation to the recognition of revenue in the Financial Statements.</li> </ul>

# RENUKA HOTELS PLC



## 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless the management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

# RENUKA HOTELS PLC



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieve fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

# RENUKA HOTELS PLC

## Statement of Comprehensive Income

For the year ended 31<sup>st</sup> March 2024

	Note	Group		Company	
		2023/2024 Rs.	2022/2023 Rs.	2023/2024 Rs.	2022/2023 Rs.
Revenue	3	487,704,095	274,750,991	230,505,153	146,673,516
Cost of sales		(219,288,091)	(158,040,526)	(148,360,650)	(114,920,906)
<b>Gross profit</b>		<b>268,416,004</b>	<b>116,710,465</b>	<b>82,144,503</b>	<b>31,752,610</b>
Other income	4	292,539,533	683,462,606	202,024,351	633,014,353
Marketing expenses		(25,484,062)	(20,043,958)	(17,041,830)	(10,287,890)
Administration expenses		(252,985,132)	(299,673,245)	(139,533,372)	(196,979,413)
Operating expenses	5	(37,061,694)	(43,968,517)	(23,399,650)	(25,080,463)
<b>Profit from operations</b>	<b>6</b>	<b>245,424,649</b>	<b>436,487,351</b>	<b>104,194,002</b>	<b>432,419,197</b>
Net finance income	7	471,845,452	1,620,532,775	333,718,947	281,257,270
<b>Profit before tax</b>		<b>717,270,101</b>	<b>2,057,020,126</b>	<b>437,912,949</b>	<b>713,676,467</b>
Income tax expense	8	(108,746,848)	(57,808,770)	(82,911,803)	(54,235,245)
<b>Profit for the year</b>		<b>608,523,253</b>	<b>1,999,211,356</b>	<b>355,001,146</b>	<b>659,441,222</b>
<b>Other comprehensive income</b>					
<b>Items that will not be re classified to profit or loss</b>					
Remeasurement(loss)/ gain on retirement benefit obligations	23	(2,818,885)	20,073,918	(1,476,083)	11,048,584
Related tax on remeasurement (loss)/gain of retirement benefit obligations	24.1	845,666	(6,022,175)	442,825	(3,314,575)
Net gain on equity instruments at fair value through other comprehensive income		1,329,812,592	43,135,705	895,307,763	74,222,043
<b>Items that are or may be re-classified to profit or loss</b>					
Realised fair value loss on financial assets at fair value through OCI (FVOCI)		(30,423,494)	(67,957,457)	(583,924)	(67,957,457)
<b>Total other comprehensive income for the year, net of tax</b>		<b>1,297,415,879</b>	<b>(10,770,009)</b>	<b>893,690,581</b>	<b>13,998,595</b>
<b>Total comprehensive income for the year</b>		<b>1,905,939,132</b>	<b>1,988,441,347</b>	<b>1,248,691,727</b>	<b>673,439,817</b>
<b>Profit attributable to</b>					
Equity holders of the company		534,514,423	1,587,711,043	355,001,146	659,441,222
Non-controlling interests		74,008,830	411,500,313	-	-
<b>Profit for the year</b>		<b>608,523,253</b>	<b>1,999,211,356</b>	<b>355,001,146</b>	<b>659,441,222</b>
<b>Total comprehensive income attributable to</b>					
Equity holders of the company		1,718,414,744	1,584,557,380	1,248,691,727	673,439,817
Non-controlling interests		187,524,388	403,883,967	-	-
<b>Total comprehensive income for the year</b>		<b>1,905,939,132</b>	<b>1,988,441,347</b>	<b>1,248,691,727</b>	<b>673,439,817</b>
<b>Earnings per share</b>	<b>9</b>	<b>13.26</b>	<b>39.40</b>	<b>8.81</b>	<b>16.36</b>
<b>Dividend per share</b>				<b>0.50</b>	<b>0.50</b>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 28 to 59 form an integral part of these financial statements.

Colombo

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

# RENUKA HOTELS PLC

## Statement of Financial Position

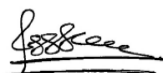
As At 31<sup>st</sup> March 2024

		Group		Company	
	Notes	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	10	404,837,146	439,525,009	130,926,009	152,575,815
Intangible asset	11	–	–	–	–
Investment in subsidiary	12	–	–	223,118,942	160,641,556
Investment in financial assets-at amortised cost	13	363,306,826	6,791,986,281	324,413,014	323,801,948
Investments in equity securities - at fair value through OCI	14	4,615,908,573	2,970,082,101	3,335,874,532	2,121,335,215
Investment in unite trust - fair value through profit or loss	15	127,615,789	–	103,754,328	–
Total non-current assets		5,511,668,334	10,201,593,391	4,118,086,825	2,758,354,534
Current assets					
Inventories	16	5,481,019	6,429,583	4,677,239	4,605,408
Amounts due from a related party	17	–	–	2,116,337	7,135,624
Trade and other receivables	18	33,402,365	23,773,069	20,901,153	12,955,871
Investment in financial assets-at amortised cost	19	3,249,337,086	833,950,000	614,374,875	833,950,000
Cash and cash equivalents	20	5,838,188,677	1,629,727,535	481,032,992	327,440,246
Total current assets		9,126,409,147	2,493,880,187	1,123,102,596	1,186,087,149
Total assets		14,638,077,481	12,695,473,578	5,241,189,421	3,944,441,683
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	21	112,508,648	112,508,648	112,508,648	112,508,648
Retained earnings		10,812,120,042	10,105,543,970	4,360,540,777	4,026,721,654
Fair value reserve		793,726,830	(402,390,847)	602,963,503	(291,760,336)
Total equity attributable to equity holders of the company		11,718,355,521	9,815,661,771	5,076,012,928	3,847,469,966
Non - controlling interests	22	2,634,749,093	2,718,434,862	–	–
Total equity		14,353,104,614	12,534,096,633	5,076,012,928	3,847,469,966
Non-current liabilities					
Retirement benefit obligations	23	18,778,139	13,612,177	12,283,790	9,123,245
Deferred tax liability	24	92,332,430	68,667,641	29,440,068	31,207,483
Total non-current liabilities		111,110,569	82,279,818	41,723,858	40,330,728
Current liabilities					
Trade and other payables	25	136,968,063	59,575,524	89,152,443	38,457,151
Income tax payable	26	30,437,510	15,261,340	30,370,830	14,060,057
Bank overdraft	20	6,456,725	4,260,263	3,929,362	4,123,781
Total current liabilities		173,862,298	79,097,127	123,452,635	56,640,989
Total liabilities		284,972,867	161,376,945	165,176,493	96,971,717
Total equity and liabilities		14,638,077,481	12,695,473,578	5,241,189,421	3,944,441,683

Figures in brackets indicates deductions.

The accounting policies and notes on pages 28 to 59 form an integral part of these financial statements.

These financial statements are 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.  
Approved and signed for and on behalf of the board.



Ms. S.R. Thambiayah  
Chairperson

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



Ms. A.L. Thambiayah  
Jt. Managing Director

# RENUKA HOTELS PLC

## Statement of Changes in Equity For the year ended 31<sup>st</sup> March, 2024

Group								
Description	Note	Stated capital	Revenue reserves	Retained earnings*	Fair value reserve of financial assets at FVOCI	Total	Non controlling interests	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April, 2022	21	112,508,648	5,738,354,067	2,787,518,585	(387,128,144)	8,251,253,156	2,318,855,895	10,570,109,051
<b>Comprehensive income for the year</b>								
Profit for the year		–	–	1,587,711,043	–	1,587,711,043	411,500,313	1,999,211,356
Other comprehensive income for the year		–	–	12,109,040	(15,262,703)	(3,153,663)	(7,616,346)	(10,770,009)
transfer to the retained earnings			(5,738,354,067)	5,738,354,067	–	–	–	–
<b>Total comprehensive income for the year</b>		–	(5,738,354,067)	7,338,174,150	(15,262,703)	1,584,557,380	403,883,967	1,988,441,347
<b>Contribution by and distributions to owners</b>								
Dividends		–	–	(20,148,765)	–	(20,148,765)	–	(20,148,765)
Dividend Paid By Subsidiary		–	–	–	–	–	(4,305,000)	(4,305,000)
<b>Total contributions by and distributions to owners</b>		–	–	(20,148,765)	–	(20,148,765)	(4,305,000)	(24,453,765)
Balance as at 31st March, 2023		112,508,648	–	10,105,543,970	(402,390,847)	9,815,661,771	2,718,434,862	12,534,096,633
<b>Comprehensive income for the year</b>								
Profit for the year		–	–	534,514,423	–	534,514,423	74,008,830	608,523,253
Other comprehensive income for the year		–	–	(1,708,930)	1,185,609,252	1,183,900,322	113,515,557	1,297,415,879
<b>Total comprehensive income for the year</b>		–	–	532,805,493	1,185,609,252	1,718,414,744	187,524,388	1,905,939,132
<b>Contribution by and distributions to owners</b>								
Dividends		–	–	(20,148,765)	–	(20,148,765)	–	(20,148,765)
Dividend paid by subsidiary		–	–	–	–	–	(4,305,000)	(4,305,000)
<b>Total contributions by and distributions to owners</b>		–	–	(20,148,765)	–	(20,148,765)	(4,305,000)	(24,453,765)
<b>Changes in ownership interests</b>								
Acquisition of NCI without a change in control		–	–	193,919,344	10,508,426	204,427,770	(266,905,156)	(62,477,386)
		–	–	193,919,344	10,508,426	204,427,770	(266,905,156)	(62,477,386)
Balance as at 31st March, 2024		112,508,648	–	10,812,120,042	793,726,830	11,718,355,521	2,634,749,093	14,353,104,614
<b>Company</b>				<b>Stated capital</b>	<b>Revenue reserves</b>	<b>Retained earnings</b>	<b>Fair value reserve reserve of financial assets at FVOCI</b>	<b>Total</b>
				<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Balance as at 31st March, 2022				112,508,548	2,453,491,352	926,203,836	(298,024,922)	3,194,178,914
<b>Comprehensive income for the year</b>								
Profit for the year				–	–	659,441,222	–	659,441,222
Other comprehensive income for the year				–	–	7,734,009	6,264,586	13,998,595
transfer to the retained earnings				–	(2,453,491,352)	2,453,491,352	–	–
<b>Total comprehensive income for the year</b>				–	(2,453,491,352)	3,120,666,583	6,264,586	673,439,817
<b>Contribution by and distributions to owners</b>								
Dividend paid				–	–	(20,148,765)	–	(20,148,765)
<b>Total contributions by and distributions to owners</b>				–	–	(20,148,765)	–	(20,148,765)
Balance as at 31st March, 2023				112,508,648	–	4,026,721,654	(291,760,336)	3,847,469,966
<b>Comprehensive income for the year</b>								
Profit for the year				–	–	355,001,146	–	355,001,146
Other comprehensive income for the year				–	–	(1,033,258)	894,723,839	893,690,581
<b>Total comprehensive income for the year</b>				–	–	353,967,888	894,723,839	1,248,691,727
<b>Contribution by and distributions to owners</b>								
Dividend paid				–	–	(20,148,765)	–	(20,148,765)
<b>Total contributions by and distributions to owners</b>				–	–	(20,148,765)	–	(20,148,765)
Balance as at 31st March, 2024				112,508,648	–	4,360,540,777	602,963,503	5,076,012,928

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

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

Figures in brackets indicate deduction

The accounting policies and notes on pages 28 to 59 form an integral part of these financial statements.

# RENUKA HOTELS PLC

## Statement of Cash Flows

For the year ended 31<sup>st</sup> March 2024

		Group		Company	
		2023/2024	2022/2023	2023/2024	2022/2023
	Note	Rs.	Rs.	Rs.	Rs.
<b>Cash flows from operating activities</b>					
Profit before tax		717,270,101	2,057,020,126	437,912,949	713,676,467
<b>Adjustment for;</b>					
Depreciation	10	36,237,694	42,840,291	23,009,649	24,406,238
Profit on disposal of financial assets at FVOCI	4	(42,995,830)	(460,143,272)	(12,860,499)	(455,894,654)
Fair value gain on investment in unit trust	15	(2,980,834)	-	(2,849,373)	-
Interest income	7.1	(341,728,394)	(283,358,528)	(339,689,645)	(276,732,501)
Provision for retirement benefit obligation	23	2,675,327	2,449,135	1,684,462	1,592,273
Dividend income	4	(246,562,869)	(224,826,874)	(186,314,479)	(177,069,504)
Operating profit/(loss) before working capital changes		121,915,195	1,133,980,878	(79,106,936)	(170,021,681)
<b>Working capital changes</b>					
Increase in inventories		948,564	(2,322,971)	(71,831)	(923,078)
Decrease in amounts due from related parties		-	1,011,558	5,019,287	10,860,435
Increase/(decrease) in trade and other receivables		(9,629,296)	(2,803,192)	(7,945,282)	2,027,710
Increase in trade and other payables		77,392,539	26,176,307	50,695,292	18,821,955
Decrease in amounts due to related parties		-	(1,000,000)	-	(1,000,000)
<b>Net cash used in operations</b>		190,627,002	1,155,042,580	(31,409,470)	(140,234,659)
Employee benefits paid	23	(328,250)	(1,457,000)	-	(1,025,750)
Tax paid	26	(69,060,223)	(45,886,282)	(67,925,620)	(45,096,770)
		(69,388,473)	(47,343,282)	(67,925,620)	(46,122,520)
<b>Net cash flow/(used in) from operating activities</b>		121,238,529	1,107,699,298	(99,335,090)	(186,357,179)
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	10	(1,549,833)	(270,824)	(1,359,843)	(56,800)
Investment in debt securities		-	(323,801,951)	-	(323,801,951)
Investment in subsidiary		(62,477,386)	-	(62,477,380)	-
Net proceeds from investment in fixed deposit	13	4,013,292,371	(1,247,446,331)	218,964,059	(761,503,751)
Interest received		341,728,394	283,358,528	339,689,645	276,732,501
Dividends received		145,268,704	176,877,882	118,803,418	156,920,739
Investment in unit trust	15	(124,634,955)	-	(100,904,955)	-
Net proceeds from sale of financial assets at FVOCI	14	(202,147,379)	454,257,759	(239,443,918)	447,207,876
<b>Net cash generated from/(used in) investing activities</b>		4,109,479,916	(657,024,937)	273,271,020	(204,501,386)
<b>Cash flow from financing activities</b>					
Repayment of loan		-	(3,432,000)	-	-
Dividends paid		(24,453,765)	(14,000,000)	(20,148,765)	-
<b>Net cash used in financing activities</b>		(24,453,765)	(17,432,000)	(20,148,765)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		4,206,264,680	433,242,361	153,787,165	(390,858,565)
<b>Cash and cash equivalents at the beginning of the year</b>		1,625,467,272	1,192,224,911	323,316,465	714,175,030
<b>Cash and cash equivalents at the end of the year</b>	20	5,831,731,952	1,625,467,272	477,103,630	323,316,465

Figures in brackets indicate deductions.

The accounting policies and notes on pages 28 to 59 form an integral part of these financial statements.

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

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements

### 1. ACCOUNTING POLICIES

#### 1.1 Corporate information

##### 1.1.1 Reporting entity – domicile and legal form

The Company is a Public Listed Company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 328, Galle Road, Colombo 03. The principal place of business is at the same place.

##### 1.1.2 Consolidated Financial Statements

The financial statements for the year ended 31<sup>st</sup> March 2024 comprises “the Company” referring to Renuka Hotels PLC as the holding company and “the Group” referring to the companies whose accounts have been consolidated therein.

##### 1.1.3 Principle activities and nature of operations

During the year, the principle activities of the Company and its subsidiary were running a star class hotel.

##### 1.1.4 Parent enterprise and ultimate parent enterprise

The parent undertaking of Renuka City Hotels PLC is Renuka Hotels PLC and the ultimate parent of the Group is also Renuka Hotels PLC.

##### 1.1.5 Financial period

The financial period of the Company and its Group represents twelve months period from 01<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024.

##### 1.1.6 Date of authorisation to issue

The consolidated Financial Statements of Renuka Hotels PLC, for the year ended 31<sup>st</sup> March 2024 were authorised for issue in accordance with the resolution of the Board of Directors on 29<sup>th</sup> August 2024.

##### 1.1.7 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the financial statements of the Company and the Group as per the provisions of the Companies Act No. 07 of 2007 and in accordance with new Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

These financial statements include the following components:

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

The responsibility of the Directors in relation to the Financial Statements is set out in ‘the statement of Directors’ responsibility’.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

### 1.2 Summary of material accounting policies

The accounting policies set out below are consistent with those used in the previous year.

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1st January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves.

#### 1.2.1 General accounting policies

##### 1.2.1.1 Basis of preparation of Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred to as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

##### 1.2.1.2 Basis of measurement

The Financial Statements have been prepared on an accrual basis except for cash flow information and under the historical cost convention except for the 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.
- Debt investments are measured at amortised cost.

##### 1.2.1.3 Functional and presentation currency

Items included in the Financial Statements are measured using the currency of primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

##### 1.2.1.4 Statement of compliance

The Financial Statements which comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

##### 1.2.1.5 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.

##### 1.2.1.6 Comparative information

The accounting policies have been consistently applied by the Group and are consistent with those of the previous year. The previous year's figures and phrases have been re-arranged wherever necessary to conform to current year's presentation/classification.

##### 1.2.1.7 Foreign currency transaction

Transactions in foreign currencies are initially recorded by the Group at the functional currency rate prevailing at the date of the transaction.

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

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

All differences are taken to the statement of comprehensive income. These are recognised in other comprehensive income until the realisation of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference.

Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the statement of comprehensive income.

### 1.2.1.8 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

### 1.2.1.9 Significant accounting judgements, estimates and assumptions

#### a) Judgements

In the process of applying the accounting policies, management has made the judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Statements.

#### b) Estimates and assumptions

The preparation of the Group's Financial Statements requires management to make judgements, estimates and assumptions that would affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at reporting date.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

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

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

### 1.2.2 Consolidation and business combinations

#### 1.2.2.1 Basis of consolidations

The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31<sup>st</sup> March 2024.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date when such control ceases. The Financial Statements of the subsidiary has been prepared for the same reporting period as the parent Company, using consistent accounting policies.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

### 1.2.2.2 Business combination

Business combinations are accounted for using the acquisition in accordance with SLFRS 3 – Business Combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest of the acquiree. For each business combination, the Group elects whether or not it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the identifiable net assets of acquiree. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest of the acquiree is re-measured to fair value at the acquisition date through profit or loss. After the control of an entity is obtained, changes in ownership interest that do not result in a loss of control are accounted as equity transactions and gain or loss from these changes are not recognised in the statement of comprehensive income.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with LKAS 39 either in profit or loss or as a change to other comprehensive income.

#### a) **Subsidiary**

Subsidiary is all entities over which the Group has the power directly or indirectly to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

<u><b>Name of the subsidiary</b></u>	<u><b>Control</b></u>
Renuka City Hotels PLC	71.88% (2023 - 69.25%)

The total profits and losses for the year of the Company and of its subsidiary included in consolidation and all assets and liabilities of the Company and of its subsidiary included in consolidation are shown in the consolidated statement of comprehensive income and the statement of financial position respectively.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's identifiable assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of financial position.

Related party transactions, balances and unrealised profits or losses among the group of companies are eliminated.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

**b) Cost of acquisition**

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. This excludes any transaction costs incurred.

**c) Non-controlling interest**

The interest of the outside shareholders in net assets of the Group and proportion of the profit after taxation applicable to outside shareholders are stated separately in the consolidated statement of financial position and the consolidated statement of comprehensive income under the heading, "Non-Controlling Interest".

**d) Transactions eliminated on consolidation**

All intra group balances, income and expenses and unrealised gains and losses and dividends resulting from intra group transactions are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

**e) Reporting date**

The Financial Statements of the subsidiary has been prepared for the common reporting period as the parent Company, which is 12 months ending 31<sup>st</sup> March, using consistent accounting policies.

**f) The consolidated statement of cashflow includes the cash flows of the Company and its subsidiary.**

### 1.3 Material accounting policies and disclosures

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

#### 1.3.1 Property, plant and equipment

**a) Measurement**

Property, plant and equipment is initially and subsequently measured at cost.

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the profit or loss as incurred.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is de-recognised.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

**b) Useful lives of property, plant and equipment**

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by management based on the professional experts is exercised in the estimation of these values, rates and methods.

**c) Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an 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 economic useful lives are as follows:

Freehold buildings and tube well	20 years
Air conditioners, lifts and generators	10 years
Motor vehicles	05 years
Cooling tower and chiller	10 years
Deep freezer equipment	05 years
Computer	06 – 07 years
Electrical fittings	20 years
Furniture fittings	10 years
Floor polisher and vacuum cleaner	10 years
Kitchen utensils and glassware	06 – 07 years
Laundry and swimming pool equipment	10 years
Telephone exchange and television	06 – 07 years
Sky plant	05 years

Depreciation of assets begins when it is available for use and cease at the earlier of the dates on which asset is classified as held for sale or de-recognised.

**d) Restoration costs**

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from originally assessed standard of performance is recognised as an expense when incurred.

**e) De-recognition**

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount.

### 1.3.2 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 of method, as appropriate, and treated as changes in accounting estimates. Amortisations 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.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

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

Computer software 3 Years

Gains or losses arising from derecognition of 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.

### 1.3.3 Inventories

Inventories are valued at the lower of cost and estimated net realisable value. Net realisable 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.

### 1.3.4 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation had, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

### 1.3.5 Financial instruments

#### 1.3.5.1 Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

#### **Financial instruments — Initial recognition and subsequent measurement**

##### **Initial recognition and measurement**

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

The Group's financial assets include cash and short-term deposits, trade and other receivables, debt investments, quoted equity securities.

##### **Subsequent measurement**

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

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

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

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Group's financial assets at amortised cost includes trade receivables, debt investments and cash and cash equivalents and amount due from a related party.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

### Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

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

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

### Equity instruments

#### Financial assets designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

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

This category comprises in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line.

#### Financial assets – derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

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

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

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

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

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

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

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 Group is exposed to credit risk.

### Measurement of ECL for trade debtors

Given the nature of the trade debtors of the Group, 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 Group assesses whether financial assets carried at amortised 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 Group on terms that the Group 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 amortised 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.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

### 1.3.5.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

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

### 1.3.5.3 Financial liabilities

#### Initial recognition and measurement

The Group 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 Group's financial liabilities comprise of bank overdrafts, trade and other payables and amount due to related parties.

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss (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.

#### Subsequent measurement

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

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.

#### De-recognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### 1.3.5.4 Off-setting of financial instruments

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

### 1.3.5.5 SLFRS 7 fair value measurement hierarchy

SLFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

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

The levels in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement, financial assets and financial liabilities are classified in their entirety into only one of the three levels.

### 1.4 Stated capital

#### a) Classification

Ordinary shares with discretionary dividends are classified as equity when there is no obligation to transfer cash or other assets.

#### b) Dividends

Dividends are recognised when the shareholders right to receive the dividend is established. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

### 1.5 Liabilities and Provisions

#### 1.5.1 Liabilities

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at point of time after one year from the date of financial position.

#### 1.5.2 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

All the contingent liabilities are disclosed as notes to the Financial Statements unless the outflow of resources is made contingent asset if exits are disclosed when inflow of economic benefit is probable.

#### 1.5.3 Current and deferred income tax

##### a) Current taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provision of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto.

##### b) Deferred taxation

Deferred income tax is provided in full using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

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

### 1.5.4 Related party transaction

Disclosure is made in respect of the transaction in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is charged. Relationship between parent & subsidiaries shall be disclosed irrespective of whether there have been transactions between those related parties.

### 1.5.5 Employee benefits

#### a) Defined benefit plans – gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognised 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 recognised 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.

#### b) Defined contribution plans

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

### 1.5.6 Revenue Recognition

The group recognises revenue when the group satisfies a performance obligation by transferring a promised goods or services to a customer. Goods are transferred when the customer obtains the control of that.

#### Performance obligations and timing of revenue recognition

The group’s revenue is mainly derived from providing hospitality and leisure to their guests with revenue recognised at a point in time when control of the goods and services have transferred to the customer. This is generally when the goods and services are rendered to the customer.

#### Determining the transaction price

Most of the Group’s revenue is derived from pre-determined price arrangement and therefore the amount of revenue to be earned from each contract is determined by reference to those pre-determined prices.

#### Allocating amounts to performance obligations

For contracts with customers, there is a fixed rate. Therefore, there is no judgement involved in allocating the contract price to each unit in such contracts.

# RENUKA HOTELS PLC

## Material Accounting Policy information to the Financial Statements (Contd.)

### **Interest income**

Interest income is recognised using the effective interest method. When a loan and receivables are impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

### **Dividend income**

Dividend income is recognised when the right to receive payment is established.

### **1.5.7 Expenditure**

The expenditures are recognised on an accrual basis. All expenses incurred in the ordinary cause of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year.

For the purpose of presentation of the statement of comprehensive income information, expense by function method is used to classify expenses.

### **1.5.8 Changes in Material Accounting Policies**

#### **Material Accounting Policy Information**

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 1.2 Material accounting policies (2022/2023: Significant accounting policies) in certain instances in line with the amendments.

# RENUKA HOTELS PLC

## 2. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

### 2.1 New and amended standards and interpretations

No significant impact resulted on financial statements of the Group due to changes in Accounting standards and disclosures during the year.

### 2.2 New Accounting standards, Amendments and Interpretations issued but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

The Group intends to adopt this amended standard and interpretation, if applicable, when it becomes effective.

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 Group is unable to determine the impact of these amendments on the Financial Statements in the period of initial application. The Group is closely monitoring the developments. The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those items.	1st 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.	1st 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.	1st January 2025
General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)	In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. No financial impact is expected on the Group except for additional disclosures	1st April 2025
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.	1st January 2024

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

	Group		Company	
	2023/2024	2022/2023	2023/2024	2022/2023
	Rs.	Rs.	Rs.	Rs.
<b>3. REVENUE</b>				
Gross revenue	536,380,051	302,175,651	253,555,668	161,340,867
Less : Service charge	(48,675,956)	(27,424,660)	(23,080,515)	(14,667,351)
Revenue from sale of goods and				
Rendering of services Note 3.1	487,704,095	274,750,991	230,505,153	146,673,516
<b>3.1 Revenue from sale of goods and rendering of services</b>				
Tariff and extra bed	226,481,292	102,362,766	44,420,392	4,457,149
Palmyrah restuarant	178,523,815	100,540,030	112,524,757	77,370,899
Palmyrah bar	25,262,815	17,085,250	25,262,150	17,085,250
Takeaway	7,979,290	5,594,293	7,979,290	5,594,293
Local call income	11,596	5,395	11,596	5,395
IDD call income	53,294	47,210	49,000	28,596
Photocopy income	4,353	7,420	4,353	7,420
Laundy income	1,805,158	990,909	147,225	176,770
Travel desk	944,528	504,387	-	-
Banquet income	46,638,619	47,613,331	40,106,390	41,947,744
	487,704,095	274,750,991	230,505,153	146,673,516
<b>4. OTHER INCOME</b>				
Dividend	246,562,869	224,826,874	186,314,479	177,069,504
Gain on disposal of equity investments	42,995,830	458,585,537	12,860,499	455,894,654
Fair value gain on investment in unit trust	2,980,834	-	2,849,373	-
Sundry	-	50,195	-	50,195
	292,539,533	683,462,606	202,024,351	633,014,353
<b>5. OPERATING EXPENSES</b>				
Depreciation and amortisation	36,237,694	42,840,292	23,009,650	24,406,238
License - liquor	824,000	1,128,225	390,000	674,225
	37,061,694	43,968,517	23,399,650	25,080,463
<b>6. PROFIT FROM OPERATIONS</b>				
Profit from operations is stated after charging all expenses including the following ;				
Directors' fee	630,000	630,000	315,000	315,000
Directors' emoluments	49,770,000	43,739,000	25,020,000	22,150,000
Bonus and ex-gratia	87,711,461	155,193,275	52,360,618	114,808,505
Auditor's remuneration	589,055	575,843	296,055	222,800
Depreciation and amortisation	36,237,694	42,840,291	23,069,649	24,406,238
<b>Staff costs include:</b>				
Salaries and wages	38,108,867	33,501,042	16,517,393	15,635,588
E.P.F and E.T.F	11,673,883	10,451,553	6,005,938	5,398,823
Provision for retirement benefit obligations	2,675,327	2,449,135	1,684,462	1,592,273
Charity and donation	-	159,420	-	159,420
Legal expenses and professional fee	6,468,807	12,502,663	1,775,943	1,833,029

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

	Group		Company	
	2023/2024	2022/2023	2023/2024	2022/2023
	Rs.	Rs.	Rs.	Rs.
<b>7. NET FINANCE INCOME</b>				
<b>7.1 Finance Income</b>				
Interest from debentures	82,361,066	40,256,743	82,361,066	40,256,743
Interest from short term deposits	72,071,334	91,506,858	70,751,657	85,660,458
Interest from saving accounts	1,742,296	1,653,303	1,023,224	873,676
Interest from fixed deposits	890,919,799	149,941,254	183,515,298	149,941,254
Interest from staff loans	2,038,400	370	2,038,400	370
Exchange gain/(loss)	(577,287,443)	1,337,206,898	(5,970,698)	4,524,769
	<u>471,845,452</u>	<u>1,620,565,426</u>	<u>333,718,947</u>	<u>281,257,270</u>
<b>7.2 Finance Expenses</b>				
Interest expenses	–	32,651	–	–
	<u>–</u>	<u>32,651</u>	<u>–</u>	<u>–</u>
<b>Net Finance Income</b>	<u>471,845,452</u>	<u>1,620,532,775</u>	<u>333,718,947</u>	<u>281,257,270</u>
<b>8. INCOME TAX EXPENSE</b>				
Current income tax expense (Note 8.1)	73,149,521	45,624,944	73,149,521	44,452,447
Income tax (over)/under provision	11,086,872	(4,830,690)	11,086,872	(4,830,690)
Deferred tax provision/(reversal) (Note 8.2)	24,510,455	17,014,516	(1,324,590)	14,613,488
	<u>108,746,848</u>	<u>57,808,770</u>	<u>82,911,803</u>	<u>54,235,245</u>
<b>8.1 Reconciliation between current tax expense and accounting profit</b>				
Profit before tax	717,270,101	2,057,020,126	437,912,949	713,676,467
Aggregate disallowable expenses	613,369,462	51,432,498	27,074,376	32,079,303
Aggregate allowable expenses	(563,201,991)	(875,250,464)	(557,995,860)	(706,502,312)
Business profit/(loss)	<u>767,437,572</u>	<u>1,233,202,160</u>	<u>(93,008,535)</u>	<u>39,253,458</u>
Brought forward business loss	(60,619,136)	(25,959,257)	–	(25,959,257)
Investment income	<u>243,831,736</u>	<u>172,817,682</u>	<u>243,831,736</u>	<u>172,817,682</u>
Total assessable income	<u>950,650,172</u>	<u>1,380,060,585</u>	<u>243,831,736</u>	<u>186,111,883</u>
Exempt amounts	<u>(809,521,975)</u>	<u>(1,209,425,524)</u>	<u>–</u>	<u>(21,919,960)</u>
Total taxable income	<u>141,128,197</u>	<u>170,635,061</u>	<u>243,831,736</u>	<u>164,191,923</u>
Current income tax expense	<u>73,149,521</u>	<u>45,624,944</u>	<u>73,149,522</u>	<u>44,452,447</u>
Exempt income includes dividend income (dividend paid out of dividend) and gain on disposal of listed shares which are not subject to income tax.				
<b>8.2 Deferred tax expense</b>				
Accelerated depreciation for tax purposes	(2,964,462)	28,856,400	(819,251)	17,920,294
Employee benefit liability	(704,122)	(3,452,525)	(505,339)	(3,306,806)
Carried forward tax loss	<u>28,179,039</u>	<u>(8,389,359)</u>	<u>–</u>	<u>–</u>
	<u>24,510,455</u>	<u>17,014,516</u>	<u>(1,324,590)</u>	<u>14,613,488</u>
<b>9. EARNINGS PER SHARE</b>				
The basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year.				
Profit attributable to ordinary shareholders (Rs.)	534,514,423	1,587,711,043	355,001,146	659,441,222
Weighted average number of ordinary shares	<u>40,297,530</u>	<u>40,297,530</u>	<u>40,297,530</u>	<u>40,297,530</u>
Earnings Per Share (Rs)	<u>13.26</u>	<u>39.40</u>	<u>8.81</u>	<u>16.36</u>

## Notes to the Financial Statements (Contd)

### 10. PROPERTY, PLANT AND EQUIPMENT

#### 10.1 Group

Description of assets	COST/VALUATION		DEPRECIATION		WDV	
	Balance as at 01.04.2023	Rs.	Balance as at 31.03.2024	Rs.	Balance as at 31.03.2024	Balance as at 31.03.2023
<b>Freehold</b>						
Land and building	575,287,221	-	575,287,221	Rs.	212,204,821	380,516,287
Air conditioners, lifts and generators	95,072,352	-	95,072,352		80,705,873	19,266,882
Motor vehicles	80,262,676	-	80,262,677		80,262,676	1,410,736
Furniture, fittings and equipment	232,067,308	1,549,831	233,617,139		206,228,872	38,331,104
	982,689,557	1,549,831	984,239,388		579,402,242	439,525,009
<b>10.2 Company</b>						
Description of Assets	COST/VALUATION		DEPRECIATION		WDV	
	Balance As At 01.04.2023	Rs.	Balance as at 31.03.2024	Rs.	Balance As At 31.03.2024	Balance As At 31.03.2023
<b>Freehold</b>						
Land and building	233,519,490	-	233,519,490		129,344,000	115,616,884
Air conditioners, lifts and generators	41,407,190	-	41,407,190		36,708,090	7,199,565
Motor vehicles	46,012,676	-	46,012,676		46,012,676	211,274
Furniture, fittings and equipment	139,682,159	1,359,844	141,042,003		118,990,584	29,548,091
	460,621,516	1,359,844	461,981,359		331,055,350	152,575,815

#### 10.3 Extent, location, valuation & number of buildings & land holdings.

Locations	Number of Buildings	Extent of land		Cost Rs	Fair Value Rs
		A.	P.		
Land and Building - No 328, Galle Road, Colombo 3	01	0	- 01 - 09.09	341,767,730	952,730,000

The fair value of the property was determined by external, professional independent property valuer, Mr. T. Hilmy Farook (Fellow member of the Institute of Valuers Sri Lanka). The Group fair value the property portfolio once in five years and the latest valuation was done on 31st March 2024. Fair value has been determined by reference to market-based evidence adjusted for any difference in the nature, location or condition of the specific property. Based on the valuation techniques used it has been classified under level 3 in fair value hierarchy.

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

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

	Group		Company	
	As at	As at	As at	As at
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs.	Rs.	Rs.	Rs.
Building	3,951,334	3,951,334	3,951,334	3,951,334
Furniture, fixture & electrical equipment	90,986,167	74,006,110	46,285,249	35,264,759
Motor Vehicles	80,262,676	57,262,676	46,012,676	46,012,676
Air conditions lifts and generators	31,230,531	30,068,073	16,434,589	15,272,131
	<u>206,430,708</u>	<u>165,288,193</u>	<u>112,683,848</u>	<u>100,500,900</u>

### 10.5 Property plant and equipment pledged as security

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

### 11. INTANGIBLE ASSETS

	Group		Company	
	2023/2024	2022/2023	2023/2024	2022/2023
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	4,261,191	4,261,191	-	-
<b>Balance at the end of the year</b>	<u>4,261,191</u>	<u>4,261,191</u>	<u>-</u>	<u>-</u>
<b>Accumulated Amortization</b>				
At the beginning of the year	4,261,191	4,261,191	-	-
Charge for the year	-	-	-	-
Balance at end of the year	<u>4,261,191</u>	<u>4,261,191</u>	<u>-</u>	<u>-</u>
<b>Carrying Amount</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Computer software	4,261,191	4,261,191	-	-
	<u>4,261,191</u>	<u>4,261,191</u>	<u>-</u>	<u>-</u>

### 12. INVESTMENTS IN SUBSIDIARY

	No. of Shares	As at 31.03.2024		No of Shares	As at 31.03.2023	
		Carrying Value Rs.	Market Value Rs.		Carrying Value Rs.	Market Value Rs.
Renuka City Hotels PLC	5,031,808	223,118,942	1,842,899,680	4,847,374	160,641,556	1,775,350,728
	71.88 %	223,118,942	1,842,899,680	69.25%	160,641,556	1,775,350,728

### 13. FINANCIAL ASSETS AT AMOTISED COST

	Group		Company	
	As at	As at	As at	As at
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	Rs.	Rs.	Rs.	Rs.
Investment in Debentures -				
Commercial Bank of Ceylon PLC	324,413,014	323,801,948	324,413,014	323,801,948
Fixed deposits	38,893,812	6,468,184,333	-	-
	<u>363,306,826</u>	<u>6,791,986,281</u>	<u>324,413,014</u>	<u>323,801,948</u>

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 14. INVESTMENT IN EQUITY SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The company designated the investments in equity securities of FVOCI as these equity securities represent investments that the company intends to hold for the long term strategic purpose

	Note	Group		Company	
		As at 31.03.2024 Rs.	As at 31.03.2023 Rs.	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Related Companies	14.1.1 and 14.2.1	205,310	13,091,885	205,310	355,310
Other Companies	14.1.2 and 14.2.2	4,615,703,263	2,956,990,216	3,335,669,222	2,120,979,905
		<u>4,615,908,573</u>	<u>2,970,082,101</u>	<u>3,335,874,532</u>	<u>2,121,335,215</u>

14.1 Group		As at 31.03.2024			As at 31.03.2023		
	No. of Shares	Cost Rs.	Market Value Rs.		Cost Rs.	Market Value Rs.	
<b>14.1.1 Related Companies</b>							
<b>Unquoted Shares</b>							
Crescent Launderers & Dry Cleaners (Pvt) Ltd	-	-	-	15,000	12,886,575	12,886,575	
Amalgamated Theatres Ltd.	20,531	205,310	241,240	20,531	205,310	241,240	
		<u>205,310</u>	<u>241,240</u>		<u>13,091,885</u>	<u>13,091,885</u>	

Fair value of unquoted investments is based on net asset value per share based on the valuation performed as per the latest financial statements of the respective companies.

		As at 31.03.2024			As at 31.03.2024				
		Cost	Market		Cost	Market			
14.1.2	Other Companies	No. of Shares	Rs.	Value Rs.	No. of Shares	Rs.	Value Rs.		
Quoted Shares									
	Access Engineering PLC	300,000	7,500,000	6,780,000	300,000	7,500,000	4,260,000		
	Aitken Spence PLC	476,110	29,088,354	62,013,327	476,110	29,088,354	62,370,409		
	Aitken Spence Hotel Holdings PLC	945	5,110	62,559	945	5,110	56,605		
	Balangoda Plantations PLC	5,200	130,250	260,520	5,200	130,250	349,760		
	Blue Diamonds PLC	33	445	13	33	445	30		
	Renuka Foods PLC	1,223,902	11,763,543	17,134,627	1,203,062	11,296,709	25,745,526		
	Commercial Bank of Ceylon PLC - Voting	19,975,803	1,697,710,300	1,951,635,963	18,498,552	1,593,492,727	1,184,837,991		
	DFCC Bank PLC	13,088,563	860,216,233	994,730,787	12,397,267	821,647,086	560,365,500		
	Dialog Telecom PLC	166,000	3,291,000	1,942,200	166,000	3,291,000	1,726,400		
	The Kingsbury PLC	9,263,200	101,722,792	100,042,560	9,263,200	101,722,792	91,705,680		
	Lanka IOC PLC	-	-	-	255,000	8,820,689	2,503,900		
	Chervon Lubricant Lanka PLC	5,907,918	447,344,079	636,578,165	5,907,918	447,344,079	541,165,289		
	Mackwoods Energy PLC	20,000	280,000	38,000	20,000	280,000	39,000		
	National Development Bank PLC	1,100,466	125,864,226	74,831,688	983,839	119,047,999	47,015,105		
	Richard Pieris PLC	4,000,000	18,406,989	82,000,000	5,000,090	23,077,409	103,501,863		
	Royal Ceramics Lanka PLC	4,700,000	31,535,640	146,170,000	4,700,000	31,535,640	129,720,000		
	Royal Palms Beach Hotels PLC	293,400	2,718,963	8,802,000	293,400	2,718,963	7,716,420		
	Sampath Bank PLC.	9,698	533,687	775,840	9,464	524,436	496,860		
	Softlogic Capital PLC	25,000	250,000	170,000	44,200	442,000	610,620		
	Sierra Cables PLC	-	-	-	32,400	70,734	388,800		
	The Finance Co. PLC	4,968	257,600	-	4,968	257,600	-		
	Vallibel One PLC	548,204	14,120,966	27,684,302	548,204	14,120,966	20,064,266		
	Vallibel Power Erathna PLC	876	2,336	6,482	876	2,336	5,869		
	Vanik Incorporation PLC	848	17,160	-	848	17,160	-		
	Dipped Product PLC	2,013,626	54,961,011	61,214,230	1,997,990	54,549,922	55,344,323		
	Hayles PLC	3,200,000	229,622,703	4,110,000	-	-	-		
	Melstacorp PLC	2,000,000	117,218,000	176,000,000	2,000,000	117,218,000	109,800,000		
			3,757,389,966	4,615,703,263				3,391,030,985	2,956,990,216

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 14. INVESTMENT IN EQUITY SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

#### 14.1.3 Movement in financial assets- fair value through other comprehensive income

Year 2023/2024	Fair Value as at 01st April 2023 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2024 Rs.
Investment in listed companies	2,956,990,216	352,312,599	(23,412,144)	1,329,812,592	4,615,703,263
	<u>2,956,990,216</u>	<u>352,312,599</u>	<u>(23,412,144)</u>	<u>1,329,812,592</u>	<u>4,615,703,263</u>

Year 2022/2023	Fair Value as at 01st April 2022 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2023 Rs.
Investment in listed companies	2,951,523,121	343,381,816	(381,050,427)	43,135,705	2,956,990,216
	<u>2,951,523,121</u>	<u>343,381,816</u>	<u>(381,050,427)</u>	<u>43,135,705</u>	<u>2,956,990,216</u>

#### 14.2 Company

	As at 31.03.2024		As at 31.03.2023	
	Cost Rs.	Fair Value Rs.	Cost Rs.	Fair Value Rs.
Related Companies	205,310	246,372	355,310	411,372
Other Companies	2,730,254,229	3,335,669,222	2,416,443,965	2,120,979,905
	<u>2,730,459,539</u>	<u>3,335,915,594</u>	<u>2,416,799,275</u>	<u>2,121,391,277</u>

	As at 31.03.2024			As at 31.03.2023		
	No. of Shares	Cost Rs.	Fair Value Rs.	No. of Shares	Cost Rs.	Fair Value Rs.

#### 14.2.1 Related Companies

##### Unquoted shares

Crescent Launderers & Dry

Cleaners (Pvt) Ltd

Amalgamated Theatres Ltd.

-	-	-	7,500	150,000	165,000
20,531	205,310	246,372	20,531	205,310	246,372
	<u>205,310</u>	<u>246,372</u>		<u>355,310</u>	<u>411,372</u>

#### 14.2.2 Other Companies

Access Engineering PLC	150,000	3,750,000	3,390,000	150,000	3,750,000	2,130,000
Aitken Spence Company PLC	470,000	28,083,978	61,217,499	470,000	28,083,978	61,569,999
Aitken Spence Hotels Holding PLC	483	2,692	31,974	483	2,692	28,931
Balangoda Plantations PLC	5,100	128,250	255,510	5,100	128,250	338,130
Blue Diamonds PLC	33	445	13	33	445	30
Renuka Foods PLC	1,223,902	11,763,543	17,134,627	1,203,062	11,296,709	25,745,526
Commercial Bank of Ceylon PLC. - Voting	16,189,738	1,455,058,644	1,581,737,413	15,053,876	1,374,851,968	957,426,524
DFCC Bank PLC	4,846,664	322,251,043	368,346,463	4,726,698	312,797,647	207,502,041
Dialog Axiata PLC	98,000	1,948,000	1,146,600	98,000	1,948,000	1,019,200
The Kingsbury PLC	4,742,600	67,818,292	51,220,080	4,742,600	67,818,292	46,951,740
Lanka I.O.C. PLC	-	-	-	4600	204976	788,900
Chevron Lubricants Lanka PLC	5,201,918	373,567,079	560,506,665	5,201,918	373,567,079	476,495,689
Mackwoods Energy PLC	10,000	140,000	19,000	10,000	140,000	22,000
National Development Bank PLC	243	12,199	16,524	232	11,695	10,417
Richard Peiris PLC	3,000,000	13,846,196	61,500,000	3,000,000	13,846,196	62,100,000
Royal Ceramics PLC	2,900,000	30,101,792	90,190,000	2,900,000	30,101,792	80,040,000
Royal Palm Beach Hotels PLC	209,200	1,970,034	6,276,000	209,200	1,970,034	5,501,960
Softlogic Capital PLC	25,000	250,000	170,000	25,000	250,000	397,500
The Finance Co. PLC	4,968	257,600	-	4,968	257,600	-
Vallibel One PLC	548,204	14,120,966	27,684,302	548,204	14,120,966	20,064,266
Vallibel Power Erathna PLC	876	2,336	6,482	876	2,336	5,869
Vanik Incorporation PLC	848	17,160	-	848	17,160	-
Sampath Bank PLC	9,698	533,687	775,840	9,464	524,436	496,860
Dipped products PLC	2,013,626	54,961,011	61,214,230	1,997,990	54,549,922	55,344,323
Hayleys PLC	3,200,000	229,622,703	262,720,000	-	-	-
Hayleys Fabric PLC	100,000	2,828,579	4,110,000	100,000	2,828,579	7,200,000
Melstacorp PLC	2,000,000	117,218,000	176,000,000	2,000,000	117,218,000	109,800,000
		<u>2,730,254,229</u>	<u>3,335,669,222</u>		<u>2,416,443,965</u>	<u>2,120,979,905</u>

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 14.2.3 Movement in financial assets- fair value through other comprehensive income

	Fair Value as at 01st April 2023 Rs.	Addition Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2024 Rs.
Year 2023/2024					
Investment in listed companies	2,120,979,905	320,170,454	(788,900)	895,307,763	3,335,669,222
	2,120,979,905	320,170,454	(788,900)	895,307,763	3,335,669,222
	Fair Value as at 01st April 2022 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2023 Rs.
Year 2022/2023					
Investment in listed companies	2,106,028,539	314,289,905	(373,560,582)	(74,222,043)	2,120,979,905
	2,106,028,539	314,289,905	(373,560,582)	(74,222,043)	2,120,979,905

### 15. INVESTMENT IN UNIT TRUST - FAIR VALUE THROUGH PROFIT OR LOSS

#### 15.1 Group

	Fair Value as at 01st April 2023 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2024 Rs.
Year 2023/2024					
Investment in unit trust fund					
NDB Wealth Management Ltd	-	183,234,955	(58,600,000)	2,980,834	127,615,789
	-	183,234,955	(58,600,000)	2,980,834	127,615,789

#### 15.2 Company

	Fair Value as at 01st April 2023 Rs.	Additions Rs.	Disposals Rs.	Fair value adjustment Rs.	Fair Value as at 31st March 2024 Rs.
Year 2023/2024					
Investment in unit trust fund					
NDB Wealth Management Ltd	-	159,504,955	(58,600,000)	2,849,373	103,754,328
	-	159,504,955	(58,600,000)	2,849,373	103,754,328

	Group		Company	
	As at 31.03.2024 (Rs)	As at 31.03.2023 (Rs)	As at 31.03.2024 (Rs)	As at 31.03.2023 (Rs)
16. INVENTORIES				
Food and beverages	5,481,019	6,429,583	4,677,239	4,605,408
	5,481,019	6,429,583	4,677,239	4,605,408
17. AMOUNTS DUE FROM A RELATED PARTY				
Renuka City Hotels PLC	-	-	2,116,337	7,135,624
	-	-	2,116,337	7,135,624
18. TRADE AND OTHER RECEIVABLES				
Trade receivables	15,635,793	2,494,060	15,635,793	2,494,060
Deposits and prepayments	13,846,119	12,164,490	5,155,270	5,110,513
Other receivables (Note - 18.1)	3,920,453	9,114,519	110,090	3,351,298
	33,402,365	23,773,069	20,901,153	12,955,871
18.1 Other Receivables				
Staff Loan	741,658	2,388,347	102,090	1,642,500
W.H.T receivable	2,732,274	6,229,878	-	3,590,908
Interest - foreign currency	-	109,890	-	109,890
Other	446,521	386,404	8,000	8,000
	3,920,453	9,114,519	110,090	5,351,298
19. INVESTMENTS IN FINANCIAL ASSETS - AT AMORTISED COST				
Fixed deposits	3,249,337,086	833,950,000	614,374,875	833,950,000
	3,249,337,086	833,950,000	614,374,875	833,950,000
20. CASH AND CASH EQUIVALENTS				
Cash at bank and in hand	3,897,140,298	82,980,607	88,709,753	75,270,842
Short term bank deposits	1,941,048,379	1,546,746,928	392,323,239	252,169,404
	5,838,188,677	1,629,727,535	481,032,992	327,440,246
Bank overdraft	(6,456,725)	(4,260,263)	(3,929,362)	(4,123,781)
	5,831,731,952	1,625,467,272	477,103,630	323,316,465

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

	Group		Company	
	As at 31-03-2024	As at 31-03-2023	As at 31-03-2024	As at 31-03-2023
<b>21. STATED CAPITAL</b>				
<b>Number of shares</b>	<b>Nos.</b>	<b>Nos.</b>	<b>Nos.</b>	<b>Nos.</b>
- Ordinary shares	40,297,530	40,297,530	40,297,530	40,297,530
<b>Value</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
- Ordinary shares	112,508,648	112,508,648	112,508,648	112,508,648

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

	Group	
	As at 31-03-2024	As at 31-03-2023
<b>22. NON CONTROLLING INTEREST</b>	<b>Rs.</b>	<b>Rs.</b>
Balance at the beginning of the year	2,718,434,862	2,318,855,895
Share of net profit	74,008,830	413,443,016
Fair value loss on financial assets at FVOCI	113,515,557	(9,559,049)
Dividend paid by subsidiary	(4,305,000)	(4,305,000)
Acquisition of NIC without a change in control	(266,905,156)	-
Balance at the end of the year	2,634,749,093	2,718,434,862

	Group		Company	
	As at 31-03-2024 (Rs)	As at 31-03-2023 (Rs)	As at 31-03-2024 (Rs)	As at 31-03-2023 (Rs)
<b>23. RETIREMENT BENEFIT OBLIGATIONS</b>				
Balance at the beginning of the year	13,612,177	32,693,960	9,123,245	19,605,306
Current service cost	675,358	462,113	368,026	251,760
Interest for the year	1,999,969	1,987,022	1,316,436	1,340,513
Acturial gain for the year	2,818,885	(20,073,918)	1,476,083	(11,048,584)
	19,106,389	15,069,177	12,283,790	10,148,995
Payments made during the year	(328,250)	(1,457,000)	-	(1,025,750)
Balance at the end of the year	18,778,139	13,612,177	12,283,790	9,123,245

The employee benefit liability of the Company is based on the actuarial valuation carried out by Messrs. 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

Discount Rate	12.42%	17.8%	12.42%	17.8%
Salary Increment rate	22.50%-23.52%	8%-10%	23.52%	8.6%
Staff turn over ratio	27.30%-29.20%	20%	27.3%	20%
Retirement age - years	60 years	60 years	60 years	60 years

### 23.1 Sensitivity of Assumption employed in actuarial valuation

The following table temenstrates the sensitivity too reasonable possible change in the key assumptions used with all other variables held. constant in the retirement benefit obligation measurement in respect of the year 2024.

<b>Discount rate</b>				
Effect on retirement benefit obligation due to 1% increase	(18,587,948)	(13,446,255)	(12,160,578)	(9,021,534)
Effect on retirement benefit obligation due to 1% decrease	18,987,569	13,788,579	12,417,069	9,229,881
<b>Salary Increment rate</b>				
Effect on retirement benefit obligation due to 1% increase	19,033,376	13,856,383	12,420,677	9,254,227
Effect on retirement benefit obligation due to 1% decrease	(18,538,575)	(13,378,610)	(12,155,078)	(8,996,711)

### 24. DEFERRED TAX LIABILITY

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% (2023 - 30%). The movement in the deferred tax account is as follows:

Balance at the beginning of the year	68,667,641	45,630,950	31,207,483	13,279,420
Amount charged/(reversed)during the year Note 24.1	23,664,789	23,036,691	(1,767,415)	17,928,063
Balance at the end of the year	92,332,430	68,667,641	29,440,068	31,207,483
<b>24.1 Deferred tax charge recognised as follows :</b>				
Deferred tax charge recognised in profit or loss Note 8.2	24,510,455	17,014,516	(1,324,590)	14,613,488
Deferred tax charge recognised in other comprehensive income	(845,666)	6,022,175	(442,825)	3,314,575
	23,664,789	23,036,691	(1,767,415)	17,928,063

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

24.2 Deferred Tax liabilities are attributed as follows.

### Company

	As at 31.03.2024			As at 31.03.2023		
	Assets Rs.	Liabilities Rs.	Net Rs.	Assets Rs.	Liabilities Rs.	Net Rs.
Property, plant and equipment	–	33,125,206	33,125,206	–	33,944,457	33,944,457
Employee benefits	(3,685,138)	–	(3,685,138)	(2,736,974)	–	(2,736,974)
	<u>(3,685,138)</u>	<u>33,125,206</u>	<u>29,440,068</u>	<u>(2,736,974)</u>	<u>33,944,457</u>	<u>31,207,483</u>

### Group

	Assets Rs.	Liabilities Rs.	Net Rs.	Assets Rs.	Liabilities Rs.	Net Rs.
Property, plant and equipment	–	101,617,625	101,617,625	–	104,582,087	104,582,087
Employee benefits	(5,633,442)	–	(5,633,442)	(4,083,653)	–	(4,083,653)
Tax losses	(3,651,752)	–	(3,651,752)	(31,830,791)	–	(31,830,791)
	<u>(9,285,194)</u>	<u>101,617,625</u>	<u>92,332,430</u>	<u>(35,914,444)</u>	<u>104,582,087</u>	<u>68,667,641</u>

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.	As 31.03.2024 Rs.	As at 31.03.2023 Rs.
<b>25. TRADE AND OTHER PAYABLES</b>				
Trade creditors	32,776,817	20,657,405	27,302,416	17,457,465
Accrued expenses and other	95,233,979	29,935,765	57,608,001	16,732,573
Unclaimed dividend	8,354,349	8,379,436	3,639,108	3,664,195
Refurbishment payables	602,918	602,918	602,918	602,918
	<u>136,968,063</u>	<u>59,575,524</u>	<u>89,152,443</u>	<u>38,457,151</u>
<b>26. INCOME TAX PAYABLE</b>				
Balance at the beginning of the year	15,261,340	20,353,368	14,060,057	19,535,070
Provision for the year	73,149,521	45,624,944	73,149,521	44,452,447
Under/(over) provision in respect of previous year	11,086,872	(4,830,690)	11,086,872	(4,830,690)
Payments made during the year	(48,066,410)	(21,108,000)	(48,066,410)	(21,108,000)
Tax credits not adjusted in previous year	(20,993,813)	(24,778,282)	(19,859,210)	(23,988,770)
Balance at the end of the year	<u>30,437,510</u>	<u>15,261,340</u>	<u>30,370,830</u>	<u>14,060,057</u>

### 27. COMMITMENTS

#### a) Capital Commitments

There were no material commitments outstanding at the reporting date.

#### b) Financial Commitments

The Company has an annual commitment to pay Rs. 1,000,000/= as rental to Renuka Consultants and Services (Private) Limited.

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

#### 28.1 Contingent Liabilities

##### Renuka Hotels PLC

- a) Judgment was given dismissing the Writ Application filed by the company (through the Hotels Association of Sri Lanka) challenging the decision taken by Colombo Municipal Council to levy a licence fee of 1% of the annual turnover as a pre- condition to issue Annual Trade License under Section 247 2 (A) of the Municipal Council Ordinance. An appeal was field and is pending listing the case.
- b) Colombo Municipal Council has filed a case at the Magistrates Court against the Hotel for operating without a licence for the year 2022 and 2023 is fixed for trial on 20th September 2024 and 18th october 2024 respectively.

##### Renuka City Hotels PLC

- 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 No25135/23) 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 respectively.

There were no other contingent liabilities at the reporting date other than above.

### 29. ASSETS PLEDGED

There were no assets pledged as security for liabilities as at 31<sup>st</sup> March 2024.

### 30. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no material events have occurred after the reporting date which require adjustments to, or disclosure, in the financial statements.

### 31. RELATED PARTY TRANSACTIONS

31.1 The Directors of the Company are also Directors of the following Companies.

Name of Directors	Renuka City Hotels PLC	Cargo Boat Development Co. PLC	Crescent Ladundered & Dry Cleaners (Pvt) Ltd	Renuka Cosultants & Services Ltd	Renuka Properties Ltd	Lancaster Holding Ltd	Amalagamated Theatres Ltd	Portfolio Management Services (Pvt) Ltd
Mr. R.B. Thambiayah	X	X	X	X	X	X	X	X
Mrs. N.A. Thambiayah	X	X	X	X	X	X	X	X
Ms. S.R. Thambiayah	X	X	X	X	X	X	-	X
Ms. A.L. Thambiayah	X	X	-	X	X	X	X	X
Ms. N.R. Thambiayah	X	X	X	X	X	X	X	X
Mrs. M.A. Jayawardena	X	X	X	-	-	-	X	-

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 31.2 Trading Transactions

The Company has entered into transaction with the following Companies in which directors of the Companies are also directors of the said Companies.

Name of the Company	Name of the Directors	Nature of transaction	2023/2024	
			Group (Rs)	Company (Rs)
(a) Renuka City Hotels PLC (RCHL)	Mr. R. B. Thambiayah	Collection of debtors	-	245,501,364
	Mrs. N. A. Thambiayah	Transfer of revenue related to RCHL includin		
	Ms. S. R. Thambiayah	the service charges of RHL	-	(330,949,604)
	Ms. N. R. Thambiayah	Net expenses incurred on behalf of RCHL	-	24,758,700
	Mrs. M. A. Jayawardena	Salary payment	-	4,380,253
	Ms. A. L. Thambiayah	Fund Transfer		51,290,000
(b) Renuka Consultants & Services Ltd (RCSL)	Mr. R. B. Thambiayah	Fund Received	(13,631,102)	1,000,000
	Mrs. N. A. Thambiayah	Fund transfers	989,237	(989,237)
	Ms. S. R. Thambiayah	Net expenses incurred on behalf of RCSL	12,641,865	(10,763)
	Ms. N.R. Thambiayah			
	Ms. A.L. Thambiayah			
(c) Portfolio Management Services (Private) Limited(PMS)	Mr. R. B. Thambiayah	Fund received	(8,072)	(8,072)
	Mrs. N. A. Thambiayah	Net expenses incurred on behalf of PMS	8,072	8,072
	Ms. S. R. Thambiayah			
	Ms. A.L. Thambiayah			
	Ms. N.R. Thambiayah			
(d) Lancaster Holdings Ltd(LHL)	Mr. R. B. Thambiayah	Fund received	(10,763)	(10,763)
	Mrs. N. A. Thambiayah	Net expenses incurred on behalf of LHL	10,763	10,763
	Mrs. M. A. Jayawardena			
	Ms. N.R. Thambiayah			
	Ms. A.L. Thambiayah			
(e) Crescent Launderers & Dry Cleaners (Pvt) Ltd(CLDC)	Mr. R. B. Thambiayah	Net expenses incurred on behalf of CLDC	10,212,139	(308,072)
	Ms. S. R. Thambiayah	Settlnent	(10,512,139)	308,072
	Mrs. M. A. Jayawardena	Fund transfer	300,000	
	Mrs. N. A. Thambiayah			
(f) Cargo Boat Development Company PLC(CBDC)	M.s N.R.Thambiya	Net expenses incurred on behalf of CBDC	47,134	47,134
	Mr. R.B.Thambaiyah	Fund received	(392,133)	(392,133)
	Mrs. N.A. Thambaiyah	Fund transfer	345,000	345,000
	Ms. S.R. Thambaiyah			
	Ms. A.L. Thambaiyah			
	Ms. N.R. Thambaiyah			
	Mrs.M.A.Jayawardena			
	Mr.M.J. Frenando			
(g) Amalgamated Theatreas Ltd	Mr. R.B. Thambaiyah	Net expenses incurred on behalf of CLDC	8,072	8,072
	Ms. S.R. Thambaiyah	Fund transfer	308,072	308,072
	Mrs. M.A. Jayawardena	Fund received	(300,000)	(300,000)

The company did not engage in any trading transactions with related parties other than the rental expenses paid to Renuka Consultants & Services Ltd, Which has been carried out at arm's length basis.

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

- 31.3 The following transactions were carried out with Renuka City Hotels PLC a subsidiary of Renuka Hotels PLC where Mr. R.B Thambiayah, Mrs. N.A. Thambiayah, Ms. S.R. Thambiayah, Ms. N. R. Thambiayah, Ms. A. L. Thambiayah and Mrs. M. A. Jayawardena Directors of the Company are also Directors of Renuka City Hotels PLC.

### Transfer of Food Cost

The Company has transferred the food cost incurred during the year on a monthly basis, which is relevant to the food related turnover of Renuka City Hotels PLC. The amount so apportioned for the year ended 31<sup>st</sup> March, 2024 was Rs. 30,097,459/- (2023-Rs. 13,131,354/-)

### Managing of Trade Receivables

Trade receivables are collected by the Company on behalf of Renuka City Hotels PLC and the respective debtors settlements recorded through related party current account.

### Non-recurrent related party transactions

There were no non-recurrent related party transactions which aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per 31 March 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 Security 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 Security Exchange Commission Act

### 31.4 Key Management Personnel compensation

The remuneration of the Directors and other members of key management during the year was as follows:

	2023/2024 Rs	2022/2023 Rs.
Short Term Benefits	25,335,000	19,982,732
Bonus and ex-gratia	51,321,118	103,781,125
	<u>76,656,118</u>	<u>123,763,857</u>

### 32. COMPARATIVE INFORMATION

Comparative figures and phrases have been rearranged and reclassified wherever necessary to conform with the current year's presentation

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 33. SUBSIDIARY COMPANY

Financial information of subsidiary that has material non-controlling interest (NCI) is provided below.

Renuka City Hotels PLC		
Summarised statement of comprehensive income for the year ending 31st March		
	2024 Rs.	2023 Rs.
Revenue	257,198,942	128,077,475
Cost of sales	(70,927,441)	(43,119,620)
Other income	100,210,186	60,143,253
Administration expenses	(58,819,813)	(58,005,216)
Salaries and related expenses	(68,293,992)	(74,829,405)
Marketing expenses	(8,442,232)	(9,756,068)
Profit from operation	150,925,651	2,510,419
Finance income	138,126,505	1,339,275,505
Profit before tax	289,052,156	1,341,785,924
Income tax expense	(25,835,045)	(3,573,525)
<b>Profit for the year</b>	<b>263,217,111</b>	<b>1,338,212,399</b>
Other comprehensive income	403,856,759	(24,768,604)
<b>Total comprehensive income</b>	<b>666,942,409</b>	<b>1,313,443,795</b>
Summarised statement of financial position as at 31st March		
	2024	2023
Non current assets	1,616,700,451	7,603,880,411
Current assets	8,005,422,888	1,314,928,660
<b>Total assets</b>	<b>9,622,123,339</b>	<b>8,918,809,071</b>
Capital and reserve	9,500,239,413	8,847,297,004
Non current liabilities	69,386,712	41,949,091
Current liabilities	52,497,214	29,562,9765
<b>Total equity and liabilities</b>	<b>9,622,123,339</b>	<b>8,918,809,070</b>
Summarised cash flow information for year ending 31st march		
Cash flows from operating activities	(486,830,884)	550,918,802
Cash flows from/(used in) investing activities	4,553,308,399	290,614,125
Cash flows used in financing activities	(14,000,000)	(17,432,000)
<b>Net increase in cash and cash equivalents</b>	<b>4,052,477,515</b>	<b>824,100,927</b>
Name of subsidiary and effective holding % owned		
Renuka City Hotels PLC - 71.88% (2022/2023 - 69.25%)		

The above information is based on amounts before inter-company eliminations.

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### 34.1 Fair Value of the Financial Instrument Carried at Amortized Cost

Financial instruments are measured subsequently on the on going basis either at fair value or amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income expenses, including fair value gains and losses, are recognized. The following table analyses the fair value of financial instruments together with the carrying amounts shown in the statement of financial position.

The face value of the financial assets and the liabilities together with the carrying amount shown in the statement of financial position are as follows.

##### 34.1.1 Group

	Amortised cost	Fair value through profit or loss	Fair value through OCI	Other Financial Liabilities at amortised cost	Total Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>31st March, 2024</b>						
Cash & cash equivalents	5,838,188,677	-	-	-	5,838,188,677	5,838,188,677
Trade and other receivables	33,402,365	-	-	-	33,402,365	33,402,365
Investments in financial assets	3,612,643,912	127,615,789	4,615,908,573	-	8,356,168,274	8,356,168,274
Trade & other payables	-	-	-	(136,968,063)	(136,968,063)	(136,968,063)
Bank overdraft	-	-	-	(6,456,725)	(6,456,725)	(6,456,725)
	<b>9,508,096,415</b>	<b>127,615,789</b>	<b>4,615,908,573</b>	<b>(143,424,788)</b>	<b>14,084,334,528</b>	<b>14,084,334,528</b>
<b>31st March, 2023</b>						
Cash & cash equivalents	1,629,727,535	-	-	-	1,629,727,535	1,629,727,535
Trade and other receivables	23,773,069	-	-	-	23,773,069	23,773,069
Investments in financial assets	7,625,936,281	-	2,970,082,101	-	10,596,018,382	10,596,018,382
Trade & other payables	-	-	-	(59,575,524)	(59,575,524)	(59,575,524)
Bank overdraft	-	-	-	(4,260,263)	(4,260,263)	(4,260,263)
	<b>9,279,436,885</b>	<b>-</b>	<b>2,970,082,101</b>	<b>(63,835,787)</b>	<b>12,185,683,199</b>	<b>12,185,683,199</b>

Investment in shares (long term investment) are classified as fair value through other comprehensive income financial assets and fair value had been arrived at based on level 01 category which is quoted price active market.

##### 34.1.2 Company

	Amortised cost	Fair value through profit or loss	Fair value through OCI	Other Financial Liabilities at amortised cost	Total Carrying Amount	Fair Value
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>31st March 2024</b>						
Cash & cash equivalents	5,838,188,677	-	-	-	481,032,992	481,032,992
Trade and other receivables	20,901,153	-	-	-	20,901,153	20,901,153
Investments in financial assets	938,787,889	103,754,328	3,335,874,532	-	4,378,416,749	3,764,041,874
Amount due from related parties	2,116,337	-	-	-	2,116,337	2,116,337
Trade & other payables	-	-	-	(89,152,443)	(89,152,443)	(89,152,443)
Bank overdraft	-	-	-	(3,929,362)	(3,929,362)	(3,929,362)
	<b>1,442,838,371</b>	<b>103,754,328</b>	<b>3,335,874,532</b>	<b>(93,081,805)</b>	<b>4,789,385,426</b>	<b>4,789,385,426</b>
<b>31st March 2023</b>						
Cash & cash equivalents	327,440,246	-	-	-	327,440,246	327,440,246
Trade and other receivables	12,955,871	-	-	-	12,955,871	12,955,871
Investments in financial assets	323,801,948	-	2,121,355,215	-	3,279,087,163	2,445,137,163
Amount due from related parties	7,135,624	-	-	-	7,135,624	7,135,624
Trade & other payables	-	-	-	(38,457,151)	(38,457,151)	(38,457,151)
Bank overdraft	-	-	-	(4,123,781)	(4,123,781)	(4,123,781)
	<b>1,505,283,689</b>	<b>-</b>	<b>2,121,355,215</b>	<b>(42,580,932)</b>	<b>3,584,037,972</b>	<b>3,584,037,972</b>

Investment in shares (long term investment) are classified as fair value through other comprehensive income financial assets and fair value has been arrived at based on level 01 category which is quoted price active market.

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Introduction

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

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

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

#### 35.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

##### 35.1.1 Exposure to credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group'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;

As at 31st March Rs.	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade and other receivables	33,402,365	23,773,069	20,901,153	12,955,871
Cash and cash equivalents	5,838,188,677	1,629,727,535	481,032,992	327,440,246
Short term investment	3,249,337,086	833,950,000	614,374,875	833,950,000
Investment in financial assets	363,306,826	6,791,986,281	324,413,014	323,801,948
	<b>9,484,234,954</b>	<b>9,279,436,885</b>	<b>1,440,722,034</b>	<b>1,498,148,065</b>
<b>Trade receivables</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
Past due 1 - 30 days	10,877,086	1,376,478	10,877,086	1,376,478
Past due 31 - 60 days	4,360,929	1,092,719	4,360,929	1,092,719
Past due 61 - 90 days	398,455	24,863	398,455	24,863
More than 90 days	-	-	-	-
	<b>15,636,470</b>	<b>2,494,060</b>	<b>15,636,470</b>	<b>2,494,060</b>

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit appraisal. In addition, receivable balances are monitored on an ongoing basis to minimise bad debt risk and to ensure default rates are kept very low, whilst the improved operating environment resulted in improved collections during the financial year although there could be stresses in the ensuing year on account of the macroeconomic uncertainty and related impacts to our customers on account of elevated inflation and interest rates and the possible impact on consumer discretionary spend.

The Group did not have bad debts in the previous years and all the receivable balances have been settled subsequent to the reporting date. As such, the Group has not provided for any expected credit losses.

##### 35.1.2 Mitigation of credit risk

#### a) Other receivables

The credit risk of the Group is low since other receivables of the Group mainly includes taxes recoverable from the Inland Revenue Department, deposits and prepayments.

#### b) Cash & cash equivalents

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

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

### 35.2 Market risk

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

#### 35.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Investments in securities and debt obligation. The Group utilises various financial instruments to manage exposures to interest rate risks.

At the reporting date, the Group's interest-bearing financial instruments were as follows:

	Group		Company	
	As at 31.03.2024	As at 31.03.2023	As at 31.03.2024	As at 31.03.2023
	Rs.	Rs.	Rs.	Rs.
<b>Financial assets</b>				
Investments in deposits	363,306,826	6,791,986,281	324,413,014	323,801,948
Short term deposits	1,941,048,379	1,546,746,928	392,323,239	252,169,404
Investment in fixed deposits - current	3,249,337,086	833,950,000	614,374,375	833,950,000
	<u>5,553,692,291</u>	<u>9,172,683,209</u>	<u>1,331,111,128</u>	<u>1,409,921,352</u>
<b>Financial liabilities</b>				
Bank overdraft	6,456,725	4,260,263	3,929,362	4,123,781
	<u>6,456,725</u>	<u>4,260,263</u>	<u>3,929,362</u>	<u>4,123,781</u>

There is no interest rate risk to the Group since the interest bearing borrowings of the Group as at the reporting date are not available. Accordingly, the sensitivity analysis does not apply.

#### 35.2.2 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange rate changes is minimised by positive negotiations with banks applying financial risk management techniques.

The Group successfully navigated the liquidity challenges by aligning its obligations with foreign currency inflows whenever possible and permitted. Additionally, the strength of the Group's balance sheet played a vital role in managing the situation effectively.

The following table demonstrates the sensitivity to a reasonably possible change in the LKR/USD exchange rate, with all other variables held constant, of the profit before tax and the equity for the Group and the Company respectively.

# RENUKA HOTELS PLC

## Notes to the Financial Statements (Contd)

	2024 Opening Rate	2024 Closing Rate	2024 Average Rate
United States Dollar (USD)	318.28	295.54	306.91

	Group		Company	
	2024 (Rs)	2023 (Rs)	2024 (Rs)	2023 (Rs)
8% Increase	636,898,285	623,257,312	6,176,194	6,097,084
8% decrease	(636,898,285)	(623,257,312)	(6,176,194)	(6,097,084)

### 35.2.3 Liquidity Risk

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

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

The table below summarises the maturity profile of the Group and the Company's financial liabilities at 31st March 2024, based on contractual undiscounted payments.

Group	Within 1 year Rs.	Between 1 -2 year Rs.	Between 2 -3 year Rs.	Between 3 - 4 year Rs.	Between 4 - 5 year Rs.	Between 5 year Rs.	Total Rs.
Trade payable	32,776,817	-	-	-	-	-	32,776,817
Tax payable	30,437,510	-	-	-	-	-	30,437,510
Bank overdraft	6,456,725	-	-	-	-	-	6,456,725
	<u>69,671,052</u>						<u>69,671,052</u>

Company	Within 1 year Rs.	Between 1 -2 year Rs.	Between 2 -3 year Rs.	Between 3 - 4 year Rs.	Between 4 - 5 year Rs.	Between 5 year Rs.	Total Rs.
Trade payable	27,302,416	-	-	-	-	-	27,302,416
Tax payable	30,370,830	-	-	-	-	-	30,370,830
Bank overdraft	3,929,362	-	-	-	-	-	3,929,362
	<u>61,602,608</u>						<u>61,602,608</u>

# RENUKA HOTELS PLC

## INFORMATION TO SHAREHOLDERS AND INVESTORS

### (1) Stock Exchange Listing

Renuka 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 2024.

No. of Shareholders	Holdings	No. of Share Holders %	Total Holdings	% Holdings
428	1 – 1,000	75.08	53,202	0.13
71	1001 – 10,000	12.46	275,248	0.68
47	10,001 – 100,000	8.25	2,060,083	5.11
19	100,001 – 1,000,000	3.33	6,874,818	17.06
5	Over 1,000,000	0.88	31,037,179	77.02
<u>570</u>		<u>100</u>	<u>40,297,530</u>	<u>100.00</u>

### (3) TWENTY MAJOR SHAREHOLDERS

Name of Share Holders		No. of Shares As at 31.03.24		No. of Shares As at 31.03.23	
			%		%
1.	Mr.Ravindra Balakantha Thambiayah	17,089,577	42.41	17,082,864	42.39
2.	Mrs.Nirmalie Anne Thambiayah	6,189,616	15.36	6,189,616	15.36
3.	Finco Holdings (Private) Limited	4,699,388	11.66	4,045,664	10.04
4.	Galle Face Capital Partners PLC	2,015,000	5.00	2,015,000	5.00
5.	Ms.Shibani Renuka Thambiayah	1,043,598	2.59	993,943	2.47
6.	Ms.Arnika Lakshmi Thambiayah	945,113	2.35	929,913	2.31
7.	Mr.Merril Joseph Fernando (Deceased)	915,910	2.27	915,910	2.27
8.	J.B. Cocoshell (Pvt) Ltd.	631,691	1.57	282,414	0.70
9.	Mr. Dinal Gitanjan Wijemanna	565,960	1.40	565,731	1.40
10.	Mr.Dilhan Crishantha Fernando	457,855	1.14	457,855	1.14
11.	Mr.Malik Joseph Fernando	415,000	1.03	415,000	1.03
12.	Mrs.Manohari Minambachi Sellamuttu	402,800	1.00	402,800	1.00
13.	Medihelp Holdings (Private) Limited	328,836	0.82	-	-
14.	The Cargo Boat Investment Company Limited	287,596	0.71	-	-
15.	Hattion National Bank PLC/Kandiah Kanapathipillai Shujeevan	279,330	0.69	279,750	0.69
16.	Mr. Yusuf Husseinly Abdulhussein	246,813	0.61	214,886	0.53
17.	The Estate of the Late Rasiyah Yogarajaha	219,050	0.54	219,050	0.54
18.	Mr. Husseinally Mohsinally Abdullussein / Mrs. S.E. Lokhandwalla	213,490	0.53	75,390	0.19
19.	Mr. Amarakoon Mudiyansele Weerasinghe	205,000	0.51	205,000	0.51
20.	Miss. Rukaiya Husseinally Abdulhussein	182,834	0.45	144,702	0.35
<b>TOTAL</b>		<b>37,334,457</b>	<b>92.64</b>		

### (4) Public Holding

The percentage of Shares held by the public as at 31<sup>st</sup> March 2024 is 19.60% (31<sup>st</sup> March 2023- 18.83%) The number of shareholder representing the public holding is 562 (31<sup>st</sup> March 2023 - 519)

Compliant under option 2 of 7.13.1.(i)(b) - Float adjusted market capitalization Rs 684.13 Mn (31<sup>st</sup> March 2023 Rs. 531.13mn)

# RENUKA HOTELS PLC

## INFORMATION TO SHAREHOLDERS AND INVESTORS (Contd.)

		23/24	22/23	21/22	20/21	19/20
Occupancy	%	17	2	23	-	39
Net turnover	Rs. '000	230,505	146,673	118,975	41,330	171,591
Net profit before taxation	Rs. '000	437,913	713,676	186,715	88,526	126,837
Earnings per share	Rs.	8.81	16.63	3.66	2.20	2.71
Net assets per share	Rs.	125.96	95.46	79.25	81.61	80.37
Market value per share						
Highest value during the period	Rs.	100.00	85.00	118.75	90.00	59.70
Lowest value during the period	Rs.	68.20	50.00	53.00	32.10	34.00
Value as at 31 <sup>st</sup> March	Rs.	86.60	70.00	68.90	39.00	40.00
Non current assets	Rs. '000	4,118,086	2,758,354	2,443,951	2,825,750	2,453,315
Current assets	Rs. '000	1,123,102	1,186,087	829,105	521,534	870,903
Equity	Rs. '000	5,076,013	3,847,470	3,194,176	3,288,810	3,239,315
Average shareholders funds	Rs.'000	4,461,741	3,520,824	3,241,142	3,264,063	3,092,708
Return on average shareholders funds %		7.96	18.73	4.57	3.68	3.53
Dividend per share	Rs.	.50	0.50	- ...	-	-
Dividend Payout ratio	%	5.67	3	- ...	-	-



## **RENUKA HOTELS PLC**

# RENUKA HOTELS PLC

RENUKA HOTELS PLC  
FORM OF PROXY  
ANNUAL GENERAL MEETING

I/We.....  
of .....

A member/members of Renuka Hotels PLC, hereby appoint

Ms. S. R. Thambiayah	<i>of Colombo or failing her*</i>
Mrs. N. A. Thambiayah	<i>of Colombo or failing her*</i>
Ms. A. L. Thambiayah	<i>of Colombo or failing her*</i>
Mr. R. B. Thambiayah	<i>of Colombo or failing him*</i>
Ms. N. R. Thambiayah	<i>of Colombo or failing her*</i>
Mr. R. N. Asirwatham	<i>of Colombo or failing him*</i>
Mr. G.I. Koggalage	<i>of Colombo or failing him*</i>
Mr. M. J. Fernando	<i>of Colombo or failing him*</i>
Mr. P. M. B. Fernando	<i>of Colombo or failing him*</i>
Mrs. S. M. A. N. Ranaweera	<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.N. Asirwatham 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, 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"/>
6. 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"/>
7. To re-elect Ms. N. R. Thambiayah, 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 Mr. M. J. Fernando, 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 re-elect Mr. P. M. B. Fernando, 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"/>
10. To re-elect Mrs S. M. A. N. Ranaweera, 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"/>
11. 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

# RENUKA HOTELS PLC

- NOTE:
1. \*Please delete the inappropriate words
  2. Instructions as to completion are noted below
  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"

## 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 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 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.