



# 2016 /17 ANNUAL REPORT

A Journey to remember...

*Sigiriya Village*  
...where legends unfold.

Sigiriya Village Hotels PLC

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## Corporate Philosophy

Sigiriya Village is a unique hospitality venture renowned for providing the finest in hospitality products and services to an upmarket client base consisting of ardent nature and culture enthusiasts, both locally and internationally.

The Hotel is located in the shadow of ‘ Sigiriya ’, the legendary rock fortress built during the reign of King Kashyapa (AD 477 – 495 ).

The design and architecture of the hotel is not only reminiscent of King Kashyapa’s Palace, but is also built to preserve the ambiance of the ancient Kingdom’s surroundings and village lifestyle. Whilst equipped with every modern luxury to make our guests’ stay more comfortable, our desire is to provide a complete aesthetic holiday experience which is unique to the entire world of hospitality and leisure.

Sigiriya Village is located within the cultural triangle of Sri Lanka, a World Heritage Site.

## Our Vision

‘To Be Recognised for Our Unparalleled Hospitality and Standards.’

## Our Mission

‘Perfecting the Authentic Sri Lankan Leisure Experience.’

## Our Values

- Professionalism with Initiative
- Teamwork with Mutual Respect for One Another
  - Freedom of Speech
- Customer Focus, Product and Service Quality
- Preserving and Protecting the Environment
- Supporting Local Communities.

# Corporate Information

NAME OF COMPANY	Sigiriya Village Hotels PLC
STATUS AND LEGAL FORM	A Public Quoted Company with Limited Liability Incorporated in Sri Lanka on 11th September 1978 Under the Companies Ordinance. (Cap. 145)
COMPANY REGISTRATION NO	PQ 154
REGISTERED OFFICE	53-1/1, Sir Baron Jayatilaka Mawatha, Colombo 01.
STOCK EXCHANGE LISTING	The Issued Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka.
BOARD OF DIRECTORS	S. D. R. Arudpragasam (Chairman) C. P. R. Perera (Deputy Chairman) A. Rajaratnam (Alternate – Mr. Anushman Rajaratnam) S. Rajaratnam T. Theyagamurti A.R. Peiris E. P. A. Cooray Amrit Rajaratnam A. R. Rasiah
SECRETARIES	Corporate Managers & Secretaries (Private) Ltd. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.
AUDITORS	B. R. De Silva & Company Chartered Accountants 22/4, Vijaya Kumaranathunga Mawatha, Colombo 5.
BANKERS	Commercial Bank of Ceylon PLC Sampath Bank PLC Pan Asia Banking Corporation PLC Standard Chartered Bank Hatton National Bank PLC
HOTEL	Sigiriya Village P. O. Box 1, Sigiriya, Sri Lanka Tel-Fax: +94 (0) 66 22 86803-5 E-mail:sigiriyavillagehotel@forthotels.lk Web: www.sigiriya-village.com
SALES & RESERVATION OFFICE	York Hotel Management Services Ltd 8-2/1, York Arcade Building, Leyden Bastian Road, Colombo 01. Tel: 2381644-5 Fax: 2381645 E-mail: ressvh@sltnet.lk, marketing@forthotels.lk
Legal Advisers	Julius & Creasy Attorney-at-Law No.41, Janadhipathi Mawatha, P.O. Box 154, Colombo 01.

# Notice of Meeting

Notice is hereby given that the 38th Annual General Meeting of Sigiriya Village Hotels PLC will be held at the Grand Oriental Hotel, No. 2, York Street, Colombo 01, on 04 <sup>th</sup> July 2017 at 10.45 a.m. for the following purposes:
<div><div><div>1. To receive and consider the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2017 with the Report of the Auditors thereon.</div><div>2. To re-elect as a Director, Mr. T. Theyagamurti who retires in accordance with Articles 84 &amp; 85 of the Articles of Association.</div><div>3. To reappoint as a Director, Mr. A. Rajaratnam who is over seventy years of age. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 4).</div><div>4. To reappoint as a Director, Mr. C. P. R. Perera who is over seventy years of age. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 5).</div><div>5. To reappoint as a Director, Mr. A. R. Rasiah who is over seventy years of age. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 6).</div><div>6. To reappoint as a Director, Mr. A. R. Peiris who has attained the age of seventy years. Special Notice has been received from a shareholder of the intention to pass a resolution which is set out in the notes in relation to his reappointment (see note 7).</div><div>7. To authorise the Directors to determine contributions to charities.</div><div>8. To reappoint as Auditors, Messrs B.R. De Silva &amp; Co. and authorise the Directors to determine their remuneration.</div></div></div>
<div><div>By Order of the Board</div><div>CORPORATE MANAGERS &amp; SECRETARIES (PRIVATE) LIMITED.</div><div>Secretaries</div><div>Colombo</div><div>30<sup>th</sup> May 2017</div></div>
<div><div><div><div>Notes:</div><div><div>1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.</div><div>2. A Form of Proxy is enclosed with this Report.</div><div>3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time fixed for the meeting.</div><div>4. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.</div><div><div>Resolved-</div><div>“that Mr. A. Rajaratnam who is seventy five years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. A. Rajaratnam”.</div></div><div>5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.</div></div></div><div><div><div>Resolved-</div><div>“that Mr. C. P. R. Perera who is seventy three years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. C. P. R. Perera”.</div></div><div><div>6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.</div><div><div>Resolved-</div><div>“that Mr. A. R. Rasiah who is seventy one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. A. R. Rasiah”.</div></div><div><div>7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting.</div><div><div>Resolved-</div><div>“that Mr. A. R. Peiris who has attained the age of seventy years be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director, Mr. A. R. Peiris”.</div></div></div></div></div></div></div>



# Chairman’s Review


On behalf of the Board of Directors, I have pleasure in presenting the Annual Report and Audited Accounts of your Company for the financial year ended 31st March 2017.

The number of tourists visiting Sri Lanka continued to rise in the past year. Tourist arrivals for the year was 2.07 Million, which was an increase of 9% over the previous year. While the growth in arrivals continued the trend seen in the past few years, the final number fell short of the double digit growth expected. With the uncertain global economic outlook, renewed efforts will be needed from all stakeholders to ensure that tourism in Sri Lanka grows to meet its full potential.

The turnover of the Company for the year ended 31st March 2017 was Rs. 329 Million compared to the previous year’s turnover of Rs. 336 Million. The profit for the year was Rs. 8.8 Million compared to a profit of Rs. 56.1 Million the previous year. The overall occupancy at the hotel for the year was 69% compared to 71% in the previous year. The decline in turnover and occupancy for the year reflects the competitive environment prevalent in the 4 star segment of the market. The resulting lack of pricing power has made passing on of cost increases difficult. The higher costs of operations and the increase in the VAT rate during the year resulted in a decline in profit.

Looking forward, the overall tourism industry in Sri Lanka is expected to grow with most of the growth coming from the Asian market. The extent to which this overall increase affects each category of hotel in the industry will depend on the purchasing power of the tourists entering the country and their willingness to spend on high quality accommodation. The Sigiriya Village Hotel situated in close proximity to the Cultural Triangle tourist attractions maintains high standards in hospitality. This should help the hotel maintain its market share in an increasingly crowded market. The Management continues to look for opportunities to improve yield and reduce operating costs in order to improve overall profitability.

On behalf of the Board of Directors, I extend my thanks to the Management team and the staff of the hotel for their dedication and hard work over the past year. I thank our many business partners who continue to support the Company. I also extend my sincere appreciation to my colleagues on the Board for their continued guidance and support.

  
**S.D.R. Arudpragasam**  
Chairman  
22<sup>nd</sup> May 2017

**Mr. S.D.R. Arudpragasam** - FCMA (UK)  
**Chairman**

Mr. S.D.R. Arudpragasam joined the Board in 1991 and was appointed Chairman in 2013. He serves as Chairman of several subsidiaries of The Colombo Fort Land and Building PLC (CFLB) and holds the position of Deputy Chairman on the Boards of The Colombo Fort Land and Building PLC and Lankem Ceylon PLC. He also functions as Managing Director of E. B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group.

**Mr. C.P.R. Perera**  
**Deputy Chairman**

Mr. C.P.R. Perera joined the Board in 2011 and was appointed as the Deputy Chairman in 2013. He serves on the board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the boards of several subsidiary companies of the CFLB Group. He also holds Directorships in other private and public Companies. He is a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon. He retired as Chairman of Forbes & Walker Ltd and its subsidiary companies in June 2005 after almost 44 years of service. He presently functions as the Chairman of Ceylon Tea Brokers PLC. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, the Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society. He is presently an Appointed member of the Monetary Board of the Central Bank of Sri Lanka.

**Mr. A. Rajaratnam** – FCA  
**Director**

Mr. A. Rajaratnam joined the Board of Sigiriya Village Hotel PLC in 1991 and served as Chairman from 2002 to 2013. He serves as the Chairman of The Colombo Fort Land and Building PLC (CFLB) and several listed and unlisted Companies within the CFLB Group in addition to holding other Directorships within the Group.

**Mr. T. Theyagamurti** - ACIB (Canada) MIEX (Grad) (UK)  
**Director**

Mr. T. Theyagamurti was appointed to the Board in 2004. He also serves on the Boards of several listed and unlisted companies in The Colombo Fort Land and Building Group. A banker by profession he has specialised in International Trade and Foreign Exchange Trading, counting over 25 years

# Board of Directors

of service with a leading local Bank and an European Bank in North America. He has over 21 years service with The Colombo Fort Land & Building Group’s Hospitality sector and has successfully completed hospitality programmes conducted by the University of Hawaii in Honolulu and IAPCO in Zurich as a Congress Organizer.

**Mr. A.R. Peiris** - B.Sc.(Cey), FCMA(UK) CGMA  
**Director**

Mr. A.R. Peiris was appointed to the Board in 2006. He had served the Petroleum Corporation for 10 years in Technical, Planning & Finance Divisions and at the time he left the Corporation in 1979, was the Head of the Refinery Finance Division. Thereafter, he joined National Development Bank where he held several senior positions for 24 years. He has held Directorships in several reputed public listed and unlisted Companies. Mr. Peiris also serves on the Board of Lankem Ceylon PLC and several of its subsidiary companies.

**Mr. E. P. A. Cooray** – MBA(Uni SJ), CMA, Institute of Hospitality (UK)  
**Director**

Mr. Prema Cooray was appointed to the Board in 2011. He is the immediate Past Chairman of Aitken Spence PLC and counts well over 40 years in the Travel and Tourism Industry, most of which he spent at Aitken Spence developing the conglomerate’s hotels and resorts in Sri Lanka and Maldives. He is acknowledged for the pivotal role played in the development of sustainable tourism and especially for his leadership in developing the renowned Kandalama Hotel which has won many global accolades for its contribution to environmental management, food and beverage excellence and service standards of truly exceptional nature. These attributes signalled the entry of Sri Lanka’s tourism on the World Map of the Hospitality Industry. He also led the pioneering effort of large scale expansion to the Republic of Maldives in the early 90’s and this regional development contributed exceptionally to the overall profile and growth of Aitken Spence.

Currently Mr. Cooray serves as Chairman of Sri Lanka Convention Bureau, Citrus Hotel Group, and Rainforest Ecolodge, Deniyaya, an unique pioneering Ecotourism initiative supported by leading hotel companies in Sri Lanka. He is a Member of the Grants Board of ICTA. He also sits on the Board of Lighthouse Hotel PLC.

In the past, Mr. Cooray served as the Secretary-General/CEO of the Ceylon Chamber of Commerce from 2003 to 2008. He

# Board of Directors ...

is also the Past President of the Tourist Hotels Association of Sri Lanka (1998-2000) and was Chairman of the Sri Lanka Convention Bureau (2007-2009).

Mr. Cooray was accorded the national honour as a “Legend” by Sri Lanka Tourism in 2011.

Mr. Cooray has a MBA from the University of Sri Jayawardenapura, is a Certified Management Accountant and is also a Member of the Institute of Hospitality.

**Mr. S. Rajaratnam** – B.Sc., CA  
**Director**

Mr. S. Rajaratnam was appointed to the Board in 2011. He holds a Bachelor of Science Degree in Business Administration from Boston College, U.S.A. and is a member of the Institute of Chartered Accountants in Australia. He has been associated with overseas companies in the field of Finance and currently holds the position of Deputy Managing Director of E.B. Creasy & Company PLC amongst other Directorships in The Colombo Fort Land & Building Group.

**Mr. Amrit Rajaratnam** - LLB (Notts.), Barrister- at - Law  
**Director**

Mr. Amrit Rajaratnam was appointed to the Board in 2012. He holds a Bachelor’s Degree in Law from the University of Nottingham and is a Barrister at Law (Lincoln’s Inn). He began his career at the Law Firm of Julius & Creasy and later joined Lankem Ceylon PLC.

**Mr. A. R. Rasiah** - B.Sc.(Cey.) FCA  
**Director**

Mr. A R Rasiah was appointed to the Board in 2013. He possesses well over 40 years of experience in Finance at a very senior level both internationally and locally. He currently serves on some of the Boards of the E B Creasy Group, Ceylon Cold Stores PLC, Hela Clothing Co. Ltd. and MTD Walkers PLC. He is a former (retired) Finance Director of Nestle (Lanka) PLC. He has been a past visiting lecturer on Finance and Accounts for Nestle SA for Africa-Asian and Oceanic Regions. Mr. Rasiah is the Chairman of Ceylon Pencil Company Ltd and a former visiting lecturer for MBA students on Finance at the Postgraduate Institute of Management (PIM). He is a former President of the Benevolent Society of the Institute of Chartered Accountants of Sri Lanka and Vice President of the Sri Lanka Institute of Directors.

# Annual Report of the Board of Directors

The Board of Directors of Sigiriya Village Hotels PLC present their Report on the Affairs of the Company together with the Audited Financial Statements for the year ended 31st March 2017.

The details set out herein provide the pertinent information required by the Companies Act No. 7 of 2007, and the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

## Principal Activities / Business Review

The principal activity of the Company is to carry on the business of a Tourist Hotel. The Chairman’s Review together with the Financial Statements reflect the state of affairs of the Company.

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

## Financial Statements

The Financial Statements of the Company are given on pages 18 to 21.

## Independent Auditors’ Report

The Auditors’ Report on the Financial Statements is given on Page 17.

## Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 22 to 28. The Company prepared its Financial Statements in accordance with Sri Lanka Financial Reporting Standards issued by the Institute of Chartered Accountants of Sri Lanka.

## Interest Register

## Directors’ Interest in Transactions

The Directors have made general disclosures as provided for in Section 192(2) of the Companies Act No. 7 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 30 to the financial statements on pages 36 and 37.

## Key Management Personnel Compensation

Key Management Personnel Compensation in respect of the Company for the financial year 2016/ 2017 is detailed in Note 30.3 to the Financial Statements on page 35.

## Directors’ Interest in Shares

Directors of the Company who have an interest in the shares of the Company are required to disclose their shareholdings and any acquisitions/ disposals to the Board in compliance with Section 200 of the Companies Act No. 7 of 2007.

Details pertaining to Directors direct shareholdings are set out below:

Name of Director	No. of Shares	
	as at 31.03.2017	as at 31.03.2016
Mr. S. Rajaratnam	150, 000	90,800
Mr. Amrit Rajaratnam	11, 250	7,750

## Corporate Donations

Details pertaining to corporate donations made by the Company during the financial year 2016/2017 are given in Note 7 to the Financial Statement on page 29.

## Directorate

The names of the Directors who held office during the financial year are given below and profiled on pages 7 and 8.

Mr. S. D. R. Arudpragasam - Non Executive Director (Chairman)  
Mr. C. P. R. Perera - Independent Non Executive Director (Deputy Chairman)  
Mr. A. Rajaratnam - Non Executive Director  
Mr. T. Theyagamurti - Independent Non Executive Director  
Mr. A. R. Peiris - Non Executive Director  
Mr. E. P. A. Cooray- Independent Non Executive Director  
Mr. S. Rajaratnam - Non Executive Director  
Mr. Amrit Rajaratnam- Non Executive Director  
Mr. A. R. Rasiah - Independent Non Executive Director

In terms of Article 84 & 85 of the Articles of Association Mr. T. Theyagamurti retires by rotation and being eligible, offers himself for re-election.

Mr. A. Rajaratnam, Director, being over seventy years of age, retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. C. P. R. Perera, Director, being over seventy years of age, retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Annual Report of the Board of Directors ...

Annual Report of the Board of Directors ...

Mr. A. R. Rasiah, Director, being over seventy years of age, retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A. R. Peiris, Director, who has attained the age of seventy years, retires and offers himself for reappointment under and by virtue of a Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Auditors

The Financial Statements of the Company for the year have been audited by Messrs B. R. De Silva & Company, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, Messrs. B. R. De Silva & Co. were paid Rs 610,000 (2016 – Rs.550,000/-) as audit fees & fees for audit related services by the Company during the year under review. In addition, they were paid Rs. 90,000 (2016 - Rs.75,000/-) by the Company for non audit related work which consisted mainly of tax related work.

As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any other interests in the Company.

Revenue

The revenue of the Company for the year was Rs 329 Million. (2015/2016 – Rs.336 Million)

Dividends

An Interim Dividend of Rs. 4.00 per share was paid on 31<sup>st</sup> March 2017.

The Directors had confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 7 of 2007 and a solvency certificate had been obtained from the Auditors in respect of the aforementioned dividend.

Results

The Company made a Net Profit Before Tax of Rs. 14.7 Mn. against a Net Profit Before Tax of Rs.71.5 Million in the previous year. The detailed results are given in the Statement of Profit or Loss and other Comprehensive Income on page 18.

Property, Plant & Equipment

The capital expenditure during the year amounted to Rs.25Mn (2015/2016 – Rs.32 Mn). Information relating to movement in Property, Plant & Equipment are given in Note 11 to the Financial Statements on pages 30 to 31.

Reserves

The total reserves of the Company as at 31st March 2017 amounted to Rs.148Mn.

The movements are shown in the Statement of Changes in Equity in the Financial Statements.

Stated Capital

In compliance with the Companies Act No. 7 of 2007, the Financial Statements reflect the Stated Capital of the Company. The Stated Capital is the total of all amounts received by the Company in respect of the issue of shares.

The Stated Capital of the Company as at 31st March 2017 is Rs. 363,722,215/- represented by 9,000,000 issued and fully paid Ordinary Shares.

Taxation

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. 10 of 2006 and amendments thereto. Relevant details have been disclosed in Note 8 to these Financial Statements.

Related Party Transactions

During the financial year there were no recurrent and non recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 30 on page 35 to 37.

Share Information

Information relating to earnings, dividend, net assets are given on page 43 and market value per share and share trading is given on page 42.

Events after the Reporting Date

No circumstances have arisen since the date of Statement of Financial Position that would require adjustments to or disclosure in the Financial Statements

Capital Commitments and Contingent Liabilities

Capital expenditure commitments and contingent liabilities as at the date of the Statement of Financial Position have been disclosed in the respective notes to the Financial Statements.

Employment Policy

The Company’s recruitment and employment policy is non – discriminatory. The number of persons employed by the Company at the year end was 189 (2015/16 – 180).

Shareholders

The Company has made all endeavours to ensure equitable treatment to all shareholders.

Statutory Payments

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments due to the Government have been made or where relevant, provided for.

Environmental Protection

The Company’s business activities can have direct and indirect effects on the environment. It is the Company’s policy to minimize any adverse effects its activities may have on the environment and promote cooperation and compliance with the relevant authorities and regulations. We confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

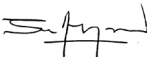
Internal Control


The Board is satisfied with the effectiveness of the system of internal controls for the period up to the date of signing the Financial Statements.

Going Concern

The Directors have adopted the going concern basis in preparing the Financial Statements.

For and on behalf of the Board

  
S. D. R. Arudpragasam  
Director

  
S. Rajaratnam  
Director

By Order of the Board



Corporate Managers & Secretaries (Private) Limited.  
Secretaries

22nd May 2017



Corporate Governance is the mechanism by which Companies are managed and directed with the objective of balancing and attaining the corporate objectives, the alignment of corporate behavior within the expectations of the law and society and the accountability to shareholders and the responsibility to other recognised stakeholders.

The Board of Directors

The Board, Composition & Meetings

The Board comprises of 9 Directors. The Directors including the Chairman are all Non Executive Directors of whom Four are Independent. The Directors are professionals who have a wealth of experience and knowledge to offer in the fields of Hospitality Management, Marketing, Finance, and Legal.

Mr. S.D.R. Arudpragasam	- Chairman - Non Executive
Mr. C.P.R. Perera	- Deputy Chairman - Independent Non Executive
Mr. A. Rajaratnam	- Non Executive
Mr. T. Theyagamurti	- Independent Non Executive
Mr. A.R. Peiris	- Non Executive
Mr. S. Rajaratnam	- Non Executive
Mr. E.P.A. Cooray	- Independent Non Executive
Mr. Amrit Rajaratnam	- Non Executive
Mr. A.R. Rasiah	- Independent Non Executive

The Board met four times during the year and in addition to Board Meetings, matters are referred to the Board and decided by Resolutions in Writing. Further, York Hotel Management Services Limited the Managing Agents of the Company meet regularly to review progress, discuss operational issues and also focus on the achievement of the medium and long term objectives of the Company.

The number of Meetings of the Board and the individual attendance by members are shown below:

Total number of Meetings held : 4

Name of Director	Directorship Status	Board Meeting Attended
Mr. S.D.R. Arudpragasam	Chairman - Non Executive	4/4
Mr. C.P.R. Perera	Deputy Chairman	2/4
	Independent Non Executive	
Mr. A. Rajaratnam	Non Executive	1/4
Mr. T. Theyagamurti	Independent Non Executive	3/4
Mr. A.R. Peiris	Non Executive	4/4
Mr. S. Rajaratnam	Non Executive	3/4
Mr. E.P.A. Cooray	Independent Non Executive	3/4
Mr. Amrit Rajaratnam	Non Executive	1/4
Mr. A.R. Rasiah	Independent Non Executive	4/4

The Non – Executive Directors have submitted declarations of their independence or non – independence to the Board of Directors.

Independent Non-Executive Directors

Mr. C.P.R. Perera is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and holds Directorships on certain subsidiaries of CFLB. He has also served on certain subsidiary Companies to CFLB for more than nine years. Mr. Perera is a Director on the Boards of other Companies in which a majority of the Directors of the Company are Directors and serves on the Boards of some Companies which has a significant shareholding in another. However, the Board having taken into consideration all other circumstances listed in the Colombo Stock Exchange Listing Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. C. P. R. Perera is nevertheless independent.

Mr. E. P. A. Cooray is on the Boards of other Companies in which a majority of the Directors of the Company are Directors and is a Director of a Company which has a significant shareholding in another. Despite these factors, the Board having taken into consideration all other circumstances listed in the Colombo stock Exchange Listing Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. E. P. A. Cooray is nevertheless independent.

Although Mr. T. Theyagamurti has served on the Board for more than nine years, and despite being on the Boards of other Companies in which a majority of the Directors of the Company are Directors and being on the Boards of certain Companies which has a significant shareholding in another, the Directors having taken into consideration all other circumstances listed in the Colombo Stock Exchange Listing Rules pertaining to the criteria for defining independence is of the opinion that Mr. T. Theyagamurti is nevertheless independent.

Mr. A.R. Rasiah serves on the Boards of certain subsidiaries of The Colombo Fort Land & Building PLC (Ultimate Parent Company). He also serves on the Boards of other Companies in which a majority of the Directors of the Company are Directors and is a Director of certain Companies which has a significant shareholding in another. Despite these factors, the Board having taken into consideration all other circumstances listed in the Colombo stock Exchange Listing Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. A.R. Rasiah is nevertheless independent.

Financial Acumen

The Directors are from varied business and professional backgrounds. Their expertise enables them to exercise independent judgment and their views carry substantial weight in decision making. The Board includes six finance Professionals who posses the necessary knowledge to offer guidance on matters of finance.

Company Secretaries and Independent Professional Advice

The Directors may seek advice from Corporate Managers and Secretaries (Pvt) Ltd., who are qualified to act as Secretaries as per the provisions of the Companies Act No. 7 of 2007. Advice is also sought from independent external professionals whenever the Board deems it necessary.

Supply of Information

The Directors are provided with an Agenda, Minutes and relevant Board Papers prior to Board Meetings. Minutes of all the Meetings are properly recorded and circulated amongst the Directors.

Nomination Committee and Appointments to the Board

New Directors and Senior Management Personnel are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company and in keeping with the provisions of the Articles of Association of the Company and the Rules on Corporate Governance.

The details of new appointments to the Board are made available to shareholders by making announcements to the Colombo Stock Exchange.

The Company’s Nomination Committee comprises of Mr. C.P.R. Perera – Chairman, Mr. E.P.A. Cooray, Independent Non Executive Directors and Mr. S. D. R. Arudpragasam, Non Executive Director.

Re-election of Directors

In terms of the Articles of Association a Director appointed by the Board holds office until the next Annual General Meeting, at which he seeks re-election by the Shareholders. The Articles require that one –third of the Directors in office (excluding the Chairman, Managing Director or Joint Managing Director) retire at each Annual General Meeting. The Directors to retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

Remuneration Committee

The Remuneration Committee Report is set out on page 15 of this Report.

Relationship with Shareholders

Constructive use of the Annual General Meetings / General Meetings

The Board considers the Annual General Meeting / General Meetings an opportunity to communicate with Shareholders and encourages their participation. Questions raised by the Shareholders over the content of the Annual Report as well as other matters pertaining to the Company, are answered and an appropriate dialogue is maintained with them.

Major Transactions

There have been no transactions during the year under review which falls within the definition of ‘Major Transactions’ as set out in the Companies Act.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee Report is set out on page 16 of this report.

Accountability and Audit

Financial Reporting

The Board of Directors considers the timely publication of its Annual and Quarterly Financial Statements as a high priority. These publications include financial and non-financial information in order to facilitate the requirements of the existing and potential shareholders. The Financial Statements are prepared in accordance with the Sri Lanka Accounting Standards.

Audit Committee

The Audit Committee Report is set out on page 14 of the report.

Internal Control

The Board of Directors is responsible for the Company’s system of internal controls and for reviewing its effectiveness. The system is designed to safeguard assets against unauthorized use or disposal and to ensure proper accounting records are maintained.



# Audit Committee Report

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

## Composition

The Audit Committee of Sigiriya Village Hotels PLC comprises of an Independent Non- Executive Director of The Colombo Fort Land & Building PLC (CFLB) (Ultimate Parent Company) and two Independent Non- Executive Directors of the Company. The names of the Members are set out below:

### Mr. A. M. de S. Jayaratne

Chairman - (Independent Non - Executive Director- CFLB)

### Mr. C. P. R. Perera

Member - (Independent Non - Executive Director, Sigiriya Village Hotels PLC)

### Mr. E. P. A. Cooray

Member - (Independent Non - Executive Director, Sigiriya Village Hotels PLC)

The Committee has a blend of experience in the Commercial and Financial Sectors and they are of integrity and possess business acumen in order to carry out their role efficiently and effectively. The Committee comprises of two finance professionals.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

## Role of the Audit Committee

The Audit Committee endeavours to assist the Directors to discharge their duties and responsibilities in respect of regulatory compliance and risk management.

During the year under review, the Committee has assisted the Board in ensuring compliance with the statutory provisions prior to publication of Interim Financial Statements and the Annual Report. The Committee has taken necessary measures to ensure that the Interim Financial Statements and the Annual Report are published timely and they are prepared and presented in accordance with Sri Lanka Accounting Standards and also

in compliance with the Companies Act and other regulatory requirements. The Committee has assessed the adequacy of existing internal controls and risk management procedures and recommends to the Board, additional controls and risk mitigating strategies that could be implemented to strengthen the existing internal control system.

## Meetings and Attendance

The Audit Committee has met on four occasions during the financial year ended 31st March 2017 and the attendance was as follows:

Mr. A. M. de S. Jayaratne - Chairman	4/4
Mr. C. P. R. Perera	3/4
Mr. E. P. A. Cooray	3/4

Senior Management Personnel of the Company are invited to the Meetings as and when required. The Proceedings of the Audit Committee are reported to the Board of Directors.

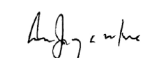
## External Audit

The Company has appointed Messrs. B. R. De Silva & Company as its external Auditor and the services provided by them are segregated between audit and tax consultancy. The Audit Committee has determined that Messrs. B. R. De Silva & Company auditors are independent on the basis that they do not carry out any management related functions of the Company.

The Audit Committee has recommended to the Board of Directors the reappointment of Messrs. B. R. De Silva & Company as Auditors for the financial year ending 31<sup>st</sup> March 2018, subject to the approval of the shareholders at the Annual General Meeting.

## Conclusion

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the Audited Accounts are free from any material misstatements.



### A. M. de S. Jayaratne

Chairman  
Audit Committee  
22nd May 2017

# Remuneration Committee Report

The Remuneration Committee comprise of the following members :

Mr. C.P.R. Perera	- Chairman	- Independent/Non-Executive Director
Mr. E.P.A. Cooray	- Member	- Independent/Non-Executive Director
Mr. S.D.R. Arudpragasam	- Member	- Non-Executive Director

The Committee is responsible for recommending remuneration packages for the senior management personnel. In addition they lay down guidelines and parameters for the compensation structure of the management staff.

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel and to ensure that the remuneration of executives at each level of management is competitive and are rewarded in a fair manner based on their performance.



### C.P.R. Perera

Chairman  
Remuneration Committee

22nd May 2017

# Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee is entrusted with the responsibility of ensuring that the interest of the Shareholders are taken into consideration when entering into a Related Party Transaction.

## Composition

The Company's Related Party Transactions Review Committee, during the financial year ended 31. 03. 2017 comprised of the following members:

**Mr. A.R. Rasiah**  
Chairman - Independent / Non-Executive Director,  
Sigiriya Village Hotels PLC.

**Mr. C.P.R. Perera**  
Member - Independent / Non-Executive Director,  
Sigiriya Village Hotels PLC.

**Mr. S. Rajaratnam**  
Member - Non-Executive Director,  
Sigiriya Village Hotels PLC.  
(Resigned w.e.f. 25.05.2016)

**Mr. A.R. Peiris**  
Member - Non-Executive Director,  
Sigiriya Village Hotels PLC.  
(Appointed w.e.f. 06.06.2016)

The Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd., functions as the Secretaries to the Related Party Transactions Review Committee.

## Meetings and Attendance

The Related Party Transactions Review Committee has met on 3 occasions during the current financial year ended 31.03.2017 and the attendance was as follows:

Mr. A.R. Rasiah	3/3
Mr. C.P.R. Perera	2/3
Mr. A.R. Peiris (Appointed w.e.f 06.06.2016)	2/2
Mr. S. Rajaratnam (Resigned w.e.f. 25.05.2016)	-

## Functions of the Committee:

- \* To identify the persons/entities considered to be Related Parties.

\* Review all proposed Related Party Transactions. (Except for transactions which are exempted)

\* Advise Management on Related Party Transactions and where necessary direct the transactions for Board approval/ Shareholder approval as deemed appropriate.

\* Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.

\* Establish guidelines for Senior Management to follow up on, ongoing dealings with Related Parties.

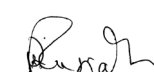
\* Review and assess on an annual basis the transactions for Compliance against the Committee guidelines.

## Conclusion

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

Related Party Transactions will be reviewed and disclosed in a manner consistent with the Listing Rules. The Committee is free to seek external professional advice on matters within their purview when necessary.

The Board of Directors have also declared in the Annual Report that there were no recurrent and non recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules and that the Company has complied with the requirements of the Listing Rules on Related Party Transactions.



**A. R. Rasiah**  
Chairman  
Related Party Transactions Review Committee

22nd May 2017

# Independent Auditors' Report

**B.R.DE SILVA & CO.**  
Chartered Accountants



## 1. Report on the Financial Statements

We have audited the accompanying financial statements of Sigiriya Village Hotels PLC, which comprise the Statement of Financial Position as at 31st March 2017, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year ended, and a summary of significant accounting policies and other explanatory notes.

## 2. Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## 3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

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

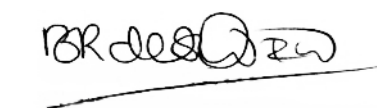
## 4. Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31st March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

## 5. Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- The basis of opinion and scope and limitation of the audit are as stated above.
- In our opinion :
  - We have obtained all the information and explanations that were required for the audit and as far as appears from our examination, proper accounting records have been kept by the Company.
  - The financial statements of the Company, comply with the requirements of section 151 of the Companies Act.



**B. R. DE SILVA & CO.**  
Chartered Accountants  
Colombo 05.  
Date. 22nd May 2017

Partners - N.S.C. De Silva FCA, FCMA(UK) L.C. Piyasena FCA, L.L.S. Wickremasinghe FCA, F.S.N. Marikkar FCA, S.M.S.S Bandara MBA, FCA, D.S. De Silva LLB, Attorney-at-law  
ACA, ACMA(UK)  
Partner (Kandy) W.L.L. Perera FCA.

22/4,  
Vijaya Kumaranatunga MW.,  
Colombo 05.  
Telephone: 0112 513 420-22  
Fax: 0114 512 404

E-mail : brds@eureka.lk  
www.brdesilva.com

# Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH, 2017	Notes	2017 Rs.	2016 Rs.
Revenue	(4)	329,304,145	336,053,781
Cost of Sales		(84,799,921)	(79,685,160)
Gross Profit		244,504,224	256,368,621
Other Operating Income	(5)	20,999,737	13,510,485
Promotional & Marketing Expenses		(13,007,038)	(8,414,982)
Administration and other Expenses		(209,859,736)	(175,158,243)
Finance Expenses	(6)	(29,794,963)	(16,294,982)
Share of Profit/(Loss) of Equity Accounted Investment		1,938,793	1,516,236
Profit Before Taxation	(7)	14,781,018	71,527,135
Taxation	(8)	(6,002,108)	(15,406,528)
Profit For The Year		8,778,910	56,120,607
Other Comprehensive Income			
- Actuarial Gain/(Loss) on defined benefit plans		773,936	2,368,494
- (Loss) on Available-for-sale Financial Assets	(9)	(18,776,800)	(48,873,878)
<b>Total comprehensive Income for the year</b>		<b>(9,223,954)</b>	<b>9,615,223</b>
Earnings per Share	(10)	0.98	6.24

The notes to the Financial Statements from pages 22 to 41 form and integral part of these Financial Statements.

Figures in brackets indicate deductions.

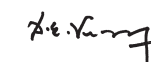
# Statement of Financial Position

AS AT 31ST MARCH, 2017	Notes	2017 Rs.	2016 Rs.
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant & Equipment	(11)	442,279,078	439,787,863
Investments In Associate	(12)	68,827,638	66,888,845
Financial Assets	(13)	121,378,600	140,155,400
		632,485,315	646,832,108
<b>CURRENT ASSETS</b>			
Inventories	(14)	14,807,770	11,202,564
Trade & Other Receivables	(15)	65,455,882	60,059,147
Amounts due from Related Parties	(16)	194,538,972	161,283,954
Cash at Bank & in Hand	(17)	3,892,368	1,272,380
		278,694,992	233,818,045
<b>TOTAL ASSETS</b>		<b>911,180,308</b>	<b>880,650,153</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>CAPITAL &amp; RESERVES</b>			
Stated Capital	(18)	363,722,215	363,722,215
Fair Value Gain/Loss on Available for Sale (AFS) Financial Assets		(16,430,439)	2,346,361
Revenue Reserves	(19)	166,182,403	228,629,557
		513,474,179	594,698,133
<b>NON- CURRENT LIABILITIES</b>			
Retirement Benefit Obligations	(20)	10,165,540	8,280,709
Deferred Tax	(21)	14,317,947	14,015,840
Interest Bearing Borrowings	(22)	81,820,361	37,528,791
		106,303,849	59,825,340
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	(23)	171,722,229	71,286,537
Amounts due to Related Parties	(24)	2,118,557	1,383,245
Taxation	(25)	14,609,004	9,544,312
Interest Bearing Borrowings	(22)	63,796,570	41,905,914
Bank Overdrafts	(26)	39,155,920	102,006,672
		291,402,280	226,126,681
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>911,180,308</b>	<b>880,650,153</b>

The notes to the Financial Statements from pages 22 to 41 form and integral part of these Financial Statements.

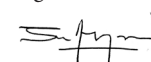
Figures in brackets indicate deductions.

These financial statements are in compliance with the requirements of Companies Act No. 07 of 2007.



**D. E. Vancuylenberg**  
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.  
Signed for and on behalf of the Board by,



**S.D.R. Arudpragasam**  
Director

22<sup>nd</sup> May 2017  
Colombo



**S. Rajaratnam**  
Director



## Statement of Changes in Equity

FOR THE YEAR ENDED 31ST MARCH, 2017	Stated Capital	Fair Value Gain on AFS Financial Assets	Revenue Reserves	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 01.04.2015	363,722,215	51,220,239	188,140,456	603,082,910
Profit for the year	-	-	56,120,607	56,120,607
Other Comprehensive Income for the year	-	(48,873,878)	2,368,494	(46,505,384)
Dividend	-	-	(18,000,000)	(18,000,000)
Balance as at 31.03.2016	363,722,215	2,346,361	228,629,557	594,698,133
Profit for the year	-	-	8,778,910	8,778,910
Other Comprehensive Income for the year	-	(18,776,800)	773,936	(18,002,864)
Dividend	-	-	(72,000,000)	(72,000,000)
Balance as at 31.03.2017	363,722,215	(16,430,439)	166,182,403	513,474,179

The notes to the Financial Statements from pages 22 to 41 form and integral part of these Financial Statements.  
Figures in brackets indicate deductions.

## Statement of Cash Flows

FOR THE YEAR ENDED 31ST MARCH, 2017	2017 Rs.	2016 Rs.
Net Profit before Taxation	14,781,018	71,527,135
Adjustment for Non Cash Items		
Depreciation	23,218,506	21,956,581
Provision for Gratuity	4,226,508	2,157,758
Profit on Disposal of Property , Plant and Equipment	-	(511,274)
Interest Expenses	29,794,963	16,294,982
Share of Associate Company's (Profit)	(1,938,793)	(1,516,236)
	55,301,184	38,381,812
Operating Profit/(Loss) before Working Capital Changes	70,082,202	109,908,947
(Increase)/Decrease in Inventories	(3,605,205)	(3,589,172)
(Increase)/Decrease in Debtors & Receivables	(5,396,735)	12,478,818
(Increase)/Decrease in Related Party Balances	(32,519,706)	5,911,940
Increase/(Decrease) in Creditors & Accrued Expenses	48,683,647	(22,736,352)
Cash Generated from Operation	77,244,202	101,974,180
Gratuity Paid	(1,567,741)	(3,422,155)
Tax Paid	(635,308)	(6,533,639)
Interest Paid	(29,794,963)	(16,294,982)
	(31,998,012)	(26,250,776)
Net Cash Flow From / (Used in) Operating Activities	45,246,190	75,723,404
Cash Flows From / (Used in) Investing Activities		
Acquisition of Property, Plant & Equipment	(25,709,721)	(32,074,950)
Investment in Financial Assets	-	(50,138,115)
Proceeds from Sale of Property, Plant & Equipment	-	5,539,233
Net Cash Flows from / (Used In) Investing Activities	(25,709,721)	(76,673,832)
Cash Flows from/ (Used In) Financing Activities		
Net Proceeds from Interest Bearing Borrowings	66,182,225	(91,549,753)
Dividend Paid	(20,247,955)	(18,000,000)
Net Cash Flows from/ (Used In) Financing Activities	45,934,270	(109,549,753)
Net Change in Cash & Cash Equivalents during the year	65,470,740	(110,500,181)
Cash & Cash Equivalents at the beginning of the year	(100,734,292)	9,765,889
Cash & Cash Equivalents at the end of the year	(35,263,552)	(100,734,292)
Analysis of Cash & Cash Equivalents at the end of the year		
Cash at Bank	2,492,111	465,274
Cash in Hand	1,400,257	807,106
Bank Overdraft	(39,155,920)	(102,006,672)
	(35,263,552)	(100,734,292)

The notes to the Financial Statements from pages 22 to 41 form and integral part of these Financial Statements.  
Figures in brackets indicate deductions.

# Accounting Policies

For The Year Ended 31st March, 2017

1. REPORTING ENTITY

Sigiriya Village Hotels PLC., is a Company incorporated and domiciled in Sri Lanka listed on the Colombo Stock Exchange. The registered office of the Company is located at 53 1/1, Sir Baron Jayathilaka Mawatha, Colombo 01 and the principal place of business is situated at Sigiriya.

The principal activity of the Company is carrying on the business as a Tourist Hotel.

The Financial Statements for the year ended 31st March, 2017 were authorized to issue by the Directors on 22nd May 2017.

The notes to the Financial Statements on pages 29 to 41 form an integral part of the financial statements.

The significant Accounting Policies have been discussed below.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), adopted by The Institute of Chartered Accountants of Sri Lanka (CA) and the requirements of the Companies Act, No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995.

Sri Lanka Accounting Standards, (SLFRS/LKAS), issued by the Institute of Chartered Accountants of Sri Lanka materially converged with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2.2. Basis of Measurement

The Financial Statements have been prepared on an accrual basis and under the historical cost convention unless stated otherwise.

2.3. Use of Estimates, Judgments and Assumptions

The preparation of Financial Statements in conformity with SLFRS/LKAS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the reporting date. Actual results may differ from those estimates and judgmental decisions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.4. Functional and Presentation Currency

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

2.5. Accounting Policies and Comparative Information

The Accounting Policies applied by the Company are, unless otherwise stated, consistent with those used in the previous year. Previous year's figures and phrases have been rearranged, wherever necessary, to conform to the current year's presentation.

2.6. Foreign Currency Transactions

All foreign currency transactions are converted to Sri Lankan Rupees at the rates of exchange prevailing at the time the transactions were affected.

Monetary assets and liabilities denominated in foreign currencies have been translated into local currency, at the rate of exchange ruling at the Statement of Financial Position date while all non-monetary items are reported at the rate prevailing at the time transactions were affected.

The exchange differences arising therefrom have been dealt with in the Statement of Comprehensive Income.

2.7. Events Occurring After the Reporting Date

All material events after the reporting period have been considered and appropriate adjustments or disclosures have been made in the respective Notes to the Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1.1.Associate

Associates are those investments over which the company has a significant influence and holds 20% to 50% of the equity and which are neither subsidiaries nor joint ventures of the Company.

Investments in associates have been accounted under Equity Method as stated in LKAS 28. Name of the associate company and its holding is as follows.

Name of the Company	Holding %
York Hotel (Kandy) Ltd	41.69

3.1.2.Other Long-term Investments

Investment in companies where the Company's holding is less than 20% and where the Company does not exercise significant influence and/or control over the financial and operating policies/decisions are accounted for on the basis stated in 3.2.7 below. The income from these investments is recognised only to the extent of dividend received.

3.2. Assets and Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and those assets which are expected to be realized in cash during the normal operating cycle of the Company's business or within one year from the Statement of financial position date, whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the Statement of Financial Position date.

3.2.1.Property, Plant & Equipment

Property, Plant & Equipment is stated at cost or valuation less accumulated depreciation and any accumulated impairment loss. The cost of an item of Property, Plant and Equipment comprises its purchase price and any directly attributable costs of bringing the assets to working condition for its intended use.

The cost of self-constructed assets includes the cost of material, direct labor, and any other costs directly attributable to bringing the assets to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring in the site on which they are located.

The carrying values of Property, Plant & Equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

3.2.2.Subsequent Expenditure

The cost of replacing part of an item of Property, Plant & Equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the part will flow to the Company and

# Accounting Policies ...

its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the de-recognition policy given below. The costs of the day-to-day servicing of Property, Plant & Equipment are recognised in profit or loss as incurred.

3.2.3.De-recognition and Depreciation

De-recognition

Items of Property, Plant & Equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Comprehensive Income in the year the asset is derecognised.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each part of an item of Property, Plant & Equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets. Freehold land is not depreciated.

Depreciation

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

Provision for depreciation is calculated by using a straight-line method on the cost or valuation of all Property, Plant and Equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful lives of assets are as follows:

Assets	Years
Buildings	20 Years
Plant & Machinery	10 Years
Motor Vehicles	10 Years
Office Equipment	10 Years
Furniture & Fittings	10 Years
Electrical Equipment	10 Years
Linen, Cutlery & Crockery	4 Years

The useful life and residual values of assets are reviewed, and adjusted if required, at the end of each financial year.

## 3.2.4.Finance Leases

Property, Plant & Equipment on finance leases, which effectively transfer to the Company substantially all the risk and benefits incidental to ownership of the leased items, are classified as leasehold assets under the Property, Plant and Equipment and stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less the accumulated depreciation. Depreciation is made over the period the Company is expected to benefit from the use of the leased assets.

## 3.2.5.Operating Leases

Leases, where the lessor effectively retains substantially all of the risks and benefits of ownership over the term of the lease, are classified as operating leases. Lease payments are recognised as an expense in Statement of Comprehensive Income over the term of the lease.

## 3.2.6.Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred except those that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, where it is capitalised as a part of the cost of that asset.

## 3.2.7.Financial Instruments

As required by Sri Lanka Accounting Standard - LKAS 39 Financial Instruments; Recognition and Measurements, cash and short-term deposits, trade & other receivables, trade & other payables, refundable rental and other deposits and amounts due to related companies are recognised as financial instruments.

### (a) Non-derivative Financial Assets

Non-derivative Financial assets of the company include cash & short-term deposits and trade & other receivables.

### (b) Initial Recognition and Measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

The Company determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

### (c) Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, as appropriate and determine the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

### (d) Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows.

### (e) Trade and Other Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognised in the Statement of Comprehensive Income.

### (f) Available-for-sale Financial Investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time

the cumulative loss is reclassified to the Statement of Comprehensive Income in finance costs and removed from the available-for-sale reserve.

### (g) Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flow of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

### (h) Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives as appropriate and determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

### (i) Borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are de-recognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or

costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Comprehensive Income.

### (j) Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

## 3.2.8.Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company 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 is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the Statement of Comprehensive Income except for impairment losses in respect of Property, Plant and Equipment which are recognised against the revaluation reserve to the extent that it reverses a previous revaluation surplus.

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. Previously recognised impairment losses other than in respect of good will, are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognised to the extent of the carrying amount, had no impairment losses been recognised previously.

## 3.2.9.Inventories

Inventories are stated at lower of cost and estimated net realisable value.

Provision is made for obsolete, slow moving and defective inventories where necessary.



## 3.3.1. Employee Benefits

### (a) Defined Benefit Plans - Retirement Gratuity

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

The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of defined obligation at the Statement of Financial Position date. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit method (PUC) as recommended by LKAS 19 (Revised 2006) - Employee Benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows.

The actuarial gain or losses are charged or credited to Statement of Comprehensive Income in the period in which they arise.

However, according to the Payment of Gratuity Act, No. 12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service.

### (b) Defined Contribution Plan - Employees' Provident Fund & Employees' Trust Fund

All employees who are eligible for Provident Fund Contributions and Trust Fund Contributions are covered by relevant contribution funds in line with respective statutes and regulations. Contribution plans are recognised as an expense in the Statement of Comprehensive Income when incurred.

All actuarial gains and losses at 1 April 2011, the date of transition to SLFRS/LKASs, were recognised in retained earnings. The Company recognises all actuarial gains and losses arising subsequently from defined benefit plans in Other Comprehensive Income and expenses related to defined benefit plans in personnel expenses in Statement of Comprehensive Income.

## 3.3.2. Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the Statement of Financial Position date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is

remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

## 3.4. Statement of Profit or Loss and other Comprehensive Income

### 3.4.1. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes.

Revenue is generally accounted for on an accrual basis and following specific criteria are used for recognition of revenue:

#### (a) Sale of Goods

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods have passed to the buyer with the company retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

#### (b) Rendering of Services

Revenue from rendering of services is recognised in the accounting period in which the services are rendered or performed.

#### (c) Revenue from Hotel Services

Apartment revenue is recognised on the rooms occupied on a daily basis and food and beverage and other hotel related sales are recognised at the point of sale.

#### (d) Dividend Income

Dividend income is recognised when the shareholders' right to receive such dividend is established.

#### (e) Interest Income

Interest income is recognised on an accrual basis from the date of deposit to the Statement of Financial Position date.

### 3.4.2. Expenditure Recognition

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to revenue in arriving

at the profit for the year. Expenditure incurred for the purpose of acquiring and extending or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

For the purpose of presentation of the Statement of Comprehensive Income, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company performance.

### 3.4.3. Finance Cost

Finance costs comprise of all interest and other costs incurred in connection with borrowings, and are recognised as an expense in the period in which they are incurred, unless they are incurred in respect of qualifying assets in which case it is capitalised.

### 3.4.4. Earnings per Share

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

## 3.5. Income Tax Expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognised in Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, when it is recognised in equity.

### 3.5.1. Current Tax

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

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

### 3.5.2. Deferred Tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognise and measure assets and liabilities with rules that differ

from those used in the Financial Statements. Deferred tax is provided using the liability method on temporary differences at the Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Tax withheld in dividend income from subsidiaries and associates is recognised as an expense in the Statement of Comprehensive Income at the same time the liability to pay the related dividend is recognised.

## 3.6. Cash Flow Statement

The Cash Flow Statement has been prepared using 'Indirect Method'. Interest paid is classified as operating cash flow while dividend paid is classified as financing cash flow. Interest and dividends received are classified as investing cash flows for the purpose of presentation of Cash Flow Statement.

For the purpose of Cash Flow Statement, cash & cash equivalents consist of cash at bank and in hand and short term deposits net of outstanding bank overdrafts.

## 3.7. Related Party Transactions

Disclosures have been made in respect of the transactions between parties who are defined as related parties as per LKAS 24 – Related Party Disclosures.

# Accounting Policies ...

## 3.8. Financial Risk Management Policies

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

The Company is exposed to market risk, credit risk and liquidity risk. The senior management monitors these risks. The senior management is supported by an audit committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Audit committee provides assurance to the senior management that the financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with policies and risk appetite.

## 3.9 Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

- SLFRS 9 Financial Instruments: Classification and Measurement
- SLFRS 15 Revenue from contract from customer

SLFRS 09 and SLFRS 15 standards will be effective for annual periods beginning on or after 1st January 2018.

# Notes to the Financial Statements ...

FOR THE YEAR ENDED 31ST MARCH, 2017		2017	2016
		Rs.	Rs.
(4)	<b>REVENUE</b>		
	<i>Revenue is made up as follows:</i>		
	Rooms	169,565,617	182,291,416
	Restaurant	129,341,960	124,756,827
	Beverages	22,350,839	20,603,130
	Miscellaneous	8,045,730	8,402,408
		<b>329,304,145</b>	<b>336,053,781</b>
(5)	<b>OTHER OPERATING INCOME</b>		
	Interest Income	20,999,737	12,984,368
	Fixed Assets Disposal Gain	-	511,274
	Sundry Income	-	14,843
		<b>20,999,737</b>	<b>13,510,485</b>
(6)	<b>FINANCE EXPENSES</b>		
	Interest on Loans	14,467,375	4,631,763
	Interest on Leases	489,951	902,698
	Interest on Overdraft	12,261,956	9,840,399
	Bank Charges	1,810,402	920,122
	Corporate Guarantee Fees	765,279	-
		<b>29,794,963</b>	<b>16,294,982</b>
(7)	<b>PROFIT BEFORE TAXATION</b>		
	Profit before taxation is stated after charging all expenses including the following:		
	Staff Cost	64,133,438	57,541,706
	Depreciation	23,218,506	21,956,581
	Auditor's Remuneration	610,000	550,000
	Retiring Gratuity	4,226,508	2,157,758
	Donations	190,650	166,980
(8)	<b>TAXATION</b>		
	Income Tax (8.1)	5,700,000	11,000,000
	Deferred Tax	302,108	4,406,528
		<b>6,002,108</b>	<b>15,406,528</b>
(8.1)	<b>Reconciliation between Current Tax Expense and Accounting Profit</b>		
	Accounting Profit	14,781,018	71,527,135
	Aggregate Disallowable Items	46,589,338	40,531,693
	Aggregate Allowable Items	(41,290,945)	(40,159,036)
	Taxable Profit / (Loss)	20,079,411	71,899,791
	Statutory Tax Rate - 10%/12%/28%	5,622,235	10,934,965
	Provision for the year	<b>5,700,000</b>	<b>11,000,000</b>
(8.2)	The operating income of the Company is liable for the income tax at the rate of 12%. The income earned from the activities other than the ordinary activities are liable to income tax at the rate of 28%.		

# Notes to the Financial Statements ...

(9)	GAIN/(LOSS) ON AVAILABLE FOR SALE (AFS) FINANCIAL ASSETS	2017	2016
		Rs.	Rs.
	Gain/(Loss) on available for sale financial assets	(18,776,800)	(48,873,878)
	This represents the loss on fair value measurement of Available For Sale Financial Assets held by the Company.		
(10)	EARNINGS PER SHARE		
	Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.		
	Amount used as Numerator		
	Net Profit for the year (Rs.)	8,778,910	56,120,607
	No. of Ordinary Shares used as Denominator		
	Ordinary Shares	9,000,000	9,000,000
	Earnings Per Share (Rs.)	0.98	6.24

## (11) PROPERTY, PLANT & EQUIPMENT

(11.1) Cost	Opening	Additions	Disposals	Closing
	Balance as at	during the	During the	Balance as at
Cost Description of Assets	01.04.2016	year	year	31.03.2017
	Rs.	Rs.	Rs.	Rs.
<b>Freehold Assets</b>				
Land	151,946,556	24,297,500	-	176,244,056
Building	248,554,167	-	-	248,554,167
Plant & Equipment	59,939,874	29,018	-	59,968,892
Kitchen Equipment	43,525,855	-	-	43,525,855
Electrical Equipment	35,159,775	316,168	-	35,475,943
Office Equipment	7,899,992	713,147	-	8,613,139
Furniture & Fittings	28,245,906	22,200	-	28,268,106
Motor Vehicles	15,072,779	-	-	15,072,779
Cutlery & Crockery	13,344,614	60,802	-	13,405,416
Linen	23,381,706	-	-	23,381,706
Computer Software	-	270,886	-	270,886
	627,071,224	25,709,721	-	652,780,945

# Notes to the Financial Statements ...

(11.2) Depreciation	Opening	Charges	Disposals	Closing
	Balance as at	for the	During the	Balance as at
Description of Assets	01.04.2016	year	year	31.03.2017
	Rs.	Rs.	Rs.	Rs.
<b>Freehold Assets</b>				
Building	70,977,250	11,300,844	-	82,278,094
Plant & Equipment	32,553,036	2,395,056	-	34,948,092
Kitchen Equipment	14,011,437	3,339,468	-	17,350,905
Electrical Equipment	19,866,563	857,442	-	20,724,005
Office Equipment	5,105,456	289,984	-	5,395,440
Furniture & Fittings	13,562,886	598,912	-	14,161,798
Motor Vehicle	5,234,820	1,202,003	-	6,436,823
Cutlery & Crockery	10,341,806	1,453,764	-	11,795,570
Linen	15,630,107	1,749,588	-	17,379,695
Computer Software	-	31,446	-	31,446
	187,283,361	23,218,506	-	210,501,867

## (11.3) Net Book Value

	Balance As at	Balance As at
	31.03.2017	31.03.2016
	Rs.	Rs.
Fixed Assets - At Cost	652,780,945	627,071,224
Accumulated Depreciation	(210,501,867)	(187,283,361)
Net Book Value	442,279,078	439,787,863

(11.4) Sigiriya Village Hotels PLC's buildings have been constructed on a land which was leased out from Sri Lanka Tourism Development Authority for 30 years commencing from 02nd September 2009. The lease period will expire on 01st September 2039.

(11.5) Land	Location	Extent
Leased hold	Sigiriya	A:35
Free hold	Trincomalee	A:08
(11.6) Free hold building	Location	No of Buildings
	Sigiriya	39

(12) INVESTMENTS IN ASSOCIATES	2017	2016
	Rs.	Rs.
Balance as at 01 st April 2016	66,888,845	65,372,609
Share of profit for the year	1,938,793	1,516,236
Balance as at 31 st March 2017	68,827,638	66,888,845



## Notes to the Financial Statements ...

(13)	FINANCIAL ASSETS	2017 Rs.	2016 Rs.
	Marawila Resorts PLC	35,700,000	37,400,000
	Beruwala Resorts Limited	85,384,000	102,460,800
	Colombo Fort Hotels Ltd	294,600	294,600
		<b>121,378,600</b>	<b>140,155,400</b>
(14)	INVENTORIES		
	Food and Beverages	7,774,185	5,233,696
	General and Others	7,033,585	5,968,868
		<b>14,807,770</b>	<b>11,202,564</b>
(15)	TRADE AND OTHER RECEIVABLES		
	Trade Debtors	61,359,243	54,504,381
	Other Debtors	2,364,617	1,811,114
	Deposits	318,421	318,421
	Advance Payments	879,766	2,242,098
	Pre-payments	533,835	1,183,133
		<b>65,455,882</b>	<b>60,059,147</b>
(16)	AMOUNTS DUE FROM RELATED PARTIES		
	Sherwood Holidays Ltd	8,590,922	6,693,606
	Beruwala Resorts PLC	8,448,319	7,490,657
	Kotagala Plantations PLC	677,961	677,961
	York Hotels (Kandy) Ltd	28,567,697	25,337,715
	Colombo Fort Hotels Limited	15,327,842	6,927,119
	York Hotel Management Services Ltd.	21,733,326	14,676,236
	Lankem Ceylon PLC	90,546,394	81,083,439
	Marawila Resorts PLC	12,132,875	10,761,082
	Galle Forts Hotel (Pvt) Ltd	7,799,572	7,636,139
	E B Creasy & Co PLC	109,193	-
	Darley Butler & Co Ltd	604,870	-
		<b>194,538,972</b>	<b>161,283,954</b>
(17)	CASH AT BANK AND IN HAND		
	Cash at Bank	2,492,111	465,274
	Cash in Hand	1,400,257	807,106
		<b>3,892,368</b>	<b>1,272,380</b>
(18)	STATED CAPITAL		
	9,000,000 Ordinary Shares	363,722,215	363,722,215
(19)	REVENUE RESERVES		
	Balance as at 01st April 2016	228,629,557	188,140,456
	Profit for the year	8,778,910	56,120,607
	Other Comprehensive Income	773,936	2,368,494
	Dividend	(72,000,000)	(18,000,000)
	Balance as at 31st March 2017	<b>166,182,403</b>	<b>228,629,557</b>

## Notes to the Financial Statements ...

(20)	RETIREMENT BENEFIT OBLIGATIONS	2017 Rs.	2016 Rs.
	Gratuity		
	Provision as at 01st April 2016	8,280,709	11,913,600
	Provision for the year	3,452,572	(210,736)
		<b>11,733,281</b>	<b>11,702,864</b>
	Paid during the year	(1,567,741)	(3,422,155)
	Balance as at 31st March 2017	<b>10,165,540</b>	<b>8,280,709</b>

(20.1)	Expenses recognised in the Statement of Profit or Loss		
	Current Service Cost	766,524	966,398
	Interest Cost	910,877	1,191,360
		<b>1,677,401</b>	<b>2,157,758</b>

(20.2) Actuarial Valuation has been carried out as at 31st March, 2017 by Mr. Piyal Goonatilleka, Fellow of the Society of actuaries (USA). The valuation method used by the actuary was "Projected Unit Credit Actuarial Cost Method".

(20.3)	Principal assumptions as at Statement of Financial Position Date are,		
	Discount rate	12.5%	10.00%
	Future Salary Increases	7.5%	7.5%
	Retirement age	55 Years	55 Years
	The company will continue as a going concern		

(20.4) The actuarial present value of the accrued benefits as at 31st March 2017 is Rs. 10,165,540/- (2016 - Rs. 8,280,790/-). This item is grouped under Retirement Benefit Obligation in the Statement of Financial Position. The liability is not externally funded.

(20.5) Sensitivity of Assumptions Used  
A quantitative sensitivity analysis for significant assumptions used by the Company as at 31st March 2017 is as shown below;

Effect on the Employee Benefit Obligation	Discount Rate	Salary Escalation Rate
Increase by one percentage point	9,712,058	10,658,708
Decrease by one percentage point	10,667,740	9,714,049

The sensitivity analysis above have been determined on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

(21)	DEFERRED TAX LIABILITY	2017 Rs.	2016 Rs.
	Balance as at 01st April 2016	14,015,840	9,609,312
	Provision for the year	302,108	4,406,528
	Balance as at 31st March 2017	<b>14,317,947</b>	<b>14,015,840</b>

# Notes to the Financial Statements ...

(22) INTEREST BEARING BORROWINGS	Amount Payable Within One Year Rs.	Amount Payable After One Year Rs.	Total Rs.	2016/17 Total Rs.
<b>Leases</b>				
Lease Creditor	1,016,001	-	1,016,001	4,582,226
Less: Interest in Suspense	(55,435)	-	(55,435)	(533,521)
	960,566	-	960,566	4,048,705
<b>Loans</b>				
Pan Asia Banking Corporation PLC	10,000,000	7,361,366	17,361,366	-
Sampath Bank PLC	52,836,004	74,458,996	127,295,000	75,386,000
	63,796,570	81,820,361	145,616,931	79,434,705

(22.1) Following Securities have been pledged for the Sampath Bank Loan  
Lien over Beruwala Resort PLC shares totaling to 85,384,000 numbers lodged in Sampath Bank custodian account.

Kitchen Equipment Rs 17.5 Mn.  
Negative Pledge Agreement with Sri Lanka Tourism Development Authority (SLTDA)

(22.2) Following Securities have been pledged for the Pan Asia Bank Loan  
Rs. 50 Mn worth of Marawila Resorts PLC Shares  
25Mn Corporate Guarantee from The Colombo Fort Land & Buildings PLC

(23) TRADE AND OTHER PAYABLES	2017 Rs.	2016 Rs.
Trade Creditors	43,810,194	39,789,632
Provision for Breakages	9,176,799	7,844,874
Accrued Expenses	57,384,510	22,087,693
Advance Received	2,398,680	1,564,338
Dividend Payable	51,752,045	-
Dividend Tax Payable	7,200,000	-
	171,722,229	71,286,537
<b>(24) AMOUNTS OWED TO RELATED PARTIES</b>		
York Arcade Holding PLC	-	670,980
The Colombo Fort Land & Building PLC	1,155,237	712,265
Lankem Tea & Rubber Plantation Ltd	35,700	-
Agarapathana Plantation Ltd	71,400	-
Darley Butler & Co Ltd	30,650	-
E B Creasy & Co PLC	48,308	-
Colombo Fort Group Services (Private) Limited	646,263	-
Kotagala Plantation PLC	130,999	-
	2,118,557	1,383,245

# Notes to the Financial Statements ...

	2017 Rs.	2016 Rs.
<b>(25) TAXATION</b>		
Balance as at 01st April 2016	9,544,312	5,077,951
Provision for the year	5,700,000	11,000,000
Income Tax Paid	(635,308)	(6,533,639)
<b>Balance as at 31st March, 2017</b>	<b>14,609,004</b>	<b>9,544,312</b>
<b>(26) BANK OVERDRAFT</b>		
Bank Overdraft	39,155,920	102,006,672
	39,155,920	102,006,672

(27) **EVENTS OCCURRING AFTER THE REPORTING PERIOD**  
No material events have taken place after the reporting date which require adjustments to or disclosure in the Financial Statements.

(28) **CAPITAL EXPENDITURE COMMITMENTS**  
The Company had no capital or financial commitments as at the date of Statement of Financial Position.

(29) **CONTINGENT LIABILITIES**  
There were no material contingent liabilities as at the date of Statement of Financial Position that require adjustment to, or disclosure in the Financial Statements.

## (30) RELATED PARTY TRANSACTIONS

(30.1) **Parent and Ultimate Controlling Party**  
The Company's parent undertaking is Lankem Ceylon PLC while the ultimate parent undertaking and controlling party is The Colombo Fort Land & Building PLC, which is incorporated in Sri Lanka.

(30.2) **Identification of the Related Parties**  
The Company has a related party relationship with the Affiliated Companies, Directors of the Company, Key Management Personnel of the Company and their close family members.

(30.3) **Transactions with Key Management Personnel and their Close Family Members**  
According to Sri Lanka Accounting Standards LKAS-24 "Related Party Disclosures," Key Management Personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity.

Accordingly the Board of Directors (including Executive and Non - Executive Directors.) have been classified as Key Management personnel.

(i) **Loans to Directors**  
No loans have been given to the Directors of the Company.

## (ii) Key Management Personnel Compensation

	2016/17 Rs: 2,790,000	2015/16 3,030,000
Short-term benefits -Director Fees		

(iii) **Other Transactions with the Key Management Personnel**  
There were no other transactions with the Key Management Personnel other than mentioned in the related party transactions.

# Notes to the Financial Statements ...

## (30.4) TRANSACTIONS WITH RELATED COMPANIES

Name of Director	Related Company	Relationship	Type of Transaction	Value of Transactions During The year Rs.	Balance as at 31.03.2017 Receivable / (Payable) Rs.
1. Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. A.R.Peiris	Lankem Ceylon PLC.	Parent	Loan Interest Income	9,503,430	90,546,394
2. Mr. S.D.R. Arudpragasam Mr. C.P.R.Perera Mr. A. Rajaratnam Mr. T. Theyagamurti Mr. A.R.Peiris Mr. S. Rajaratnam Mr. E.P.A.Cooray Mr. Amrit Rajaratnam Mr. A.R.Rasiah	Beruwala Resorts PLC.	Affiliate	Loan Interest Income	957,662	8,448,319
3. Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. T. Theyagamurti Mr. S. Rajaratnam Mr. Amrit Rajaratnam	York Hotel Management Services Ltd.	Affiliate	Reimbursement of Expenses Management Fees Loan Interest Expenses	19,830,708 (15,091,314) 2,317,695	21,733,326
4. Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. T. Theyagamurti Mr. A.R.Peiris Mr. C.P.R.Perera Mr. S. Rajaratnam Mr. E.P.A.Cooray Mr. Amrit Rajaratnam Mr. A.R.Rasiah	Marawila Resorts PLC.	Affiliate	Loan Interest Income	1,371,793	12,132,875
5. Mr. S.D.R. Arudpragasam Mr. C.P.R.Perera Mr. A. Rajaratnam	Kotagala Plantations PLC.	Affiliate	No Transaction during the period	-	677,961
6. Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. T. Theyagamurti Mr. Amrit Rajaratnam	Sherwood Holidays Ltd.	Affiliate	Reimbursement of Expenses Loan Interest Income	1,041,555 855,761	8,590,922

# Notes to the Financial Statements ...

Name of Director	Related Company	Relationship	Type of Transaction	Value of Transactions During The year Rs.	Balance as at 31.03.2017 Receivable / (Payable) Rs.
7. Mr. A. Rajaratnam Mr. S.D.R. Arudpragasam Mr. T. Theyagamurti Mr. A.R.Peiris Mr. S. Rajaratnam Mr. Amrit Rajaratnam	York Hotels (Kandy) Ltd.	Affiliate	Loan Interest Income	3,229,983	28,567,697
8. Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. T. Theyagamurti Mr. S. Rajaratnam	Colombo Fort Hotels Ltd.	Immediate Parent	Interest Income	1,733,030	15,327,842
9. Mr. S.D.R. Arudpragasam Mr. S. Rajaratnam Mr. Amrit Rajaratnam	Galle Face Hotels (Pvt) Ltd	Affiliate	Reimbursement of Expenses Loan interest Income	(810,000) 973,434	7,799,572
10. Mr. A. Rajaratnam Mr. C.P.R.Perera Mr. A. Rajaratnam	Colombo Fort Land & Building PLC	Affiliate	Corporate Guarantee Fee Settlement of Expenses	(712,265) 269,293	(1,155,237)
11. Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. T. Theyagamurti Mr. S. Rajaratnam	York Arcade Holdings PLC.	Affiliate	Settlement of Expenses	670,980	-
12. Mr. S.D.R. Arudpragasam	Colombo Fort Group Services (Pvt) Ltd	Affiliate	Expenses Settlement	(1,389,851) 743,588	(646,263)



# Notes to the Financial Statements ...

## (31) SUMMARISED FINANCIAL INFORMATION OF YORK HOTELS (KANDY) LIMITED

	2017 Rs.	2016 Rs.
Net Profit for the year	4,650,499	3,636,929
Non Current Assets	157,144,909	157,144,909
Current Assets	128,678,147	117,842,580
Liabilities	39,108,494	32,923,425

As at 31st March 2016, the Land & Buildings & Structures of York Hotel (Kandy) Ltd has been revalued at Rs. 374 Mn by Mr. R.S. Wijesuriya, Incorporated Valuer, Ref No VR/2014/MSCL/16

## (32) FINANCIAL INSTRUMENTS

### (32.1) Financial Assets-Statement of Financial Position

The financial instruments recognised in the Statement of Financial Position are as follows.

	Notes	2017 Rs.	2016 Rs.
Available for Sale Financial Assets	(13)	121,378,600	140,155,400
<b>Loans and Receivables</b>			
Trade and Other Receivables	(15)	65,455,882	60,059,147
Amount Due from Related parties	(16)	194,538,972	161,283,954
		381,373,455	361,498,501
Cash and Cash equivalents	(17)	3,892,368	1,272,380
Total		385,265,823	362,770,881
<b>Financial Liabilities</b>			
Interest Bearing Loans & Borrowings	(22)	145,616,931	79,434,705
Amounts Owed to Related Parties	(24)	2,118,557	1,383,245
Trade & Other Payables	(23)	171,722,229	71,286,537
		319,457,717	152,104,487
Bank Overdraft	(26)	39,155,920	102,006,672
Total		358,613,637	254,111,160

	2017		2016	
(32.2) Financial Instruments - Statement of Comprehensive Income	Gain/ Income Rs.	Losses/ Expenses Rs.	Gain/ Income Rs.	Losses/ Expenses Rs.
During the year ended 31st March				
Available for sale financial instruments	-	18,776,800	-	48,873,878
	-	18,776,800	-	48,873,878

# Notes to the Financial Statements ...

## (31.3) Financial Risk management

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

Credit Risk

Liquidity Risk

Market Risk (Including currency risk and interest rate risk)

This note presents information about the Company's exposure to each of the above risk, the Company's objectives, policies, and procedures for measuring and managing risk.

### Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

## (32.4) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instruments fails to meet it's contractual obligation, and arises principally from the Company's receivables from customers and investments.

The Company's maximum exposure to credit risk as at the reporting date based on carrying value of financial assets in the Statement of Financial Position is as follows.

	2017 Rs.	2016 Rs.
Trade and Other Receivables	65,455,882	60,059,147
Amount Due from Related parties	194,538,972	161,283,954
Cash and Cash equivalents	3,892,368	1,272,380
	263,887,223	222,615,481

## (32.5) Impairment Losses

The aging of trade and other receivable as at the reporting date was;

	2017 Rs.		2016 Rs.	
	Gross	Impairment	Gross	Impairment
Not past due	32,888,022	-	36,910,665	-
Past due 0-31 days	30,217,132	-	21,261,219	-
Past due 31-365 days	1,776,508	-	965,250	-
More than year	1,255,224	681,004	922,013	-
	65,455,882	681,004	60,059,147	-

The aging of amount due from related companies as at the reporting date was;

	2017 Rs.		2016 Rs.	
	Gross	Impairment	Gross	Impairment
Not past due	12,255,281	-	5,808,096	-
Past due 0-365 days	20,999,737	-	23,145,663	-
More than year	161,283,954	-	132,330,195	-
	194,538,972	-	161,283,954	-

# Notes to the Financial Statements ...

## (32.6) Liquidity Risk

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

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements.

Non derivative financial liabilities	Carrying	Contractual	12 Months or		More than 5	
	Amount	Cash Flows	Less	1-2 years	2-5 Years	years
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Interest bearing borrowings	145,616,931	(145,616,931)	(63,796,570)	(54,241,361)	(27,579,000)	-
Trade and other payables	171,722,229	(171,722,229)	(171,722,229)	-	-	-
Amount due to Related parties	2,118,557	(2,118,557)	(2,118,557)	-	-	-
Bank overdraft	39,155,920	(39,155,920)	(39,155,920)	-	-	-
	358,613,637	(358,613,637)	(276,793,276)	(54,241,361)	(27,579,000)	-

It is not expected that the cash flows included in maturity analysis could occur significantly earlier or at significantly different amount.

## (32.7) Fair Values

The fair values of financial assets and liabilities together with the carrying amounts shown in the Statement of Financial Position, is as follows;

Assets carried at fair value	2017		2016	
	Cost	Fair Value	Cost	Fair Value
	Rs.	Rs.	Rs.	Rs.
Available for sale financial assets	189,029,278	121,378,600	189,029,278	140,155,400
	189,029,278	121,378,600	189,029,278	140,155,400

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. Fair value hierarchy disclosure is as below.

- 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 assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
31st March 2017	Rs.	Rs.	Rs.	Rs.
	121,084,000	294,600	-	121,378,600
Available for sale financial assets	121,084,000	294,600	-	121,378,600

# Notes to the Financial Statements ...

## DISTRIBUTION OF ORDINARY SHARES

No. of Shares Held	31st MARCH 2017			31st MARCH 2016		
	No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
1 - 1,000	725	123,552	1.37	676	115,523	1.28
1,001 - 10,000	91	280,449	3.12	88	275,083	3.06
10,001 - 100,000	20	783,378	8.70	18	772,472	8.58
100,001 - 1,000,000	8	2,027,829	22.53	7	2,052,130	22.80
Over - 1,000,000	2	5,784,792	64.28	2	5,784,792	64.28
	846	9,000,000	100.00	791	9,000,000	100.00

## ANALYSIS OF ORDINARY SHAREHOLDERS

Categories Of Shareholders	31st MARCH 2017			31st MARCH 2016		
	No of Shareholders	Total Holding	Holding %	No of Shareholders	Total Holding	Holding %
Institutions	57	7,441,950	82.69	55	7,498,744	83.32
Individuals	789	1,558,050	17.31	736	1,501,256	16.68
	846	9,000,000	100.00	791	9,000,000	100.00

# Share Information

Posititon	Name	31st March 2017		31st March 2016	
		No of Ord. Vot. Shares	Share Percentage	No of Ord. Vot. Shares	Share Percentage
1	COLOMBO FORT HOTELS LIMITED	3,704,274	41.16	3,704,274	41.16
2	PAN ASIA BANKING CORPORATION PLC/LANKEM CEYLON PLC	2,080,518	23.12	2,080,518	23.12
3	MR. JOSEPH ROMESH DE SILVA	523,266	5.81	629,400	6.99
4	BANSEI SECURITIES CAPITAL (PVT) LTD.	449,663	5.00	438,234	4.87
5	ROSEWOOD (PVT) LIMITED-ACCOUNT NO.1	314,679	3.50	392,369	4.36
6	ESTATE OF THE LATE NAWALAGE GERALD HERBERT COORAY	204,123	2.27	204,123	2.27
7	ASSOCIATED ELECTRICAL CORPORATION LTD	150,000	1.67	150,000	1.67
8	MR. SANJEEV RAJARATNAM	150,000	1.67	90,800	1.01
9	FREUDENBERG SHIPPING AGENCIES LIMITED	133,098	1.48	131,439	1.46
10	MRS. NAFEESA HAMZAALLY ABDUL HUSEIN	103,000	1.14	106,565	1.18
11	NEGOMBO HOTELS LIMITED	91,370	1.02	91,370	1.02
12	BLUE OCEANIC BEACH HOTEL (PVT) LTD	81,603	0.91	81,603	0.91
13	ALLIANCE FINANCE COMPANY PLC	64,902	0.72	64,902	0.72
14	ISLAND CONSUMER SUPPLIES (PVT) LTD	62,162	0.69	62,162	0.69
15	COMMERCIAL BANK OF CEYLON PLC/ D.J.N.HETTIARACHCHI	56,072	0.62	56,072	0.62
16	MR. DUELEEP FAIRLIE GEORGE DALPETHADO AND MRS.HEWA FONSEKAGE ANNE KUMUDINI DEVIKA FONSEKA	51,487	0.57	1	-
17	MRS. ALALIYAKANKANAMLAGE MARY JOSEPHINE COORAY	49,658	0.55	49,658	0.55
18	COMMERCIAL BANK OF CEYLON PLC S.N.C.W.M.B.C.KANDEGEDARA	48,997	0.54	48,997	0.54
19	COLOMBO INVESTMENT TRUST PLC	44,170	0.49	44,170	0.49
20	ESTATE OF THE LATE LIYANAGE SALIYA IGNATIUS PERERA (DECEASED)	42,037	0.47	42,037	0.47
		8,405,079	93.39	8,468,694	94.10

Market Prices for the year	31st March 2017	31st March 2016
	Rs.	Rs.
Highest	74.90	79.80
Lowest	48.10	50.10
Last Traded Price	59.50	58.90

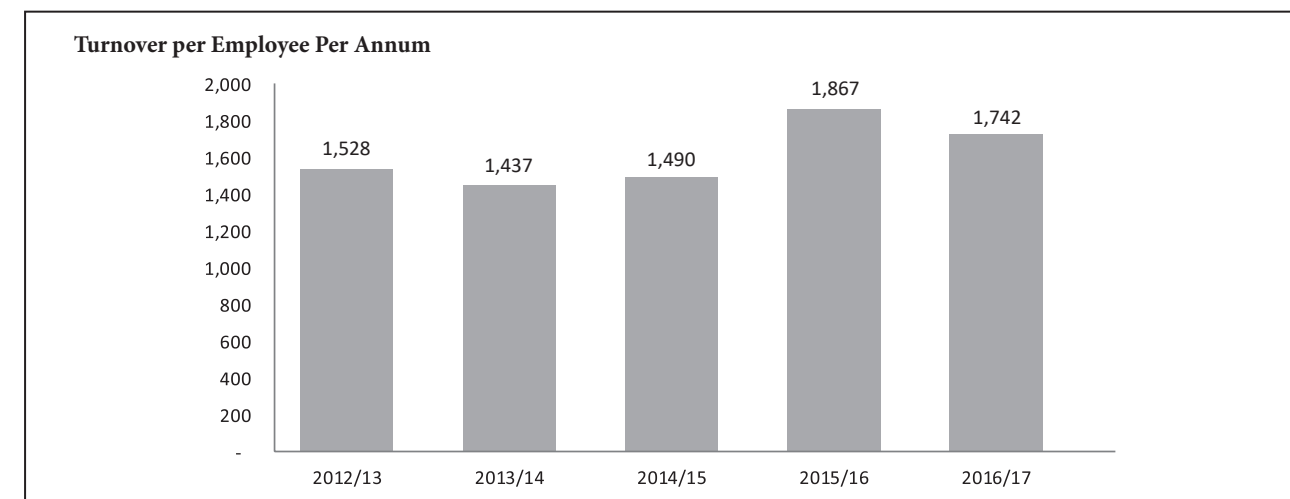
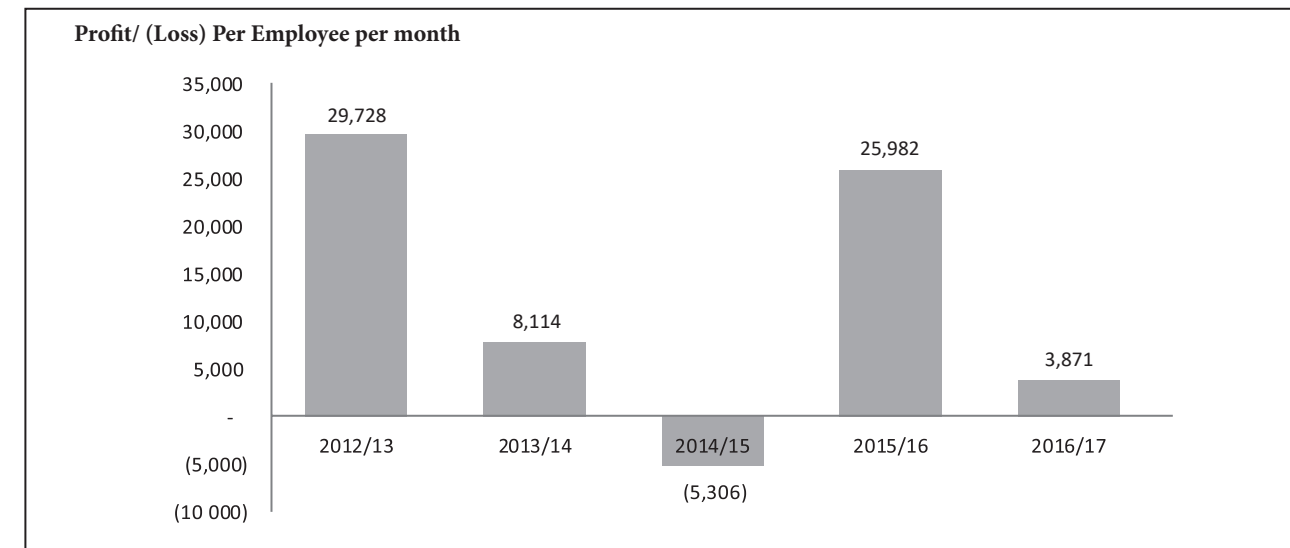
The Percentage of shares held by the Public as at 31st March 2017 was 32.57%. (31.03.2016 - 32.99%)  
The number of Public Shareholders as at 31st March 2017 were 836. (31.03.2016 - 780)

# Five Year Summary

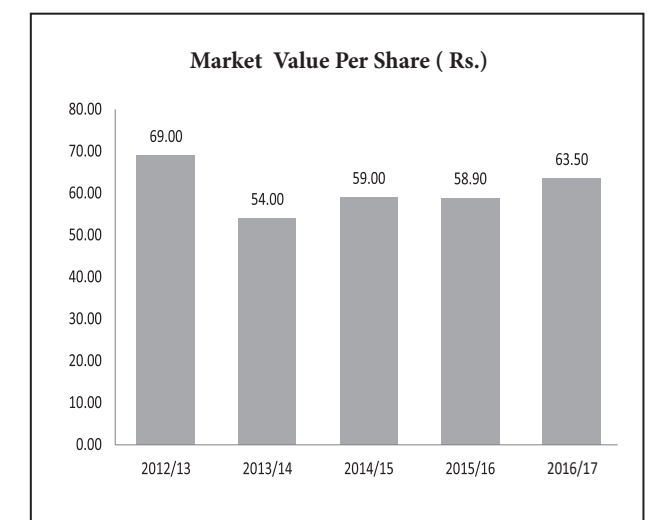
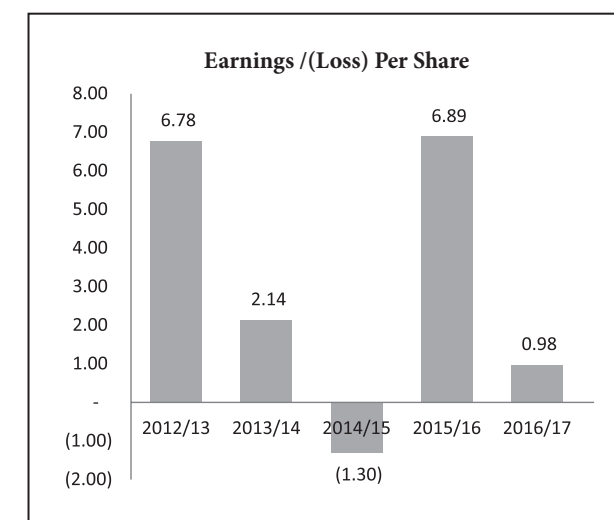
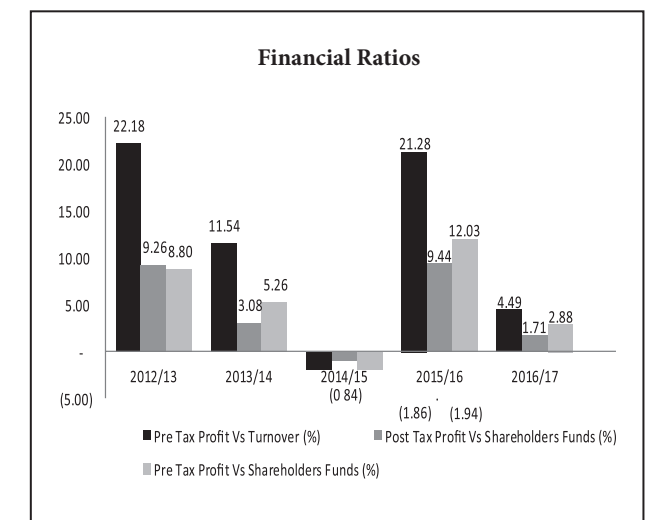
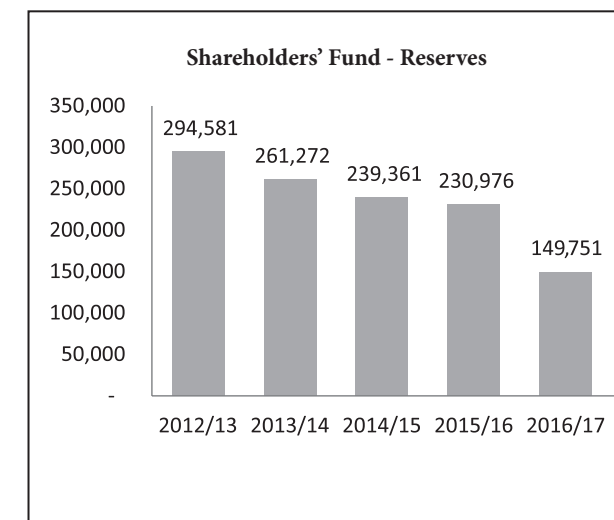
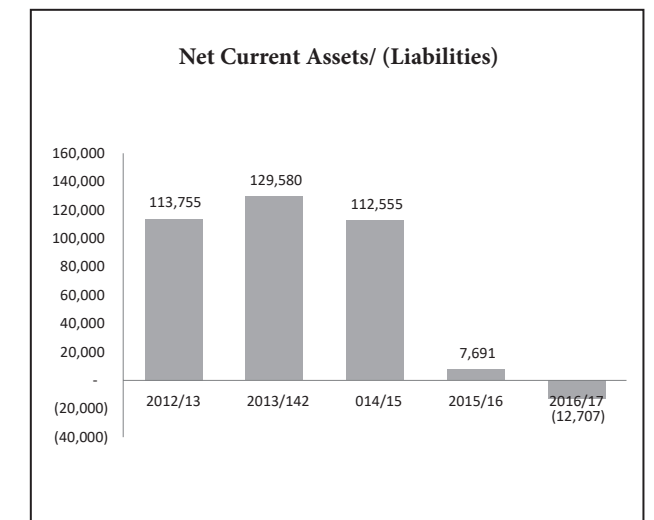
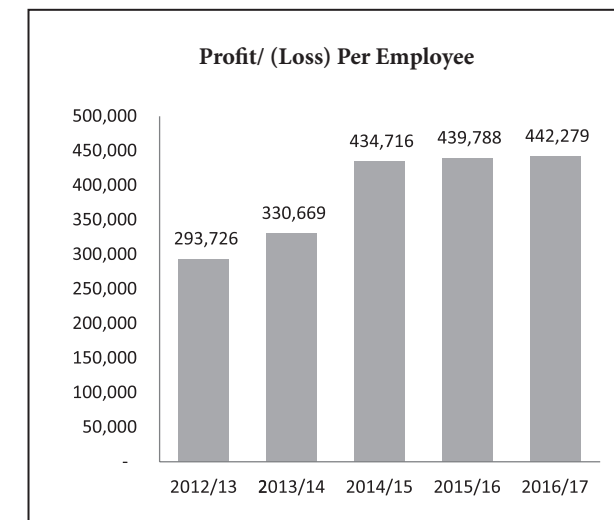
For the Year Ended 31st March	2016/17 Rs. ' 000	2015/16 Rs. ' 000	2014/15 Rs. ' 000	2013/14 Rs. ' 000	2012/13 Rs. ' 000
<b>Trading Results</b>					
Turnover	329,304	336,054	274,074	284,522	261,343
Profit / (Loss) Before Taxation	14,781	71,527	(5,089)	32,847	55,491
Taxation	(6,002)	(15,407)	(6,627)	(13,567)	3,027
Profit / (Loss) After Taxation	8,779	56,121	(11,717)	19,280	58,518
<b>Assets Employed</b>					
Property, Plant & Equipment	442,279	439,788	434,716	330,669	293,726
Investment	68,827	66,889	65,373	97,287	91,891
Net Current Assets / ( Liabilities)	(12,707)	7,691	112,555	129,580	113,755
<b>Shareholders' Funds</b>					
Stated Capital	363,721	363,722	363,722	363,722	363,722
Reserves	149,752	230,976	239,361	261,272	292,097
Non - Current Liabilities	106,304	58,825	148,433	72,310	16,973
<b>Financial Ratios</b>					
Profitability					
Pre - Tax					
Profit Turnover ( % )	4.49	21.28	(1.86)	11.54	21.20
Pre - Tax Profit					
Shareholder's Funds ( % )	2.88	12.03	(0.84)	5.26	8.40
Post - Tax Profit					
Shareholder's Funds ( % )	1.71	9.44	(1.94)	3.08	8.90
<b>Liquidity</b>					
Current Assets : Current Liabilities	0.96	1.03	1.66	2.12	2.04
<b>Dividends</b>					
Dividend Payout ( % )	58%	58%	(154%)	93%	29%
Per Share ( Rs.)	4	4	2	2	2
<b>Capital Ratio</b>					
Property , Plant & Equipment :	0.86	0.74	0.72	0.53	0.45
Shareholders' Funds					
<b>Others</b>					
Earnings / ( Loss ) Per Share	0.98	6.89	(1.30)	2.14	6.78
Market Value Per Share ( Rs.)	63.50	58.90	59.00	54	69.00
Net Assets Per Share ( Rs.)	57.05	66.08	67.01	69.44	73.14

# Human Resources

HUMAN RESOURCES	2016/17	2015/16	2014/15	2013/14	2012/13
Managers	1	1	1	4	3
Executives	12	14	15	17	18
Clerical	24	19	20	21	19
Others	152	146	149	156	131
<b>Total</b>	<b>189</b>	<b>180</b>	<b>184</b>	<b>198</b>	<b>171</b>
Analysis by Age					
Below 30 Years	94	96	97	84	78
Between 30 - 40 Years	35	33	35	41	33
Between 40 - 50 Years	42	37	38	36	31
Over 50 Years	18	14	14	37	29
	<b>189</b>	<b>180</b>	<b>184</b>	<b>198</b>	<b>171</b>
Profit/(Loss) Per Employee per Month (Rs)	<b>3,871</b>	25,982	(5,306)	8,114	29,728
Turnover Per Employee per Annum (Rs 000)	<b>1,742</b>	1,867	1,490	1,437	1,528

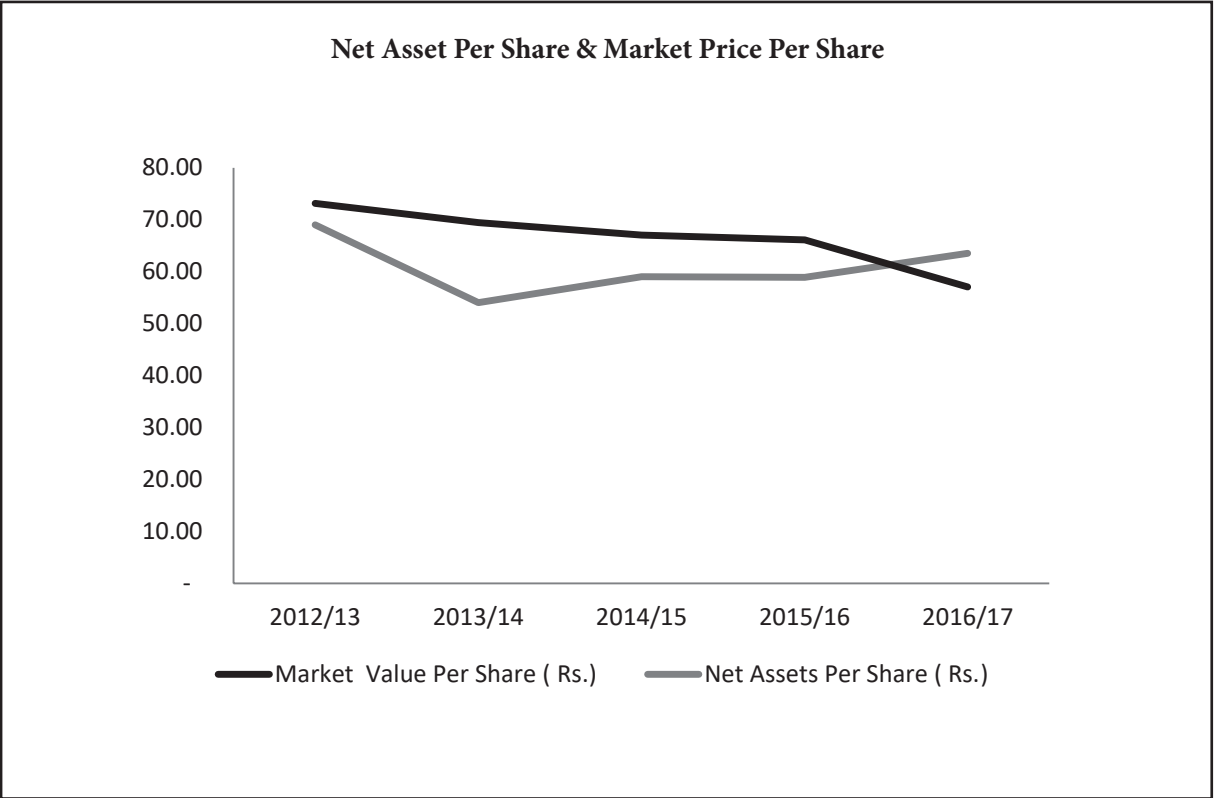
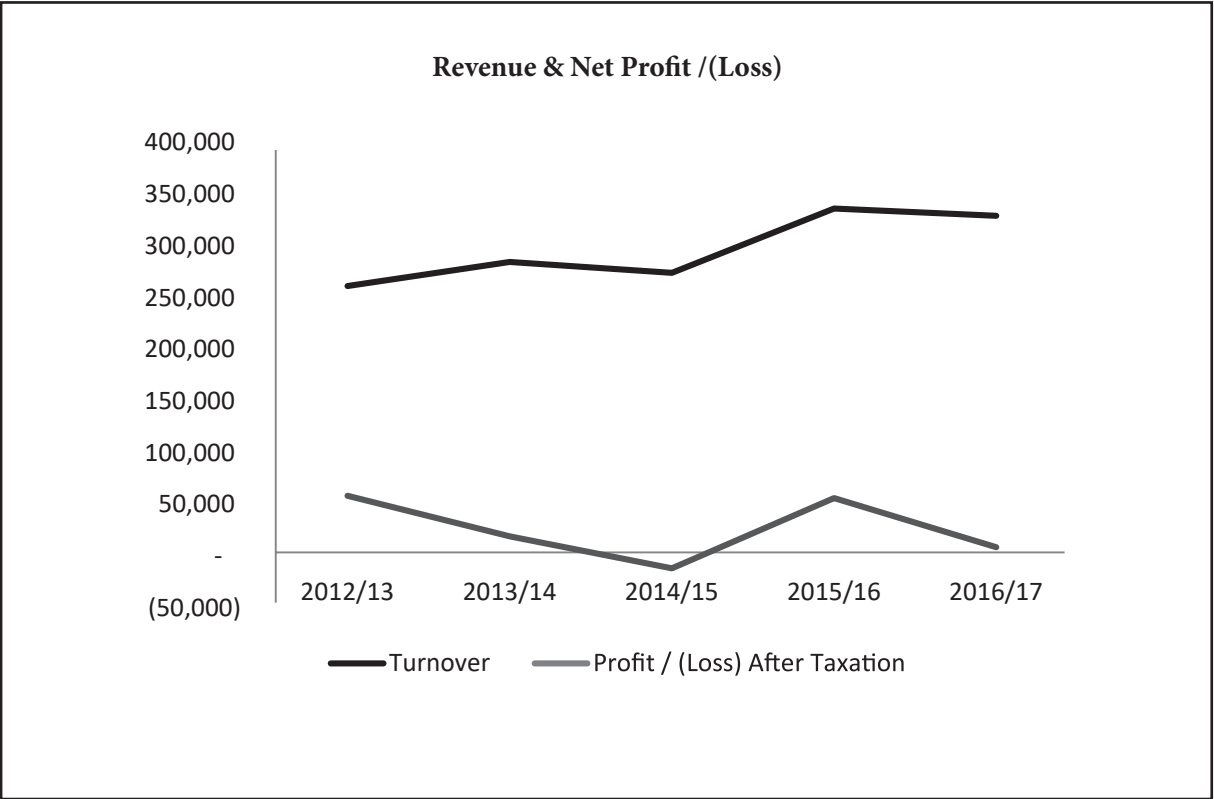


# Graphical Review - Company





Graphical Review...



Form of Proxy

I/We the undersigned ..... of .....  
..... being a member/members of SIGIRIYA VILLAGE HOTELS PLC  
hereby appoint .....  
of ..... or failing him

- |                                       |                           |
|---------------------------------------|---------------------------|
| 1. Sri Dhaman Rajendram Arudpragasam  | of Colombo or failing him |
| 2. Chrisantha Priyange Richard Perera | of Colombo or failing him |
| 3. Alagarajah Rajaratnam              | of Colombo or failing him |
| 4. Thedchanamurti Theyagamurti        | of Colombo or failing him |
| 5. Amaralal Rajasri Peiris            | of Colombo or failing him |
| 6. Emilianus Prema Alphonse Cooray    | of Colombo or failing him |
| 7. Sanjeev Rajaratnam                 | of Colombo or failing him |
| 8. Amrit Rajaratnam                   | of Colombo or failing him |
| 9. Albert Rasakantha Rasiah           | of Colombo or failing him |

as my/our proxy to represent me/us and to vote on my/our behalf at the Annual General Meeting of the Company to be held on 04<sup>th</sup> July 2017, and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	Against	For
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2017, with the Report of the Auditors thereon.	.....	.....
2. To re-elect Mr. T. Theyagamurti as a Director.	.....	.....
3. To reappoint Mr. A. Rajaratnam as a Director	.....	.....
4. To reappoint Mr. C. P. R. Perera as a Director	.....	.....
5. To reappoint Mr. A. R. Rasiah as a Director	.....	.....
6. To reappoint Mr. A. R. Peiris as a Director	.....	.....
7. To authorise the Directors to determine contributions to charities	.....	.....
8. To reappoint as Auditors, Messrs B. R. De Silva & Co., and authorise the Directors to determine their remuneration.	.....	.....

Signed this ..... day of ..... Two Thousand and Seventeen.

Instructions as to completion are stated on the reverse hereof.

.....  
Signature of Shareholder(s)

**Note: Please delete the inappropriate words.**  
A proxy need not be a member of the Company. If no words are deleted or there is in the view of the proxy doubt (by reason of the way in which instructions contained in the proxy form have been completed) as to the way in which the proxy should vote, the proxy will vote as he thinks fit.

## INSTRUCTIONS AS TO COMPLETION

1. Please perfect the Form of Proxy, after filling in legibly your full name and address by signing in the space provided and filling in the date of signature.
2. In the case of Company/Corporation, this Form of Proxy must be executed either under its Common Seal or by its Attorney or by an Authorised Officer on behalf of such Company/Corporation duly authorised in writing.
3. In the case of a proxy signed by an Attorney, the relative Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not been Registered with the Company.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company's Secretaries, Corporate Managers and Secretaries (Pvt) Limited 8-5/2 Leyden Bastian Road, York Arcade Building, Colombo 1, not less than 48 hours before the time appointed for the holding of the meeting.

**Sigiriya Village Hotels PLC,**  
P.O. Box 1, Sigiriya, Sri Lanka.

Tel : +94(0) 66 22 86803/6 Web : [www.sigiriya - village.com](http://www.sigiriya-village.com)