



ANNUAL REPORT

2016 / 17



THE
PALMS
BERUWALA

Beruwala Resorts PLC
THE PALMS
Moragalla, Beruwala, Sri Lanka.

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Corporate Information

NAME OF COMPANY	Beruwala Resorts PLC
STATUS AND LEGAL FORM	A Public Quoted Company with Limited Liability Incorporated in Sri Lanka on 23rd July 1974 Under the Companies Ordinance (Cap.145) and re-registered under the Companies Act No. 7 of 2007 on 3rd August 2009.
COMPANY REGISTRATION NO	PQ 1091
REGISTERED OFFICE	8-1/3, York Arcade Building Leyden Bastian Road, Colombo 01.
STOCK EXCHANGE LISTING	The Issued Ordinary Shares of Beruwala Resorts PLC are listed on the Diri Savi Board of 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) M. Thambiah T. Theyagamurti A.R. Peiris S. Rajaratnam 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	Messrs B.R. De Silva & Company Chartered Accountants 22/4, Vijaya Kumaranathunga Mawatha, Colombo 05.
LAWYERS	Julius & Creasy Attorneys-at-Law P.O. Box 154, Colombo.
BANKERS	Hatton National Bank PLC Commercial Bank of Ceylon PLC Bank of Ceylon Pan Asia Banking Corporation PLC Standard Chartered Bank Cargills Bank Ltd.
HOTEL	The Palms Moragolla, Beruwala Tel : 0342-277039, 0342-276043 Fax : 0342-276043 Email : thepalms@sltnet.lk Website : www.palmsberuwala.com
SALES & RESERVATION OFFICE	8-1/2, York Arcade Building, Leyden Bastian Road, Colombo 01. Tel : 4722682, 2381644 Fax : 2381645 Email : yorkhtl@lankacom.net

Notice of Meeting

NOTICE is hereby given that the THIRTY EIGHTH ANNUAL GENERAL MEETING of BERUWALA RESORTS PLC will be held at the Grand Oriental Hotel, No. 2. York Street, Colombo 1, on the 4th day of July 2017 at 11.15 a.m. for the following purposes:

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 as a Director, Mr. E.P.A. Cooray who retires in accordance with Articles 84 & 85 of the Articles of Association of the Company.
3. To reappoint Mr. A. Rajaratnam who is over seventy years of age, as a Director. Special Notice has been received from a shareholder of the intention to pass a resolution in relation to his reappointment. (see note 4 below)
4. To reappoint Mr. C.P.R. Perera who is over seventy years of age, as a Director. Special Notice has been received from a shareholder of the intention to pass a resolution in relation to his reappointment. (see note 5 below)
5. To reappoint Mr. A. R. Rasiah who is over seventy years of age, as a Director. Special Notice has been received from a shareholder of the intention to pass a resolution in relation to his reappointment. (see note 6 below)
6. To reappoint Mr. A. R. Peiris who has attained the age of seventy years as a Director. Special Notice has been received from a shareholder of the intention to pass a resolution in relation to his reappointment. (see note 7 below)
7. To authorize the Directors to determine contributions to charities.
8. To reappoint as Auditors, Messrs B.R. De Silva & Co., and authorize the Directors to determine their remuneration.

By Order of the Board
CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD.
Secretaries

Colombo
30th May 2017

Notes:

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.
2. A Form of Proxy is enclosed with this Report.
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.
4. The Company has received Special Notice from a shareholder of the Company giving notice of the intention to move the following Resolution regarding the reappointment of Mr. A. Rajaratnam, as an Ordinary Resolution:

Resolved-

"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 Mr. A. Rajaratnam."

5. The Company has received Special Notice from a shareholder of the Company giving notice of the intention to move the following Resolution regarding the reappointment of Mr. C.P.R. Perera, as an Ordinary Resolution:

Resolved-

"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 Mr. C.P.R. Perera."

6. The Company has received Special Notice from a shareholder of the Company giving notice of the intention to move the following Resolution regarding the reappointment of Mr. A.R. Rasiah, as an Ordinary Resolution:

Resolved-

"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 Mr. A.R. Rasiah."

7. The Company has received Special Notice from a shareholder of the Company giving notice of the intention to move the following Resolution regarding the reappointment of Mr. A.R. Peiris, as an Ordinary Resolution:

Resolved-

"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 Mr. A.R. Peiris."

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 consolidated turnover of the Group companies for the year ended 31st March 2017 was Rs. 447.9 Million compared to the previous year's turnover of Rs. 429.5 Million. The consolidated loss for the year was Rs. 16.6 Million compared to a loss of Rs. 15.6 Million the previous year. The overall occupancy at the Group level was 64% during the current year, which is the same as in the previous year. The Hotels of the Group operate in the price sensitive 4 star segment of the market, making 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. Our hotels are located in Beruwela and Weligama which are

two of the most attractive beach resort areas in Sri Lanka. This geographic competitive advantage together with a focus on the quality of service should help the hotels to gain market share in a crowded market. The Management continues to look for opportunities to improve the 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

22nd May 2017

Board of Directors

Banker by profession has specialized in International Trade and Foreign Exchange Trading, counting over 25 years of service with a leading local Bank and an European Bank in North America. He has over 21 years service with the 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.

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

Mr. S.D.R. Arudpragasam joined the Board of Beruwala Resorts PLC in the year 2000 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 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 in 1992 and served as Chairman from 1995 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. M Thambiah - BBA
Director

Mr. M. Thambiah holds a Bachelor's Degree in Business Administration. He was appointed to the Board in 1992. He functions as the Managing Director of KIA Motors (Lanka) Limited in addition to serving on certain Boards within The Colombo Fort Land and Building 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.

Board of Directors ...

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

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 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 Companies 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 Post Graduate 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 Beruwala Resorts 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.

General

The Company was re-registered on 3rd August 2009 as required under the Companies Act No. 7 of 2007.

Principal Activities / Business Review

The main activity of the company, which remains unchanged since the previous year 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 16 to 53.

Independent Auditors' Report

The Independent Auditors' Report on the Financial Statements is given on Page 15.

Accounting Policies

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 20 to 29.

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 26 to the financial statements on pages 48 to 52.

Directors' Remuneration

Key Management Personnel Compensation in respect of the Company and the Group for the financial year 2016/ 2017 is detailed in Note 26 to the Financial Statements on page 48.

Directors' Interest in Shares

The Directors of the Company who have an interest in the shares of the Company have disclosed 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.D.R. Arudpragasam	15,000,000	15,000,000
Mr. A. Rajaratnam	-	14,757,820
Mr. T. Theyagamurti	2,830,000	2,830,000
Mr. S. Rajaratnam	-	4,000,000
Mr. Amrit Rajaratnam	300,000	300,000
Mr. E.P.A. Cooray	859,000	859,000

Corporate Donations

Details pertaining to corporate donations made by the Company during the financial year 2016/17 are given in Note 06 to the Financial Statements on page 30.

Directorate

The names of the Directors who held office during the financial year are given below and profiled on pages 05 and 06.

Mr. S.D.R. Arudpragasam – Chairman
Mr. C.P.R. Perera – Deputy Chairman
Mr. A. Rajaratnam
Mr. M. Thambiah
Mr. T. Theyagamurti
Mr. A.R. Peiris
Mr. S. Rajaratnam
Mr. E.P.A. Cooray
Mr. Amrit Rajaratnam
Mr. A.R. Rasiah

In terms of Articles 84 & 85 of the Articles of Association Mr. E.P.A. Cooray 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 the 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 the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.R. Rasiah, Director, being over seventy years of age, retires and offers himself for reappointment under and by virtue of the 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 the 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 authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, Messrs. B.R. De Silva & Company, were paid Rs. 372,427/- (2016 – Rs. 320,627/-) as audit fees & fees for audit related services by the Company. In addition, they were paid Rs. 30,000/- (2016 – Rs. 30,000/-) by the Company for non – audit related work, which consisted mainly of tax related work. In addition, the Group is engaged with other audit firms and audit fees in respect of these firms amounted to Rs. 221,911/- during the year under review. (2016 – Rs.150,000/-)

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 interest in the Company.

Revenue

The revenue of the Company for the year was Rs.360 Mn. (2015/2016 – Rs.363 Mn)

Results

The Company made a Net Profit before Tax of Rs. 65.9 Mn against a Profit of Rs. 48.6 Mn in the previous year. The detailed results are given in the Statement of Profit or Loss and other Comprehensive Income on page 16.

Property, Plant & Equipment

The capital expenditure during the year amounted to Rs. 48.5 Mn (2015/2016 - Rs. 50.7Mn). Information relating to movements in Property, Plant & Equipment are given in Note 10 to the Financial Statement on pages 32 to 37.

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 31.03.2017 was Rs. 340,000,000/- represented by 600,000,000 Issued and Fully paid Ordinary Shares. There was no change to the Stated Capital during the year.

Retained Earnings

The Retained Earnings of the Company as at 31st March 2017 amounted to Rs. 139.8 Mn (31.03.2016 - Rs. 88.5 Mn)

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

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 on page 31.

Related Party Transactions

During the year under review Recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of Colombo Stock Exchange Listing Rules are given in Page No 52. Further, a non recurrent related party transaction which exceeded the respective threshold was duly disclosed to Colombo Stock Exchange, the details of which are given on page 52. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the financial statements are disclosed in Note 26 from pages 48 to 52.

Share Information

Information relating to Earnings, Net Assets, Market Value per share and Share Trading is given on pages 54 to 55.

Events after the Reporting Date

No circumstances have arisen since the Balance Sheet date that would require adjustments to or disclosures in the Financial Statements other than those disclosed in Note 28 on page 53.

Capital Commitments and Contingent Liabilities

Capital expenditure commitments and contingent liabilities as at the Balance Sheet date, are disclosed in Note 29 and 27 on page 53.

Employment Policy

The Company's recruitment and employment policy is non – discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realize their potential. This process benefits the Company and the employees. The number of persons employed by the Company at the year end was 162 (2015/16 – 164).

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 of the Company due in relation to the employees and the Government are paid 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 have on the environment and promote co-operation and compliance with the relevant authorities and regulations. The Directors confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

Internal Control

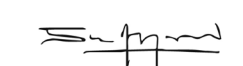
The Directors acknowledge their responsibility for the Company's internal control system. The system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable, and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable period of time.

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

Going Concern

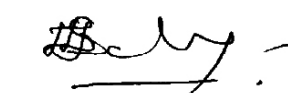
The Directors are confident of the ability of the Company to continue as a going concern with continued assistance from Financial Institutions. Accordingly, the going concern basis has been adopted in the preparation of the Financial Statements.

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 recognized stakeholders.

The Board of Directors

The Board, Composition & Meetings

The Board of Beruwala Resorts PLC comprises of 10 Directors. The Directors including the Chairman are all Non Executive Directors of whom five 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 Independent Non Executive
- Mr. A. Rajaratnam - Non Executive
- Mr. M. Thambiah - Independent 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 three 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 during the year is shown below:

Total number of Meetings held : 3

Name of Director	Board Meetings Attended
Mr. S.D.R. Arudpragasam	3/3
Mr. C.P.R. Perera	2/3
Mr. A. Rajaratnam	1/3
Mr. M. Thambiah	2/3
Mr. T. Theyagamurti	3/3
Mr. A.R. Peiris	3/3
Mr. S. Rajaratnam	2/3
Mr. E.P.A. Cooray	2/3
Mr. Amrit Rajaratnam	1/3
Mr. A.R. Rasiah	3/3

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 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 another company which has a significant shareholding in the listed entity. 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. M. Thambiah has served on the Board for more than nine years, 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. M. Thambiah 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 another company which has a significant shareholding in the listed entity. 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 judgement 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 Direcor.

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 , Deputy Chairman , Chief Executive, Managing or Joint Managing Director or Manager) 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.

Directors Remuneration

Remuneration Committee

The Remuneration Committee Report is set out on page 13 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 14 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.

Disclosures

The Annual Report of the Board of Directors is given on pages 7 to 9 in this Report. The Auditors’ Report on the Financial statements is given on page 15 of the Report.

Audit Committee

The Audit Committee Report is set out on page 12.

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 Beruwala Resorts 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, Beruwala Resorts PLC)

Mr. E. P. A. Cooray

Member - (Independent Non - Executive Director, Beruwala Resorts 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.

Meeting 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 meetings are reported to the Board of Directors.

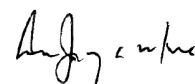
External Audit

The Company has appointed Messrs. B.R. De Silva & Co. 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 & Co 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 & Co as Auditors for the financial year ending 31st 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 comprises 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 31st March 2017 comprised of the following members:

Mr. A.R. Rasiah

Chairman - Independent / Non-Executive Director.

Mr. C.P.R. Perera

Member - Independent / Non-Executive Director.

Mr. S. Rajaratnam - Member- Non-Executive Director, (Resigned w.e.f. 25.05.2016)

Mr. A.R. Peiris

Member - Non-Executive Director.
(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.

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 in ongoing dealings with Related Parties.
- * Review and assess on an annual basis the transactions for Compliance against the Committee guidelines.

Meetings and Attendance

The Related Party Transactions Review Committee (RPTRC) has met on three occasions during the financial year ended 31st March 2017.

The number of Meetings of the Related Party Transactions Review Committee and the individual attendance by members is shown below:

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

The activities and views of the Committee are communicated on a regular basis to the Board of Directors by tabling the Minutes of the Committee Meetings at Meetings of the Board.

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 related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules.

However, the non-recurrent related party transaction which exceeded the respective threshold was duly disclosed to Colombo Stock Exchange. 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 Beruwala Resorts PLC Company and the consolidated financial statements of the company and its subsidiaries, which comprise the statement of financial position as at 31st March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow 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 order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31st March 2017, and 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:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - We have obtained all the information and explanations that were required for the audit and as far as it appears from our examination, proper accounting records have been kept by the Company.
 - The financial statements of the Company give a true and fair view of its financial position as at 31st March 2017, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The financial statements of the Company, and the Group comply with the requirements of section 151 and 153 of the Companies Act.



B. R. DE SILVA & CO.
Chartered Accountants
Colombo 05.
22 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

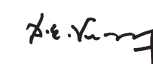
		GROUP		COMPANY	
For The Year Ended 31st March,		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Revenue	(4)	447,933,035	429,513,999	359,854,796	362,699,268
Cost of Sales		(120,371,287)	(120,131,641)	(92,076,601)	(93,812,797)
Gross Profit		327,561,748	309,382,358	267,778,195	268,886,471
Other Operating Income	(5)	(6,005,628)	(13,470,396)	24,941,264	2,474,652
Administrative Expenses		(243,923,201)	(243,434,288)	(179,138,672)	(179,426,713)
Marketing & Promotional Expenses		(22,875,196)	(24,725,586)	(18,864,166)	(19,841,929)
Profit from Operating Activities	(6)	54,757,723	27,752,088	94,716,621	72,092,481
Finance Expenses	(7)	(63,523,801)	(37,462,547)	(28,847,000)	(23,466,425)
Net Profit Before Tax		(8,766,077)	(9,710,459)	65,869,621	48,626,056
Income Tax (Expense)/Credit	(8)	(7,884,645)	(5,950,466)	(15,062,451)	(11,004,644)
Profit/(Loss) for the year		(16,650,722)	(15,660,925)	50,807,170	37,621,411
OTHER COMPREHENSIVE INCOME					
Actuarial Gain /(Loss) on Defined Benefit Plans		1,565,274	(4,877,531)	518,728	(3,795,678)
Other Comprehensive Income for the year, net of tax		1,565,274	(4,877,531)	518,728	(3,795,678)
Total Comprehensive Income for the year		(15,085,448)	(20,538,456)	51,325,898	33,825,733
Profit /(Loss) Attributable to;					
Equity holders of the parent		(16,650,722)	(15,660,925)	50,807,170	37,621,411
Non-controlling Interest		-	-	-	-
Profit / (Loss) for the Year		(16,650,722)	(15,660,925)	50,807,170	37,621,411
Total Comprehensive Income Attributable to;					
Equity holders of the parent		(15,085,448)	(20,538,456)	51,325,898	33,825,733
Non-controlling Interest		-	-	-	-
Total Comprehensive Income for the year		(15,085,448)	(20,538,456)	51,325,898	33,825,733
Earnings per Share (Rs.)	(9)	(0.03)	(0.03)	0.08	0.06

The notes to the Financial Statements from pages 30 to 53 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Statement of Financial Position

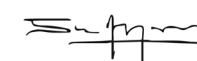
		GROUP		COMPANY	
As at 31st March,		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	(10)	1,068,464,352	1,079,735,762	490,416,092	489,379,806
Intangible Assets		4,448,949	3,365,963	4,049,872	2,919,942
Investment in Subsidiaries	(11)	-	-	344,650,388	38,019,608
Deferred Tax Assets	(12)	1,206,305	1,884,015	-	-
		1,074,119,606	1,084,985,740	839,116,352	530,319,356
Current Assets					
Inventories	(13)	11,035,427	14,492,542	8,122,715	9,992,028
Debtors & Receivables	(14)	93,160,739	88,984,709	72,295,028	75,426,538
Amounts due from Related Parties	(15)	21,164,088	16,664,911	27,900,092	254,904,376
Cash and cash Equivalents	(17)	7,387,210	16,062,091	3,214,854	15,267,575
		132,747,464	136,204,253	111,532,690	355,590,517
Total Assets		1,206,867,070	1,221,189,993	950,649,041	885,909,873
EQUITY & LIABILITIES					
Capital & Reserves					
Stated Capital	(18)	340,000,000	340,000,000	340,000,000	340,000,000
Retained Earnings	(19)	123,326,629	135,932,538	142,466,432	91,659,262
Acturial Gain/(Loss) on Defined Benefit Obligation		(2,647,920)	-	(2,647,920)	(3,166,648)
Equity Attributable to		460,678,709	475,932,538	479,818,512	428,492,614
Total Equity		460,678,709	475,932,538	479,818,512	428,492,614
Non-Controlling Interest		180,250,000	-	-	-
Non-Current Liabilities					
Interest Bearing Borrowings	(20)	250,008,518	273,188,172	191,905,892	202,666,471
Deferred Tax Liability	(12)	-	-	15,703,403	7,847,888
Retirement Benefit Obligations	(21)	8,569,149	9,563,722	5,267,483	5,247,283
		258,577,667	282,751,894	212,876,778	215,761,642
Current Liabilities					
Interest Bearing Borrowings	(20)	53,809,335	65,299,792	28,128,067	26,362,530
Trade & Other Payables	(22)	104,395,450	98,910,928	87,742,741	83,673,381
Income Tax	(16)	10,356,501	3,149,565	10,356,501	3,149,565
Amounts due to Related Parties	(23)	95,619,930	243,070,558	89,419,288	78,936,053
Bank Overdrafts	(24)	43,179,477	52,074,717	42,307,154	49,534,086
		307,360,694	462,505,561	257,953,751	241,655,617
Total Equity & Liabilities		1,206,867,070	1,221,189,993	950,649,041	885,909,873

These Financial Statements are prepared in compliance with the requirements of the Companies Act No.07 of 2007.



D. E. Vancuylenberg
Chief Financial Officer

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



S.D.R. Arudpragasam
Director



S. Rajaratnam
Director

The notes to the Financial Statements from pages 30 to 53 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

22nd May 2017
Colombo

Statement of Changes In Equity

For The Year Ended 31st March, 2017	Stated Capital	Accumulated Profit/(Loss)	Actuarial Gain / (Loss) On Defined Benefit Obligation	Total Equity Attributable to Equity Holders of the Parent	Non-controlling Interest	Total Equity
GROUP	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31.03.2015	340,000,000	157,307,000	(836,006)	496,470,994	-	496,470,994
Profit for the Year	-	(15,660,925)	-	(15,660,925)	-	(15,660,925)
Other Comprehensive Income	-	-	(4,877,531)	(4,877,531)	-	(4,877,531)
Balance as at 31.03.2016	340,000,000	141,646,075	(5,713,537)	475,932,538	-	475,932,538
Profit/(Loss) for the Year	-	-	-	(16,650,722)	-	(16,650,722)
Other Comprehensive Income	-	(16,650,722)	1,565,274	1,565,274	-	1,565,274
Balance as at 31.03.2017	340,000,000	124,995,352	(4,148,263)	460,847,089	-	460,847,089

COMPANY	Stated Capital	Accumulated Profit/(Loss)	Actuarial Gain / (Loss) On Defined Benefit Obligation	Total Equity
	Rs.	Rs.	Rs.	Rs.
Balance as at 31.03.2015	340,000,000	54,037,851	629,030	394,666,881
Profit for the Year	-	37,621,411	-	37,621,411
Other Comprehensive Income	-	-	(3,795,678)	(3,795,678)
Balance as at 31.03.2016	340,000,000	91,659,262	(3,166,648)	428,492,614
Profit for the Year	-	50,807,170	-	50,807,170
Other Comprehensive Income	-	-	518,728	518,728
Balance as at 31.03.2017	340,000,000	142,466,432	(2,647,920)	479,818,512

The notes to the Financial Statements from pages 30 to 53 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Statement of Cash Flows

For The Year Ended 31st March	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Cash Flows from/(Used in) Operating Activities				
Net Profit / (Loss) Before Tax	(8,766,077)	(9,710,459)	65,869,621	48,626,056
Adjustments for				
Depreciation	40,755,796	48,403,185	24,373,467	33,961,352
Amortization	492,584	-	445,640	-
Provision for Gratuity	2,231,830	1,546,605	1,387,798	832,020
Provision for Acquisition from Breakages	608,551	1,949,619	608,551	1,949,619
Interest Income	(2,891,912)	(1,464,679)	(33,848,694)	(17,570,336)
Finance Cost	29,510,475	37,462,547	29,382,936	23,466,425
Profit on Disposal of Fixed Assets	(444,948)	(239,825)	(444,949)	(239,825)
Exchange Loss on Bank Loan	10,250,875	15,981,517	10,250,875	15,981,517
	80,513,251	103,638,968	32,155,625	58,380,772
Operating Profit before Working Capital Changes	71,747,174	93,928,509	98,025,246	107,006,828
Working Capital Changes				
(Increase)/Decrease in Inventories	3,457,112	(4,056,540)	1,869,313	(2,106,761)
Increase/(Decrease) in Debtors & Receivables	(3,750,125)	(7,928,869)	3,557,417	(7,554,979)
Increase/(Decrease) in Related Party Balances	240,714,844	(9,354,688)	239,299,680	(108,154,881)
Increase/(Decrease) in Creditors & Accrued Expenses	(387,180,142)	4,947,349	2,257,197	15,115,478
	(146,758,311)	(16,392,745)	246,983,607	(102,701,143)
Cash Generated from Operations	(75,011,137)	77,535,765	345,008,853	4,305,685
Finance Cost Paid	(29,382,936)	(37,462,547)	(29,382,936)	(23,466,425)
Tax Paid				
ESC Paid	(425,906)	(2,148,000)	(425,906)	(2,148,000)
WHT Paid	-	(13,036)	-	(13,036)
Gratuity Paid	(1,661,129)	(3,508,762)	(848,870)	(1,966,356)
Cash Generated from Operations	(106,481,099)	34,403,420	314,351,140	(23,288,135)
Cash Flows from Investing Activities				
Acquisition of Fixed Assets	(52,656,677)	(55,115,361)	(48,582,046)	(30,227,041)
Acquisition of WIP	20,517,322	(13,801,391)	20,517,314	(13,801,391)
Interest Received	2,891,912	1,464,679	33,848,694	17,570,336
Acquisition of Other Investment	-	-	(306,630,780)	-
Proceeds from Sale of Fixed Assets	915,807	2,300,000	915,807	2,300,000
Cash Generated from Investing Activities	(28,331,636)	(65,152,073)	(299,931,011)	(24,158,095)
Cash Flows from Financing Activities				
Loan Obtained	8,000,000	24,200,000	8,000,000	24,200,000
Share Issuance	180,081,620	-	-	-
Loan Repayment	(52,699,113)	(25,416,202)	(27,245,919)	(9,017,514)
Lease Installment Paid	(349,412)	(2,913,014)	-	(2,771,664)
Cash Generated from Financing Activities	135,033,095	(4,129,216)	(19,245,919)	12,410,822
Net Increase/(Decrease) in Cash & Cash Equivalents	220,359	(34,877,863)	(4,825,788)	(35,035,408)
Cash & Cash Equivalents at the beginning of the year	(36,012,626)	(1,134,762)	(34,266,512)	768,896
Cash & Cash Equivalents at the end of the year	(35,792,267)	(36,012,626)	(39,092,300)	(34,266,512)
Analysis of Cash & Cash Equivalents				
Cash at Bank - Favorable (17)	7,387,210	16,062,091	3,214,854	15,267,575
Cash at Bank - Bank Overdraft (24)	(43,179,477)	(52,074,717)	(42,307,154)	(49,534,087)
	(35,792,267)	(36,012,626)	(39,092,300)	(34,266,512)

The notes to the Financial Statements from pages 30 to 53 form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Accounting Policies

For The Year Ended 31st March, 2017

1. REPORTING ENTITY

Beruwala Resorts PLC is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at premises No. 8 1/3, York Arcade Building, Leyden Bastian Road, Colombo 01 and the principal place of business is situated at Moragalla, Beruwala.

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange. In the Annual Report of the Board of Directors and in the Financial Statements, 'The Company' refers to Beruwala Resorts PLC as the Parent Company and 'the Group' refers to the consolidated accounts with B.O.T. Hotel Services (Private) Limited of which 65% is owned by Beruwala Resorts PLC.

The Principal activity of the Company and subsidiary is to carry on the business of a Tourist Hotel.

The average number of employees of the company as at the end of the year was 162. (31st March 2016 - 164). There are no material issues pertaining to staff or industrial relations arising from the year under review.

The Financial Statements for the year ended 31st March 2017 were authorised for issue by the Board of Directors on 22 May 2017.

Notes to the Financial Statements on pages 30 to 53 form an integral part of the Financial Statements.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

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

2.2. Basis of Measurement

The Consolidated 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 Consolidated Financial Statements in conformity with SLFRS/LKAS requires the 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 recognized 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.

The most significant use of judgments and estimates are as follows,

A. Judgments

In the process of applying the Group's accounting policies, management has exercised judgment and estimates in determining the amounts recognized in the Financial Statements. The most significant uses of judgments and estimates are as follows:

I. Taxation

The Group is subject to income taxes and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the Financial Statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements.

The Group recognised assets and liabilities for current deferred and other taxes based on estimates of whether additional taxes will be in due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

II. Useful life-time of the Property, Plant and Equipment

The Group reviews the useful lives and methods of depreciation of assets at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

B. Estimates and Assumptions

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

I. Going Concern

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

II. Defined Benefit Plans

The cost of defined benefit pension plans is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Accounting Policies ...

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka Government Bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligations. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rates and expected future salary increase rate of the Group.

III. Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent it is probable that future taxable profits will be available against which such tax losses can be set off. Judgment is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with the future tax-planning strategies.

IV. Group Impairment losses on loans and advances

The Group reviews their individually significant loans and advances at each date of the Statement of Financial Position to assess whether an impairment loss should be recorded in the Income Statement. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance. Loans and advances that have been assessed individually and found to be not impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there are objective evidence, but the effects of which are not yet evident.

The collective assessment takes into account data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, inflation, interest rates, exchange rates).

2.4. Functional and Presentation Currency

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

2.5. Accounting Policies and Comparative Information

The Accounting Policies applied by the Group 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 in 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 Balance Sheet date while all non-monetary items are reported at the rate prevailing at the time transactions were affected.

The exchange differences arising there from have been dealt with in the Statement of Profit or Loss and Other Comprehensive Income.

2.7. Events Occurring After the Reporting Date

All material Events which occurred 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. Group Consolidation Policy**

The Consolidated Financial Statements (referred to as the 'Group') comprise the Financial Statements of the Company and its Subsidiary.

In a business combination achieved in stages, the Group re-measures its previously held equity interest in the acquirement at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

3.1.1. Acquisitions

Acquisitions of subsidiaries are accounted for using the purchase method of accounting. The results of subsidiary have been included up to the date of disposal.

3.1.2. Subsidiaries

Subsidiaries are those enterprises controlled by the Company, control exists when the Company (the Parent) holds more than 50% of the voting rights and/or has the power, directly or indirectly, to give the Financial and Operational Policies to obtain benefits from its activities.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date the control effectively commences until the date that control effectively ceases.

3.1.3. Minority / Non-controlling Interest

Minority interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the Statement of Comprehensive Income and as a component of equity in the Consolidated Statement of Financial Position, separately from Parent's Shareholders' equity.

The Parent owns 65% of the subsidiary, and the balance 35% is treated as Non-controlling Interest.

3.1.4. Other Long-term Investments

Investment in companies where the Group's holding is less than 20% and where the Group does not exercise significant influence and/or control over the Financial and Operating Policies, decisions are accounted for on the basis stated in Note 3.7. The Income from these investments is recognized only to the extent of dividend received.

3.1.5. Profits and Losses

The total Profits and Losses of the Company and its subsidiaries for the period are included in the Consolidation. The proportion of the Profit or Loss after taxation attributable to Non-controlling Interest shareholders of the subsidiaries is shown as a component of Profit for the period in the Consolidated Statement of Comprehensive Income.

3.1.6. Assets and Liabilities

All assets and liabilities of the Company and its subsidiaries are included in the Consolidated Statement of Financial Position. Non-controlling Interest which represents the proportion of interest attributable to Non-controlling Interest of subsidiaries in the net assets employed by the Group is disclosed as a component of equity in the Consolidated Statement of Financial Position, separately from parent Shareholders' equity.

3.1.7. Intra-group Transactions

All intra group balances, Income and Expense, Profits and Losses resulting from Intra Group Transactions that are recognised in Assets, Liabilities, Income and Expenses are eliminated in full.

3.1.8. Goodwill and Profit from Bargaining Purchase

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units that are expected to benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognized. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Negative goodwill arising on an acquisition of subsidiary represents the excess of the fair value of the net identifiable assets acquired over the cost of acquisition and which is immediately recognised as an income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in accordance with LKAS (revised 2012) – Business combinations.

3.1.9. Financial Period

All subsidiaries and associate companies of the group have a common financial year, which is 31st March, 2017.

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 Group'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 Group intends to hold beyond a period of one year from the date of Statement of Financial Position.

3.3. 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 labour, 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.

3.3.1. Subsequent Expenditure

The cost of replacing part of an item of property, plant & equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is de-recognized in accordance with the de-recognition policy given below. The costs of the day-to-day servicing of property, plant & equipment are recognized in profit or loss as incurred.

3.3.2. De-recognition and Depreciation**De-recognition**

Items of property, plant & equipment are derecognized 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 Profit or Loss and Other Comprehensive Income in the year, the asset is derecognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life 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 life of equivalent owned assets. Freehold land is not depreciated.

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 derecognized.

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	50
Bathware Equipment	20
Plant & Equipment	10
Electrical Equipment	10
Kitchen Equipment	10
Office Equipment	10
Furniture & Fittings	10
Motor Vehicles	10
Cutlery Crockery & Linen	10
Computer Equipment	05
Computer Software	05

Depreciation - Subsidiary

The estimated useful lives of assets are as follows:

Assets	Years
Buildings	20
Plant & Equipment	10
Furniture & Fittings	10
Cutlery & Crockery	04
Linen & Soft Furnishing	04

Depreciation is not provided on land and assets under construction.

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

3.4. Finance Leases

Property, plant & equipment on finance leases, which effectively transfer to the Group 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 Group is expected to benefit from the use of the leased assets.

3.5. Operating Leases

Leases, where the lesser 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 the Statement of Profit or Loss and Other Comprehensive Income over the term of the lease.

3.6. Borrowing Costs

Borrowing costs are recognized 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 capitalized as a part of the cost of that asset.

3.7. Financial Instruments

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

3.7.1. Non-derivative Financial Assets

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

3.7.2. Initial Recognition and Measurement

Financial assets are recognized 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 recognized 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.

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 recognized 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.

3.7.3. Subsequent measurement

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

a) Financial assets at fair value through profit or loss

A financial asset at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in the Income Statement.

b) Loans and 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 amortised 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 amortization is included in finance income in the income statement. The losses arising from impairment are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

c) 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 unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized 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.

3.7.4. Impairment of Financial Assets

The Group 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 flows 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 reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

3.8. 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 recognized 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.

a) Borrowings

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit or Loss and Other Comprehensive Income.

b) 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.

3.9. Impairment of Assets

The Company and its subsidiary 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 Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognized in the Statement of Comprehensive Income except for impairment losses in respect of property, plant & equipment which are recognized 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 recognized impairment losses may no longer exist or may have decreased. Previously recognized impairment losses other than in respect of good will, are reversed only if there has been an increase in the recoverable amount of the assets. Such increase is recognized to the extent of the carrying amount had no impairment losses been recognized previously.

3.10. Inventories

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

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

3.11. Employee Benefits**3.11.1. Defined Benefit Plans - Retirement Gratuity**

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

The liability recognized in the Balance Sheet in respect of defined benefit plan is the present value of defined obligation at the Balance Sheet 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 flow.

The actuarial gain or losses are charged or credited to Statement of Profit or Loss and Other 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.

3.11.2 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.

The Group recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in personnel expenses in the Statement of Comprehensive Income.

3.11.3. Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the reporting 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.

3.12. Statement of Comprehensive Income**3.12.1. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the group, 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 recognized when the significant risk and rewards of ownership of the goods have passed to the buyer with the Group 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 recognized in the accounting period in which the services are rendered or performed.

(c) Revenue from Hotel Services

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

(d) Dividend Income

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

(e) Interest Income

Interest income is recognized upon an accrual basis from the date of deposit to the reporting date.

3.13. 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 Income Statement, the “function of expenses” method has been adopted, on the basis that it presents fairly the elements of the company’s and Group’s performance.

3.14. Finance Cost

Finance costs comprise of all interest and other costs incurred in connection with borrowings, and are recognized 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 capitalized.

3.15. Earnings per Share

The Group 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.

3.16. Income Tax Expenses

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

3.17. 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.

3.18. Deferred Tax

Deferred taxation is the tax attributable to the temporary differences that arise when taxation authorities recognize 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 reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized 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 utilized.

Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects either accounting nor taxable profit, and difference relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

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 recognized only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. 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 realized. Tax withheld in dividend income from subsidiaries and associates is recognized as an expense in the Consolidated Statement of Comprehensive Income at the same time as the liability to pay the related dividend is recognized.

3.19. Leasehold Properties

The Hotel buildings have been constructed on a land which was leased out from Sri Lanka Tourism Development Authority for 30 years commencing from 01st August 2007. The lease period will expire on 31st July 2037. The total amount of lease installments paid for the year ended 31st March 2017 is Rs. 1,836,000/-.

3.20. Cash Flow Statement

The Cash Flow Statement has been prepared using ‘indirect method’. Interests paid are classified as operating cash flows while dividends paid are classified as financing cash flows. Interest and dividend received are classified as investing cash flow for the purpose of presentation of Statement of Cash Flows.

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.

3.21. Related Party Transactions

Disclosures have been made in respect of the transactions between parties who are defined as related parties as per Sri Lanka Accounting Standards 24 –“Related Party Disclosures”.

3.22. Financial Risk Management Policies

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

The Company and its subsidiary are exposed to market risk, credit risk and liquidity risk. The Group’s senior management monitors these risks. The Group’s senior management is supported by an audit committee that advises on financial risks and the appropriate financial risk governance framework for the Group.

The Audit committee provides assurance to the Group’s senior management that the Group’s financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and risk appetite.

Notes to the Financial Statements ...

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
For The Year Ended 31st March				
(4) REVENUE				
Revenue is made up as follows;				
Rooms	208,356,121	186,269,028	157,616,046	154,854,657
Food	204,092,250	208,574,940	166,902,161	173,259,627
Beverage	28,074,366	25,267,094	28,074,366	25,267,094
Miscellaneous	7,410,298	9,402,937	7,262,223	9,317,889
	447,933,035	429,513,999	359,854,796	362,699,268
(5) OTHER INCOME				
Interest on NRFC Accounts	2,255	-	2,255	-
Interest on Fixed Deposits	(56,938)	130,356	(56,938)	130,356
Inter company loan interest	2,948,849	1,334,323	33,905,632	17,439,980
Exchange Gain on Operation	1,125,809	554,511	1,115,918	536,657
Translation of Foreign Debtors - Exchange Gain	225,272	349,174	225,272	349,174
Sundry Income	-	142,755	-	-
Exchange Loss	(10,250,875)	(15,981,515)	(10,250,875)	(15,981,515)
	(6,005,628)	(13,470,396)	24,941,264	2,474,652
(6) OPERATING PROFIT IS ARRIVED AFTER CHARGING OPERATING EXPENSES INCLUDING THE FOLLOWING:				
Depreciation	40,755,796	48,403,185	24,373,467	33,961,352
Amortisation	492,584	470,627	445,640	320,627
Salaries	59,067,460	53,550,390	43,654,497	38,711,356
E.P.F.	7,086,883	6,286,328	5,238,539	4,645,363
E.T.F.	1,771,731	1,565,431	1,309,635	1,161,340
Retirement Gratuity	2,231,830	1,546,605	1,387,798	832,020
Donations	412,556	284,317	265,838	258,317
(7) FINANCE EXPENSES				
Interest on Bank Overdrafts	5,357,283	5,580,147	4,429,705	5,184,716
Interest on Finance Lease Obligation	127,538	121,158	-	87,634
Interest Expenses -Inter Company	28,997,093	19,726,010	9,293,410	6,158,843
Interest on Term Loan	27,967,471	11,393,552	14,358,885	11,393,552
Corporate Gurantee Fees	765,000	641,680	765,000	641,680
Balances written off	309,416	-	-	-
	63,523,801	37,462,547	28,847,000	23,466,425

Notes to the Financial Statements ...

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
For The Year Ended 31st March				
(8) INCOME TAX EXPENSE				
Tax Provision for the Year (8.1)	7,206,936	5,735,358	7,206,936	5,735,358
Deferred Tax Provision for the Year	677,709	215,108	7,855,515	5,269,286
	7,884,645	5,950,466	15,062,451	11,004,644
(8.1) RECONCILIATION BETWEEN CURRENT TAX EXPENSE AND ACCOUNTING PROFIT				
Profit Before Tax	(8,766,077)	(9,710,459)	65,869,627	48,626,057
Exempt Income - Under Sec 09	(33,907,887)	(17,570,336)	(33,907,887)	(17,570,336)
Aggregate Disallowed items	55,979,025	92,491,380	55,979,025	75,692,521
Aggregate Allowed items	(52,440,701)	(58,538,897)	(52,440,701)	(50,788,345)
Statutory Profit/(Loss) from Business	(39,135,641)	6,671,688	35,500,063	55,959,897
Statutory Profit/(Loss) from Beruwala Resorts PLC	35,500,063	55,959,897	35,500,063	55,959,897
Statutory Profit/(Loss) from BOT Hotel Services (Pvt) Ltd	-	-	-	-
Statutory Income from Interest	33,905,632	17,570,336	33,905,632	17,570,336
Total Statutory Income	69,405,695	73,530,233	69,405,695	73,530,233
Deduction under Section - 32	(24,291,993)	(25,735,582)	(24,291,993)	(25,735,582)
Taxable Profit	45,113,702	47,794,652	45,113,702	47,794,651
Statutory Tax Rate - 12%	4,068,676	5,735,358	4,068,676	5,735,358
Statutory Tax Rate - 28%	3,138,260	-	3,138,260	-
Total Income Tax Payable	7,206,936	5,735,358	7,206,936	5,735,358
Tax Provision for the Year	7,206,936	5,735,358	7,206,936	5,735,358
(9) EARNINGS PER SHARE				
(9.1) The calculation of diluted Earnings Per Share is based on Net profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at any time during year/previous year.				
Amount used as Numerator				
Profit/ (Loss) for the year (Rs.)	(16,650,722)	(15,660,925)	50,807,170	37,621,411
Profit Attributable to Equity Shareholders of Beruwala Resorts PLC (Rs.)	(16,650,722)	(15,660,925)	50,807,170	37,621,411
Amount used as Denominator				
Weighted Average Number of Ordinary Shares	600,000,000	600,000,000	600,000,000	600,000,000
Earnings/ (Loss) per Share (Rs.)	(0.03)	(0.03)	0.08	0.06
(9.2) The calculation of the Earnings Per Share has been made based on profit attributable to equity shareholders of Beruwala Resorts PLC after tax for the year divided by the weighted average number of ordinary shares outstanding during the year.				

Notes to the Financial Statements ...

As At 31st March,2017

(10) PROPERTY, PLANT & EQUIPMENT

(10.1) GROUP	Balance as at 01.04.2016 Rs.	Additions Rs.	Transfers/ (Disposals) Rs.	Balance as at 31.03.2017 Rs.
Cost				
Description of Assets				
Freehold Assets				
Freehold Land	362,071,568	-	-	362,071,568
Buildings	708,295,839	5,698,487	-	713,994,326
Kitchen Equipment	60,351,602	945,133	(445,903)	60,850,832
Plant & Equipment	68,879,249	28,974,056	(4,122,157)	93,731,148
Office Equipment	1,800,567	104,800	-	1,905,367
Electrical Equipment	33,343,199	546,044	(696,860)	33,192,383
Computer Equipment	3,583,995	881,170	-	4,465,165
Furniture & Fittings	73,755,026	5,795,250	(1,583,380)	77,966,896
Motor Vehicles	24,168,200	-	-	24,168,200
Linen	26,142,483	7,269,865	(545,425)	32,866,923
Cutlery & Crockery	5,406,082	866,303	(929,015)	5,343,370
Subtotal	1,367,797,810	51,081,108	(8,322,740)	1,410,556,178
Leasehold Assets				
Motor Vehicle	999,000	-	-	999,000
Subtotal	999,000	-	-	999,000
Grand Total	1,368,796,811	51,081,108	(8,322,740)	1,411,555,178

Notes to the Financial Statements ...

As At 31st March,2017

(10.2) GROUP	Balance as at 01.04.2016 Rs.	Charge for the year Rs.	Transfers/ (Disposals) Rs.	Balance as at 31.03.2017 Rs.
Depreciation				
Description of Assets				
Depreciation				
Building	118,506,629	22,180,833	-	140,687,462
Kitchen Equipment	42,142,401	2,192,086	(445,900)	43,888,587
Plant & Equipment	46,190,078	5,286,021	(4,072,151)	47,403,948
Office Equipment	1,119,524	73,561	-	1,193,085
Electrical Equipment	25,405,612	1,081,992	(696,862)	25,790,742
Furniture and Fittings	46,944,922	3,860,580	(1,559,381)	49,246,121
Motor Vehicles	9,814,921	2,416,820	-	12,231,741
Computer Equipment	1,935,956	569,109	-	2,505,065
Linen	14,677,764	2,365,034	(255,100)	16,787,698
Cutlery & Crockery	2,806,345	629,849	(213,928)	3,222,266
Subtotal	309,544,150	40,655,886	(7,243,322)	342,956,714
Leasehold Assets				
Motor Vehicle	34,212	99,900	-	134,112
Subtotal	34,212	99,900	-	134,112
Grand Total	309,578,362	40,755,786	(7,243,322)	343,090,826
Net				
Freehold	1,058,253,660	-	-	1,067,599,464
Leasehold	964,788	-	-	864,888
Capital work in Progress				
Beruwala Resorts PLC (10.3)	20,517,316	-	(20,517,316)	-
	1,079,735,764	-	(20,517,316)	1,068,464,352

(10.3) WORK-IN-PROGRESS	Balance as at 01.04.2016 Rs.	Additions Rs.	Transfers to Property, Plant & Equipment Rs.	Balance as at 31.03.2017 Rs.
Description				
Work-in-Progress	20,517,316	-	(20,517,316)	-
	20,517,316	-	(20,517,316)	-
Total Net Book Value	489,379,807			490,416,092

Notes to the Financial Statements ...

Notes to the Financial Statements ...

As At 31st March,2017

(10.4) INTANGIBLE ASSETS

GROUP Cost Description of Assets	Balance as at 01.04.2016 Rs.	Addition Rs.	Transfers/ (Disposals) Rs.	Balance as at 31.03.2017 Rs.
Freehold Assets				
Computer Software	4,100,863	1,575,570	-	5,676,433
	4,100,863	1,575,570	-	5,676,433
Depreciation				
Description of Assets	Balance as at 01.04.2016 Rs.	Amortization Rs.	Transfers/ (Disposals) Rs.	Balance as at 31.03.2017 Rs.
Freehold Assets				
Computer Software	734,900	492,584	-	1,227,484
	734,900	492,584	-	1,227,484
Total Net Book Value	3,365,963			4,448,949

As At 31st March,2017

(10.5) COMPANY

Cost Description of Assets	Balance as at 01.04.2016 Rs.	Additions Rs.	Transfers/ (Disposals) Rs.	Balance as at 31.03.2017 Rs.
Freehold Assets				
Freehold Land	267,000	-	-	267,000
Buildings	468,329,471	3,487,549	-	471,817,020
Kitchen Equipment	43,949,641	273,852	(445,903)	43,777,590
Plant & Equipment	68,879,249	28,974,056	(4,122,157)	93,731,148
Office Equipment	1,800,567	104,800	-	1,905,367
Electrical Equipment	33,343,199	546,044	(696,860)	33,192,383
Computer Equipment	3,583,995	592,520	-	4,176,515
Furniture & Fittings	60,864,142	5,761,500	(1,583,380)	65,042,262
Motor Vehicles	24,018,200	-	-	24,018,200
Linen	23,121,978	6,785,736	(545,425)	29,362,289
Cutlery & Crockery	3,827,702	480,419	(929,015)	3,379,106
Subtotal	731,985,144	47,006,476	(8,322,740)	770,668,880
Leasehold Assets				
Motor Vehicle	-	-	-	-
Subtotal	-	-	-	-
Grand Total	731,985,144	47,006,476	(8,322,740)	770,668,880

Beruwala Resorts PLC's buildings have been constructed on a land which was leased out from Sri Lanka Tourism Development Authority for 30 years commencing from 01st August 2007. The lease period will expire on 31st July 2037. The Company has paid Rs.1,836,000.00 as lease rent during the year 2016/2017. (2015/2016 Rs. 1,832,940.00).

Notes to the Financial Statements ...

As At 31st March,2017

(10.6) COMPANY				
Depreciation	Balance	Charge	Transfers/	Balance
Description of Assets	as at	for the	(Disposals)	as at
	31.03.2016	year		31.03.2017
	Rs.	Rs.	Rs.	Rs.
Depreciation				
Building	82,358,973	10,129,161	-	92,488,134
Kitchen Equipment	40,586,608	506,855	(445,900)	40,647,563
Plant & Equipment	43,207,390	5,286,021	(4,072,151)	44,421,260
Office Equipment	1,119,524	73,561	-	1,193,085
Electrical Equipment	25,405,612	1,081,992	(696,862)	25,790,742
Furniture and Fittings	44,305,277	2,569,332	(1,559,381)	45,315,228
Motor Vehicles	9,811,674	2,401,820	-	12,213,494
Computer Equipment	1,935,956	550,835	-	2,486,791
Linen	12,569,018	1,588,012	(255,100)	13,901,930
Cutlery & Crockery	1,822,621	185,868	(213,928)	1,794,561
Subtotal	263,122,653	24,373,457	(7,243,322)	280,252,788
Leasehold Assets				
Motor Vehicle	-	-	-	-
Grand Total	263,122,653	24,373,457	(7,243,322)	280,252,788
Net				
Freehold	468,862,491			490,416,092
Leasehold	-			-
Grand Total	468,862,491			490,416,092

(10.7) INTANGIBLE ASSETS				
Cost	Balance	Addition	Transfers/	Balance
Description of Assets	as at		(Disposals)	as at
	01.04.2016			31.03.2017
	Rs.	Rs.	Rs.	Rs.
Freehold Assets				
Computer Software	3,631,475	1,575,570	-	5,207,045
	3,631,475	1,575,570	-	5,207,045
Depreciation				
Description of Asset	Balance	Amortization	Transfers/	Balance
	as at		(Disposals)	as at
	01.04.2016			31.03.2017
	Rs.	Rs.	Rs.	Rs.
Freehold Assets				
Computer Software	711,533	445,640	-	1,157,173
	711,533	445,640	-	1,157,173
Total Net Book Value	2,919,942			4,049,872

Notes to the Financial Statements ...

As At 31st March,2017

(10.8) The Group has valued its land and buildings as at 31st March 2016, which details are as follows.

Lease hold land	Location	Extent	
	Moragalla, Beruwala	A : 09 R : 3 P : 13	
Free hold Land	Location	Extent	Cost (Rs)
	Moragalla, Beruwala	P : 2.78	267,000
Free hold buildings carried at cost	Location	No of Building	Cost (Rs)
	Moragalla, Beruwala	24	471,817,020
Free hold Land	Location	Extent	Cost (Rs)
	Kapparithota, Weligama	A : 03 R : 0 P : 10.59	361,804,568
Free hold buildings carried at cost	Location	No of Building	Cost (Rs)
	Kapparithota, Weligama	02	239,966,368

(10.9) The Company has valued its land and buildings as at 31st March 2016, the details are as follows.

Free hold Land	Location	Extent	Market Value (Rs)
	Moragalla, Beruwala	A : 00 R : 0 P : 2.78	1,112,000
Free hold buildings	Location		
	Moragalla, Beruwala		
Lease hold Market Value of the property Land, Building & Machinery as at 31.03.2016			Market Value (Rs)
			675,000,000
Free hold Land	Location	Extent	Carrying Value (Rs)
	Kapparithota, Weligama	A : 03 R : 0 P : 10.59	361,804,568
			Market Value (Rs)
			412,447,500

Valuer Mr. R. S. Wijesuriya, Incorporated Valuer.

Property Plant & Equipment includes fully depreciated assets having gross carrying amount of Rs.138,853,557/- which are still in use. (2016: Nil)

Notes to the Financial Statements ...

As at 31st March, 2017

		GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
(11) INVESTMENT IN SUBSIDIARY					
Investment in Subsidiary	(11.1)	-	-	344,650,388	38,019,608
		-	-	344,650,388	38,019,608

(11.1) INVESTMENT IN SUBSIDIARY - COMPANY

			2017 Rs.		2016 Rs.	
Unquoted	No. of Shares	Holding %	Cost	Carrying Value	Cost	Carrying Value
B.O.T Hotel Services (Pvt) Ltd	33,491,798	65%	344,650,388	344,650,388	38,019,608	38,019,608
			344,650,388	344,650,388	38,019,608	38,019,608

		GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
(12) DEFERRED TAXATION					
Balance at the beginning of the Year		1,884,015	2,099,122	(7,847,888)	(2,578,602)
Provision/(Reversal) for the Year		(677,709)	(215,108)	(7,855,515)	(5,269,286)
Balance at the end of the Year	(12.1)	1,206,305	1,884,015	(15,703,403)	(7,847,888)

(12.1) DEFERRED TAX ASSET/ (LIABILITY)

GROUP		
	Temporary Difference	Tax @ 12 %
Accelerated depreciation allowance for tax purpose;		
Property, Plant & Equipment	(352,064,005)	(42,247,681)
Retirement Benefit Liability	11,870,815	1,424,498
Brought Forward Tax Losses	350,245,733	42,029,488
	10,052,544	1,206,305

COMPANY

Accelerated depreciation allowance for tax purpose;		
Property, Plant & Equipment	314,673,461	37,760,815
Retirement Benefit Liability	(5,825,389)	(699,047)
Brought Forward Tax Losses	(177,986,381)	(21,358,366)
	130,861,692	15,703,403

Notes to the Financial Statements ...

As at 31st March

		GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
(13) INVENTORIES					
Food Stock		4,533,919	5,630,466	2,376,462	2,328,362
Beverage		1,804,445	3,247,436	1,804,445	3,247,436
General Stock-Maintenance		2,276,141	3,182,747	1,842,480	2,383,764
Housekeeping Stock		1,004,214	1,089,234	740,920	873,318
Kitchen Sundry		370,504	301,327	370,504	301,327
Food, Beverage & Sundry Stock		144,628	146,582	144,628	146,582
Cigarette Stock		44,789	49,004	44,789	49,004
Laundry Operation Stock		61,771	-	61,771	-
Stationery Stock		795,016	845,746	736,716	662,235
		11,035,427	14,492,542	8,122,715	9,992,028

(14) TRADE AND OTHER RECEIVABLES					
Trade Debtors		70,671,391	67,020,242	52,518,286	57,539,105
Other Debtors		12,608,283	9,036,694	12,546,926	9,036,694
Pre-Payments		3,753,668	2,865,729	1,789,991	2,204,679
Advance Payments		949,128	1,107,790	949,128	1,107,790
WHT Receivable		105,017	105,016	68,310	68,309
Rent income receivable		3,375,000	3,375,000	3,375,000	3,375,000
Staff Advances		-	375,000	-	-
VAT Receivable		532,776	2,981,101	-	-
ESC Payable		425,906	-	425,906	-
Credit Card Discount Receivable		739,569	2,118,138	621,480	2,094,960
		93,160,739	88,984,709	72,295,028	75,426,538

(15) AMOUNTS DUE FROM RELATED PARTIES

York Hotel Management Services Ltd	13,067,779	9,484,003	13,067,779	9,484,003
Sherwood Holidays Ltd	8,096,309	7,180,908	8,096,309	7,180,908
B.O.T Hotel Services (Pvt) Ltd	-	-	6,736,004	238,239,464
	21,164,088	16,664,911	27,900,092	254,904,376

(16) INCOME TAX

Balance at the beginning of the year	3,149,565	(424,757)	3,149,565	(424,757)
Provision for Income Tax on current year's profits	7,206,936	5,735,358	7,206,936	5,735,358
Tax paid during the year - ESC Paid	-	(2,148,000)	-	(2,148,000)
- WHT Paid	-	(13,036)	-	(13,036)
Balance at the end of the year	10,356,501	3,149,565	10,356,501	3,149,565

Notes to the Financial Statements ...

As at 31st March, 2017

		GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
(17)	CASH AT BANK AND IN HAND				
	Cash in Hand	1,200,091	1,231,908	656,176	635,572
	Cash at Bank	6,187,119	14,830,183	2,558,678	14,632,003
		7,387,210	16,062,091	3,214,854	15,267,575
(18)	STATED CAPITAL				
	Ordinary Shares Issued & Fully Paid Number of Ordinary Shares				
	Balance at the beginning of the Year	600,000,000	600,000,000	600,000,000	600,000,000
	Issued during the Year	-	-	-	-
	Balance at the end of the Year	600,000,000	600,000,000	600,000,000	600,000,000
	Value of Ordinary Shares (Rs.)				
	Balance at the beginning of the Year	340,000,000	340,000,000	340,000,000	340,000,000
	Issued during the Year	-	-	-	-
	Balance at the end of the Year	340,000,000	340,000,000	340,000,000	340,000,000
(19)	RETAINED EARNINGS				
	Balance at the beginning of the year	135,932,538	156,470,994	88,492,615	54,666,881
	Profit /(Loss) for the year	(16,650,722)	(15,660,925)	50,807,170	37,621,412
	Other Comprehensive Income/(Expenses)	1,565,274	(4,877,531)	518,728	(3,795,678)
	Balance at the end of the year	120,847,089	135,932,538	139,818,512	88,492,614
(20)	INTEREST BEARING BORROWINGS - GROUP	Short-term Portion Rs.	Long-term Portion Rs.	2017 Total Rs.	2016 Total Rs.
	Finance Lease Obligation (20.1)	228,074	407,702	635,777	857,651
	Term Loan (20.2)	53,581,261	249,600,816	303,182,077	337,630,313
		53,809,335	250,008,518	303,817,854	338,487,964
(20.1)	Finance Leases	As at 01.04.2016 Rs.	Obtained Rs.	Repayments/ Transfers Rs.	As at 31.03.2017 Rs.
	Peoples Leasing and Finance PLC	1,098,152	-	(349,412)	748,740
	Less: Interest in Suspense	(240,502)	-	127,539	(112,963)
		857,651	-	(221,873)	635,777
(20.2)	Term Loans	As at 01.04.2016 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange loss Rs.
	Lender				As at 31.03.2017 Rs.
	Pan Asia Bank	205,669,259	-	(20,940,579)	10,250,877
	Cargills Bank	19,159,742	-	(4,659,374)	194,979,557
	Cargills Bank- Car	4,200,000	-	(979,706)	14,500,368
	Cargills Bank- Laundry	-	8,000,000	(666,260)	3,220,294
	Pan Asia Bank	108,601,311	-	(25,453,194)	7,333,740
		337,630,313	8,000,000	(52,699,113)	83,148,117
				10,250,877	303,182,077

Notes to the Financial Statements ...

As at 31st March 2017

Security

Loan obtained by B.O.T Hotel Services (Pvt) Ltd.

An additional Mortgage was executed over Land & Buildings of B O T Hotels Services (Pvt) Ltd Situated at Weligama to Pan Asia Banking Corporation PLC over the Loan of Rs. 125,000,000/- obtained.

The Corporate Guarantee from Beruwala Resorts PLC for Rs. 125,000,000/-

		Short-term Portion Rs.	Long-term Portion Rs.	2017 Total Rs.	2016 Total Rs.
(20.3) INTEREST BEARING BORROWINGS - COMPANY					
Finance Lease Obligation		-	-	-	-
Term Loan (20.3.1)		28,128,067	191,905,892	220,033,959	229,029,001
		28,128,067	191,905,892	220,033,959	229,029,001
(20.3.1) Term Loans	As at 01.04.2016 Rs.	Loans Obtained Rs.	Repayments Rs.	Exchange loss Rs.	As at 31.03.2017 Rs.
Lender					
Pan Asia Bank	205,669,259	-	(20,940,579)	10,250,877	194,979,557
Cargills Bank	19,159,742	-	(4,659,374)	-	14,500,368
Cargills Bank- Car	4,200,000	-	(979,706)	-	3,220,294
Cargills Bank- Laundry	-	8,000,000	(666,260)	-	7,333,740
	229,029,001	8,000,000	(27,245,919)	10,250,877	220,033,959

Security

Loan obtained by Beruwala Resorts PLC

Primary Mortgage executed over Land and Buildings of B.O.T Hotel Services (Pvt) Ltd situated at Weligama for Rs. 205,669,259/- for the Term Loan from Pan Asia Banking Corporation PLC.

Loan obtained by Beruwala Resorts PLC

Mortgage executed over brand new high capacity Laundry machinery manufactured in USA worth Rs. 20,000,000/- for the Term Loan from Cargills Bank Ltd

Loan obtained by Beruwala Resorts PLC

Mortgage executed over brand new Mazda Motor Car at Rs. 5,975,000/- for the Term Loan from Cargills Bank Ltd

Notes to the Financial Statements ...

As at 31st March 2017

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
(21) RETIREMENT BENEFIT OBLIGATION				
Balance at the beginning of the Year	9,563,722	6,648,348	5,247,283	2,585,941
Provision made during the Year	2,231,830	6,424,136	1,387,798	4,627,698
Payments made during the Year	(1,661,129)	(3,508,762)	(848,870)	(1,966,356)
Actuarial (Gain) / Loss	(1,565,274)	-	(518,728)	-
Balance at the end of the Year	8,569,149	9,563,722	5,267,483	5,247,283

The Retirement Benefit Liability of the Company is based on actuarial valuation carried out by Messrs. Piyal S. Goonetilleke and Associates. The principal assumptions used in determining the cost of employee benefits were,

	2017	2016
Discount Rate	12.50%	11.00%
Salary Increment Rate	7.5%	7.5%
Retirement Age	55 years	55 Years

Expenses recongnised in the Statement of Profit or Loss

Current Service Cost	1,179,821	881,771	810,597	573,426
Interest Cost	1,052,009	664,834	577,201	258,594
Total	2,231,830	1,546,605	1,387,798	832,020

Sensitivity of Assumption Used

Company

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	4,906,792	5,640,149
Decrease by one percentage point	5,634,345	4,896,158

Subsidiary

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	4,247,616	4,386,008
Decrease by one percentage point	4,391,396	4,251,471

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.

Notes to the Financial Statements ...

As at 31st March 2017

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
(22) TRADE AND OTHER PAYABLES				
Trade Creditors	28,183,565	41,377,527	25,072,606	35,176,016
Project Creditors	2,748,049	5,261,225	1,891,619	1,891,619
Accruals & Other Payables	43,760,917	34,525,731	37,890,679	29,619,322
Statutory Payments (22.1)	29,389,911	17,512,919	22,887,837	16,986,425
Reservation Advances	313,008	233,526	-	-
	104,395,450	98,910,928	87,742,741	83,673,381

(22.1) STATUTORY PAYMENTS PAYABLES

E T F Payable	488,545	488,966	229,427	188,179
E P F Payable	1,778,379	1,386,980	1,739,511	1,341,862
Pradeshhiya Sabha Tax	298,814	275,373	298,814	275,373
T D L Payable	1,967,139	700,037	1,299,910	545,104
Stamp Duty Payable	12,946	10,039	9,971	9,796
N B T Payable	3,202,975	2,804,734	2,619,390	2,804,734
PAYE Tax Payable	136,571	412,339	101,431	386,925
VAT Payable	21,504,542	11,434,452	16,589,383	11,434,452
	29,389,911	17,512,919	22,887,837	16,986,425

(23) AMOUNTS DUE TO RELATED PARTIES

Colonial Motors (Ceylon) Ltd	35,018	1,889,640	35,018	1,889,640
C M Holdings PLC	135,242	-	135,242	-
Sigiriya Village Hotels PLC	8,448,320	7,490,657	8,448,320	7,490,657
Colombo Fort Hotels Ltd	75,345,274	226,754,326	75,325,826	65,390,079
Marawila Resort PLC	180,325	203,448	180,325	203,448
The Colombo Fort Land & Building PLC	1,377,355	712,265	1,377,355	712,265
E B Creasy Logistics Ltd	91,716	113,109	91,716	113,109
E B Creasy & Co PLC	75,013	112,201	75,013	112,201
Lankem Ceylon PLC	2,622,694	1,068,491	2,622,694	1,068,491
Lankem Tea & Rubber Plantations Ltd	850,482	547,231	850,482	547,231
Darley Butler & Company Ltd	77,297	84,239	77,297	84,239
York Hotel Management Services Ltd	6,181,194	2,770,259	-	-
York Arcade Holdings PLC	200,000	1,324,694	200,000	1,324,694
	95,619,930	243,070,558	89,419,288	78,936,053

BANK OVERDRAFTS

(24) Bank Overdraft	43,179,477	52,074,717	42,307,154	49,534,086
	43,179,477	52,074,717	42,307,154	49,534,086

Notes to the Financial Statements ...

		GROUP		COMPANY	
		2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
(25) FINANCIAL INSTRUMENTS					
(25.1) Financial Instruments - Statement of Financial Position					
Investment in Subsidiary	(11)	-	-	344,650,388	38,019,608
		-	-	344,650,388	38,019,608
Financial Assets					
Loans & Receivables					
Debtors Receivables	(14)	93,160,739	88,984,709	72,295,028	75,426,538
Amounts due from Related Companies	(15)	21,164,088	16,664,911	27,900,092	254,904,376
		114,324,827	105,649,620	100,195,120	330,330,914
Cash and Cash Equivalents	(17)	7,387,210	16,062,091	3,214,854	15,267,575
Total		121,712,037	121,711,711	103,409,974	345,598,489
Financial Liabilities					
Other Financial Liabilities					
Interest Bearing Borrowings	(20)	303,817,854	338,487,964	220,033,959	229,029,001
Trade and Other Payables	(22)	104,395,450	98,910,928	87,742,741	83,673,381
Amounts due to Related Companies	(23)	95,619,930	243,070,559	89,419,288	78,936,054
Bank Overdrafts	(24)	43,179,477	52,074,717	42,307,154	49,534,086
Total		547,012,711	732,544,167	439,503,143	441,172,522
(25.2) Financial Instruments-Statement of Comprehensive Income					
GROUP					
Amounts due from Related Companies		2,948,849	-	1,334,323	-
Amounts due to Related Companies		-	28,997,093	-	20,367,690
Interest Bearing Borrowings		-	33,452,293	-	11,514,710
Total		2,948,849	62,449,386	1,334,323	31,882,400
COMPANY					
Amounts due from Related Companies		33,641,034	-	17,439,980	-
Amounts due to Related Companies		-	9,293,411	-	6,800,523
Interest Bearing Borrowings		-	10,250,877	-	11,481,186
Total		33,641,034	19,544,288	17,439,980	18,281,709

Notes to the Financial Statements ...

For The Year Ended 31st March, 2017

(25.3) Credit Risk

Exposure to credit risk

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

	GROUP		COMPANY	
	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Trade and Other Receivables	93,160,739	88,984,708	72,295,028	75,426,538
Amounts due from Related Companies	21,164,088	16,664,912	27,900,092	254,904,376
Cash & Cash Equivalents	7,387,210	16,062,091	3,214,854	15,267,575
	121,712,037	121,711,711	103,409,974	345,598,489

As at 31st March

(25.4) Impairment Losses

The aging of Trade and Other Receivables at the reporting date was;

	Gross 2017 Rs.	Impairment 2017 Rs.	Gross 2016 Rs.	Impairment 2016 Rs.
GROUP				
Not Past Due	49,719,057	-	12,884,586	-
Past due 0 - 30 days	16,498,117	-	36,495,536	-
Past due 31 - 365 days	22,092,562	-	35,697,651	-
More than One Year	4,851,003	-	3,906,935	-
	93,160,739	-	88,984,708	-
COMPANY				
Not Past Due	42,763,820	-	9,385,868	-
Past due 0 - 30 days	9,542,880	-	34,257,410	-
Past due 31 - 365 days	15,137,324	-	27,876,327	-
More than One Year	4,851,003	-	3,906,934	-
	72,295,027	-	75,426,538	-

Based on historic default rates, the Company and the Group believe that, no impairment allowance is necessary in respect of Trade Receivables not past due or past due by up to 365 days, which includes the amount owed by the Company's and Group's most significant customers, who have a good payment record with the Company and the Group.

Notes to the Financial Statements ...

For The Year Ended 31st March, 2017

	Gross 2017 Rs.	Impairment 2017 Rs.	Gross 2016 Rs.	Impairment 2016 Rs.
(25.4) Impairment Losses				
The aging of Amounts Due from Related Companies at the reporting date was;				
GROUP				
Not Past Due	-	-	-	-
Past due 31 - 365 days	21,164,088	-	16,664,911	-
	21,164,088	-	16,664,911	-
COMPANY				
Not Past Due	-	-	-	-
Past due 31 - 365 days	27,900,092	-	254,904,376	-
	27,900,092	-	254,904,376	-

Based on historic default rates, the Group believes that, no impairment allowance is necessary in respect of the Amounts due from Related Companies not past dues or past due by up to 365 days.

(25.5) Liquidity Risk

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

	Carrying Amount Rs.	Contractual Cash Flows Rs.	12 Months or Less Rs.	1 - 2 Years Rs.	2 - 5 years Rs.	More than 5 Years Rs.
GROUP						
Non-derivative Financial Liabilities						
Interest Bearing Borrowings	303,817,854	(303,817,854)	53,809,335	53,809,335	-	-
Trade and Other Payables	104,395,450	(104,395,450)	104,395,450	-	-	-
Amount Due to Related Companies	95,619,930	(95,619,930)	95,619,930	-	-	-
Bank Overdrafts	43,179,477	(43,179,477)	43,179,477	-	-	-
	547,012,711	(547,012,711)	297,004,193	53,809,335	-	-
COMPANY						
Non-derivative Financial Liabilities						
Interest Bearing Borrowings	220,033,959	(220,033,959)	28,128,067	33,473,808	86,395,694	72,036,390
Trade and Other Payables	87,742,741	(87,742,741)	87,742,741	-	-	-
Amount Due to Related Companies	89,419,288	(89,419,288)	89,419,288	-	-	-
Bank Overdrafts	42,307,154	(42,307,154)	42,307,154	-	-	-
	439,503,143	(439,503,143)	247,597,250	33,473,808	86,395,694	72,036,390

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

Notes to the Financial Statements ...

For The Year Ended 31st March, 2017

(25.6) Currency Risk

Exposure to Currency Risk

The Company's exposure to foreign currency risk was as follows based on notional amounts;

	2017			2016		
	USD	EUR	GBP	USD	EUR	GBP
Trade & Other Receivables	44,035	138,950	736	138,583	85,330	3,440
Interest Bearing Borrowings	1,299,344	-	-	1,442,382	-	-
Total Exposure	1,343,379	138,950	736	1,580,965	85,330	3,440

The following significant exchange rates have been applied during the year:

	Average Rate		Reporting Date /Spot Rate	
	2017	2016	2017	2016
USD	146.69	144.68	150.06	142.59
EUR	160.77	163.94	159.28	160.63
GBP	195.94	207.89	186.73	204.13

(25.7) Interest Rate Risk

At the reporting date the interest rate profile of the the Group's and the Company's interest bearing financial instruments was;

	Carrying Amount Group		Carrying Amount Company	
As at 31st March	2017 Rs.	2016 Rs.	2017 Rs.	2016 Rs.
Fixed Rate Instruments				
Financial Assets	-	-	-	-
Financial Liabilities	194,979,557	205,669,259	194,979,557	205,669,259
	194,979,557	205,669,259	194,979,557	205,669,259
Variable Rate Instruments				
Financial Assets	-	-	-	-
Financial Liabilities	108,202,519	131,961,053	25,054,402	23,359,742
	108,202,519	131,961,053	25,054,402	23,359,742

For The Year Ended 31st March, 2017

(26) DIRECTORS INTEREST IN CONTRACTS / RELATED PARTY TRANSACTIONS**(26.1) PARENT AND ULTIMATE CONTROLLING PARTY**

The Company's immediate parent is Colombo Fort Hotels Ltd, intermediate parent Company 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.

(26.2) IDENTITY 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.

(26.3) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR CLOSE FAMILY MEMBERS

The Company considers its Board of Directors as Key Management Personnel of the Company.

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

		2017	2016
Short-term benefits	Rs.	3,030,000	3,581,100

(iii) Other Transactions with the Key Management Personnel

There were no other transactions held with the Key Management Personnel other than those disclosed in note no. 26.4 & 26.5.

For The Year Ended 31st March, 2017

(26.4) TRANSACTIONS WITH RELATED COMPANIES - GROUP

Name of the Company	Relationship	Name of Director	Balance as at 01.04.2016 Receivable/ (Payable) Rs.	Nature of Transaction	Amount Received/ (Charge) Rs.	Balance as at 31.03.2017 Receivable/ (Payable) Rs.
Sigiriya Village Hotels PLC	Affiliate Company	Mr. S. D. R. Arudpragasam	(7,490,657)	Settlement of Outstanding	2,350,000	(8,448,320)
		Mr. C. P. R. Perera		Fund Transfers	(2,350,000)	
		Mr. A. Rajaratnam		Loan Interest Expenses	(957,662)	
		Mr. S. Rajaratnam				
		Mr. T. Theyagamurti				
		Mr. A. R. Peiris				
		Mr. E. P. A. Cooray				
Marawila Resorts PLC	Affiliate Company	Mr. Amrit Rajaratnam				(180,325)
		Mr. A R Rasiah				
		Mr. S. D. R. Arudpragasam	(203,448)	Settlement of Outstanding	1,310,249	
		Mr. C. P. R. Perera		Foreign Remittance Transfer	(1,380,014)	
		Mr. A. Rajaratnam				
		Mr. S. Rajaratnam		Fund Transfers	92,888	
		Mr. T. Theyagamurti				
C M Holdings PLC	Affiliate Company	Mr. A. R. Peiris				(135,242)
		Mr. E. P. A. Cooray				
		Mr. Amrit Rajaratnam				
		Mr. A. R. Rasiah				
Sherwood Holidays Ltd	Affiliate Company	Mr. S. D. R Arudpragasam	-	Settlement of Expenses	135,242	8,096,309
		Mr. A. Rajaratnam				
		Mr. S. Rajaratnam				
		Mr. T. Theyagamurti				
York Hotel Management Services Ltd.	Affiliate Company	Mr. S. D. R.Arudpragasam	9,484,003	Settlement of Expenses	117,424	13,067,779
		Mr. T. Theyagamurti		Management Fees	(20,852,475)	
		Mr. S. Rajaratnam		Settlement of Management Fees	22,549,978	
		Mr. Amrit Rajaratnam		Interest Income	1,768,849	
York Hotel Management Services Ltd.	Affiliate Company	Mr. S. D. R.Arudpragasam	(2,770,259)	Management Fees	3,410,935	(6,181,194)
		Mr. T. Theyagamurti				
		Mr. S. Rajaratnam				
		Mr. Amrit Rajaratnam				
Colonial Motors (Ceylon) Ltd	Affiliate Company	Mr. S. D. R. Arudpragasam	(1,889,640)	Settlement of Expenses	1,854,622	(35,018)
		Mr. S. Rajaratnam				
		Mr. A. Rajaratnam				
		Mr. A. R. Peiris				

Notes to the Financial Statements ...

For The Year Ended 31st March, 2017

(26.4) TRANSACTIONS WITH RELATED COMPANIES - GROUP

Name of the Company	Relationship	Name of Director	Balance as at 01.04.2016 Receivable/ (Payable) Rs.	Nature of Transaction	Amount Received/ (Charge) Rs.	Balance as at 31.03.2017 Receivable/ (Payable) Rs.
Colombo Fort Hotels Ltd.	Immediate Parent	Mr. S. D. R. Arudpragasam Mr. A. Rajaratnam Mr. T. Theyagamurti Mr. S. Rajaratnam	(226,754,326)	Interest Expenses Fund Transfers Shares Issued by BOT Hotel Services (Pvt) Ltd	10,401,073 (1,600,000) 180,081,620	75,345,274
York Arcade Holdings PLC	Affiliate Company	Mr. S.D.R. Arudpragasam Mr. S. Rajaratnam Mr. A. Rajaratnam Mr. T. Theyagamurti	(1,324,694)	Settlement of Expenses	1,124,694	(200,000)
E. B. Creasy Logistics Ltd	Affiliate Company	Mr. S.D.R.Arudpragasam Mr. S. Rajaratnam	(113,109)	Settlement of Expenses Clearing Expenses	113,109 (91,716)	(91,716)
The Colombo Fort Land & Building PLC	Ultimate Parent	Mr. A. Rajaratnam Mr. S.D.R.Arudpragasam Mr. C. P. R. Perera	(712,265)	Corporate Guarantee Fees Settlement of Guarantee Fees	(866,924) 201,834	(1,377,355)
E. B. Creasy & Co. PLC	Affiliate Company	Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. A. R. Rasiah	(112,201)	Settlement of Expenses Purchase	112,201 (75,013)	(75,013)
Lankem Ceylon PLC	Intermediate Parent	Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. A.R.Peiris	(1,068,491)	Purchases	(1,554,202)	(2,622,694)
Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliate Company	Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. C. P. R. Perera	(547,231)	Purchases	(303,251)	(850,482)
Darley Butler & Co Ltd	Affiliate Company	Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. A. R. Rasiah	(84,239)	Settlement of Expenses Purchase	84,239 (77,297)	(77,297)

Notes to the Financial Statements ...

For The Year Ended 31st March, 2017

(26.5) TRANSACTIONS WITH RELATED COMPANIES - COMPANY

Name of the Company	Relationship	Name of Director	Balance as at 01.04.2016 Receivable/ (Payable) Rs.	Nature of Transaction	Amount Received/ (Charge) Rs.	Balance as at 31.03.2017 Receivable/ (Payable) Rs.
Sigiriya Village Hotels PLC	Affiliate Company	Mr. S.D.R.Arudpragasam Mr. C. P. R. Perera Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. T. Theyagamurti Mr. A. R. Peiris Mr. E. P. A. Cooray Mr. Amrit Rajaratnam Mr. A R Rasiah	(7,490,657)	Settlement of Outstanding Loans Fund Transfers Loan Interest Expenses	2,350,000 (2,350,000) (957,662)	(8,448,320)
Marawila Resorts PLC	Affiliate Company	Mr. S.D.R.Arudpragasam Mr. C. P. R. Perera Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. T. Theyagamurti Mr. A. R. Peiris Mr. E. P. A. Cooray Mr. Amrit Rajaratnam Mr. A. R. Rasiah	(203,448)	Settlement of Outstanding Settlement of Beruwala Money remitted into Marawila Resorts PLC Account Fund Transfers	1,310,249 (1,380,014) 92,888	(180,325)
C M Holdings PLC	Affiliate Company	Mr. S.D.R.Arudpragasam Mr. A. Rajaratnam Mr. S. Rajaratnam	-	Settlement of Expenses	135,242	(135,242)
Colonial Motors (Ceylon) Limited	Affiliate Company	Mr. S.D.R.Arudpragasam Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. A. R. Peiris	(1,889,640)	Settlement of Expenses	1,854,622	(35,018)
Sherwood Holidays Ltd	Affiliate Company	Mr. S.D.R.Arudpragasam Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. Amrit Rajaratnam Mr. T. Theyagamurti	7,180,908	Interest Income	915,400	8,096,308
York Hotel Management Services Ltd.	Affiliate Company	Mr. S. D. R. Arudpragasam Mr. T. Theyagamurti Mr. S. Rajaratnam Mr. Amrit Rajaratnam	9,484,003	Management Fees Settlement of Management Fees Interest Income	(20,852,475) 22,549,978 1,768,849	13,067,779
Colombo Fort Hotels Ltd	Immediate Parent	Mr. S. D. R. Arudpragasam Mr. A. Rajaratnam Mr. T. Theyagamurti Mr. S. Rajaratnam	(65,390,079)	Interest Expenses Fund Transfers	(8,335,747) (1,600,000)	(75,325,826)

For The Year Ended 31st March, 2017

(26.5) TRANSACTIONS WITH RELATED COMPANIES - COMPANY

Name of the Company	Relationship	Name of Director	Balance as at 01.04.2016 Receivable/ (Payable) Rs.	Nature of Transaction	Amount Received/ (Charge) Rs.	Balance as at 31.03.2017 Receivable/ (Payable) Rs.
York Arcade Holdings PLC	Affiliate Company	Mr. S. D. R. Arudpragasam Mr. A. Rajaratnam Mr. T. Theyagamurti Mr. S. Rajaratnam	(1,324,694)	Settlement of Expenses	1,124,694	(200,000)
The Colombo Fort Land & Building PLC	Ultimate Parent	Mr. A. Rajaratnam Mr. S. D. R. Arudpragasam Mr. C. P. R. Perera	(712,264)	Corporate Guarantee Fees Settlement of Guarantee Fees	(866,924) 201,834	(1,377,354)
B O T Hotel Services (Pvt) Ltd	Subsidiary Company	Mr. S. D. R. Arudpragasam Mr. T. Theyagamurti Mr. S. Rajaratnam Mr. Amrit Rajaratnam	238,239,464	Fund Transfers Interest Income Settlement in Cash Shares Allotment Share Investments during the year Investment in Shares - Cash Share Allotment for Receivables	66,587,605 30,956,782 (23,287,488) (305,760,360) 870,420 305,760,360	6,736,004
E. B. Creasy Logistics Ltd	Affiliate Company	Mr. A. Rajaratnam Mr. S. D. R. Arudpragasam	(113,109)	Settlement of Outstanding Clearing Expenses	113,109 (91,716)	(91,716)
E. B. Creasy & Co. PLC	Affiliate Company	Mr. S. D. R. Arudpragasam Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. A. R. Rasiah	(112,201)	Settlement of Outstanding Purchases	112,201 (75,013)	(75,013)
Lankem Ceylon PLC	Intermediate Parent	Mr. S. D. R. Arudpragasam Mr. A. Rajaratnam Mr. A.R. Peiris	(1,068,491)	Purchases	(1,554,202)	(2,622,693)
Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliate Company	Mr. S.D.R. Arudpragasam Mr. A. Rajaratnam Mr. C. P. R. Perera	(547,231)	Purchases	(303,251)	(850,482)
Darley Butler & Co Ltd	Affiliate Company	Mr. S. D. R. Arudpragasam Mr. A. Rajaratnam Mr. S. Rajaratnam Mr. A. R. Rasiah	(84,239)	Settlement of Outstanding Purchase	84,239 (77,297)	(77,297)

26.6 During the year, 30,576,036 Ordinary Shares of Rs. 10/- per share were issued by B.O.T. Hotel Services (Pvt) Ltd, Subsidiary Company of Beruwala Resorts PLC, in settlement of an outstanding loan of Rs. 305,760,360/- payable by B.O.T. Hotel Services (Pvt) Ltd. to the Company. This is a non-recurrent transaction which amounts to 66% of equity and 25% of total assets of the Group and was disclosed to the Colombo Stock Exchange (CSE) as per the Listing Rules Section 9, Related Party Transactions.

Other than the disclosure made above there were no other non-recurrent related party transactions entered in to by the Company during the financial year, the value of which exceeded 10% of shareholders equity or 5% of the total assets of the Group.

There were fund transfers made to facilitate the loan settlements of B.O.T. Hotel Services (Pvt) Ltd, which amounts to 15% off gross revenue. Apart from this recurrent transaction, there were no other recurrent related party transactions the value of which exceeded 10% of gross revenue of the Group during the year ended 31st March 2017.

For The Year Ended 31st March, 2017

(27) CONTINGENT LIABILITIES

There were no significant Contingent Liabilities as at the reporting date that require adjustment to, or disclosure in the Financial Statements.

(28) EVENTS OCCURRING AFTER THE REPORTING PERIOD

There were no material events that have taken place after the reporting date which require adjustment to, or disclosure in the Financial Statements.

(29) COMMITMENTS**(29.1) CAPITAL EXPENDITURE COMMITMENTS**

Purchasing of new high capacity laundry machinery manufactured in USA for a total cost of Rs. 28 Mn

(29.2) FINANCIAL LEASE COMMITMENTS

As at the reporting date, the Subsidiary has the following Financial Lease Commitments to lending institution.

Institution	Facility for	Amount (Rs.)
Peoples Leasing Finance & Co PLC	Motor Vehicle Lease	635,776

(29.3) FINANCIAL COMMITMENTS

As at the reporting date, the Company has the following Financial Commitments to lending institution.

Institution	Facility for	Amount (Rs.)
Pan Asia Banking Corporation PLC	To finance capital expenditure pertaining to refurbishments/ value additions of B.O.T Hotel Services (Pvt) Ltd (Fisherman's Bay Hotel, Weligama)	194,979,557
Pan Asia Banking Corporation PLC	The Property of the Hotel Premises which is situated in Kapparithota, Weligama and Corporate guarantee from Beruwala Resorts PLC	104,861,894
Cargills Bank Ltd	To install brand new Laundry Machinery & Equipment at Beruwala Resorts PLC	4,659,374

(30) OPERATING SEGMENTS

	Food		Apartment		Beverage		Others		Total	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
GROUP										
Revenue	212,471	208,575	199,054	179,271	29,058	32,266	7,360	9,402	447,943	429,514
Cost of Sale	(90,837)	(89,361)	(17,600)	(16,051)	(10,452)	(11,896)	(2,226)	(2,825)	(121,115)	(120,132)
Gross Profit	121,634	119,215	181,454	163,220	18,606	20,370	5,134	6,577	326,828	309,382
COMPANY										
Revenue	166,902	173,260	157,616	154,855	28,074	25,267	7,262	9,317	359,855	362,699
Cost of Sale	(67,925)	(69,533)	(12,609)	(12,388)	(10,107)	(9,096)	(2,179)	(2,795)	(92,820)	(93,813)
Gross Profit	98,977	103,727	145,007	142,467	17,968	16,171	5,083	6,522	267,035	268,886

Share Information

DISTRIBUTION OF SHARES

Category of Shareholding	As at 31.03.2017			As at 31.03.2016		
	No. of Shareholders	Total Holdings	%	No. of Shareholders	Total Holdings	%
1 - 1,000	698	214,459	0.04	635	208,538	0.03
1,001 - 10,000	491	2,315,656	0.38	448	2,125,487	0.36
10,001 - 100,000	282	10,844,735	1.81	238	8,762,210	1.47
100,001 - 1,000,000	53	18,732,490	3.12	48	16,070,409	2.67
Over - 1,000,000	20	567,892,660	94.65	20	572,833,356	95.47
	1,544	600,000,000	100.00	1,389	600,000,000	100.00

CATEGORIES OF SHAREHOLDERS

Category	As at 31.03.2017			As at 31.03.2016		
	No. of Shareholders	Total Holdings	%	No. of Shareholders	Total Holdings	%
Institutions	66	548,576,005	91.43	57	527,564,643	87.93
Individuals	1478	51,423,995	8.57	1332	72,435,357	12.07
	1,544	600,000,000	100.00	1,389	600,000,000	100.00

Public Holding

The Percentage of Shares held by the public as at 31st March 2017 was 12.03 % (31.03.2016 -10.35%).

Public Shareholders

The Number of Public Shareholders as at 31st March 2017 was 1,526. (31.03.2016 -1,370).

Market Value

The Market Value of an Ordinary Share of Beruwala Resorts PLC is given below:

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
Highest Price	1.70	2.10
Lowest Price	0.90	1.00
Closing Price	1.00	1.20

Share Information ...

TWENTY MAJOR SHAREHOLDERS		As at 31 March 2017		As at 31 March 2016	
Name of Shareholder		No of Ord. Vot. Shares	Share Percentage	No of Ord. Vot. Shares	Share Percentage
1	COLOMBO FORT HOTELS LIMITED	393,497,345	65.58	393,497,345	65.58
2	SIGIRIYA VILLAGE HOTELS PLC	85,384,000	14.23	85,384,000	14.23
3	FINANCIAL TRUST LIMITED	15,600,000	2.60	-	-
4	MR. SRI DHAMAN RAJENDRAM ARUDPRAGASAM	15,000,000	2.50	15,000,000	2.50
5	PREMADASA AND CO.JEWELLERS LTD	10,000,000	1.67	10,000,000	1.67
6	AGARAPATANA PLANTATIONS LIMITED	7,719,505	1.29	7,719,505	1.29
7	BIMPUTH FINANCE PLC	7,392,052	1.23	100,000	0.02
8	PHILLIP SECURITIES PTE LTD	7,088,334	1.18	7,088,334	1.18
9	ELGIN INVESTMENTS LIMITED	4,680,000	0.78	-	-
10	A.K.K. ENGINEERS PVT LTD	3,088,233	0.51	3,088,233	0.51
11	MR. RAJARATNAM SENATHI RAJAH (DECD).	3,000,000	0.50	3,000,000	0.50
12	KOTAGALA PLANTATIONS PLC	2,835,196	0.47	9,949,991	1.66
13	MR. THEDCHANAMURTI THEYAGAMURTI	2,830,000	0.47	2,830,000	0.47
14	COLOMBO FORT INVESTMENTS PLC	2,050,000	0.34	2,050,000	0.34
15	SINHARAJA HILLS PLANTATION PVT LIMITED	1,652,099	0.28	1,652,099	0.28
16	MR. VINAYAGAMOORTHY SHANMUGALINGAM	1,500,000	0.25	1,500,000	0.25
17	NILAVELI BEACH HOTELS (PVT) LIMITED	1,270,000	0.21	1,270,000	0.21
18	MR. THILAK NISHADHA PRIYADARSHANA PERIYAPPERUMA	1,205,876	0.20	1,205,876	0.20
19	MR. PETTAHANDIGE LAKMAL THUSHARA FERNANDO	1,100,000	0.18	1,205,876	0.20
20	DR. ABDUL RAHUMAN MOHAMED	1,000,020	0.17	2,740,153	0.46
Total		567,892,660	94.65	549,281,412	91.55

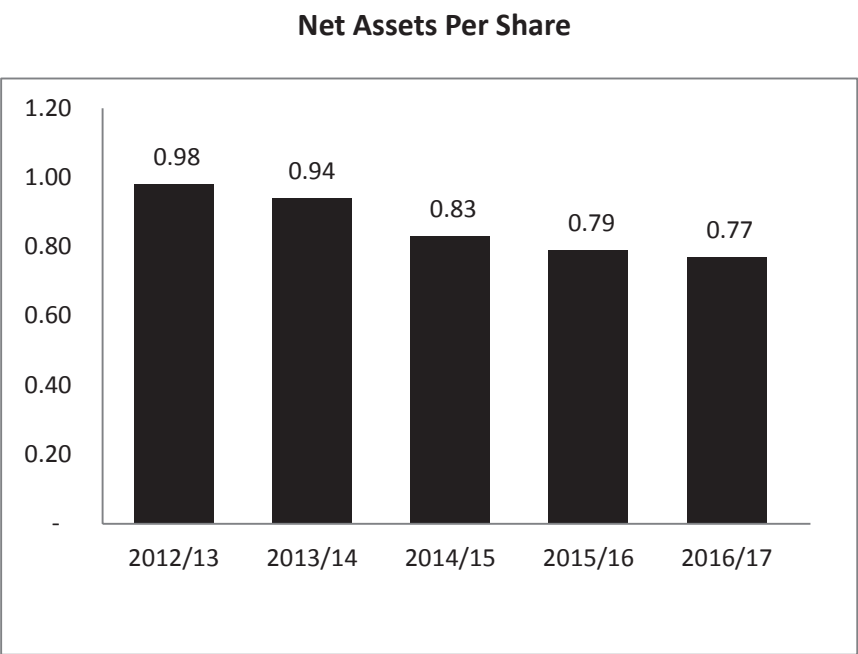
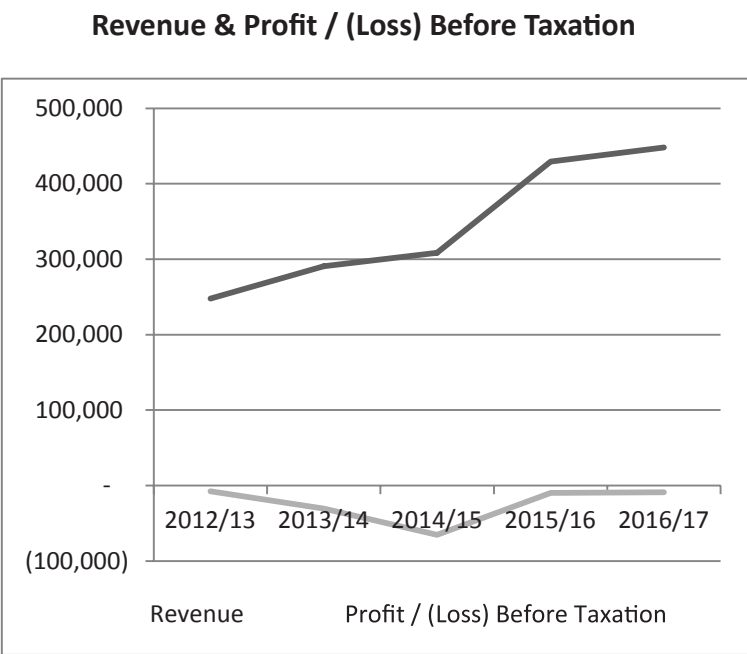
Five Year Summary

GROUP	2016/17 Rs'000	2015/16 Rs'000	2014/15 Rs'000	2013/14 Rs'000	2012/13 Rs'000
Trading Results					
Revenue	447,933	429,514	308,389	290,841	247,745
Profit / (Loss) Before Taxation	(8,766)	(9,710)	(65,208)	(30,602)	(7,649)
Share Capital & Reserves					
Stated Capital	340,000	340,000	340,000	340,000	340,000
Reserves	120,679	135,933	156,471	221,080	250,659
Shareholders' Funds	460,679	475,933	496,471	561,080	590,659
Assets & Liabilities					
Property , Plant & Equipment	1,072,913	1,083,102	1,065,599	972,246	965,855
Net Current Assets / (Liabilities)	(174,613)	(326,301)	(292,103)	(229,433)	(298,193)
Non Current Liabilities	258,578	282,752	279,124	182,628	77,003
FINANCIAL RATIOS					
Profitability					
Pre- Tax					
Profit Turnover (%)	(0.02)	(2.2)	(21.14)	(10.52)	(3.09)
Pre- Tax Profit					
Shareholder's Funds (%)	(0.02)	(2.0)	(13.13)	(5.45)	(1.29)
Liquidity					
Current Assets : Current Liabilities	0.43	0.29	0.29	0.34	0.23
Capital Ratio					
Property, Plant & Equipment : Shareholders' Funds	2.33	2.28	2.15	1.73	1.64
Others					
Earnings / (Loss) Per Share	(0.03)	(0.03)	(0.11)	(0.04)	(0.01)
Net Assets Per Share (Rs.)	0.77	0.79	0.83	0.94	0.98

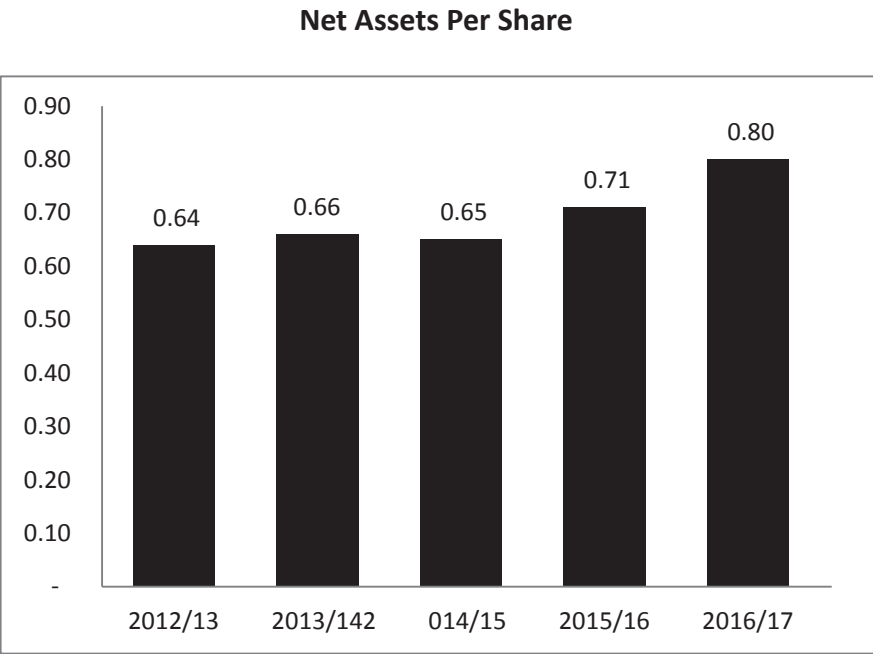
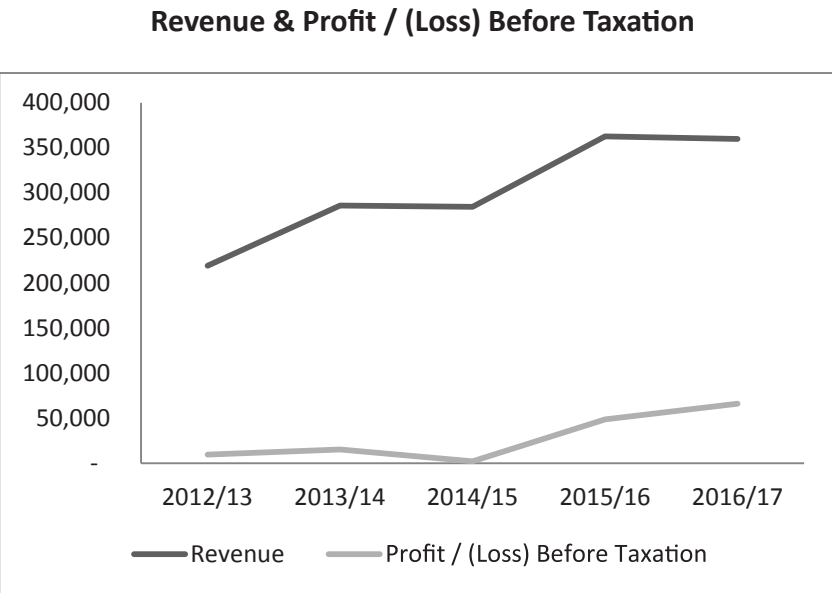
Five Year Summary ...

COMPANY	2016/17 Rs'000	2015/16 Rs'000	2014/15 Rs'000	2013/14 Rs'000	2012/13 Rs'000
Occupancy	73%	79%	59%	54%	41%
Trading Results					
Revenue	359,854	362,699	284,261	285,680	219,211
Profit / (Loss) Befor Taxation	65,870	48,626	1,879	15,127	9,534
Share Capital & Reserves					
Stated Capital	340,000	340,000	340,000	340,000	340,000
Reserves	139,818	88,493	54,667	58,154	45,130
Shareholders' Funds	479,818	428,493	394,667	398,154	385,130
Assets & Liabilities					
Property , Plant & Equipment	494,465	492,300	486,242	500,730	496,451
Net Current Assets / (Liabilities)	(146,421)	113,935	61,765	36,362	(80,124)
Non Current Liabilities	212,877	215,762	191,390	179,368	70,685
Financial Ratios					
Profitability					
Pre- Tax					
Profit Turnover (%)	18.30	13.41	(2.16)	5.30	4.35
Pre- Tax Profit					
Shareholder's Funds (%)	13.73	11.35	0.48	3.80	2.48
Liquidity					
Current Assets : Current Liabilities	0.43	1.47	1.36	1.19	0.68
Capital Ratio					
Property , Plant & Equipment : Shareholders' Funds	1.03	1.15	1.23	1.25	1.29
Others					
Earnings / (Loss) Per Share	0.08	0.06	(0.01)	0.03	0.01
Net Assets Per Share (Rs.)	0.80	0.71	0.65	0.66	0.64

Graphical Review - Group



Graphical Review - Company



Notes

[illegible]

Form of Proxy

I/We of

 being a member/members of BERUWALA RESORTS 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. Mahendra Thambiah | of Colombo or failing him |
| 5. Thedchanamurti Theyagamurti | of Colombo or failing him |
| 6. Amaralal Rajasri Peiris | of Colombo or failing him |
| 7. Emilianus Prema Alphonse Cooray | of Colombo or failing him |
| 8. Sanjeev Rajaratnam | of Colombo or failing him |
| 9. Amrit Rajaratnam | of Colombo or failing him |
| 10. Albert Rasakantha Rasiah | of Colombo |

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 4th July 2017, and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.

	For	Against
1. To receive and consider the 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. E.P.A. Cooray 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 authorize the Directors to determine contributions to charities.
8. To reappoint as Auditors, Messrs B.R. De Silva & Co., and authorize the Directors to determine their remuneration.

Signed this day of Two Thousand and Seventeen.

.....
Signature of Shareholder(s)

Instructions as to completion are stated on the reverse hereof.

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 Authorized Officer on behalf of such Company/Corporation duly authorized 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, Colombo 1, not less than 48 hours before the time appointed for the holding of the meeting.

Beruwala Resorts PLC

Moragalla, Beruwala, Sri Lanka.

Tel : +94(0) 34 22 760 41/43 Email : beruwalaresort@forthotels.lk Web : www.palmsberuwala.com