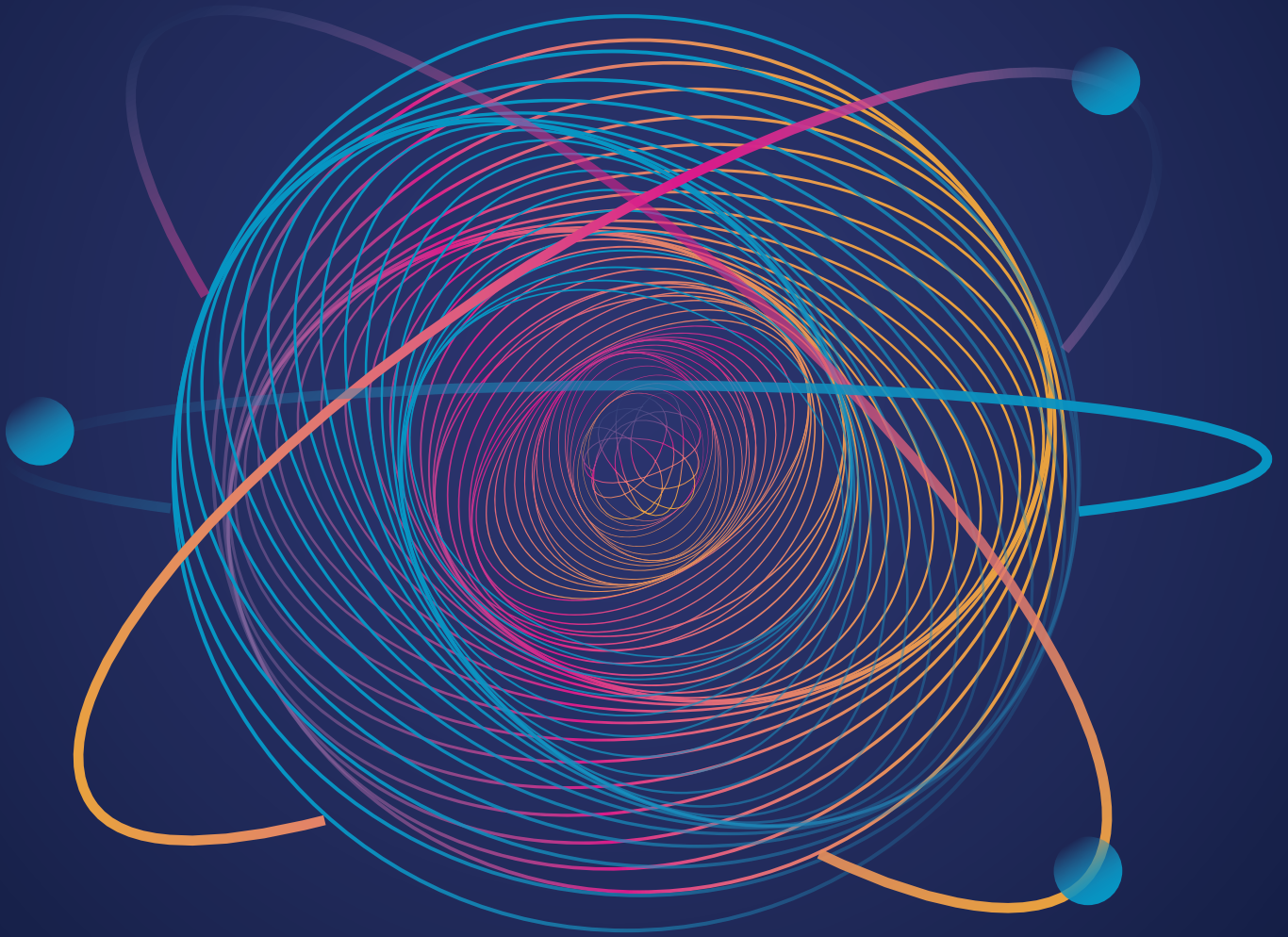


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Financial Statements

FINANCIAL INFORMATION

Financial calendar 2022/2023

Interim Financial Statements

Interim financial statements for the three months ended on 30th June 2022

Approved on 10th August 2022

Interim financial statements for the six months ended on 30th September 2022

Approved on 03rd November 2022

Interim financial statements for the nine months ended on 31st December 2022

Approved on 09th February 2023

Interim financial statements For the year ended 31st March 2023

Approved on 25th May 2023

Audited Financial Statements

Audited financial statements for the year ended on 31st March 2023

Approved on 06th June 2023

Dividends

Interim dividend for the year ended on 31st March 2022

Paid on 31st May 2022

First and final dividend for the year ended on 31st March 2023

Recommended on 26 May 2023

Annual General Meeting

71st Annual General Meeting

30th June 2023

Financial highlights

Q1 - 2022/2023 (Rs. Millions)		Q2 - 2022/2023 (Rs. Millions)	
Revenue	21,447	Revenue	21,895
Profit from operations	8,174	Profit from operations	3,132
Profit for the period	6,305	Profit for the period	755
Profit Attributable to Equity holders	5,851	Profit Attributable to Equity holders	913
Profit per share (Rs.)	14.41	Earnings per share (Rs.)	2.25
Net assets per share (Rs.)	182.44	Net assets per share (Rs.)	185.08
Q3 - 2022/2023 (Rs. Millions)		Q4 - 2022/2023 (Rs. Millions)	
Revenue	24,462	Revenue	30,300
Profit from operations	4,171	Profit from operations	3,507
Profit for the period	254	Profit for the period	762
Profit Attributable to Equity holders	399	Loss Attributable to Equity holders	(519)
Earnings per share (Rs.)	0.98	Loss per share (Rs.)	(1.28)
Net assets per share (Rs.)	185.79	Net assets per share (Rs.)	183.26
Year ended 2022/2023 (Rs. Millions)			
Revenue	98,104	Profit from operations	18,984
Profit for the year	8,076	Profit Attributable to Equity holders	6,644
Earnings per share (Rs.)	16.36	Net assets per share (Rs.)	183.26

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act No. 7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Aitken Spence PLC and the Consolidated Financial Statements of the Group are set out in this Report.

The Directors confirm that the Financial Statements and other statutory reports of the Company and its subsidiaries for the year ended 31st March 2023 incorporated in this Report have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the companies within the Group maintain adequate and accurate records which reflect the true financial position of each such company and hence the Group. The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company and the Group. The Directors have instituted appropriate systems of internal control in order to minimise and detect fraud, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company, have further adopted risk management strategies to identify and evaluate the risks which the

Company could be exposed to and its impact to the Company.

The Directors having considered the Group's business plans and a review of its current and future operations are of the view that the Company and the Group have adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2023 have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company and the Group's Consolidated Statements of Financial Position as at 31st March 2023 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2023 reflect a true and fair view of the Company and the Group.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors' Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company and its subsidiaries have been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Group. The Directors also ensure that the relevant national laws, international laws and codes of regulatory authorities, professional institutes and trade associations have been complied with by the Group.

By order of the Board,
Aitken Spence PLC



**Aitken Spence Corporate Finance
(Private) Limited**
Secretaries

06th June 2023
Colombo



Impairment assessment of goodwill, investments in subsidiaries, and equity-accounted investees

Refer to notes 17, 20, and 21 to the consolidated financial statements

Risk description	Our response
<p>The Company holds investments in subsidiaries amounting to Rs. 14,148 million as at 31st March 2023.</p> <p>Further, the Group holds investments in equity-accounted investees amounting to Rs. 9,238 million and goodwill amounting to Rs. 1,630 million as at 31st March 2023.</p> <p>The carrying amount of each investments in subsidiaries, and investments in equity-accounted investees have been tested for impairment as individual Cash Generating Units and management allocated goodwill to the respective cash-generating units ("CGU") and the recoverable amounts of the identified CGUs have been determined based on value-in-use calculations.</p> <p>Investments that do not generate adequate returns may be an indication of impairment. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations.</p> <p>Further, the prevailing volatile macro-economic environment resulted in an interruption in business activities, which would adversely affect the ability to generate an adequate return, indicating potential impairment to the investments.</p> <p>We considered the management's impairment assessment of goodwill, investments in equity accounted investees, and investments in subsidiaries to be a key audit matter due to the magnitude of the carrying value, and management impairment assessment is based on forecasting and discounting cash flows, which are inherently judgmental.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> » Obtaining an understanding of management's impairment assessment process. » Evaluating the reasonableness of the Group's key assumptions for its revised cash flow projections such as discount rates, cost inflation, and business growth with reference to the internally and externally derived sources, and evaluating the Group budgetary process and reasonableness of historical forecasts. » Reviewing of value in use computations for recoverable amounts with impairment indications and discussion with the management of the Group. » Assessing the adequacy of the disclosures in the financial statements in respect of impairment testing.



Financial instruments

Refer the note 37 to the consolidated financial statements

Risk description	Our response
<p>The effective portion of a cash flow hedge has been recognised under other comprehensive income amounting to Rs. 418 million as at 31st March 2023.</p> <p>A subsidiary company of the tourism sector has hedged its Euro currency revenue against the contractual future loan repayments. Rules on hedge accounting requirements and documentation can be complicated. Lack of compliance with documentation rules, hedge effectiveness rules, and probability criteria could lead to income statement volatility.</p> <p>Hedge relationships are formally documented and designated at inception. The documentation includes identification of the hedged item and the hedging instrument and details of the risk that is being hedged and the way in which effectiveness will be assessed at inception and during the period of the hedge. If the hedge is not highly effective in offsetting changes in fair values or cash flows attributable to the hedged risk, consistent with the documented risk management strategy, hedge accounting is discontinued.</p> <p>We identified this as a key audit matter due to the complexities and high level of judgment involved in determining the hedging item, hedge instrument and the testing effectiveness as required by the accounting standards.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none">» Assessing the nature of the hedge relationships and testing compliance with specific hedge accounting requirements for foreign currency hedging.» Examining the accounting treatment applied for hedges, in particular when reclassifying gains and losses from reserves to the income statement and adjustments to the carrying value of the hedged item.» Assessing the adequacy of the disclosure in financial instruments by agreeing the financial statements to the underlying workings prepared by management and ensuring classification is consistent with the accounting principles.» Reviewing the work carried out by component auditors where necessary.» Assessing the adequacy of the Group disclosures in the financial statements.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- » Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- » Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- » Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- » Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- » Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- » Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
06th June 2023

INCOME STATEMENTS

For the year ended 31st March	Notes	GROUP		COMPANY	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Revenue	7	98,104,323	54,696,051	1,142,281	753,861
Revenue taxes		(1,115,329)	(543,819)	(11,814)	-
Net revenue		96,988,994	54,152,232	1,130,467	753,861
Other operating income	8	2,022,132	7,379,831	5,548,437	7,926,339
Changes in inventories of finished goods and work-in-progress		333,119	354,787	-	-
Raw materials and consumables used		(8,060,012)	(4,047,780)	-	-
Employee benefits expense		(15,132,571)	(9,761,301)	(931,770)	(663,161)
Depreciation, amortisation and impairment losses of non-financial assets	9	(7,182,160)	(4,882,112)	(67,964)	(218,814)
Other operating expenses - direct	10	(35,543,193)	(20,495,269)	-	-
Other operating expenses - indirect		(14,442,470)	(6,313,116)	(1,003,455)	(629,474)
Profit from operations	9	18,983,839	16,387,272	4,675,715	7,168,751
Finance income	11	2,884,357	1,160,931	3,105,440	1,143,193
Finance expenses	11	(11,736,887)	(4,006,254)	(4,187,752)	(1,090,510)
Net finance income / (expense)		(8,852,530)	(2,845,323)	(1,082,312)	52,683
Share of profit of equity-accounted investees (net of tax)	21	1,070,137	682,231	-	-
Profit before tax		11,201,446	14,224,180	3,593,403	7,221,434
Income tax expense	12	(3,125,077)	(2,068,363)	(4,494)	278,728
Profit for the year		8,076,369	12,155,817	3,588,909	7,500,162
Attributable to:					
Equity holders of the company		6,644,027	10,539,592	3,588,909	7,500,162
Non-controlling interests		1,432,342	1,616,225	-	-
Profit for the year		8,076,369	12,155,817	3,588,909	7,500,162
Earnings per share - basic/diluted (Rs.)	13	16.36	25.96	8.84	18.47

The notes on pages 272 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March	Notes	GROUP		COMPANY	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit for the year		8,076,369	12,155,817	3,588,909	7,500,162
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation of freehold land	15	3,566,785	950,470	-	-
Actuarial gains / (losses) on defined benefit obligations	33	(51,294)	287,573	(1,943)	30,103
Equity investments at FVOCI – net change in fair value		(1,179)	(5,512)	(2,357)	(2,687)
Share of other comprehensive income of equity-accounted investees (net of tax)	21	52,301	18,287	-	-
Income tax on other comprehensive income	12.5	(1,859,207)	(48,231)	4,095	(6,956)
		1,707,406	1,202,587	(205)	20,460
Items that are or may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		2,770,806	7,949,214	-	-
Net movement on cash flow hedges	37.2	(417,788)	(2,715,462)	-	-
Share of other comprehensive income of equity-accounted investees (net of tax)	21	168,399	1,057,476	-	-
		2,521,417	6,291,228	-	-
Other comprehensive income / (loss) for the year, (net of tax)		4,228,823	7,493,815	(205)	20,460
Total comprehensive income for the year		12,305,192	19,649,632	3,588,704	7,520,622
Attributable to:					
Equity holders of the company		10,249,996	16,719,329	3,588,704	7,520,622
Non-controlling interests		2,055,196	2,930,303	-	-
Total comprehensive income for the year		12,305,192	19,649,632	3,588,704	7,520,622

The notes on pages 272 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF FINANCIAL POSITION

As at	Notes	GROUP		COMPANY	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	105,499,126	95,810,136	83,927	91,384
Investment properties	16	1,631,581	1,631,904	3,417,456	3,419,339
Intangible assets	17	1,739,817	1,358,973	58,941	77,044
Biological assets	18	71,334	69,669	-	-
Right-of-use assets	19	19,136,841	18,844,699	-	-
Investments in subsidiaries	20	-	-	14,147,512	13,040,491
Investments in equity-accounted investees	21	9,238,093	8,564,101	2,659,955	2,659,955
Deferred tax assets	22	1,619,314	1,336,394	640,002	647,131
Other financial assets	23	1,028,075	314,359	11,879	14,236
		139,964,181	127,930,235	21,019,672	19,949,580
Current assets					
Inventories	24	5,274,192	3,858,694	6,828	6,955
Trade and other receivables	25	21,243,529	21,135,828	5,756,124	4,615,363
Current tax receivable		132,307	111,239	67,015	39,677
Deposits and prepayments		4,265,451	2,086,513	44,034	104,960
Other current assets	26	27,073,092	25,128,390	20,546,443	19,524,210
Cash and short-term deposits	27	16,215,515	15,343,546	3,028,386	3,730,842
		74,204,086	67,664,210	29,448,830	28,022,007
Assets classified as held for sale	28	169,423	1,751,094	72,237	72,237
Total assets		214,337,690	197,345,539	50,540,739	48,043,824
EQUITY AND LIABILITIES					
Equity					
Stated capital	29.1	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	29.2	42,525,804	36,649,102	19,069,591	16,825,160
Retained earnings		29,743,417	27,164,516	6,826,177	7,105,888
Total equity attributable to equity holders of the company		74,404,361	65,948,758	28,030,908	26,066,188
Non-controlling interests		11,811,656	11,496,921	-	-
Total equity		86,216,017	77,445,679	28,030,908	26,066,188
Non-current liabilities					
Interest-bearing loans and borrowings	30	46,948,858	49,274,764	2,613,456	3,518,534
Lease liabilities	31	15,713,625	15,835,194	-	-
Deferred tax liabilities	32	5,581,239	3,176,142	-	-
Employee benefits	33	1,306,358	1,102,308	106,567	87,629
Other liabilities	34	418,493	481,452	-	-
		69,968,573	69,869,860	2,720,023	3,606,163
Current liabilities					
Interest-bearing loans and borrowings	30	9,618,620	8,677,206	1,373,604	1,666,706
Lease liabilities	31	1,831,047	1,570,210	-	-
Trade and other payables	35	22,768,646	29,507,402	8,009,291	13,823,465
Current tax payable		1,143,535	658,179	-	-
Bank overdrafts and other short-term borrowings	27	22,791,252	9,617,003	10,406,913	2,881,302
		58,153,100	50,030,000	19,789,808	18,371,473
Total equity and liabilities		214,337,690	197,345,539	50,540,739	48,043,824

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 272 to 380.

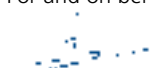
I certify that the financial statements for the year ended 31st March 2023 are in compliance with the requirements of the Companies Act No. 7 of 2007.



Ms. N. Sivapragasam
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these financial statements.

For and on behalf of the Board:



Deshamanya D.H.S. Jayawardena
Chairman

06th June 2023

Colombo, Sri Lanka



Ms. D.S.T. Jayawardena
Executive Director



Dr. M. P. Dissanayake
Deputy Chairman and Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Attributable to equity holders of the company			
	Stated capital	Revaluation reserve	Other capital reserves	General reserves
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April 2021	2,135,140	9,019,561	148,440	14,227,074
Profit for the year	-	-	-	-
Other comprehensive income /(loss) for the year (note 29.3.1)	-	808,653	-	-
Total comprehensive income / (loss) for the year	-	808,653	-	-
Share of net assets of equity-accounted investees	-	-	-	-
Acquisition and changes in non-controlling interest	-	-	-	-
Transfer to reserves	-	-	-	2,655,753
Final dividends for 2020/2021 (note 14)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
Total contributions and distributions recognised directly in equity	-	-	-	2,655,753
Balance as at 31st March 2022	2,135,140	9,828,214	148,440	16,882,827
Adjustment on Surcharge tax levied under Surcharge Act (note 12.3)	-	-	-	-
Balance as at 01st April 2022 (Adjusted)	2,135,140	9,828,214	148,440	16,882,827
Profit for the year	-	-	-	-
Other comprehensive income / (loss) for the year (note 29.3.1)	-	1,719,485	-	-
Total comprehensive income / (loss) for the year	-	1,719,485	-	-
Share of net assets of equity-accounted investees	-	-	-	-
Transfer to reserves	-	-	-	2,243,276
Interim dividends for 2021/2022 (note 14)	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-
Total contributions and distributions recognised directly in equity	-	-	-	2,243,276
Balance as at 31st March 2023	2,135,140	11,547,699	148,440	19,126,103

The notes on pages 272 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Exchange fluctuation reserve Rs.'000	Attributable to equity holders of the company				Total Rs.'000	Non-controlling interests Rs.'000	Total equity Rs.'000
	Fair value reserve Rs.'000	Cash flow hedge reserve Rs.'000	Retained earnings Rs.'000				
5,545,133	(10,432)	(915,640)	19,340,780	49,490,056	9,702,142	59,192,198	
-	-	-	10,539,592	10,539,592	1,616,225	12,155,817	
6,389,169	(4,961)	(1,213,648)	200,524	6,179,737	1,314,078	7,493,815	
6,389,169	(4,961)	(1,213,648)	10,740,116	16,719,329	2,930,303	19,649,632	
-	-	-	141,856	141,856	7,479	149,335	
-	-	-	3,513	3,513	(3,513)	-	
-	-	-	(2,655,753)	-	-	-	
-	-	-	(405,996)	(405,996)	-	(405,996)	
-	-	-	-	-	(1,139,490)	(1,139,490)	
-	-	-	(2,916,380)	(260,627)	(1,135,524)	(1,396,151)	
11,934,302	(15,393)	(2,129,288)	27,164,516	65,948,758	11,496,921	77,445,679	
-	-	-	(364,951)	(364,951)	(66,820)	(431,771)	
11,934,302	(15,393)	(2,129,288)	26,799,565	65,583,807	11,430,101	77,013,908	
-	-	-	6,644,027	6,644,027	1,432,342	8,076,369	
2,098,820	1,847	(186,726)	(27,457)	3,605,969	622,854	4,228,823	
2,098,820	1,847	(186,726)	6,616,570	10,249,996	2,055,196	12,305,192	
-	-	-	194,542	194,542	(93)	194,449	
-	-	-	(2,243,276)	-	-	-	
-	-	-	(1,623,984)	(1,623,984)	-	(1,623,984)	
-	-	-	-	-	(1,673,548)	(1,673,548)	
-	-	-	(3,672,718)	(1,429,442)	(1,673,641)	(3,103,083)	
14,033,122	(13,546)	(2,316,014)	29,743,417	74,404,361	11,811,656	86,216,017	

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March	Stated capital Rs.'000	General reserves Rs.'000	Fair value reserve Rs.'000	Retained earnings Rs.'000	Total Rs.'000
Balance as at 01st April 2021	2,135,140	14,197,410	(25,585)	2,644,597	18,951,562
Profit for the year	-	-	-	7,500,162	7,500,162
Other comprehensive income /(loss) for the year (note 29.3.2)	-	-	(2,418)	22,878	20,460
Total comprehensive income / (loss) for the period	-	-	(2,418)	7,523,040	7,520,622
Transfer to general reserve	-	2,655,753	-	(2,655,753)	-
Final dividends for 2020/2021 (note 14)	-	-	-	(405,996)	(405,996)
Total contributions and distributions recognised directly in equity	-	2,655,753	-	(3,061,749)	(405,996)
Balance as at 31st March 2022	2,135,140	16,853,163	(28,003)	7,105,888	26,066,188
Profit for the year	-	-	-	3,588,909	3,588,909
Other comprehensive income /(loss) for the year (note 29.3.2)	-	-	1,155	(1,360)	(205)
Total comprehensive income for the period	-	-	1,155	3,587,549	3,588,704
Transfer to general reserve	-	2,243,276	-	(2,243,276)	-
Interim dividends for 2021/2022 (note 14)	-	-	-	(1,623,984)	(1,623,984)
Total contributions and distributions recognised directly in equity	-	2,243,276	-	(3,867,260)	(1,623,984)
Balance as at 31st March 2023	2,135,140	19,096,439	(26,848)	6,826,177	28,030,908

The notes on pages 272 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF CASH FLOWS

For the year ended 31st March	Notes	GROUP		COMPANY	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Cash flows from operating activities					
Profit before tax		11,201,446	14,224,180	3,593,403	7,221,434
Adjustments for					
Depreciation and amortisation		7,175,187	4,852,204	49,936	42,990
Interest expense		11,393,106	3,835,941	4,183,762	1,086,904
(Gain) / loss on disposal of property, plant and equipment	8	10,709	(15,298)	(30)	(749)
Net gain on termination of lease	8	(10,511)	-	-	-
Loss on retirement of assets held for sale	8	72,269	-	-	-
Gain from bargain purchase	8	-	(145,613)	-	-
Interest income	11	(2,884,357)	(1,160,931)	(3,105,440)	(1,143,193)
Share of profit of equity-accounted investees (net of tax)	21	(1,070,137)	(682,231)	-	-
Impairment losses of investments in subsidiaries and equity-accounted investees		-	30,570	18,004	175,400
Impairment losses / (reversals) of inventories		6,973	(662)	24	424
Impairment losses / (reversals) and write offs of trade and other receivables		407,680	(106,758)	292,317	240,904
Movement in assets held for sale		(5,298)	-	-	-
Net foreign exchange (gain) / loss		1,515,911	(3,715,380)	719,738	(4,438,472)
Provision for retirement benefit obligations	33	242,385	166,825	23,394	23,231
		16,853,917	3,058,667	2,181,705	(4,012,561)
Operating profit before working capital changes		28,055,363	17,282,847	5,775,108	3,208,873
(Increase)/decrease in trade and other receivables		(914,489)	(6,388,992)	(1,433,078)	(904,651)
(Increase)/decrease in inventories		(1,422,471)	(1,495,428)	103	(2,364)
(Increase)/decrease in deposits and prepayments		(2,178,574)	(910,016)	60,926	(26,501)
Increase/(decrease) in trade and other payables		(6,863,538)	17,268,778	(5,324,876)	7,254,912
Increase/(decrease) in other liabilities		(62,959)	91,159	-	-
		(11,442,031)	8,565,501	(6,696,925)	6,321,396
Cash generated from / (used in) operations		16,613,332	25,848,348	(921,817)	9,530,269
Interest paid		(10,235,334)	(3,093,756)	(4,151,544)	(1,082,317)
Income tax paid		(2,376,819)	(808,656)	(20,607)	(10,673)
Surcharge tax paid		(431,771)	-	-	-
Retirement benefit obligations paid	33	(108,815)	(149,001)	(6,399)	(4,336)
		(13,152,739)	(4,051,413)	(4,178,550)	(1,097,326)
Net cash generated from / (used in) operating activities		3,460,593	21,796,935	(5,100,367)	8,432,943
<i>(carried forward to next page)</i>					

The notes on pages 272 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF CASH FLOWS

For the year ended 31st March	Notes	GROUP		COMPANY	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<i>(brought forward from previous page)</i>					
Cash flows from investing activities					
Interest received		2,872,699	1,154,088	3,104,434	1,143,750
Investment in subsidiaries	A	(1,499,440)	(852,500)	(1,625,000)	(892,152)
Investment in equity accounted investees		(17,500)	(49,700)	-	(24,625)
Investment in equity securities and debt		(1,044)	(3,128)	(1,044)	(728)
Acquisition of property, plant and equipment *	15	(2,965,293)	(1,374,918)	(22,493)	(24,701)
Acquisition of investment properties	16	-	(631)	-	(631)
Acquisition of intangible assets	17	(9,053)	(72,670)	-	(69,855)
Acquisition of biological assets *	18	(2,539)	(7,754)	-	-
Proceeds from disposal of property, plant and equipment		20,435	53,707	30	794
Proceeds from retirement of equity securities and debt		2,007	2,160	2,007	2,160
Proceeds/(purchase) from other financial assets and liabilities (net)		(1,546,181)	(5,641,431)	(655,375)	(2,147,119)
Proceeds on retirement of assets held for sale		1,878,448	-	-	-
Dividends paid to non-controlling interests		(1,673,548)	(1,139,490)	-	-
Dividends received from equity accounted investees		828,794	442,662	-	-
Net cash generated from / (used in) investing activities		(2,112,215)	(7,489,605)	802,559	(2,013,107)
Cash flows from financing activities					
Proceeds from interest-bearing loans and borrowings	30	321,921	1,217,750	-	1,003,750
Repayment of interest-bearing loans and borrowings	30	(9,457,668)	(2,368,915)	(1,914,753)	(1,306,500)
Payment of lease liabilities	19.3	(1,887,444)	(1,439,891)	-	-
Dividends paid to equity holders of the parent		(1,613,307)	(402,984)	(1,613,307)	(402,984)
Net cash used in financing activities		(12,636,498)	(2,994,040)	(3,528,060)	(705,734)
Net increase / (decrease) in cash and cash equivalents		(11,288,120)	11,313,290	(7,825,868)	5,714,102
Cash and cash equivalents at beginning of the year		5,726,543	(7,103,752)	849,540	(5,815,457)
Effect of movements in exchange rates		(1,014,160)	1,517,005	(402,199)	950,895
Cash and cash equivalents at end of the year	27	(6,575,737)	5,726,543	(7,378,527)	849,540

* There were no capitalised borrowing cost on acquisition of property, plant and equipment and biological assets for 2022/2023. (2021/2022 - Biological assets Rs. 2.2 million and property, plant and equipment -nil). (Company-nil).

The notes on pages 272 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the statements of cash flows

A. Acquisition of subsidiary

On 05th July 2022, Aitken Spence PLC acquired 100% of the shareholding of Sagasolar Power (Pvt) Ltd., which operates a 10 MW solar power project in Hambantota, Sri Lanka for a total consideration of Rs.1.4 billion.

For the nine months ended 31st March 2023, Sagasolar Power (Pvt) Ltd contributed revenue of Rs. 364.3 million and profit of Rs. 140.9 million to the Group's results. If the acquisition had occurred on 01st April 2022, management estimates that Group revenue and profit would have been Rs. 98,208.1 million and Rs. 8,102.4 million respectively. In determining these amounts, management has assumed that the fair values adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 01st April 2022.

The fair values of assets and liabilities acquired in respect of this investment are included below;

For the year ended 31st March	GROUP
	2023 Rs.'000
Property, plant & equipment	(1,927,874)
Right-of-use assets	(57,404)
Trade and other receivables	(326,416)
Deposits and prepayments	(364)
Current tax receivable	2,938
Interest-bearing loans and borrowings	996,235
Lease liabilities	25,827
Deferred tax liabilities	4,877
Trade and other payables	114,105
Cash and cash equivalent	99,440
Total identifiable net assets acquired	(1,068,636)
Goodwill on acquisition	(331,364)
Purchase consideration transferred	(1,400,000)
Cash and cash equivalents acquired	(99,440)
Net cash outflow on acquisition of the company	(1,499,440)

The notes on pages 272 through 380 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

Aitken Spence PLC., (the "Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The ordinary shares of the Company are listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business is located at "Aitken Spence Tower II", 315 Vauxhall Street, Colombo 02.

The consolidated financial statements of the Group as at, and for the year ended 31st March 2023 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Company and the other entities consolidated with it are disclosed in pages 408 to 415 of this report. There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

The immediate parent of Aitken Spence PLC is Melstacorp PLC and ultimate parent is Milford Exports (Ceylon) (Private) Ltd.

2 Basis of Preparation

2.1 Statement of compliance

The consolidated financial statements of the Group and the separate financial statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka (ICASL) and in compliance with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995.

These financial statements, except for information on cash flows and items measured at fair value as described in note 2.4 have been prepared following the accrual basis of accounting.

The tax liability arising from the Surcharge Tax Act No. 14 of 2022 has been accounted as recommended by the Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka as disclosed under the note 12.3 on Income Taxes.

The Group did not adopt any inappropriate accounting treatment, which is not in compliance with the requirements of the SLFRSs and LKASs and regulations governing the preparation and presentation of the Financial Statements.

2.2 Responsibility for financial statements

The Board of Directors of the Company acknowledges its responsibility for the Financial Statements, as set out in the "Annual Report of the Board of Directors", "Statement of

Directors' Responsibilities for Financial Statements" and the "certification on the Statement of Financial Position".

2.3 Approval of financial statements by Directors

The financial statements of the Group and the Company for the year ended 31st March 2023 were approved and authorised for issue by the Board of Directors on the 06th of June 2023. These financial statements include the following components :

- » an Income Statement and a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Group and the Company for the year under review. Refer pages 263 and 264;
- » a Statement of Financial Position providing the information on the financial position of the Group and the Company as at the year end. Refer page 265;
- » a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and the Company. Refer pages 266 and 268;
- » a Statement of Cash Flows providing the information to the users, on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows. Refer page 269;
- » notes to the financial statements comprising significant accounting policies and other explanatory information. Refer pages 272 to 380.

2.4 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items stated in the Statement of Financial Position.

Item	Basis of measurement	Note number
Land (recognised under property, Plant and Equipment)	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation.	15
Financial assets classified as fair value through profit or loss	Measured at fair Value	26.1.1 and 37
Financial assets classified as fair value through other comprehensive income.	Measured at fair Value	23.1.1 and 37

Item	Basis of measurement	Note number
Assets classified as held for sale	Measured at the lower of carrying amount and fair value less cost to sell	28
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	33.1
Lease liabilities	Measured at amortised cost using effective interest method	31

2.5 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates (the functional currency), which is the Sri Lankan Rupee.

The financial statements are presented in Sri Lankan Rupees. All financial information presented in Rupees has been rounded to the nearest thousand except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on ‘Presentation of Financial Statements’.

Each Group company determines its own functional currency and items included in the financial statements of these companies are measured using that functional currency. There were no changes in the presentation or functional currency of the Group companies during the year under review.

Functional currency of all the Group companies is Sri Lankan Rupees other than the following companies whose functional currency is either based on the country of incorporation of the respective company or elements that could influence in determining its functional currency.

Company	Country of Incorporation	Functional Currency
Aitken Spence Hotel Managements Asia (Pvt) Ltd.	Sri Lanka	United States Dollar
Aitken Spence Hotels International (Pvt) Ltd.	Sri Lanka	United States Dollar
Aitken Spence Global Operations (Pvt) Ltd.	Sri Lanka	United States Dollar
A.D.S. Resorts Private Ltd.	Maldives	United States Dollar
Unique Resorts Private Ltd.	Maldives	United States Dollar
Jetan Travel Services Company Private Ltd.	Maldives	United States Dollar
Ace Resorts Private Ltd.	Maldives	United States Dollar

Company	Country of Incorporation	Functional Currency
Cowrie Investment Private Ltd.	Maldives	United States Dollar
Ace Aviation Services Maldives Private Ltd.	Maldives	United States Dollar
Interlifts International Private Ltd.	Maldives	United States Dollar
Spence Maldives Private Ltd.	Maldives	United States Dollar
Aitken Spence Resorts (Middle East) LLC.	Oman	Oman Riyal
Aitken Spence Hotel Managements (South India) Ltd.	India	Indian Rupee
Aitken Spence Hotel Services Private Ltd.	India	Indian Rupee
PR Holiday Homes Private Ltd.	India	Indian Rupee
Perumbalam Resorts Private Ltd.	India	Indian Rupee
Crest Star (B.V.I) Ltd.	British Virgin Islands	United States Dollar
Fiji Ports Terminal Ltd.	Fiji	Fiji Dollars
Fiji Ports Corporation Ltd.	Fiji	Fiji Dollars
Ace Bangladesh Ltd.	Bangladesh	Taka
Serendib Investments Ltd.	Fiji	Fiji Dollars
Aitken Spence Travels Myanmar Ltd.	Myanmar	Kyat
Ace Aviation Myanmar Ltd.	Myanmar	Kyat

2.6 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle and held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period.

Or

Is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in the normal operating cycle and is held primarily for the purpose of trading and is due to be settled within twelve months after the reporting period

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

NOTES TO THE FINANCIAL STATEMENTS

All other liabilities are classified as non-current liabilities.

The Group classifies deferred tax assets and liabilities under non-current assets and liabilities.

2.7 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on ‘Presentation of Financial Statements’.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies of the Company.

2.9 Going concern

The Directors have made an assessment of the Group’s ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future, confirm that they do not intend either to liquidate or to cease operations of any business unit of the Group other than those disclosed in the notes to the financial statements.

3 Use of accounting judgements estimates and assumptions

The preparation of financial statements of the Group and the Company in conformity with Sri Lanka Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported values of assets, liabilities, income, expenses and accompanying disclosures including contingent liabilities. Estimates and judgements which management has assessed to have the most significant effect on the amounts recognised in the financial statements have been discussed in the individual notes of the related financial statement line items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form

the basis of making a judgment about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

Items that have a significant effect on Judgements, estimates and assumptions and the respective notes that they are included in are as follows,

Item	Note number
Going concern	2.9
Valuation of property, plant and equipment	15
Impairment of non-financial assets	4.3
Recognition of deferred tax assets	22
Measurement of fair value of unquoted investment.	36
Measurement of loss rate to compute ECL Allowance for trade receivables.	37
Measurement of assets classified as held for sale	28
Measurement of defined benefit obligations: key actuarial assumptions	33
Measurement of contingent liabilities	39.1

4 Summary of significant accounting policies

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages. Those accounting policies presented with each note, have been applied consistently by the Group.

Other significant accounting policies not disclosed with individual notes

Set out below are significant accounting policies, which have been applied consistently by the Group, but not covered in any other sections.

4.1 Basis of consolidation

4.1.1 Business combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

As required by SLFRS 3 - Business Combinations, when the Group acquires a business, it assesses the financial assets and liabilities assumed under classifications or designations on the basis of the contractual terms, economic conditions, its operating or accounting policies and other pertinent conditions that exist as at the acquisition date. The Group applies Definition of a Business (Amendments to SLFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

The Group measures goodwill at the acquisition date, as excess of the aggregate of the fair value of the consideration transferred; the recognised amount of any non-controlling interests in the acquiree; the fair value of the pre-existing interest in the acquiree if the business combination is achieved in stages; and the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed; measured at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity, or else subsequent changes in the fair value of the contingent consideration is recognised in the income statement.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually as at 31st March or when circumstances indicate that the carrying value of the goodwill may be impaired. For the purpose of impairment testing, from the acquisition date, goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity acquired

exceed the cost of the acquisition of the entity, the surplus, which is a gain on bargain purchase is recognised immediately in the consolidated income statement.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

4.1.2 Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable and other contractual arrangements.

The Group controls an investee if, and only if, the Group has:

- » Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- » Exposure, or rights to variable returns from its involvement with the investee
- » The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Entities that are subsidiaries of another entity which is a subsidiary of the company are also treated as subsidiaries of the company.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

4.1.3 Non-controlling interest

The proportion of the profits or losses after taxation and each component in the other comprehensive income applicable to outside shareholders of subsidiary companies are included under the heading "Non – controlling interests" in the Consolidated Income Statement and the Statement of Profit or Loss and the Other Comprehensive Income. Losses and negative balances applicable to the non-controlling interests in a subsidiary is allocated to the non-controlling interest even if doing so causes the non-controlling interests to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies are reflected under the heading "Non-controlling interests" in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with the equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Changes to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

4.1.4 Loss of control

On a loss of control of a subsidiary, the Group immediately derecognises the assets including goodwill, liabilities, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

4.1.5 Reporting date

All subsidiaries, and equity accounted investees of the Group have the same reporting period as the parent company other than the following companies. However the Group incorporates the results of these companies up to 31st March in the Group's financial statements.

Company	Reporting Period
Fiji Ports Terminal Ltd.	31st December
Ace Resorts Private Ltd.	31st December
A.D.S. Resorts Private Ltd.	31st December
Unique Resorts Private Ltd.	31st December
Jetan Travel Services Company Private Ltd.	31st December
Cowrie Investment Private Ltd.	31st December

Company	Reporting Period
Ace Aviation Services Maldives Private Ltd.	31st December
Spence Maldives Private Ltd.	31st December
Interlifts International Private Ltd.	31st December
Fiji Ports Corporation Ltd.	31st December
Serendib Investments Ltd.	30th June
Aitken Spence Travels Myanmar Ltd.	30th September
Ace Aviation Myanmar Ltd	30th September

4.1.6 Intra-group transactions

Transfer prices between Group entities are set on an arms-length basis in a manner similar to transactions with third parties.

4.1.7 Transactions eliminated on consolidation.

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4.2 Foreign currencies**4.2.1 Foreign currency transactions and balances.**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the reporting currency at the exchange rate that prevailed at the date the fair value was determined.

Foreign currency differences arising on re-translation are recognised in the income statement, except for differences arising on the re-translation of FVOCI equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income.

Foreign currency gains and losses are reported on a net basis in the income statement.

4.2.2 Foreign operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the reporting currency at the rate of exchange prevailing on the reporting date. Income and expenses of the foreign entities are translated at the rate of exchange approximating to the actual rate at the dates of the transactions. For practical purposes this is presumed to be the average rate during each month.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity except to the extent the translation difference is allocated to the non-controlling interest. When a foreign operation is disposed of in a manner that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the income statement as part of the gain or loss on disposal. If the Group disposes of only part of its interest in the subsidiary but retains control, the relevant portion of the translation reserve is transferred to non-controlling interest. When the Group disposes of only part of its interest in an equity accounted investee that includes a foreign operation while retaining significant influence or joint-control, the relevant proportion of the cumulative amount of the translation reserve is reclassified to the income statement.

4.3 Impairment – Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of such assets are estimated.

The recoverable amount of goodwill is estimated at each reporting date, or as and when an indication of impairment is identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units on acquisition of subsidiaries are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount

that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

4.3.1 Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

4.3.2 Reversal of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Reversals of impairment losses other than for land carried at revaluation are recognised in the income statement. Reversal of impairment loss on a revalued land, other than for a land where impairment loss has been previously recognised in the income statement, is recognised in other comprehensive income and increases the revaluation surplus for that land. For a land where previous impairment loss has been recognised in the income statement the reversal of that impairment loss is also recognised in the income statement.

4.4 Expenditure

All expenditure incurred in the running of the business and in maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit/loss for the year.

4.5 Cash flow

The Statement of Cash Flow has been prepared by using the 'Indirect Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard – LKAS 7 on 'Statement of Cash Flow', whereby operating activities, investing activities and financing activities are separately recognised.

NOTES TO THE FINANCIAL STATEMENTS

5 **New and amended standards issued but not effective as at the reporting date.**

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early adopted them in preparing these financial statements.

The following amended standards are not expected to have a significant impact on the Group's financial statements.

Classification of liabilities as current or non-current (Amendments to LKAS 01)

The amendment aims to clarify the requirements on determining whether a liability is current or non-current and apply for annual reporting periods beginning on or after 1 January 2023.

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those item.

Deferred tax related to assets and liabilities arising from a single transaction. (Amendments to LKAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Disclosure of Accounting Policies (Amendment to LKAS 1) IFRS Practice Statement 2

Amendments to LKAS 1 - Presentation of Financial Statements; intends to help companies provide useful accounting policy disclosures. Key amendments to LKAS 1 includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Definition of Accounting Estimates (Amendments to LKAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively. The approach taken can therefore affect both the reported results and trends between periods. Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors will clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

6 Operating segments

ACCOUNTING POLICY

An operating segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs expenses, including revenue and expenses that relate to transactions with the Group's other segments.

The operations of the Group are categorised under four segments based on the nature of the products or services provided by each segment and the risks and rewards associated with the economic environment in which these segments

operate. The performance of the Group is evaluated based on the performance of these four main segments by the Group's Managing Director (chief operating decision maker). The internal management reports prepared on these segments are reviewed by the Group's Managing Director on a monthly basis. Details of the Group companies operating under each segment and the products and services offered under each segment are provided under Group Companies in pages 408 to 415.

6.1 Business segments

The Group operates in four business segments namely tourism, maritime and freight logistics, strategic investments and services, segregated based on the nature of the products or services provided and risk and returns of each segment. Segment results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All transactions between group companies whether inter-segmental or intra-segmental are on an arms length basis and in a manner similar to the transactions with third parties.

6.1.1 Business segment analysis of group revenue and profit

For the year ended 31st March	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total revenue generated	60,465,501	31,538,122	30,180,487	20,405,164	22,796,025	11,974,497	2,352,959	2,393,756	115,794,972	66,311,539
Intra-segmental revenue	(4,320,621)	(1,827,205)	(1,208,534)	(634,521)	(1,286,943)	(1,086,326)	(82,637)	(46,447)	(6,898,735)	(3,594,499)
Total revenue with inter - segmental revenue	56,144,880	29,710,917	28,971,953	19,770,643	21,509,082	10,888,171	2,270,322	2,347,309	108,896,237	62,717,040
Inter - segmental revenue	(45,244)	(28,964)	(432,744)	(308,965)	(701,445)	(435,736)	(218,805)	(162,978)	(1,398,238)	(936,643)
Total revenue with equity-accounted investees	56,099,636	29,681,953	28,539,209	19,461,678	20,807,637	10,452,435	2,051,517	2,184,331	107,497,999	61,780,397
Share of equity-accounted investees' revenue	(270,421)	(171,450)	(5,871,524)	(4,883,532)	(3,251,731)	(2,029,364)	-	-	(9,393,676)	(7,084,346)
Revenue from external customers	55,829,215	29,510,503	22,667,685	14,578,146	17,555,906	8,423,071	2,051,517	2,184,331	98,104,323	54,696,051
Profit from operations	7,874,909	4,765,137	6,080,458	4,320,516	4,453,309	6,588,673	575,163	712,946	18,983,839	16,387,272
Finance income	1,277,850	413,997	1,042,397	253,824	491,830	465,551	72,280	27,559	2,884,357	1,160,931
Finance expenses	(6,452,213)	(2,539,037)	(301,277)	(183,825)	(4,851,419)	(1,259,599)	(131,978)	(23,793)	(11,736,887)	(4,006,254)
Share of profit / (loss) of equity-accounted investees (net of tax)	(374,028)	(188,517)	996,034	542,037	449,769	337,451	(1,638)	(8,740)	1,070,137	682,231
Profit before tax	2,326,518	2,451,580	7,817,612	4,932,552	543,489	6,132,076	513,827	707,972	11,201,446	14,224,180
Income tax expense	(1,591,146)	(1,015,735)	(1,562,772)	(978,161)	113,293	94,863	(84,452)	(169,330)	(3,125,077)	(2,068,363)
Profit for the year	735,372	1,435,845	6,254,840	3,954,391	656,782	6,226,939	429,375	538,642	8,076,369	12,155,817
Depreciation and amortisation	5,456,022	3,504,362	839,405	571,276	789,919	688,137	89,841	88,429	7,175,187	4,852,204
Impairment losses / (reversals) and write offs	(90,891)	(106,304)	(46,275)	(12,240)	532,372	(20,865)	19,447	62,559	414,653	(76,850)
Other non-cash expenses	97,465	65,640	65,018	38,374	66,796	54,626	13,106	8,185	242,385	166,825

There were no impairment losses or any reversals of impairment losses recognised directly in equity during the year.

There was no single customer recording revenue from transactions to the value exceeding 10% of the Group revenue during the financial year under review.

NOTES TO THE FINANCIAL STATEMENTS

6.1.2 Business segment analysis of group assets and liabilities

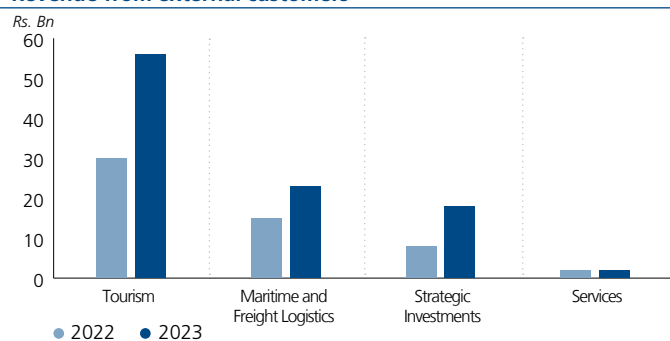
6.1.2.1 Segment assets

As at	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non-current assets										
Property, plant and equipment	72,924,527	67,651,954	7,577,613	6,204,894	21,766,073	19,122,277	3,230,913	2,831,011	105,499,126	95,810,136
Investment properties	72,000	72,000	-	-	1,559,321	1,559,384	260	520	1,631,581	1,631,904
Intangible assets (other than goodwill)	39,203	58,621	4,889	5,985	63,813	80,563	1,808	1,988	109,713	147,157
Biological assets	-	-	-	-	71,334	69,669	-	-	71,334	69,669
Right-of-use assets	16,888,634	16,392,901	1,657,463	1,888,414	590,220	556,577	524	6,807	19,136,841	18,844,699
Deferred tax assets	698,815	648,888	138,250	20,699	706,690	658,070	75,559	8,737	1,619,314	1,336,394
Other financial assets	998,017	283,123	17,125	15,955	12,933	15,281	-	-	1,028,075	314,359
Segment non-current assets	91,621,196	85,107,487	9,395,340	8,135,947	24,770,384	22,061,821	3,309,064	2,849,063	129,095,984	118,154,318
Investments in equity - accounted investees	19,960	402,334	7,072,741	6,373,405	2,111,946	1,753,279	33,446	35,083	9,238,093	8,564,101
Intangible assets - goodwill on consolidation	-	-	-	-	-	-	-	-	1,630,104	1,211,816
Total non-current assets	91,641,156	85,509,821	16,468,081	14,509,352	26,882,330	23,815,100	3,342,510	2,884,146	139,964,181	127,930,235
Current assets										
Inventories	1,843,279	1,707,787	870,820	575,671	2,320,143	1,390,115	239,950	185,121	5,274,192	3,858,694
Trade and other receivables	8,277,166	8,552,158	6,255,771	15,945,076	13,959,196	8,795,284	1,630,215	1,188,574	30,122,348	34,481,092
Current tax receivable	30,232	49,720	19,151	10,441	78,692	47,510	4,232	3,568	132,307	111,239
Deposits and prepayments	2,152,476	1,365,499	1,798,259	417,160	275,974	253,626	38,742	50,228	4,265,451	2,086,513
Other current assets	4,599,333	3,748,628	1,277,103	1,189,341	21,112,842	20,107,712	83,814	82,709	27,073,092	25,128,390
Cash and short-term deposits	8,379,957	6,022,924	3,625,321	3,703,481	3,770,100	5,224,148	440,137	392,993	16,215,515	15,343,546
Segment current assets	25,282,443	21,446,716	13,846,425	21,841,170	41,516,947	35,818,395	2,437,090	1,903,193	83,082,905	81,009,474
Eliminations / adjustments	-	-	-	-	-	-	-	-	(8,878,819)	(13,345,264)
Total current assets	25,282,443	21,446,716	13,846,425	21,841,170	41,516,947	35,818,395	2,437,090	1,903,193	74,204,086	67,664,210
Assets classified as held for sale	-	-	-	-	-	-	-	-	169,423	1,751,094
Total assets	116,923,599	106,956,537	30,314,506	36,350,522	68,399,277	59,633,495	5,779,600	4,787,339	214,337,690	197,345,539
Total segment assets	116,903,639	106,554,203	23,241,765	29,977,117	66,287,331	57,880,216	5,746,154	4,752,256	212,178,889	199,163,792
Additions to non-current assets	2,059,082	772,476	589,675	280,024	309,113	390,956	19,015	12,517	2,976,885	1,455,973

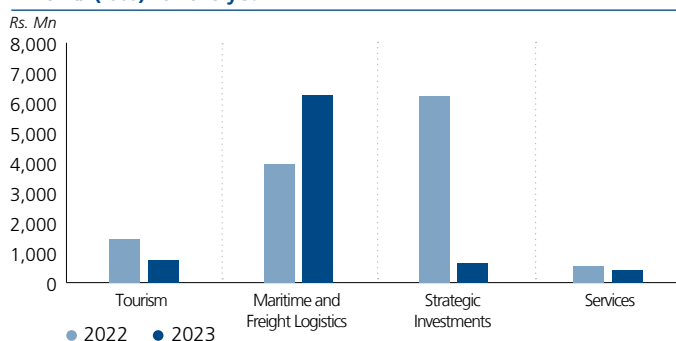
6.1.2.2 Segment liabilities

As at	Tourism sector		Maritime and freight logistics sector		Strategic investments		Services sector		Total	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non-current Liabilities										
Interest-bearing loans and borrowings	36,588,536	38,596,278	-	-	10,311,122	10,578,486	49,200	100,000	46,948,858	49,274,764
Lease liabilities	13,578,669	13,525,442	1,846,244	2,068,488	287,032	241,264	1,680	-	15,713,625	15,835,194
Deferred tax liabilities	2,984,397	1,445,968	1,386,260	711,770	352,382	528,981	691,970	489,423	5,415,009	3,176,142
Employee benefits	560,886	475,072	391,524	337,979	295,906	243,848	58,042	45,409	1,306,358	1,102,308
Other liabilities	-	-	418,493	481,452	-	-	-	-	418,493	481,452
Segment non-current liabilities	53,712,488	54,042,760	4,042,521	3,599,689	11,246,442	11,592,579	800,892	634,832	69,802,343	69,869,860
Eliminations / adjustments	-	-	-	-	-	-	-	-	166,230	-
Total non-current liabilities	53,712,488	54,042,760	4,042,521	3,599,689	11,246,442	11,592,579	800,892	634,832	69,968,573	69,869,860
Current liabilities										
Interest-bearing loans and borrowings	6,114,421	5,356,106	-	-	3,453,799	3,270,308	50,400	50,792	9,618,620	8,677,206
Lease liabilities	1,453,716	1,203,799	365,254	349,248	12,077	10,635	-	6,528	1,831,047	1,570,210
Trade and other payables	15,567,916	13,143,752	5,499,034	15,030,294	9,226,033	13,591,511	1,354,482	1,087,109	31,647,465	42,852,666
Current tax payable	399,665	59,155	557,071	494,080	144,630	31,720	42,169	73,224	1,143,535	658,179
Bank overdrafts and other short-term borrowings	8,144,146	5,272,941	111,985	265,439	14,232,946	4,051,700	302,175	26,923	22,791,252	9,617,003
Segment current liabilities	31,679,864	25,035,753	6,533,344	16,139,061	27,069,485	20,955,874	1,749,226	1,244,576	67,031,919	63,375,264
Eliminations / adjustments	-	-	-	-	-	-	-	-	(8,878,819)	(13,345,264)
Total current liabilities	31,679,864	25,035,753	6,533,344	16,139,061	27,069,485	20,955,874	1,749,226	1,244,576	58,153,100	50,030,000
Total liabilities	85,392,352	79,078,513	10,575,865	19,738,750	38,315,927	32,548,453	2,550,118	1,879,408	128,121,673	119,899,860
Total segment liabilities	85,392,352	79,078,513	10,575,865	19,738,750	38,315,927	32,548,453	2,550,118	1,879,408	136,834,262	133,245,124

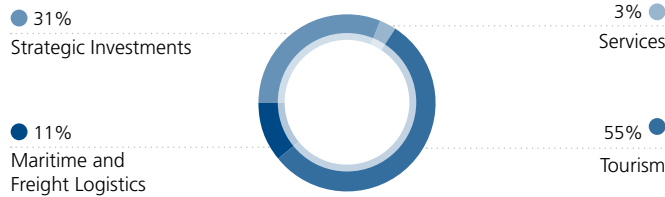
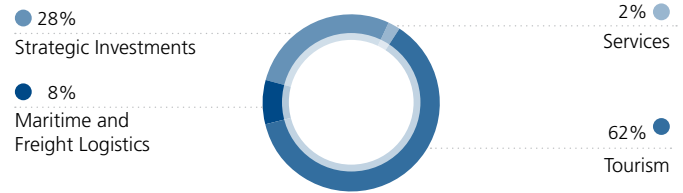
Business segment analysis - Revenue from external customers



Business segment analysis - Profit/ (loss) for the year



NOTES TO THE FINANCIAL STATEMENTS

Business segment analysis
- Segment assetsBusiness segment analysis
- Segment liabilities

6.2 Geographical information

The geographical information is stated based on the country where the sale occurred, the service rendered and / or the location where assets and liabilities are held.

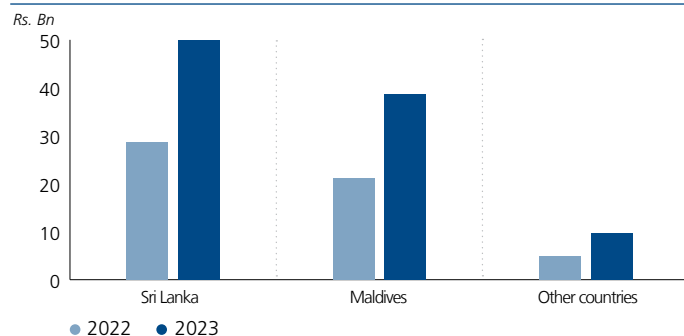
6.2.1 Geographical analysis of group revenue and profit

For the year ended 31st March	Sri Lanka		Maldives		Other countries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	49,869,367	28,672,013	38,590,691	21,236,832	9,644,265	4,787,206	98,104,323	54,696,051
Profit from operations	7,718,997	9,556,678	7,915,043	5,127,716	3,349,799	1,702,878	18,983,839	16,387,272
Profit before tax	3,973,317	9,202,665	4,348,344	3,569,395	2,879,785	1,452,120	11,201,446	14,224,180
Profit for the year	1,941,003	8,290,209	3,742,680	2,954,230	2,392,686	911,378	8,076,369	12,155,817
Depreciation and amortisation	1,866,219	1,767,922	4,254,742	2,453,407	1,054,226	630,875	7,175,187	4,852,204
Impairment losses / (reversals) and write offs	495,503	(109,058)	(81,171)	32,435	321	(227)	414,653	(76,850)
Other non-cash expenses	209,925	147,516	1,859	1,126	30,601	18,183	242,385	166,825

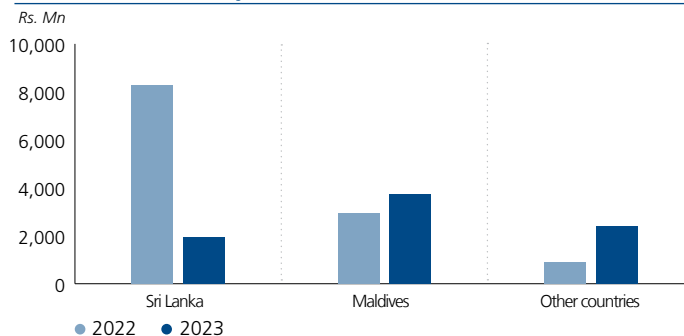
6.2.2 Geographical analysis of group assets and liabilities

As at	Sri Lanka		Maldives		Other countries		Total	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Segment non-current assets	51,164,959	45,736,266	54,656,874	51,585,915	23,274,151	20,832,137	129,095,984	118,154,318
Segment current assets	58,240,895	53,749,639	13,087,010	10,722,567	4,169,863	4,140,933	75,497,768	68,613,139
	109,405,854	99,485,905	67,743,884	62,308,482	27,444,014	24,973,070	204,593,752	186,767,457
Investments in equity-accounted investees	-	-	-	-	-	-	9,238,093	8,564,101
Goodwill on consolidation	-	-	-	-	-	-	1,630,104	1,211,816
Assets classified as held for sale	-	-	-	-	-	-	169,423	1,751,094
Eliminations / adjustments	-	-	-	-	-	-	(1,293,682)	(948,929)
Total assets	109,405,854	99,485,905	67,743,884	62,308,482	27,444,014	24,973,070	214,337,690	197,345,539
Segment non-current liabilities	28,576,678	26,605,768	34,992,915	37,936,796	6,232,750	5,327,296	69,802,343	69,869,860
Segment current liabilities	37,269,334	31,386,870	16,940,158	13,581,874	4,992,974	5,723,975	59,202,466	50,692,719
	65,846,012	57,992,638	51,933,073	51,518,670	11,225,724	11,051,271	129,004,809	120,562,579
Eliminations / adjustments	-	-	-	-	-	-	(883,136)	(662,719)
Total liabilities	65,846,012	57,992,638	51,933,073	51,518,670	11,225,724	11,051,271	128,121,673	119,899,860
Additions to non-current assets	991,949	728,695	1,445,330	497,663	539,606	229,615	2,976,885	1,455,973

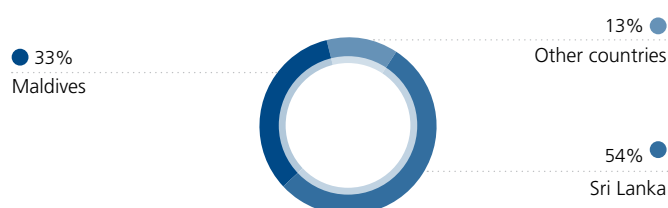
Geographical analysis - Revenue from external customers



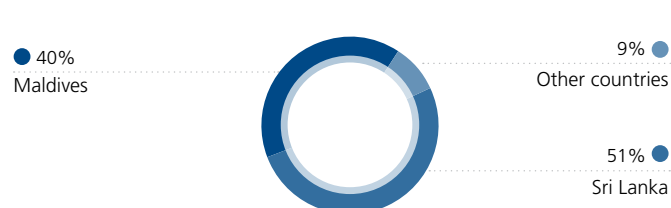
Geographical analysis - Profit / (loss) for the year



Geographical analysis - Segment assets



Geographical analysis - Segment liabilities



6.3 Geographical analysis of segmental information

6.3.1 Geographical analysis of group revenue and profit in reported segments

For the year ended 31st March	Revenue		Profit /(loss) from operations		Profit /(loss) before tax		Profit /(loss) for the year	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Tourism sector								
- Local	15,258,112	7,633,579	(200,879)	(214,504)	(1,029,619)	(497,961)	(2,120,862)	(848,279)
- Overseas	40,571,103	21,876,924	8,075,788	4,979,641	3,356,137	2,949,541	2,856,234	2,284,124
Maritime and freight logistics sector								
- Local	15,205,977	10,532,046	2,910,093	2,481,994	3,963,222	2,829,646	2,992,208	2,340,089
- Overseas	7,461,708	4,046,100	3,170,365	1,838,522	3,854,390	2,102,906	3,262,632	1,614,302
Strategic investments								
- Local	17,555,906	8,423,071	4,453,309	6,588,673	543,489	6,174,965	656,782	6,269,828
- Overseas	-	-	-	-	-	(42,889)	-	(42,889)
Services sector								
- Local	1,849,372	2,083,317	556,474	700,515	496,225	696,015	412,875	528,571
- Overseas	202,145	101,014	18,689	12,431	17,602	11,957	16,500	10,071
	98,104,323	54,696,051	18,983,839	16,387,272	11,201,446	14,224,180	8,076,369	12,155,817

NOTES TO THE FINANCIAL STATEMENTS

6.3.2 Geographical analysis of group assets and liabilities segment wise

As at	Non-current assets		Current assets		Total assets	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Tourism sector						
- Local	16,669,502	15,824,231	10,823,949	7,937,218	27,493,451	23,761,449
- Overseas	74,951,694	69,283,256	12,604,375	10,610,754	87,556,069	79,894,010
Maritime and freight logistics sector						
- Local	6,422,362	5,007,912	6,682,681	10,552,137	13,105,043	15,560,049
- Overseas	2,972,978	3,128,035	3,962,880	3,893,862	6,935,858	7,021,897
Strategic investments						
- Local	24,770,384	22,061,821	38,120,607	32,981,035	62,890,991	55,042,856
- Overseas	-	-	-	-	-	-
Services sector						
- Local	3,302,711	2,842,302	1,882,176	1,551,651	5,184,887	4,393,953
- Overseas	6,353	6,761	127,418	137,553	133,771	144,314
	129,095,984	118,154,318	74,204,086	67,664,210	203,300,070	185,818,528
Investments in equity-accounted investees	-	-	-	-	9,238,093	8,564,101
Goodwill on consolidation	-	-	-	-	1,630,104	1,211,816
Assets classified as held for sale	-	-	-	-	169,423	1,751,094
Total assets	129,095,984	118,154,318	74,204,086	67,664,210	214,337,690	197,345,539

As at	Non-current liabilities		Current liabilities		Total liabilities	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Tourism sector						
- Local	14,804,971	13,339,787	10,796,516	6,875,199	25,601,487	20,214,986
- Overseas	38,907,517	40,702,973	19,061,634	16,490,320	57,969,151	57,193,293
Maritime and freight logistics sector						
- Local	1,724,373	1,038,570	4,406,473	13,531,605	6,130,846	14,570,175
- Overseas	2,318,148	2,561,119	1,871,910	2,161,977	4,190,058	4,723,096
Strategic investments						
- Local	11,246,442	11,592,579	20,900,565	9,982,803	32,147,007	21,575,382
- Overseas	-	-	-	-	-	-
Services sector						
- Local	800,892	634,832	1,066,390	955,411	1,867,282	1,590,243
- Overseas	-	-	49,612	32,685	49,612	32,685
	69,802,343	69,869,860	58,153,100	50,030,000	127,955,443	119,899,860
Eliminations / adjustments	166,230	-	-	-	166,230	-
Total liabilities	69,968,573	69,869,860	58,153,100	50,030,000	128,121,673	119,899,860

7 Revenue

ACCOUNTING POLICY

Revenue from contracts with customers

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a good or service to a customer, to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Group Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intra-group sales.

Sale of goods

Revenue from the sale of goods is recognised on accrual basis at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties and free maintenance). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period irrespective of whether the service is billed.

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and

records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and records the revenue at the net amount that it retains for its agency services.

Royalty Income

Royalty income is recognised on an accrual basis in accordance with the substance of the agreement.

Other Revenue

Rental income

Rental income arising from renting of property, plant and equipment and investment properties is recognised as revenue on a straight-line basis over the term of the hire.

Contract Balances

Contract Assets

Contract Assets represent group's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract Liabilities

Contract Liabilities represent group's obligation to transfer goods or services to a customer for which the entity has received consideration from the customer (or the amount is due).

7.1 Revenue analysis based on revenue streams

For the year ended 31st March	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Revenue from contracts with customers				
Rendering of services	87,369,307	49,721,614	970,329	642,234
Sale of goods	10,343,610	4,520,941	-	-
Royalty income	-	-	122,668	62,742
	97,712,917	54,242,555	1,092,997	704,976
Other revenue				
Other revenue	391,406	453,496	49,284	48,885
	391,406	453,496	49,284	48,885
	98,104,323	54,696,051	1,142,281	753,861

NOTES TO THE FINANCIAL STATEMENTS

7.2 Disaggregation of revenue from contracts with customers**7.2.1 Business segment analysis of Group revenue**

For the year ended 31st March	2023			2022		
	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000
Tourism sector	55,825,237	3,978	55,829,215	29,508,918	1,585	29,510,503
Maritime and freight logistics sector	22,667,685	-	22,667,685	14,578,146	-	14,578,146
Strategic investments	7,216,274	10,339,632	17,555,906	3,903,715	4,519,356	8,423,071
Services sector	2,051,517	-	2,051,517	2,184,331	-	2,184,331
	87,760,713	10,343,610	98,104,323	50,175,110	4,520,941	54,696,051

7.2.2 Geographical segment analysis of Group revenue

For the year ended 31st March	2023			2022		
	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000	Rendering of services Rs.'000	Sale of goods Rs.'000	Total revenue Rs.'000
Sri Lanka	39,525,757	10,343,610	49,869,367	24,151,072	4,520,941	28,672,013
Maldives	38,590,691	-	38,590,691	21,236,832	-	21,236,832
Other countries	9,644,265	-	9,644,265	4,787,206	-	4,787,206
	87,760,713	10,343,610	98,104,323	50,175,110	4,520,941	54,696,051

7.3 Contract balances

As at	Notes	GROUP		COMPANY	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Trade receivables	25	17,601,591	14,112,665	1,447	2,693
Contract assets	25	536,367	576,937	-	-
Contract liabilities	35	(3,550,645)	(3,073,534)	-	-

7.3.1 Carrying value of contract liabilities

For the year	GROUP	
	2022/2023 Rs.'000	2021/2022 Rs.'000
Balance as at 01st April	3,073,534	1,825,443
Advances received from customers during the period	28,611,774	17,739,873
Recognised as revenue during the year		
- From contract liabilities at the beginning of the period	(3,048,519)	(1,453,260)
- From performance obligations satisfied during the period	(25,307,335)	(15,761,194)
Exchange difference	221,191	722,672
Balance as at 31st March	3,550,645	3,073,534

7.4 Performance obligations

Information about the Group's performance obligations are summarised below ;

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
Rendering of services		
Tourism sector		
» Hotel operations	The main revenue of the Group's hotel operations is the provision of rooms for guest accommodation (apartment revenue). Apartment revenue is recognised on rooms occupied on a daily basis over the period of the stay, while the revenue from other sources such as food and beverage sales, provision of laundry, telephone, water sports, spa services and transfer and excursion services in the Maldives are accounted for at the time of consumption/ the service. Invoices to customers are raised on completion of the hotel stay.	Revenue recognition for the Group's apartment revenue is over the period and other hotel operations is at a point in time.
» Hotel management services	Consists of fees for providing management and marketing services to hotels. Fees for Hotel management services are calculated as a percentage of revenue and operating profit of the hotels.	Revenue for hotel management services is recognised at each month end.
» Inbound and outbound travels	The main activity of the Group companies in the inbound and outbound travel segment is selling of tour packages and other destination management services. Customers are invoiced for the services at the commencement of the tour and the revenue is recognised at that point in time.	Revenue from sale of tour packages is recognised on the start date of the tour.
» Airline General Sales Agent (GSA)	Overriding commission from the Airlines is recognised on flown basis whereas the ticketing commission from the airline is recorded on the date of the sale.	Revenue recognition at a point in time.
Maritime and freight logistics sector		
» Maritime and port services	Operations of the Group's maritime segment includes provision of services of a shipping agent, supply of marine lubricants, representation of liner shipping agencies and global container services as an agent of the principal shipping line. Revenue for the segment represents the commission derived from the services rendered to the shipping lines.	Commission income is recognised upon the departure of the vessel.
	Revenue from port operation and management services performed by the Group is recognised on completion of the operation.	Revenue is recognised at a point in time on completion of the port services.
» Freight forwarding and courier	Revenue from freight forwarding and courier operations of the Group is recorded when the cargo is loaded to the vessel.	Revenue recognition for the freight forwarding and courier operation is at a point in time.
» Integrated logistics	Revenue from the Group's container freight station (CFS) operations and the depot operations is recognised upon dispatch of the container from the yard, income from transport and other special operations are recognised upon completion of the activity while the revenue from warehouse and renting of reefer containers are recognised on a monthly basis over the period of the hire.	At a point in time for CFS, depot, transport and other special operations and over time for warehouse and renting of reefer containers.
» Airline GSA (Cargo)	Commission income from airline GSA is recognised when cargo is handed over to the airline.	Revenue recognition at a point in time.

NOTES TO THE FINANCIAL STATEMENTS

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
Strategic investments		
» Power generation	Revenue from thermal power generation is recognised based on the actual amount of electricity generated and supplied to the national grid as a variable component and a fixed component referred to as capacity charge calculated based on the minimum guaranteed energy amount as specified in the power purchase agreement (PPA), while the revenue from renewable power, namely wind, hydro and waste, is recorded based on a fixed or variable tariff in terms of the respective PPAs. Invoices for the generation of power are raised on a monthly basis.	Revenue is recognised on the last day of the month based on the power generated during the month.
Services sector		
» Inward money transfer	The inward money transfer segment of the Group acts as a representative of the Western Union Network (France) SAS. Representative base compensation is recognised by the Company upon the completion of the inward money transfer.	Revenue is recorded at a point in time when inward money transfer is completed.
» Elevator agency	Revenue on equipment sales of elevators is recognised in the income statement by reference to the date of delivery of the equipment to the site. Revenue on installation of elevators is recognised by reference to the stage of completion at the reporting date. Stage of completion is measured by reference to the percentage of work done to date. Revenue for free maintenance inbuilt in the contract is deferred until installation is completed and there after recognised monthly once the maintenance period commences. Revenue for stand alone maintenance agreements are recognised in the income statement on a monthly basis while the revenue for repairs of elevators is recognised upon completion of the repair. However invoices to customers for all above revenue types are raised as per the contract terms.	Revenue on equipment sales of elevators is recognised when the equipment is delivered to the site. Revenue on installation of elevators and maintenance contracts is recognised over time as the services are provided while the revenue for repairs is recognised at a point in time. The stage of completion for determining the amount of revenue to recognise is assessed based on estimate of work completed.
» Insurance	Commission income on the sale of insurance policies is recognised upon collection of the insurance premium while revenue from survey and other insurance services is recognised upon completion of the professional service.	Revenue recognised for commission income and fees for professional services is at a point in time.
» Property management (Renting of property)	Income for the property management companies is derived from renting of properties owned by them. Invoices for renting of property are issued on a monthly basis over the period of the rental agreement.	Revenue is recognised over time during the period of the rent agreements.
Sale of goods		
Tourism sector		
» Water bottling operation for use in the hotel sector	Customers obtain control of bottled water upon sale of the item. Invoices are generated and revenue is recognised at a point in time when the bottles are dispatched from the Group's warehouse.	Revenue is recognised when the water bottles are dispatched from the Group's warehouse.
Strategic investments		
» Printing and packaging (supply of value added printing and packaging products and services)	Customers obtain control of goods when the goods are delivered to them. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods. Invoices are generated and revenue is recognised at a point in time when the goods are delivered.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.

Type of product / service	Nature and timing of satisfaction of the performance obligation	Revenue recognition
» Manufacturing of apparels	Customers obtain control of goods when the garments are handed over to the nominated freight forwarding company who is an agent of the customer. Invoices are generated and revenue is recognised at that point in time.	The Group recognises revenue when the manufactured garments are handed over to the nominated freight forwarding company.

Payment terms - The Group provides credit to its customers based on normal industry terms which is generally 30 days or as specified in individual contracts with the customers. In certain instances advance payments are obtained from customers prior to commencement of the performance obligation.

8 Other operating income

ACCOUNTING POLICY

Dividend income

Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established, which is generally when the dividend is declared.

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non-current assets, including investments in subsidiaries, joint ventures and associates, are accounted in the income statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Net foreign exchange gain /(loss)

Foreign currency differences arising on re-translation of foreign currency monetary items other than the differences arising on the re-translation of FVOCI equity investments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges are recognised in the income statement on a net basis.

Gain on bargain purchase

Refer note 4.1.1

Other income

Other income are recognised on an accrual basis.

For the year ended 31st March	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Dividends from Group subsidiaries and equity-accounted investees	-	-	3,864,717	3,061,663
Dividends from equity securities – at FVTPL	6,279	6,393	2,543	86
Net foreign exchange gain / (loss)	1,870,100	7,148,600	1,678,459	4,863,806
Gain / (loss) on disposal of property, plant and equipment	(10,709)	15,298	30	749
Net gain on termination of lease	10,511	-	-	-
Loss on retirement of assets held for sale (refer note 28)	(72,269)	-	-	-
Gain from bargain purchase	-	145,613	-	-
Insurance claims received	186,826	8,625	-	-
Sundry income	31,394	55,302	2,688	35
	2,022,132	7,379,831	5,548,437	7,926,339

NOTES TO THE FINANCIAL STATEMENTS

9 Profit from operations

Profit from operations is stated after charging the following:

For the year ended 31st March	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Cost of inventories and services	59,517,986	34,493,381	909,382	641,179
Directors' remuneration and fees	690,969	548,119	317,550	201,495
Auditors' remuneration				
- KPMG	30,161	24,768	1,880	1,669
- Other auditors	14,530	13,385	-	-
Fees paid to auditors for non-audit services				
- KPMG	11,149	11,294	3,509	2,057
- Other auditors	14,972	9,907	-	-
Depreciation, amortisation and impairment losses of non-financial assets				
- Depreciation of property, plant and equipment, investment property, right-of-use assets and biological assets	7,119,946	4,808,362	31,833	31,604
- Amortisation of intangible assets	55,241	43,842	18,103	11,386
- Impairment of property, plant and equipment	-	-	-	-
- Impairment of intangible assets	-	-	-	-
- Impairment of inventories	6,973	(662)	24	424
- Impairment losses of investments in subsidiaries and equity-accounted investees	-	30,570	18,004	175,400
Total of depreciation, amortisation and impairment losses of non-financial assets	7,182,160	4,882,112	67,964	218,814
Impairment losses / (reversals) and write offs of trade & other receivables	407,680	(106,758)	292,317	240,904
Legal Expenses	26,523	14,300	14,933	568
Defined contribution plan cost - Sri Lanka	554,886	461,924	61,564	52,387
Defined contribution plan cost - Overseas (Maldives, South India, Fiji and Oman)	188,038	91,241	-	-
Defined benefit plan cost - Retirement benefits	242,385	166,825	23,394	23,231

10 Other operating expenses-direct

Direct operating expenses as disclosed in the income statement refers to the cost of services other than staff costs which are directly related to revenue.

Since most of the companies in the Group operate in service industries, other direct operating expenses represents a substantial portion of the total operating costs.

11 Finance income and finance expenses

ACCOUNTING POLICY

Finance income

Finance income comprises of interest income on funds invested, net changes in fair value of financial assets classified as fair value through profit or loss, and gains on the disposal of interest generating investments whether classified under FVTPL or FVOCI financial assets.

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost and interest bearing financial assets classified as FVOCI the interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. For interest bearing financial assets carried at fair value, interest is

recognised on a discounted cash flow method. Interest income is included under finance income in the income statement.

Finance expenses

Finance expenses comprise interest expense on borrowings and leases, and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement using the effective interest method. Borrowing costs 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, are capitalised as part of the asset. Borrowing costs capitalised are disclosed in notes 15 and 18 to the financial statements.

For the year ended 31st March	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Finance income				
Interest income on financial assets measured at amortised cost	2,883,309	1,158,480	3,104,392	1,143,193
Net change in fair value of equity securities classified as FVTPL	1,048	2,451	1,048	-
	2,884,357	1,160,931	3,105,440	1,143,193
Finance expenses				
Interest expense on financial liabilities measured at amortised cost	(11,391,055)	(3,839,950)	(4,181,930)	(1,092,000)
Net impairment of financial assets measured at amortised cost	1,418	11,193	(1,832)	12,280
Net change in fair value of equity securities classified as FVTPL	(3,469)	(7,184)	-	(7,184)
Other finance charges	(343,781)	(170,313)	(3,990)	(3,606)
	(11,736,887)	(4,006,254)	(4,187,752)	(1,090,510)
Net finance income / (expenses)	(8,852,530)	(2,845,323)	(1,082,312)	52,683

12 Income tax expense

ACCOUNTING POLICY

Income tax expense comprises of current and deferred taxes. The income tax expense is recognised in the income statement except to the extent that it relates to the items recognised directly in the statement of other comprehensive income or statement of changes in equity, in which case it is recognised directly in the respective statements.

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. However, the

application of IFRIC 23 did not have an impact on the income tax expense for the year.

The Group established that any interest and penalties related to income taxes, including uncertain tax treatments do not meet the definition of income taxes and therefore accounted for them as per LKAS 37 - Provisions, contingent liabilities and contingent assets.

NOTES TO THE FINANCIAL STATEMENTS

Current tax

The current tax represents the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted, any taxes on dividends received and any adjustment to tax payable in respect of previous years, including any brought forward Economic Service Charge that is not offset within the specified period.

Taxation for the current and previous periods to the extent unpaid is recognised as a liability in the financial statements. When the amount of taxation already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset in the financial statements.

Companies incorporated in Sri Lanka

Provision for current tax for companies incorporated in Sri Lanka has been computed where applicable in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments there to.

Companies incorporated outside Sri Lanka

Provision for current tax for companies incorporated outside Sri Lanka have been computed in accordance to the relevant tax statutes in the country of incorporation.

Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising on initial recognition of goodwill, the initial

recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and the differences relating to investments in subsidiaries and jointly controlled entities 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 temporary differences when they reverse, based on the laws that have been enacted or substantively enacted or announced by the reporting date.

Temporary differences in relation to right-of-use asset and lease liabilities are treated on a net basis for the purpose of recognising deferred taxes.

A deferred tax asset is recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities recognised by individual companies within the Group are disclosed separately as assets and liabilities in the Group statement of financial position and are not offset against each other.

Transfer Pricing

As prescribed in the Inland Revenue Act No. 24 of 2017 and its amendments thereto and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

12.1 Sri Lankan Operations

The income tax provision for Aitken Spence PLC, its subsidiaries and equity accounted investees which are resident in Sri Lanka is calculated in accordance with the Inland Revenue Act No. 24 of 2017 and its amendments thereto and the circular issued by the Department of Inland Revenue on 09th May 2023 (No. SEC/2023/E/03) on the subject "Calculation of Income Tax Payable for the Year of Assessment commencing on April 1, 2022".

As specified in the Inland Revenue (Amendment) Act No. 45 of 2022, certified on 19th December 2022 and the aforementioned circular, the income tax payable for the year of assessment 2022/23 is calculated separately for two periods: the first 6 months ("First Period") from 01st April 2022 to 30th September 2022 and the second 6 months ("Second Period") from 01st October 2022 to 31st March 2023. The separation of business income included under taxable income into two periods can be done either on a pro-rata basis or actual basis.

With the exception of companies that benefit from income tax exemptions or are subject to concessionary rates as described below, the income tax provisions for companies have been computed based on their adjusted tax profits at the standard rate of 24% until 30th September 2022 and 30% thereafter.

- » Companies with specified sources exempt from income tax are given in note 12.1.1
- » Companies with specified sources liable to income tax at concessionary rates are given in note 12.1.2
- » Companies incorporated in Sri Lanka and operating outside Sri Lanka are given in note 12.1.3

Section 84A (1A) of the Inland Revenue (Amendment) Act No. 45 of 2022 introduced Advance Income Tax (AIT) on dividend distributions made by resident companies of the Group from their taxable profits, starting from 01st January 2023. The income tax expense for the year includes the deduction of AIT at a rate of 15% on dividend distributions made by subsidiaries. Dividends received from 01st April 2022 to 31st December 2022

from taxable profits of companies subject to tax adjustments are subject to income tax rates of 14% and 15% for the periods from 01st April 2022 to 30th September 2022 and from 01st October 2022 to 31st December 2022 respectively.

Companies in Sri Lanka calculate their deferred tax expense based on the tax rates specified in the Inland Revenue Act No. 24 of 2017 and its subsequent amendments. However, the Inland Revenue (Amendment) Act No. 45 of 2022 introduced changes to the previously granted concessionary income tax rates and increased the standard income tax rate. These changes came into effect on 01st October 2022 and resulted in an increase in the standard tax rate from 24% to 30%. As per LKAS 12 - "Income Taxes," any resulting deferred tax due to these rate changes shall be recognised in the Statement of Profit or Loss. Consequently, the companies in the Group have reported a significant deferred tax expense for the year as a result of these tax rate adjustments.

According to note 12.4.1, the primary impact of the tax rate change is related to the revaluation of deferred tax assets/liabilities at the beginning of the year. Previously, these assets/liabilities were accounted for at concessionary tax rates or the standard rate of 24%, totalling Rs. 1,230.9 million. Additionally, there is a reversal of Rs. 446.6 million attributed to the impact of rate changes on temporary differences throughout the year.

The deferred tax expense associated with the revaluation of non-depreciable assets, such as land, takes into account the tax implications that would arise upon the sale of those assets. Furthermore, the Group recognises deferred tax expense for the taxes that are applicable to the undistributed profits of its subsidiary companies.

Tax losses carried forward

As per section 19 of the Inland Revenue Act No. 24 of 2017 and amendments thereto, any unclaimed tax losses incurred during the year from business or investment could be carried forward for further six years. Companies in the Group have evaluated the recoverability of unclaimed losses through taxable profit forecasts and deferred tax assets have been recognised accordingly. Deferred tax assets recognised on tax losses would be reviewed at each reporting date based on the taxable profit forecasts and would be reduced to the extent of recoverable amount.

IFRIC 23 "Uncertainty over income tax treatments" provides guidance on determining taxable profits, tax bases, unused tax losses, unused tax credits and tax rates, when there is an uncertainty over the income tax treatment. The Group has applied significant judgement in identifying uncertainties over income tax treatments for the year and the Group has determined that there were no uncertainties in tax treatments that has an impact on the income tax expense or warrants any disclosure.

12.1.1 Companies with specified sources exempt from income tax

Company	Basis	Statute Reference	Period
Ahungalla Resorts Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Negombo Beach Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2029/2030
Sagasolar Power (Pvt) Ltd	Construction and operation of a solar power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	12 years ending 2027/2028
Turyaa Resorts (Pvt) Ltd	Construction and operation of a tourist hotel	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	10 years ending 2026/2027
Upper Waltrim Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	Section 17A of the Inland Revenue (Amendment) Act No. 08 of 2012	7 years ending 2023/2024

NOTES TO THE FINANCIAL STATEMENTS

In addition, the Inland Revenue Act No. 24 of 2017 and its amendments thereto specifies the following income tax exemptions, which are available to companies operating in the Group.

Company	Basis	Period
Aitken Spence Elevators (Private) Limited Aitken Spence Global Operations (Pvt) Ltd Aitken Spence Hotel Managements (Pvt) Ltd Aitken Spence Hotel Managements Asia (Pvt) Ltd Aitken Spence Hotels International (Pvt) Ltd Aitken Spence International Consulting (Pvt) Limited Aitken Spence PLC Aitken Spence Ports International Ltd Aitken Spence Travels (Pvt) Ltd Royal Spence Aviation (Pvt) Ltd	Gains and profits from any service rendered in or outside Sri Lanka to any person to be utilised outside Sri Lanka, where the payment for such services is received in foreign currency and remitted to Sri Lanka through a bank Gains and profits from any foreign source (other than above) derived in foreign currency and remitted to Sri Lanka through a bank	Open ended
Aitken Spence Agriculture (Pvt) Ltd Elpitiya Plantations PLC	Gains and profits from sale of produce from agro farming	5 years ending 2023/2024
All companies incorporated in Sri Lanka	Interest or discount earned by any person on any sovereign bond denominated in foreign currency, including Sri Lanka Development Bonds, issued by or on behalf of the Government of Sri Lanka. Interest derived in foreign currency on any foreign currency account opened in any commercial bank or in any specialised bank, with the approval of the Central Bank of Sri Lanka. Dividend paid by a resident company to a member to the extent that dividend payment is attributable to, or derived from, another dividend received by that resident company or another resident company.	Open ended

12.1.2 Companies with specified sources liable to income tax at concessionary rates

12.1.2.1 Companies liable to income tax at concessionary rates under the BOI Law

Company	Basis	Income Tax Rate*
Ace Power Embilipitiya (Pvt) Ltd	Construction and operation of a thermal power generation plant	15%
Aitken Spence Apparels (Pvt) Ltd	Set up and operate a project to manufacture garments and exports	15%
Logilink (Pvt) Ltd	Operation of a warehousing facility	15%
Ace Wind Power (Pvt) Ltd	Construction and operation of a wind power plant	20%
Aitken Spence Property Developments (Pvt) Ltd	Construction and operation of a luxury office building complex	20%
Branford Hydropower (Pvt) Ltd	Construction and operation of a hydro power plant	20%

* Concessionary income tax rates referred to above are granted after the initial tax exemption period, in terms of Section 17 of BOI Law No. 4 of 1978.

12.1.2.2 Companies with specified sources liable to income tax at concessionary rates

Company	Basis/Statute Reference	Rate Up to 30.09.2022	Rate From 01.10.2022
Aitken Spence Engineering Solution (Pvt) Ltd Aitken Spence (Garments) Ltd	Gains and profits from conducting a business of exporting goods or merchandise	14%	30%
Ace Exports (Pvt) Ltd Ace Apparels (Pvt) Ltd	Specified undertaking supplying of services to an exporter or manufacture & supply to an exporter of non-traditional goods	14%	30%
Aitken Spence Hotel Holdings PLC Aitken Spence Hotels Ltd Aitken Spence Travels (Pvt) Ltd Hethersett Hotels Ltd Kandalama Hotels (Pvt) Ltd Paradise Resorts Pasikudah (Pvt) Ltd Turyaa (Pvt) Ltd	Gains and profits from an undertaking for the promotion of tourism	14%	30%
Ace Cargo (Pvt) Ltd Aitken Spence Cargo (Pvt) Ltd Aitken Spence Shipping Ltd Aitken Spence Shipping Services Ltd Clark Spence & Company (Pvt) Ltd D B S Logistics Ltd Hapag-Lloyd Lanka (Pvt) Ltd Shipping & Cargo Logistics (Pvt) Ltd	Specified undertaking providing freight forwarding, transshipment operations or provision of service to a foreign ship operator	14%	30%
Ace Container Repair (Pvt) Ltd	Specified undertaking providing any service of ship repair, ship breaking repair and refurbishment of marine cargo containers	14%	30%
Aitken Spence Power Ltd Elgin Hydropower (Pvt) Ltd Waltrim Hydropower (Pvt) Ltd	Gains and profits from the supply of electricity using renewable energy resources	14%	30%
CINEC Campus (Pvt) Ltd Mercantile Seaman Training Institute Ltd	Gains and profits from educational services	14%	30%
Elpitiya Plantations PLC	Gains and profits from agro processing Gains and profits from the supply of electricity using renewable energy resources	14%	30%
Spence Seahorse Marine (Pvt) Ltd	Specified undertaking providing bunkering services for the supply of marine fuel	14%	30%
Aitken Spence Printing & Packaging (Pvt) Ltd Aitken Spence Exports (Pvt) Ltd	Gains and profits from Manufacturing	18%	30%

12.1.3 Companies incorporated in Sri Lanka and operating outside Sri Lanka

Company	Countries Operated	Tax Status
Aitken Spence Global Operations (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotels International (Pvt) Ltd	Maldives	Income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Hotel Managements Asia (Pvt) Ltd	Maldives, Oman	Business profits arising in Oman is liable to tax at 15% and income derived from Maldives is subject to 10% withholding tax.
Aitken Spence Ports International Ltd	Mozambique, Fiji	Income derived from Mozambique and Fiji are subject to withholding tax at 15% and 20% respectively.

Profits and income referred to above are exempt from income tax in Sri Lanka as per the Inland Revenue Act No. 24 of 2017 and its amendments thereto

NOTES TO THE FINANCIAL STATEMENTS

12.2 Overseas Operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Country	Company	Income Tax Rate
British Virgin Islands	Crest Star (B.V.I.) Ltd	Nil
Oman	Aitken Spence Resorts (Middle East) LLC	15%
Maldives	Ace Aviation Services Maldives Pvt Ltd	15%
	Ace Resorts Pvt Ltd	15%
	A.D.S. Resorts Pvt Ltd	15%
	Cowrie Investment Pvt Ltd	15%
	Interlifts International Pvt Ltd	15%
	Jetan Travel Services Company Pvt Ltd	15%
	Spence Maldives Pvt Ltd	15%
	Unique Resorts Pvt Ltd	15%
Fiji	Fiji Ports Terminal Ltd	20%
	Fiji Ports Corporation Ltd	20%
	Fiji Ships Heavy Industries Ltd	20%
	Serendib Investments Ltd	20%
Myanmar	Aitken Spence Travels Myanmar Ltd	25%
	Ace Aviation Myanmar Ltd	25%
India	Aitken Spence Hotel Services Pvt Ltd	25.17%
	PR Holiday Homes Pvt Ltd	25.17%
	Aitken Spence Hotel Managements (South India) Pvt Ltd	25.17%
Bangladesh	Ace Bangladesh Ltd	35%

Dividends paid by companies registered in the Maldives is subject to withholding tax of 10% as per provisions of the Maldives Income Tax Act and the regulations issued thereto.

Dividends remitted to Sri Lanka from the above companies are exempt from income tax under the third schedule to the Inland Revenue Act No. 24 of 2017 and its amendments thereto.

12.3 Surcharge Tax

According to the Surcharge Tax Act No. 14 of 2022, which was certified on 08th April 2022 the Group has a liability for surcharge tax amounting to Rs. 431.8 million for the assessment year 2020/21. This surcharge tax is considered as an expenditure for the year ended 31st March 2021. Since this Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense is treated as an adjustment to the opening retained earnings on 01st April 2022 in the Group's Statement of Changes in Equity. This treatment is in accordance with the "Addendum to the Statement of Alternative Treatment (SoAT) on Accounting for Surcharge Tax" issued by the Institute of Chartered Accountants of Sri Lanka in August 2022. The Group paid Rs. 431.8 million in two installment payments, on 20th April 2022 and 20th July 2022 as specified by the Surcharge Tax Act.

12.4 Tax recognised in income statements

For the year ended 31st March	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Current tax expense				
Tax on current year profits (note 12.6)	2,758,258	1,311,073	20,607	10,673
Under / (over) provision in respect of previous years	(23,328)	37,875	(27,337)	12,827
Withholding tax on dividends paid by subsidiaries	53,514	33,594	-	-
	2,788,444	1,382,542	(6,730)	23,500
Deferred tax expense / (income)				
Impact of changes in tax rates (note 12.4.1)	784,308	-	(126,901)	-
Origination / (reversal) of temporary differences	(447,675)	685,821	138,125	(302,228)
Deferred tax expense / (income) (note 12.7)	336,633	685,821	11,224	(302,228)
	3,125,077	2,068,363	4,494	(278,728)
Effective tax rate (including deferred tax)	27.9%	14.5%	0.1%	-
Effective tax rate (excluding deferred tax)	24.9%	9.7%	-	0.3%

Income tax expense excludes, the Group's share of tax expense of the equity-accounted investees recognised in profit/(loss) of Rs. 907.9 million (2021/2022 - Rs. 243.1 million) which is included in 'share of profit of equity-accounted investees (net of tax)'.

12.4.1 Impact of changes in tax rates for the year ended 31st March 2023

	GROUP	COMPANY
	Rs.'000	Rs.'000
Related to deferred tax assets / liabilities at the beginning of the year	1,230,926	(161,432)
Related origination / (reversal) of temporary differences during the year	(446,618)	34,531
	784,308	(126,901)

A detail analysis of the changes applicable to the income tax rates for the resident companies in Sri Lanka for the financial year 2022/2023 is disclosed in note 12.1.

NOTES TO THE FINANCIAL STATEMENTS

12.5 Tax recognised in other comprehensive income

12.5.1 Group

For the year ended 31st March	2023			2022		
	Before tax Rs.'000	Tax (expense) / income Rs.'000	Net of tax Rs.'000	Before tax Rs.'000	Tax (expense) / income Rs.'000	Net of tax Rs.'000
Items that will not be reclassified to profit or loss						
Revaluation of freehold land (tax impact of rate change)	3,566,785	(1,877,407)	1,689,378	950,470	-	950,470
Actuarial gains / (losses) on defined benefit obligations	(51,294)	15,175	(36,119)	287,573	(48,782)	238,791
Equity investments at FVOCI – net change in fair value	(1,179)	3,025	1,846	(5,512)	551	(4,961)
Share of other comprehensive income of equity- accounted investees (net of tax)	52,301	-	52,301	18,287	-	18,287
	3,566,613	(1,859,207)	1,707,406	1,250,818	(48,231)	1,202,587
Items that are or may be reclassified to profit or loss						
Exchange differences on translation of foreign operations	2,770,806	-	2,770,806	7,949,214	-	7,949,214
Net movement on cash flow hedges	(417,788)	-	(417,788)	(2,715,462)	-	(2,715,462)
Share of other comprehensive income of equity- accounted investees (net of tax)	168,399	-	168,399	1,057,476	-	1,057,476
	2,521,417	-	2,521,417	6,291,228	-	6,291,228
Other comprehensive income for the year	6,088,030	(1,859,207)	4,228,823	7,542,046	(48,231)	7,493,815

Tax recognised in other comprehensive income excludes, the Group's share of tax expense of the equity-accounted investees recognised in the other comprehensive income of Rs. 107.6 million (2021/2022 - Rs. 3.8 million) which has been included in 'share of other comprehensive income of equity-accounted investees (net of tax)'.

12.5.2 Company

For the year ended 31st March	2023			2022		
	Before tax Rs.'000	Tax (expense) / income Rs.'000	Net of tax Rs.'000	Before tax Rs.'000	Tax (expense) / income Rs.'000	Net of tax Rs.'000
Items that will not be reclassified to profit or loss						
Actuarial gains / (losses) on defined benefit obligations	(1,943)	584	(1,359)	30,103	(7,224)	22,879
Equity investments at FVOCI – net change in fair value	(2,357)	3,511	1,154	(2,687)	268	(2,419)
Other comprehensive income for the year	(4,300)	4,095	(205)	27,416	(6,956)	20,460

12.6 Reconciliation of the accounting profits and current year tax

For the year ended 31st March	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Profit before tax	11,201,446	14,224,180	3,593,403	7,221,434
Consolidation adjustments	(1,070,137)	(682,231)	-	-
Profit after adjustments	10,131,309	13,541,949	3,593,403	7,221,434
Income not liable for income tax	(2,857,755)	(1,142,484)	(1,934,242)	(810,062)
Effect of revenue subject to tax at source	2,212,936	1,233,150	206,073	106,733
Adjusted profit	9,486,490	13,632,615	1,865,234	6,518,105
Non - taxable receipts / gains	(997)	(86,850)	(2,269,695)	(1,254,566)
Aggregate disallowed expenses	13,803,237	10,997,895	760,079	591,897
Capital allowances	(8,994,409)	(8,730,325)	(38,113)	(33,672)
Aggregate allowable deductions	(5,727,761)	(8,423,706)	(2,771,652)	(5,035,158)
Utilisation of tax losses	(6,404,244)	(6,587,593)	(1,768,005)	(1,917,489)
Current year tax losses not utilised	12,377,730	6,866,944	4,428,225	1,237,616
Taxable income	14,540,046	7,668,980	206,073	106,733
Income tax charged at;				
Standard rate- 30%	947,222	-	-	-
Standard rate- 24%	287,581	342,403	-	-
Concessionary rates	586,333	349,000	-	-
Varying rates on off - shore profits	937,122	619,670	20,607	10,673
Tax on current year profits	2,758,258	1,311,073	20,607	10,673
Under / (over) provision in respect of previous years	(23,328)	37,875	(27,337)	12,827
Withholding tax on dividends paid by subsidiaries	53,514	33,594	-	-
	2,788,444	1,382,542	(6,730)	23,500

12.7 Deferred tax expense/ (income)

For the year ended 31st March	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Origination / (reversal) of temporary differences arising from ;				
Accelerated depreciation for tax purposes on property, plant and equipment	1,629,338	604,399	2,374	4,233
Defined benefit obligations	(145,774)	(5,030)	(10,356)	(4,534)
Tax losses carried forward	(711,274)	246,094	(93,259)	37,351
Expected credit losses	(168,401)	14,099	(798)	2,101
Right-of-use assets	(22,170)	(14,006)	-	-
Unrealised exchange gain/(loss)	(411,316)	(159,735)	113,263	(341,379)
Undistributed profits of consolidated entities	166,230	-	-	-
	336,633	685,821	11,224	(302,228)

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12.8 Tax losses carried forward

For the year	GROUP		COMPANY	
	2022/2023 Rs.'000	2021/2022 Rs.'000	2022/2023 Rs.'000	2021/2022 Rs.'000
Tax losses brought forward	35,609,442	29,614,801	1,210,398	1,820,582
Adjustments to tax loss brought forward and tax losses arising during the year	13,306,319	12,717,765	4,497,007	1,307,305
Utilisation of tax losses	(6,404,244)	(6,587,593)	(1,768,005)	(1,917,489)
Write off of unclaimable tax losses	(197,027)	(135,531)	-	-
	42,314,490	35,609,442	3,939,400	1,210,398

As specified above, some companies in the Group have carried forward tax losses which are available to be set off against the future tax profits of those companies. Deferred tax assets not accounted in respect of these losses amounted to Rs. 7,876.1 million (2021/2022 - Rs. 4,800.4 million) since utilisation against future taxable profits are not probable. For Aitken Spence PLC, deferred tax assets unaccounted on losses as at 31.03.2023 amounted to Rs. 798.1 million (2021/2022 - Rs. Nil).

13 Earnings / (loss) per share**ACCOUNTING POLICY**

The Group presents basic and diluted earnings per share (EPS) 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. Diluted EPS is determined by

adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

The following reflects the income and share data used in the basic earnings per share computations.

For the year ended 31st March	GROUP		COMPANY	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Net profit /(loss) attributable to equity holders of the company (Rs.)	6,644,027,077	10,539,591,603	3,588,909,209	7,500,161,643
Weighted average number of ordinary shares in issue	405,996,045	405,996,045	405,996,045	405,996,045
Earnings /(loss) per share (Rs.)	16.36	25.96	8.84	18.47

There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

14 Dividends per share

For the year ended 31st March	2023 Rs.'000	2022 Rs.'000
First and final ordinary dividend of Rs. 4.00 per share* (2021/2022 - Nil)	1,623,984	-
Interim ordinary dividend declared (2021/2022 - Rs. 4.00 per share)	-	1,623,984
	1,623,984	1,623,984

* The Directors have recommended a first and final dividend of Rs. 4.00 per share for the year ended 31st March 2023 to be approved at the Annual General Meeting on 30th June 2023. As required by section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company will satisfy the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and will obtain a certificate from the auditors, prior to the payment of the first and final dividend on or before 24th July 2023.

In compliance with Sri Lanka Accounting Standard LKAS 10 - Events after the reporting period, the first and final dividend recommended is not recognised as a liability in the financial statements as at 31st March 2023.

15 Property, plant and equipment

ACCOUNTING POLICY

Recognition and measurement

Items of property, plant and equipment other than land, are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises of its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to the working condition for its intended use, and the attributable borrowing costs if the recognition criteria are met. The cost of an item also includes an initial estimate of the cost of dismantling and removing the items and restoring the site on which it is located.

All items of property, plant and equipment are recognised initially at cost.

The Group recognises land owned by it in the statement of financial position at the revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of each reporting period. If the fair values of land does not change other than by an insignificant amount at each reporting period the Group will revalue such land every 5 years.

Any revaluation increase arising on the revaluation of such land is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in the carrying amount arising on a revaluation of land is recognised in the income statement to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of the same land.

External, independent qualified valuers having appropriate experience in valuing properties in locations of properties being valued, value the land owned by the Group based on market values, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to retained earnings and is not taken into account in arriving at the gain or loss on disposal.

Significant components of property, plant and equipment

When parts of an item of property, plant and equipment have different useful lives than the underlying asset, they are identified and accounted separately as major components of property, plant and equipment and depreciated separately based on their useful life.

Subsequent cost

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing a part of an item, when it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be measured reliably. The carrying amounts of the parts that are replaced are derecognised from the cost of the asset. The cost of day-to-day servicing of property, plant and equipment are recognised in the income statement as and when incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale or on the date that the asset is disposed.

The estimated useful lives are as follows:

Freehold Buildings	20 - 50 years
Plant and Machinery	10 - 20 years
Equipment	04 - 05 years
Power Generation Plants	10 - 20 years or over the period of the power purchase agreement
Motor Vehicles	04 - 10 years
Furniture and Fittings	10 years
Computer Equipment	3-5 years
Crockery, Cutlery and Glassware	3-5 years
Motor Boats	5 years
Soft Furnishing	5-10 years

Power generation plants of some of the Group companies in the renewable energy segment that are not depreciated as above are depreciated on the unit of production basis.

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The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The cost of replacement of components of assets recognised in the carrying amount of property, plant and equipment is depreciated over the balance useful life of the asset.

The cost of major planned overhauls capitalised are depreciated over the period until the next planned maintenance.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Derecognition

An item of property, plant and equipment is derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

Disposal of property, plant and equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised by the Group upon disposal (i.e., at the date the recipient obtains control).

15.1 Group

	Freehold Land	Freehold buildings	Plant machinery and equipment	Motor vehicles	Furniture and fittings	Capital work-in- progress	Total 2022/2023	Total 2021/2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost or revaluation								
Balance as at 01st April								
- Recognised under non-current	18,940,456	68,811,576	37,550,330	4,281,172	5,889,234	287,366	135,760,134	107,806,708
- Recognised under current	-	305,997	1,610,997	46,480	5,484	-	1,968,958	1,862,333
Surplus on revaluation	3,566,785	-	-	-	-	-	3,566,785	950,470
Companies acquired during the year	-	1,883	2,810,761	-	251	-	2,812,895	2,055,120
Exchange difference	847,371	5,975,467	1,638,102	105,077	412,696	33,662	9,012,375	24,006,201
Additions	48,122	196,145	1,563,658	139,764	127,279	890,325	2,965,293	1,374,918
Other transfers	-	203,727	325,609	595	-	(529,931)	-	(2,900)
Disposals / write-offs	-	(8,551)	(380,520)	(2,979)	(5,770)	(1,527)	(399,347)	(323,758)
Balance as at 31st March	23,402,734	75,486,244	45,118,937	4,570,109	6,429,174	679,895	155,687,093	137,729,092
- Recognised under non-current	23,402,734	75,180,247	43,507,152	4,523,629	6,423,667	679,895	153,717,324	135,760,134
- Recognised under current	-	305,997	1,611,785	46,480	5,507	-	1,969,769	1,968,958
Accumulated depreciation								
Balance as at 01st April								
- Recognised under non-current	-	16,667,466	16,624,624	3,197,466	3,460,442	-	39,949,998	27,980,456
- Recognised under current	-	305,997	1,044,321	30,246	5,484	-	1,386,048	1,374,917
Companies acquired during the year	-	455	884,315	-	251	-	885,021	500,418
Exchange difference	-	1,279,926	1,012,250	78,735	176,520	-	2,547,431	8,087,796
Charge for the year	-	2,055,798	2,483,320	182,731	500,419	-	5,222,268	3,678,944
Other transfers	-	-	-	-	-	-	-	(1,136)
Disposals / write-offs	-	(4,246)	(356,646)	(2,829)	(4,482)	-	(368,203)	(285,349)
Balance as at 31st March	-	20,305,396	21,692,184	3,486,349	4,138,634	-	49,622,563	41,336,046
- Recognised under non-current	-	19,999,399	20,634,132	3,451,540	4,133,127	-	48,218,198	39,949,998
- Recognised under current	-	305,997	1,058,052	34,809	5,507	-	1,404,365	1,386,048

	Freehold Land	Freehold buildings	Plant machinery and equipment	Motor vehicles	Furniture and fittings	Capital work-in-progress	Total 2022/2023	Total 2021/2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Carrying amount as at 31st March 2023	23,402,734	55,180,848	23,426,753	1,083,760	2,290,540	679,895	106,064,530	
- Recognised under non-current	23,402,734	55,180,848	22,873,020	1,072,089	2,290,540	679,895	105,499,126	
- Recognised under current *	-	-	553,733	11,671	-	-	565,404	
Carrying amount as at 31st March 2022	18,940,456	52,144,110	21,492,382	1,099,940	2,428,792	287,366		96,393,046
- Recognised under non-current	18,940,456	52,144,110	20,925,706	1,083,706	2,428,792	287,366		95,810,136
- Recognised under current	-	-	566,676	16,234	-	-		582,910

* Consequent to the expiry of the short term power purchase agreement (PPA) signed between Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company and the Ceylon Electricity Board (CEB) on 28th September 2022, discussions concerning an extension to the PPA are ongoing with the CEB. As the outcome of these discussions are uncertain property, plant and equipment of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

The value of property, plant and equipment pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 34,988.3 million (2021/2022- Rs. 28,972.5 million).

No borrowing costs on interest-bearing loans and borrowings and lease liabilities were capitalised by the Group on qualifying assets during the financial year (2021/2022 - Nil).

Capital work-in-progress represents the amount of expenditure recognised under property plant and equipment during the construction of a capital asset.

The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.

In compliance with the accounting policy, land owned by Group companies are revalued by independent professional valuers at least once in every five years unless there is an indication of a significant change in the market rates. Details of the revalued land are given in the note 15.3.2 to the financial statements. Tax impact on revaluation of land is given in note 12 to the financial statements.

On re-assessment of the fair value of the Group's assets, it has been identified that there is no impairment of property plant and equipment which requires provision in the financial statements.

Property plant and equipment as at 31st March 2023 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 12,968.0 million that are still in use (2021/2022 - Rs. 11,311.8 million).

NOTES TO THE FINANCIAL STATEMENTS

15.2 Company

	Plant machinery and equipment Rs.'000	Motor vehicles Rs.'000	Furniture and fittings Rs.'000	Total 2022/2023 Rs.'000	Total 2021/2022 Rs.'000
Cost or revaluation					
Balance as at 01st April	186,542	118,875	80,247	385,664	395,378
Additions	22,373	-	120	22,493	24,701
Disposals	(6,560)	-	(276)	(6,836)	(34,415)
Balance as at 31st March	202,355	118,875	80,091	401,321	385,664
Accumulated depreciation					
Balance as at 01st April	141,679	75,272	77,329	294,280	298,914
Charge for the year	18,087	11,032	831	29,950	29,736
Disposals	(6,560)	-	(276)	(6,836)	(34,370)
Balance as at 31st March	153,206	86,304	77,884	317,394	294,280
Carrying amount as at 31st March 2023	49,149	32,571	2,207	83,927	
Carrying amount as at 31st March 2022	44,863	43,603	2,918		91,384

There were no property plant and equipment pledged by the Company as security for facilities obtained from banks (2021/2022 - nil).

There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2022/2023 and 2021/2022.

Property plant and equipment as at 31st March 2023 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 187.2 million that are still in use (2021/2022 - Rs. 176.8 million).

15.3 Freehold land

15.3.1 Carrying amount of land

As at	31.03.2023 Rs.'000
Land carried at revalued amount (note 15.3.2)	23,300,373
Land carried at cost (fair value) (note 15.3.3)	102,361
	23,402,734

15.3.2 Land carried at revalued amount

Company	Location	Last revaluation date	Estimated price per perch (Significant unobservable inputs) Rs.	Extent	Carrying amount as at 31.03.2023 Rs.'000	Revaluation surplus	Carrying amount at cost Rs.'000
Aitken Spence PLC (a)	315, Vauxhall Street, Colombo 02	31.12.2022	12,500,000	1 A 0 R 12.78 P	2,154,224	2,153,067	1,157
	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2022	4,250,000	1 A 0 R 20.37 P	747,028	742,037	4,991
	170, Sri Wickrema Mw., Colombo 15	10.12.2022	1,500,000	3 A 3 R 31.00 P	942,350	899,389	42,961
	Moragalla, Beruwala	13.12.2022	475,000	10 A 1 R 23.97 P	790,000	789,046	954
	290/1, Inner Harbour Road, Trincomalee	17.10.2022	525,000	0 A 1 R 4.95 P	23,500	23,500	-
Ace Containers (Pvt) Ltd (a)	775/5, Negombo Road, Wattala	22.12.2022	625,000	22 A 0 R 24.88 P	2,215,500	2,120,947	94,553
	385, Colombo Road, Welisara	22.12.2022	725,000	8 A 3 R 12.23 P	1,023,000	936,327	86,673
	No.377, Negombo Road, Welisara, Ragama	22.12.2022	750,000	1 A 1 R 17.80 P	163,000	75,935	87,065
Ace Distriparks (Pvt) Ltd (a)	80, Negombo Road, Wattala	22.12.2022	1,750,000	2 A 2 R 17.03 P	729,800	360,238	369,562
Ahungalla Resorts Ltd (a)	Ahungalla Resorts", Galle Road, Ahungalla	24.12.2022	523,500 - 600,000	12 A 3 R 35.21 P	1,113,500	213,623	899,877
Aitken Spence (Garments) Ltd (a)	222, Agalawatte Road, Matugama	20.12.2022	125,000	2 A 3 R 0 P	55,000	49,840	5,160
Aitken Spence Hotel Holdings PLC (a)	Heritance Ahungalla", Galle Road, Ahungalla	24.12.2022	475,000	11 A 3 R 34.02 P	825,000	806,798	18,202
	Heritance Ahungalla", Galle Road, Ahungalla	24.12.2022	475,000	0 A 0 R 39.26 P	18,500	13,293	5,207
Aitken Spence Hotel Managements (South India) Ltd (b)	144/7, Rajiv Gandhi Salai, Kottivakkam, OMR, Chennai, India	11.11.2022	14,000,000	0 A 3 R 15.14 P	1,887,670	839,700	1,047,970
Aitken Spence Property Developments Ltd (a)	90, St.Rita's Estate, Mawaramandiya	14.12.2022	325,000	3 A 0 R 25.08 P	164,000	139,572	24,428
Aitken Spence Resorts (Middle East) LLC (c)	Al Hamriya, Sultanate of Oman	15.02.2022	8,000,000	5 A 0 R 8.00 P	6,498,396	785,966	5,712,430
Branford Hydropower (Pvt) Ltd (a)	225, Gangabada Road, Kaludawela, Matale	08.10.2022	60,000	2 A 0 R 14.00 P	20,000	9,467	10,533
Clark Spence and Company (Pvt) Ltd (a)	24-24/1, Church Street, Galle	20.12.2022	5,500,000	0 A 1 R 27.90 P	373,450	373,415	35
Heritance (Pvt) Ltd (a)	Moragalla, Beruwala	13.12.2022	375,000	5 A 3 R 6.80 P	347,500	336,420	11,080
Kandalama Hotels Ltd (a)	Kandalama, Dambulla	18.10.2022	370	169 A 2 R 22.00 P	10,000	2,616	7,384
Logiilink (Pvt) Ltd (a)	309/4 a, Negombo Road, Welisara	22.12.2022	525,000	2 A 1 R 9.50 P	193,500	111,009	82,491
Meeraladuwa (Pvt) Ltd (a)	Meeraladuwa Island, Balapitiya	27.12.2022	43,500 - 86,500	29 A 2 R 9.00 P	226,350	126,088	100,262
Neptune Ayurvedic Village (Pvt) Ltd (a)	Ayurvedic village - Moragalla, Beruwala	13.12.2022	252,000	0 A 0 R 19.30 P	4,860	796	4,064
Perumbalam Resorts (Pvt) Ltd (d)	Cochin - Kerala, India	22.01.2023	176,000	4 A 0 R 9.00 P	114,265	96,852	17,413
PR Holiday Homes (Pvt) Ltd (d)	Cochin - Kerala, India	23.01.2023	182,000	14 A 0 R 7.52 P	409,457	188,668	220,789
Tunyaa (Pvt) Ltd (a)	418, Parallel Road, Kudawaskaduwa, Kalutara	13.12.2022	550,000	5 A 1 R 37.90 P	440,000	420,235	19,765
	49, Sea Beach Road, Kalutara	13.12.2022	700,000	0 A 1 R 30.32 P	39,775	38,287	1,488
Tunyaa Resorts (Pvt) Ltd (a)	Kudawaskaduwa, Kalutara	13.12.2022	550,000	1 A 3 R 33.20 P	172,000	115,221	56,779
	Kudawaskaduwa, Kalutara	13.12.2022	550,000	0 A 1 R 34.30 P	40,000	30,826	9,174
Vauxhall Investments Ltd (a)	316, K. Cyril C. Perera Mw., Colombo 13	30.09.2022	4,250,000	0 A 1 R 21.08 P	252,972	231,133	21,839
Vauxhall Property Developments Ltd (a)	305, Vauxhall Street, Colombo 02	31.12.2022	12,500,000	0 A 2 R 24.73 P	1,305,776	1,291,045	14,731
					23,300,373	14,321,356	8,979,017

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The above lands have been revalued on the basis of current market value by independent, qualified valuers who have recent experience in the location and category of property being valued.

- a Valuation of the land was carried out by Mr. K.C.B Condegama, *F.I.V (Sri Lanka)*.
- b Valuation of the land was carried out by CBRE South Asia Pvt. Ltd, India.
- c Valuation of the land was carried out by R. Tulsian Global, Oman.
- d Valuation of the land was carried out by Mr. T.T. Kripananda Singh, *B.Sc.(Engg.) Civil, FIE, FIV, C.(Engg.) (India)*.

15.3.3 Land carried at cost (fair value)

Company	Location	Acquisition date	Average price per perch Rs.	Extent	Carrying amount as at 31.03.2023 Rs.'000
Aitken Spence Property Developments Ltd	St.Rita's Estate, Mawaramandiya	15.11.2018	325,000	1 A 0 R 0.00 P	54,239
Kandalama Hotels Ltd	Kandalama, Dambulla	17.11.2022	20,500	13 A 3 R 38.00 P	48,122
					102,361

The above land which is carried at cost have not been revalued since the acquisition cost represents the fair value.

16 Investment properties

ACCOUNTING POLICY

Recognition and measurement

A property that is held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, by the Group are accounted for as investment properties.

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is measured at its cost at the date when the construction or development is complete.

The Group applies the cost model for investment properties in accordance with Sri Lanka Accounting Standard (LKAS 40) - "Investment Property". Accordingly, land classified as investment properties are stated at cost less any accumulated impairment losses and buildings classified as investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation

No depreciation is provided on land treated as investment property.

Depreciation of other investment property of the Group is provided for on a consistent basis, over the period appropriate to the estimated useful lives of the assets on a straight-line method as follows:

Buildings 20 - 50 years

In the consolidated financial statements, properties which are occupied by companies within the Group for the production or supply of goods and services or for administrative purposes are treated as property, plant and equipment, while these properties are treated as investment property in the financial statements of the company owning the asset, if such company has rented out the property to other Group companies.

16.1 Movement during the year

For the year	GROUP		COMPANY	
	2022/2023 Rs.'000	2021/2022 Rs.'000	2022/2023 Rs.'000	2021/2022 Rs.'000
Cost				
Balance as at 01st April	1,634,031	1,633,400	3,494,670	3,494,039
Additions	-	631	-	631
Balance as at 31st March	1,634,031	1,634,031	3,494,670	3,494,670
Accumulated depreciation				
Balance as at 01st April	2,127	1,820	75,331	73,463
Charge for the year	323	307	1,883	1,868
Balance as at 31st March	2,450	2,127	77,214	75,331
Carrying amount as at 31st March	1,631,581	1,631,904	3,417,456	3,419,339

16.2 Amounts recognised in profit or loss

For the year ended 31st March 2023	GROUP	COMPANY
	Rs.'000	Rs.'000
Rental income earned	-	49,284
Direct operating expenses generating rental income	-	1,845
Direct operating expenses that did not generate rental income	25,404	25,404

For 2021/2022, the total rent income earned by the company from the investment properties was Rs. 48.9 million (Group-nil). There were no direct operating expenses arising on any of the above investment properties during 2021/2022.

There were no restrictions on the realisability of any investment property or on the remittance of income or proceeds of disposal.

16.3 Details of land and buildings classified as investment property

Company	Location	Extent		Significant unobservable inputs		Carrying value of investment property as at 31.03.2023		Number of buildings
		Land	Building	Estimated price per perch . Rs.	Estimated price per square foot Rs.	Group Rs.'000	Company Rs.'000	
Aitken Spence PLC	315, Vauxhall Street, Colombo 02	1 A 0 R 12.78 P	-	12,500,000	-	-	900,000	-
	316, K. Cyril C. Perera Mv., Colombo 13	1 A 0 R 20.37 P	7,988 sq.ft	4,250,000	2,500 - 3,500	-	223,650	2
	170, Sri Wickrema Mv., Colombo 15	3 A 3 R 31.00 P	7,282 sq.ft	1,500,000	3,750 - 5,750	-	188,000	7
	Moragalla, Beruwala	10 A 1 R 23.97 P	125,349 sq.ft	475,000	12,500	-	533,784	6
	290/1, Inner Harbour Road, Trincomalee	0 A 1 R 4.95 P	1,970 sq.ft	525,000	3,500	-	12,700	1
	Irakkakandi Village, VC Road, Nilaweli	108 A 1 R 0.00 P	325 sq.ft	77,000 - 260,000	2,000	1,559,322	1,559,322	1
Aitken Spence Hotel Managements (Pvt) Ltd	Irakkakandi Village, VC Road, Nilaweli	5 A 0 R 1.00 P	-	77,000 - 260,000	-	72,000	-	-
Aitken Spence Developments (Pvt) Ltd	58/1, Park Road Kerawalapitiya, Wattala	-	1,680 sq.ft	-	1,500	259	-	8
						1,631,581	3,417,456	

NOTES TO THE FINANCIAL STATEMENTS

16.4 Market value

Investment properties in the Group are accounted for on the cost model. The open market value of these properties as at 31st March 2023 based on valuation carried out by an independent, qualified valuer who has recent experience in the location and category of investment property being valued, are for the Group, Rs. 2,632 million (2021/2022 - Rs.2,568 million)., and for the company, Rs. 7,740 million (2021/2022 - Rs. 6,520 million).

17 Intangible assets

ACCOUNTING POLICY

Initial Recognition and measurement

The Group recognises intangible assets if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Separately acquired intangible assets are measured on initial recognition at cost. The cost of such separately acquired intangible assets include the purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of preparing the asset for its intended use.

The cost of an intangible asset acquired in a business combination is the fair value of the asset at the date of acquisition.

The cost of an internally generated intangible asset arising from the development phase of an internal project which is capitalised includes all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by the management. Other development expenditure and expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding is expensed in the income statement as and when incurred.

Subsequent costs

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Subsequent measurement

After initial recognition an intangible asset is stated at its costs less any accumulated amortisation and any accumulated impairment losses.

The useful economic life of an intangible asset is assessed to be either finite or indefinite.

Amortisation

Intangible assets with finite lives are amortised over the useful economic life of the asset and assessed for impairment. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic

benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement.

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

Intangible assets recognised by the Group

Computer software

All computer software costs incurred and licensed for use by the Group, which do not form an integral part of related hardware, and can be clearly identified and reliably measured with the probability of leading to future economic benefits, are capitalised under intangible assets.

Website Costs

Costs incurred on development of websites are capitalised as intangible assets when the entity is satisfied that the web site will generate probable economic benefits in the future.

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The policy on measurement of goodwill at initial recognition is given in note 4.1.1.

Goodwill is subsequently measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is allocated to the carrying amount of the equity accounted investee.

In accordance with the above, the group assess the useful life of the computer software and website costs have a finite useful life :

Intangible Asset	Useful life
Computer Software	3-5 years
Website Cost	3-5 years

17.1 Group

	Goodwill	Software	Other intangibles Rs.'000	Total 2022/2023 Rs.'000	Total 2021/2022 Rs.'000
Cost					
Balance as at 01st April	1,410,585	713,427	32,526	2,156,538	1,763,013
Exchange difference	86,924	23,846	2,404	113,174	318,358
Companies acquired during the year	331,364	-	-	331,364	-
Additions	-	7,723	1,330	9,053	72,670
Transfers from property, plant and equipment	-	-	-	-	2,900
Disposals	-	(8,226)	-	(8,226)	(403)
Balance as at 31st March	1,828,873	736,770	36,260	2,601,903	2,156,538
Accumulated amortisation / impairment					
Balance as at 01st April	198,769	567,686	31,110	797,565	697,047
Exchange difference	-	15,059	2,447	17,506	55,943
Amortisation for the year	-	54,194	1,047	55,241	43,842
Transfers from property, plant and equipment	-	-	-	-	1,136
Disposals	-	(8,226)	-	(8,226)	(403)
Balance as at 31st March	198,769	628,713	34,604	862,086	797,565
Carrying amount as at 31st March 2023	1,630,104	108,057	1,656	1,739,817	
Carrying amount as at 31st March 2022	1,211,816	145,741	1,416		1,358,973

There were no intangible assets pledged by the Group as security for facilities obtained from banks (2021/2022- nil).

Intangible assets as at 31st March 2023 includes fully amortised assets having a gross carrying amount (cost) of Rs. 514.5 million that are still in use (2021/2022 - Rs. 491.5 million).

17.1.1 Net carrying value of goodwill

Goodwill arising on business combinations have been allocated to the following sectors for impairment testing. Each sector may consist of several cash generating units (CGU's).

As at	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Tourism sector	850,049	763,125
Maritime and freight logistics sector	378,637	378,637
Strategic investments	381,364	50,000
Services sector	20,054	20,054
	1,630,104	1,211,816

The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth.

The key assumptions used are given below;

Business growth - Based on the long term average growth rate for each business unit where applicable. The weighted average growth rate used is consistent with the forecasts included in industry reports (2022/2023 - 2.0 % to 17.0 %, 2021/2022 - 2.0% to 16.0%).

Discount rate - Risk free rate adjusted for the specific risk relating to the industry (2022/2023 -4.0 % to 15.3%, 2021/2022 - 4.0% to 15.5%).

Inflation - Based on current inflation rate.

Margin - Based on past performance and budgeted expectations.

NOTES TO THE FINANCIAL STATEMENTS

17.2 Company

For the year	Software	
	2022/2023 Rs.'000	2021/2022 Rs.'000
Cost or valuation		
Balance as at 01st April	268,542	198,687
Additions	-	69,855
Balance as at 31st March	268,542	268,542
Accumulated amortisation		
Balance as at 01st April	191,498	180,112
Charge for the year	18,103	11,386
Balance as at 31st March	209,601	191,498
Carrying amount as at 31st March	58,941	77,044

There were no intangible assets pledged by the Company as security for facilities obtained from banks (2021/2022 - nil).

Intangible assets as at 31st March 2023 includes fully depreciated assets having a gross carrying amount (cost) of Rs. 170.1 million that are still in use (2021/2022 - Rs. 169.5 million).

18 Biological assets

ACCOUNTING POLICY

The plantation companies within the Group manages the biological transformation of certain fruit plants for harvesting of agricultural produce from such plants and includes those and the respective nursery plants under biological assets.

Biological assets are classified as mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea, rubber, fruit and other trees, that are not intended to be sold or harvested, but grown for harvesting of agricultural produce from such biological assets. Consumable biological assets include managed timber trees that are to be harvested as agricultural produce or sold as biological assets.

The entity recognises the biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Bearer Biological Assets

Bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – property, plant and equipment.

The Group measures immature plantations at cost. The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting, that is, when the planted area attains maturity, are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets that comes in to bearing during the year are transferred to mature plantations.

Nursery plants

Nursery plant cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

Produce on Bearer Biological Assets

In accordance with LKAS 41, the Group recognises agricultural produce growing on bearer plants at fair value less cost to sell. Any change in the fair value of such agricultural produce are recognised in profit or loss at the end of each reporting period.

Depreciation and amortisation

Mature plantations are depreciated over their useful life or unexpired lease period of the farm land which ever is lower. Depreciation is recognised in the income statement on a straight line basis over the estimated useful economic lives of each part of an item of biological asset as below.

Passion fruit	5 years
Pineapple	3 years
Papaya	4 years
Soursop	20 years

Depreciation method, useful life and residual valued are remeasured at the reporting date and adjusted prospectively, if appropriate.

Specific accounting policy of Elpitiya Plantations PLC., an equity accounted investee

Elpitiya Plantations PLC., recognises tea, rubber, oil palm, coconut, cinnamon and berry plantations managed by them as biological assets in their financial statements.

Produce on Bearer Biological Assets

Elpitiya Plantations PLC recognises agricultural produce growing on bearer plants at fair value less cost to sell. Any change in the fair value of such agricultural produce is recognised in profit or loss at the end of each reporting period. For this purpose, quantities of harvestable agricultural produce is ascertained based on the harvesting cycle of each crop category by limiting

to one harvesting cycle based on the last day of the harvest in the immediately preceding cycle. Further, 50% of the crops in that harvesting cycle are considered for the valuation.

For the valuation of the harvestable agricultural produce, the Group uses the following price formulas.

Tea	– Bought leaf rate (current month) less cost of harvesting and transport
Rubber	– Latex price (95% of current RSS1 Price) less cost of tapping and transport
Oil Palm	– Bought mill net sale average less cost of harvesting and transport

Depreciation and amortisation

Mature plantation of Elpitiya Plantation PLC are depreciated over the following useful lives of the assets.

Tea	33 1/3 Years
Rubber	20 Years
Oil Palm	20 Years
Coconut	50 Years
Cinnamon	20 Years

	GROUP			
	Immature plantations Rs.'000	Mature plantations Rs.'000	Total 2022/2023 Rs.'000	Total 2021/2022 Rs.'000
Cost				
Balance as at 01st April 2022	69,667	13,731	83,398	75,644
Additions	2,539	-	2,539	7,754
Transfers	(17,429)	17,429	-	-
Balance as at 31st March 2023	54,777	31,160	85,937	83,398
Accumulated depreciation				
Balance as at 01st April 2022	-	13,729	13,729	12,522
Charge for the year	-	874	874	1,207
Balance as at 31st March 2023	-	14,603	14,603	13,729
Carrying amount as at 31st March 2023	54,777	16,557	71,334	
Carrying amount as at 31st March 2022	69,667	2		69,669

There were no biological assets pledged by the Group as security for facilities obtained from banks (2021/2022 - nil).

No borrowing costs were capitalised under biological assets on interest-bearing loans and borrowings and lease liabilities by the Group during the financial year (2021/2022 - 2.2 million).

NOTES TO THE FINANCIAL STATEMENTS

19 Right-of-use assets**ACCOUNTING POLICY**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease as per SLFRS 16 - Leases.

The right-of-use asset is initially measured at cost. This comprises of the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets is also adjusted for certain subsequent remeasurements of the lease liability.

After the commencement date, the Group measures the right-of-use asset on the cost model.

Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on

the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Depreciation

Right-of-use assets are depreciated using the straight-line method over the shorter of the lease term and the estimated useful life of the underlying asset.

If the ownership of the leased asset transfers to the Group at the end of the lease term, or the cost of the right-of-use asset reflects the exercise of a purchase option the asset is depreciated over the useful life of the underlying asset.

The right-of-use assets are subject to impairment.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term of the lease or any other basis more representative of the time pattern of the benefits derived from the lease.

19.1 Movement during the year

Leasehold properties that do not meet the definition of an investment property are presented as right-of-use assets.

	Right-of-Use Land Rs.'000	Right-of-Use buildings Rs.'000	Total 2022/2023 Rs.'000	Total 2021/2022 Rs.'000
Cost				
Balance as at 01st April				
- Recognised under non-current	26,448,161	4,360,220	30,808,381	21,221,746
- Recognised under current	4,206	-	4,206	4,206
Companies acquired during the year	63,464	-	63,464	7,828
Exchange difference	2,895,216	268,165	3,163,381	9,485,166
Additions	993	75,707	76,700	106,302
Disposals	(38,521)	(17,289)	(55,810)	(12,661)
Balance as at 31st March	29,373,519	4,686,803	34,060,322	30,812,587
- Recognised under non-current	29,368,319	4,686,803	34,055,122	30,808,381
- Recognised under current	5,200	-	5,200	4,206

	Right-of-Use Land Rs.'000	Right-of-Use buildings Rs.'000	Total 2022/2023 Rs.'000	Total 2021/2022 Rs.'000
Accumulated depreciation				
Balance as at 01st April				
- Recognised under non-current	9,399,851	2,563,831	11,963,682	7,161,340
- Recognised under current	3,614	-	3,614	3,023
Companies acquired during the year	6,060	-	6,060	1,421
Exchange difference	919,904	152,588	1,072,492	3,686,269
Charge for the year	1,493,834	402,647	1,896,481	1,127,904
Other transfers	(112)	112	-	-
Disposals	(2,554)	(17,289)	(19,843)	(12,661)
Balance as at 31st March	11,820,597	3,101,889	14,922,486	11,967,296
- Recognised under non-current	11,816,392	3,101,889	14,918,281	11,963,682
- Recognised under current	4,205	-	4,205	3,614
Carrying amount as at 31st March 2023	17,552,922	1,584,914	19,137,836	
- Recognised under non-current	17,551,927	1,584,914	19,136,841	
- Recognised under current *	995	-	995	
Carrying amount as at 31st March 2022	17,048,902	1,796,389		18,845,291
- Recognised under non-current	17,048,310	1,796,389		18,844,699
- Recognised under current *	592	-		592

* Consequent to the expiry of the short term power purchase agreement (PPA) signed between Ace Power Embilipitiya (Pvt) Ltd., a subsidiary company and the Ceylon Electricity Board (CEB) on 28th September 2022, discussions concerning an extension to the PPA are ongoing with the CEB. As the outcome of these discussions are uncertain right-of-use assets of Ace Power Embilipitiya (Pvt) Ltd., continued to be treated under current assets.

19.2 Amounts recognised in profit or loss on SLFRS 16 - Leases

For the year	2022/2023 Rs.'000	2021/2022 Rs.'000
Depreciation expense of right-of-use assets (note 19.1)	1,896,481	1,127,904
Interest on lease liabilities (note 31.1)	1,118,674	710,724
Expenses relating to short term leases and leases of low value assets	560,504	336,034

19.3 Amounts recognised in statement of cash flows on SLFRS 16 - Leases

For the year	2022/2023 Rs.'000	2021/2022 Rs.'000
Lease capital repayment	1,887,444	1,439,891
Lease interest paid	1,086,339	698,544
Total cash outflow for leases (note 31.1)	2,973,783	2,138,435

NOTES TO THE FINANCIAL STATEMENTS

19.4 Details of leased properties relating to right-of-use assets

Company	Nature of the leasing activity	Location of the leased property	Unexpired lease periods as at 31.03.2023
Ace Apparels (Pvt) Ltd	Land	Koggala - Sri Lanka	41 years
Ace Containers (Pvt) Ltd	Yard and Warehouse facilities	Wattala - Sri Lanka	02 years
Ace Container Terminals (Pvt) Ltd	Land	Katunayake - Sri Lanka	65 years
Ace Distriparks (Pvt) Ltd	Land	Mihinthale - Sri Lanka	21 years
Ace Distriparks (Pvt) Ltd	Warehouse facilities	Welisara and Wattala - Sri Lanka	01 - 02 years
Ace Power Embilipitiya (Pvt) Ltd	Land	Embilipitiya - Sri Lanka	02 years
Ace Windpower (Pvt) Ltd	Land	Ambewela - Sri Lanka	10 years
Aitken Spence Agriculture (Pvt) Ltd	Land	Dambulla - Sri Lanka	20 years
Aitken Spence Cargo (Pvt) Ltd	Warehouse facilities	Mulleriyawa - Sri Lanka	01 - 02 years
Aitken Spence Hotel Managements (Pvt) Ltd	Warehouse facilities	Colombo 02 - Sri Lanka	01 year
Aitken Spence Property Developments (Pvt) Ltd	Land	Colombo 02 - Sri Lanka	01 year
Global Parcel Delivery (Pvt) Ltd	Warehouse facility	Ingiriya - Sri Lanka	04 years
Hethersett Hotels Ltd	Land	Nuwara Eliya - Sri Lanka	72 years
Kandalama Hotels (Pvt) Ltd	Land	Dambulla - Sri Lanka	20 years
Waltrim Hydropower (Pvt) Ltd	Land and building	Nuwara Eliya - Sri Lanka	18 years
Western Power Company (Pvt) Ltd	Land	Muthurajawela - Sri Lanka	24 years
ADS Resorts (Pvt) Ltd	Island	North Male' Atoll - Maldives	04 years
Cowie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	26 years
Cowie Investments (Pvt) Ltd	Island	Raa Atoll - Maldives	42 years
Jetan Travel Services Company (Pvt) Ltd	Island	South Male' Atoll - Maldives	20 years
Unique Resorts (Pvt) Ltd	Island	South Male' Atoll - Maldives	23 years
Fiji Ports Terminal Ltd	Wharfs used for ports operations	Suva - Fiji	06 years

The Group leases office space, office equipment, motor vehicles etc., with contract terms less than five years. These leases are either short term (term less than one year) and/or leases having low-value. Hence, the Group has elected not to recognise these leases as right-of-use assets and lease liabilities.

The value of right-of-use assets pledged by the Group as security for interest-bearing liabilities obtained from banks amounted to Rs. 4,766.8 million (2021/2022- Rs. 7,649.6 million).

20 Investments in subsidiaries

ACCOUNTING POLICY

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is

immediately recognised in the income statement. After the initial recognition, investments in subsidiaries are carried at cost less any accumulated impairment losses.

20.1 Carrying amount of investments in subsidiaries

As at	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Investment in subsidiaries - unquoted (note 20.2)	11,689,225	10,582,204
Investment in subsidiaries - quoted (note 20.3)	2,458,287	2,458,287
	14,147,512	13,040,491

20.2 Investments in subsidiaries - unquoted

	Country of incorporation	Number of shares as at 31.03.2023	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000
a) Ordinary shares							
Ace Apparels (Pvt) Ltd (a) (b) (c)	Sri Lanka	13,100,001	100.00	100.00	-	131,000	131,000
Ace Cargo (Pvt) Ltd (a)	Sri Lanka	990,000	100.00	100.00	-	245,173	245,173
Ace Container Repair (Pvt) Ltd (a)	Sri Lanka	2,250,000	100.00	100.00	-	22,500	22,500
Ace Container Terminals (Pvt) Ltd (a)	Sri Lanka	1,550,002	100.00	100.00	-	15,500	15,500
Ace Containers (Pvt) Ltd (a)	Sri Lanka	4,725,660	100.00	100.00	-	440,100	440,100
Ace Distriparks (Pvt) Ltd (a)	Sri Lanka	11,150,000	100.00	100.00	-	314,000	89,000
Ace Exports (Pvt) Ltd (a)	Sri Lanka	1,400,000	100.00	100.00	-	14,000	14,000
Ace Freight Management (Pvt) Ltd (a)	Sri Lanka	5,222,500	100.00	100.00	-	36,307	36,307
Ace International Express (Pvt) Ltd	Sri Lanka	10,000	100.00	100.00	-	100	100
Ace Wind Power (Pvt) Ltd (a)	Sri Lanka	37,050,000	100.00	100.00	-	430,000	430,000
Aitken Spence Agriculture (Pvt) Ltd (a) (b)	Sri Lanka	7,500,001	100.00	100.00	-	75,000	75,000
Aitken Spence Apparels (Pvt) Ltd (a) (b) (c)	Sri Lanka	1,500,000	100.00	100.00	-	15,000	15,000
Aitken Spence Cargo (Pvt) Ltd (a)	Sri Lanka	10,000	100.00	100.00	-	820	820
Aitken Spence Exports (Pvt) Ltd (c)	Sri Lanka	52,500	100.00	100.00	-	514	514
Aitken Spence Group Ltd (a) (b)	Sri Lanka	10,000	100.00	100.00	-	100	100
Aitken Spence Insurance Brokers (Pvt) Ltd (b)	Sri Lanka	152,740	100.00	100.00	-	1,500	1,500
Aitken Spence International Consulting (Pvt) Ltd (b)	Sri Lanka	10,000	100.00	100.00	-	100	100
Aitken Spence Maritime Ltd (a)	Sri Lanka	140,000	100.00	100.00	-	1,400	1,400
Aitken Spence Power (Pvt) Ltd (a)	Sri Lanka	1,826,204	100.00	100.00	-	18,262	18,262
Aitken Spence Printing and Packaging (Pvt) Ltd (a)	Sri Lanka	10,000,000	100.00	100.00	-	100,000	100,000
Aitken Spence Shipping Ltd (a)	Sri Lanka	2,038,072	100.00	100.00	-	132,717	132,717
Aitken Spence Shipping Services Ltd (a)	Sri Lanka	25,000	100.00	100.00	-	20,200	20,200
Aitken Spence Technologies (Pvt) Ltd (b)	Sri Lanka	1,577,506	100.00	100.00	-	13,888	13,888
Branford Hydropower (Pvt) Ltd (a)	Sri Lanka	16,400,100	100.00	100.00	-	223,000	223,000
Clark Spence and Company (Pvt) Ltd	Sri Lanka	25,000	100.00	100.00	-	74,300	74,300
Logilink (Pvt) Ltd (a)	Sri Lanka	30,000,000	100.00	100.00	-	222,690	222,690
Royal Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	50,000	100.00	100.00	-	500	500
Vauxhall Investments (Pvt) Ltd (a)	Sri Lanka	1,320,000	100.00	100.00	-	13,200	13,200
Vauxhall Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	11,270,000	100.00	100.00	-	153,401	153,401
Waltrim Energy Ltd (a)	Sri Lanka	57,855,000	100.00	100.00	-	873,890	873,890
Sagasolar Power (Pvt) Ltd (a) (b) (c)	Sri Lanka	84,904,336	100.00	100.00	-	1,400,000	-
Aitken Spence Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	75,425,725	96.41	100.00	-	766,594	766,594
Aitken Spence Developments (Pvt) Ltd	Sri Lanka	45,999	92.00	92.00	8.00	1,825	1,825
Western Power Company (Pvt) Ltd (a) (c)	Sri Lanka	80	80.00	80.00	20.00	200,000	200,000
Aitken Spence Elevators (Pvt) Ltd (a)	Sri Lanka	154,786	77.40	77.40	22.60	11,594	11,594
Aitken Spence Moscow (Pvt) Ltd (a)	Sri Lanka	37,500	75.00	75.00	25.00	375	375
Ace Power Embilipitiya (Pvt) Ltd (a) (c)	Sri Lanka	124,033,413	74.00	74.00	26.00	703,626	703,626
Ace Aviation Services (Pvt) Ltd (a)	Sri Lanka	26,251	50.00	100.00	-	263	263
Aitken Spence (Garments) Ltd (a) (b) (c)	Sri Lanka	998,747	50.00	50.00	50.00	26,257	26,257
Aitken Spence Travels (Pvt) Ltd (a) (c)	Sri Lanka	1,704,000	50.00	50.00	50.00	60,875	60,875
MMBL Money Transfer (Pvt) Ltd (a)	Sri Lanka	3,000,000	50.00	50.00	50.00	35,566	35,566
Aitken Spence Hotel Managements (Pvt) Ltd (a) (c)	Sri Lanka	4,020,000	51.00	87.50	12.50	40,200	40,200
Aitken Spence Hotel Managements Asia (Pvt) Ltd (b) (c)	Sri Lanka	4,924,500	49.00	86.99	13.01	49,245	49,245
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	10,323,225	39.00	86.99	13.01	99,000	99,000
Kandalama Hotels (Pvt) Ltd (a) (c)	Sri Lanka	6,000,000	37.00	82.99	17.01	182,050	182,050

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	Country of incorporation	Number of shares as at 31.03.2023	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000
Interlifts International Pvt Ltd	Maldives	23,721	39.99	40.00	60.00	2,005	2,005
Ace Aviation Services Maldives Pvt Ltd	Maldives	490	49.00	49.00	51.00	639	639
Fiji Ports Terminal Ltd (a)	Fiji	1,572,993	51.00	60.80	39.20	749,242	749,242
Aitken Spence International Pte. Ltd (a) (b) (c)	Singapore	100	100.00	100.00	-	-	-
Aitken Spence Corporate Finance (Pvt) Ltd (a) (b) (c)	Sri Lanka	2	100.00	100.00	-	-	-
Global Parcel Delivery (Pvt) Ltd (a)	Sri Lanka	1	100.00	100.00	-	-	-
Aitken Spence Ports International Ltd (a)	Sri Lanka	10,000	10.00	100.00	-	-	-
Western Power Holdings (Pvt) Ltd (a) (refer note 28)	Sri Lanka	-	-	-	-	-	500,000
						7,918,518	6,793,518
b) Preference Shares							
Cumulative preference shares							
Aitken Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	500,000	100.00	100.00	-	5,000	5,000
Aitken Spence Hotel Holdings PLC (a) (c)	Sri Lanka	16,500,000	100.00	100.00	-	165,000	165,000
Western Power Company (Pvt) Ltd (a) (c) *	Sri Lanka	40,000,000	100.00	100.00	-	3,700,000	3,700,000
Non-cumulative preference shares							
Aitken Spence (Garments) Ltd (a) (b) (c)	Sri Lanka	4,000,000	72.73	72.73	27.27	40,000	40,000
						3,910,000	3,910,000
Provision for impairment of investments (note 20.2.1)						(139,293)	(121,314)
						11,689,225	10,582,204

* During 2018/2019 financial year, 40,000,000 Redeemable Cumulative preference shares of Rs. 100.00 each were issued to Aitken Spence PLC by Western Power (Pvt) Ltd. The called up capital on the shares as at 31.03.2023 and 31.03.2022 was Rs. 92.50 per share. The outstanding balance subscription of Rs. 7.50 per share will be called from time to time as and when required by the issuing company.

20.2.1 Movement in provision for impairment of investments in subsidiaries

For the year	2022/2023 Rs.'000	2021/2022 Rs.'000
Balance as at 01st April	121,314	97,129
Impairment made during the year	18,004	24,185
Classified as held for sale	(25)	-
Balance as at 31st March	139,293	121,314

During the period under review the Company impaired some of its investments in the strategic investments sector and recognised an impairment loss of Rs. 18.0 million in the income statement under depreciation, amortisation and impairment (losses) / reversals of non-financial assets.

20.3 Investment in subsidiaries - quoted

	Country of incorporation	Number of shares as at 31.03.2023	Company holding %	Group holding %	Non-controlling holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000
Aitken Spence Hotel Holdings PLC (a) (c) (Ordinary Shares)	Sri Lanka	239,472,667	71.20	74.49	25.51	2,458,287	2,458,287
						2,458,287	2,458,287
Market value of quoted investment						14,344,413	8,501,280

a, b, c - refer note 40

20.4 Inter-company shareholdings - unquoted

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2023	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Aitken Spence Industrial Solutions (Pvt) Ltd (a)	Sri Lanka	Vauxhall Property Developments (Pvt) Ltd	200	100.00	100.00	-
Ace Aviation Services (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Cargo (Pvt) Ltd	26,251	50.00	100.00	-
Ace Travels and Conventions (Pvt) Ltd	Sri Lanka	Aitken Spence Travels (Pvt) Ltd	55,000	100.00	50.00	50.00
Ahungalla Resorts Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	78,369,024	60.00	44.69	55.31
Aitken Spence Aviation (Pvt) Ltd (a) (c)	Sri Lanka	Vauxhall Investments (Pvt) Ltd	5,000	100.00	100.00	-
Aitken Spence Developments (Pvt) Ltd	Sri Lanka	Ace Containers (Pvt) Ltd	1	0.00	92.00	8.00
Aitken Spence (Garments) Ltd (a) (b) (c)	Sri Lanka	Group companies	3	0.00	50.00	50.00
Aitken Spence Hotel Managements (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	3,862,353	49.00	87.50	12.50
Aitken Spence Hotel Managements Asia (Pvt) Ltd (b) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	5,125,500	51.00	86.99	13.01
Aitken Spence Hotels International (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	10,744,582	41.00	86.99	13.01
		Aitken Spence Hotel Management Asia (Pvt) Ltd	5,196,916	20.00		
Aitken Spence Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	14,701,204	98.01	73.01	26.99
		Group companies	2	0.00		
Aitken Spence Overseas Travel Services (Pvt) Ltd (refer note 28)	Sri Lanka	Aitken Spence Travels (Pvt) Ltd	50,000	100.00	50.00	50.00
Aitken Spence Ports International Ltd (a)	Sri Lanka	Aitken Spence Maritime Ltd	90,000	90.00	100.00	-
Aitken Spence Property Developments (Pvt) Ltd (a) (b)	Sri Lanka	Vauxhall Property Developments (Pvt) Ltd	2,805,000	3.53	100.00	-
Aitken Spence Resources (Pvt) Ltd (c)	Sri Lanka	Aitken Spence Hotel Management (Pvt) Ltd	10,000	100.00	100.00	-
D.B.S. Logistics Ltd (a)	Sri Lanka	Aitken Spence Cargo (Pvt) Ltd	200,000	100.00	100.00	-
Aitken Spence Elevators (Pvt) Ltd (a)	Sri Lanka	Group companies	14	0.00	77.40	22.60
Hapag-Lloyd Lanka (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Maritime Ltd	119,999	60.00	60.00	40.00
		Clark Spence and Company (Pvt) Ltd	1	0.00		
Heritage (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels Ltd	2,125,627	100.00	73.01	26.99
Hethersett Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	24,542,000	94.44	70.35	29.65
Kandalama Hotels (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotels Ltd	10,216,216	63.00	82.99	17.01
Meeraladuwa (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	20,227,801	100.00	74.49	25.51
Neptune Ayurvedic Village (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	500,000	100.00	74.49	25.51
Nilaveli Resorts (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Nilaveli Holidays (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Shipping and Cargo Logistics (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Shipping Ltd	25,000	50.00	50.00	50.00
The Galle Heritage (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	1	100.00	74.49	25.51
Turyaa (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	219,812,321	100.00	74.49	25.51
Turyaa Resorts (Pvt) Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	121,920,001	100.00	74.49	25.51
Waltrim Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	24,795,588	100.00	100.00	-
Upper Waltrim Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	26,878,135	100.00	100.00	-
Elgin Hydropower (Pvt) Ltd (a)	Sri Lanka	Waltrim Energy Ltd	28,152,080	100.00	100.00	-
Aitken Spence Resorts (Middle East) LLC (a) (c)	Oman	Aitken Spence Hotels International (Pvt) Ltd	11,748,275	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Ace Resorts Pvt Ltd (a) (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	462,598	100.00	86.99	13.01
		Unique Resorts Pvt Ltd	1	0.00		

NOTES TO THE FINANCIAL STATEMENTS

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2023	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
A.D.S Resorts Pvt Ltd (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	1,274,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Cowrie Investments Pvt Ltd (a) (c)	Maldives	Aitken Spence Hotel Holdings PLC	52,740	60.00	44.69	55.31
Interlifts International Pvt Ltd	Maldives	Vauxhall Property Developments (Pvt) Ltd	6	0.01	40.00	60.00
Jetan Travel Services Company Pvt Ltd (c)	Maldives	Crest Star (B.V.I) Ltd	47,500	95.00	70.77	29.23
Spence Maldives Pvt Ltd (a)	Maldives	Ace Cargo (Pvt) Ltd	42,000	60.00	60.00	40.00
Unique Resorts Pvt Ltd (c)	Maldives	Aitken Spence Hotels International (Pvt) Ltd	6,374,999	100.00	86.99	13.01
		Aitken Spence Hotel Holdings PLC	1	0.00		
Aitken Spence Hotel Managements (South India) Ltd (a)	India	Aitken Spence Hotels International (Pvt) Ltd	150,048,995	83.40	84.92	15.08
		Aitken Spence Hotel Holdings PLC	29,869,000	16.60		
		Aitken Spence Hotel Services Pvt Ltd	1	0.00		
Aitken Spence Hotel Services Pvt Ltd	India	Aitken Spence Hotels International (Pvt) Ltd	10,000	100.00	86.99	13.01
Perumbalam Resorts Pvt Ltd (a)	India	PR Holiday Homes (Pvt) Ltd	9,999	99.99	73.57	26.43
		Aitken Spence Hotel Managements (South India) Ltd	1	0.01		
PR Holiday Homes Pvt Ltd (a)	India	Aitken Spence Hotel Managements Asia (Pvt) Ltd	621,310	84.57	73.57	26.43
Fiji Ports Terminal Ltd (a)	Fiji	Fiji Ports Corporation Ltd	1,511,307	49.00	60.80	39.20
Crest Star (B.V.I) Ltd (a) (c)	British Virgin Islands	Aitken Spence Hotel Holdings PLC	3,415,000	100.00	74.49	25.51
Aitken Spence Travels Myanmar Ltd (a) (c)	Myanmar	Royal Spence Aviation (Pvt) Ltd	12,000	60.00	60.00	40.00
b) Preference Shares						
Cumulative preference shares						
Ace Apparels (Pvt) Ltd (a) (b) (c)	Sri Lanka	Aitken Spence Apparels (Pvt) Ltd	22,650,000	100.00	100.00	-
Aitken Spence Hotels Ltd (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	40,000,000	100.00	74.49	25.51

During 2022/2023 the Group commenced adopting the Statement of Recommended Practice (SORP) for Merger Accounting for Common Control Combinations approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December, 2012, for business combinations in which all of the combining entities are ultimately controlled by the same party both before and after the business combination.

During the period under review, Aitken Spence Global Operations (Pvt) Ltd, was amalgamated with its immediate parent, Aitken Spence Hotels International (Pvt) Ltd and was accounted as a common control combination in accordance with the above SORP. There was no impact to the Consolidated financial statements of the Group due to this amalgamation as the combining entities were accounted for as fully owned subsidiaries prior to the amalgamation.

Further, on 01 April 2023, Turyaa Resorts (Pvt) Ltd was amalgamated with Turyaa (Pvt) Ltd, both being wholly own subsidiaries of Aitken Spence Hotel Holdings PLC and will be accounted as per the same SORP.

20.5 The value of shares pledged by the Group as securities for facilities obtained from banks amounted to Rs. 4,830.7 million (2021/2022 - Rs. 4,281.5 million).

Principal activities of the Group's interest in subsidiaries are described on pages 408 to 413.

a,b,c - refer note 40

20.6 Inter-company shareholdings - quoted

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2023	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Aitken Spence Hotel Holdings PLC (a) (c) (Ordinary Shares)	Sri Lanka	Ace Cargo (Pvt) Ltd	4,423,601	1.32	74.49	25.51
		Aitken Spence Hotel Management (Pvt) Ltd	3,530,639	1.05		
		Aitken Spence Aviation (Pvt) Ltd	2,604,140	0.77		
		Vauxhall Investments (Pvt) Ltd	340,270	0.10		
		Clark Spence and Company (Pvt) Ltd	136,101	0.04		

a,c - refer note 40

20.7 Non-controlling interests

The following table summarises the financial information relating to the Group's subsidiaries that has material non-controlling interests (before any intra-group eliminations).

For the year	2022/2023			2021/2022		
	Aitken Spence Hotel Holding PLC & Group Rs.'000	Other individually immaterial subsidiaries Rs.'000	Total Rs.'000	Aitken Spence Hotel Holding PLC & Group Rs.'000	Other individually immaterial subsidiaries Rs.'000	Total Rs.'000
Non - current assets	92,000,279			85,957,544		
Current assets	15,951,285			15,682,186		
Non - current liabilities	(53,506,289)			(53,708,965)		
Current liabilities	(24,265,004)			(19,789,707)		
Net assets	30,180,271			28,141,058		
Carrying amount of non-controlling interests as at 31st March	7,576,280	4,235,376	11,811,656	7,421,302	4,075,619	11,496,921
Revenue	46,059,884			24,570,780		
Profit for the year	46,809			1,034,305		
Other comprehensive income for the year, net of tax	2,350,509			5,114,716		
Total comprehensive income / (loss) for the year	2,397,318			6,149,021		
Profit / (loss) for the year allocated to non-controlling interests	(404,676)	1,837,018	1,432,342	166,840	1,449,385	1,616,225
Other comprehensive income /(loss) for the year, net of tax allocated to non-controlling interests	586,396	36,458	622,854	811,596	502,482	1,314,078
Total comprehensive income /(loss) for the year allocated to non-controlling interests	181,720	1,873,476	2,055,196	978,436	1,951,867	2,930,303
Cash flows from operating activities	8,494,454			6,793,956		
Cash flows from investing activities	(435,840)			(3,736,595)		
Cash flows from financing activities	(9,333,868)			(2,516,246)		
Net increase in cash and cash equivalents	(1,275,254)			541,115		
Dividends paid to non-controlling interests	23,096	1,650,452	1,673,548	-	1,139,490	1,139,490

21 Investments in equity-accounted investees

ACCOUNTING POLICY

Associates are those entities in which the Group has significant influence, but does not have control over the financial and operating policies. Significant influence is presumed to exist when the Group holds more than 20% of the voting rights of another entity.

Joint ventures are arrangements in which the Group has joint control and has rights to the net assets of the arrangement. The Group has joint control in a venture when there is contractually agreed sharing of control of the venture and the decisions about the relevant activities of the venture require the unanimous consent of the parties sharing control.

Associates and joint ventures are treated as equity accounted investees and are accounted for using the equity method.

Under the equity method Investments in equity-accounted investees are recognised initially at cost, which includes transaction costs. The carrying amount of the investment is adjusted at each reporting date to recognise changes in the Group's share of net assets of the equity-accounted investees arising since the acquisition date. Goodwill relating to the equity-accounted investees is included in the carrying amount of the investment. Dividends declared by the equity-accounted investees are recognised against the equity value of the Group's investment.

The income statement reflects the Group's share of the results of operations of the equity accounted investees. When there is a change recognised directly in the other comprehensive income or equity of the entity, the Group recognises its share of such changes, when applicable, in the statement of profit or loss and other comprehensive income or the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the equity-accounted investees are

eliminated to the extent of the interest in the equity-accounted investees.

The Group's share of profit or loss of equity accounted investees is shown on the face of the income statement net of tax.

Adjustments are made if necessary, to the financial statements of the equity accounted investees to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its equity accounted investee. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. If such company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equal the share of losses not recognised previously.

The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the equity-accounted investees and its carrying value and recognises the amount in the income statement.

Upon loss of significant influence over the associate or the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the equity accounted investee disposed and the fair value of the retaining investment and the proceeds from disposal is recognised in the income statement.

For the year	Notes	GROUP		COMPANY	
		2022/2023 Rs.'000	2021/2022 Rs.'000	2022/2023 Rs.'000	2021/2022 Rs.'000
Recognised in the statement of financial position					
Interest in joint ventures	21.1.1	1,333,262	1,300,012	143,700	143,700
Interest in associates	21.2.1	7,904,831	7,264,089	2,516,255	2,516,255
Carrying amount as at 31.03.2023		9,238,093	8,564,101	2,659,955	2,659,955
Recognised in the income statement					
Interest in joint ventures	21.1.2	286,461	238,251	-	-
Interest in associates	21.2.2	783,676	443,980	-	-
Share of profit of equity-accounted investees (net of tax)		1,070,137	682,231	-	-
Recognised in the statement of profit or loss and other comprehensive income					
Interest in joint ventures	21.1.2	29,288	32,346	-	-
Interest in associates	21.2.2	191,412	1,043,417	-	-
Share of other comprehensive income of equity-accounted investees (net of tax)		220,700	1,075,763	-	-

Share of other comprehensive income of equity-accounted investees (net of tax) is further analysed as ;

For the year	GROUP	
	2022/2023 Rs.'000	2021/2022 Rs.'000
Items that will not be reclassified to profit or loss	52,301	18,287
Items that are or may be reclassified to profit or loss	168,399	1,057,476
	220,700	1,075,763

21.1.1 Investment in joint ventures

	Country of incorporation	GROUP				COMPANY			
		Number of shares as at 31.03.2023	Holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000	Number of shares as at 31.03.2023	Holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000
Aitken Spence C & T Investments (Pvt) Ltd (a) (b) (Ordinary shares - Unquoted)	Sri Lanka	14,170,000	50.00	141,700	141,700	14,170,000	50.00	141,700	141,700
Aitken Spence Engineering Solutions (Pvt) Ltd (Ordinary shares - Unquoted)	Sri Lanka	20,000	50.00	2,000	2,000	20,000	50.00	2,000	2,000
CINEC Campus (Pvt) Ltd (a) (consolidated with Mercantile Seaman Training Institute Ltd) (Ordinary shares - Unquoted)	Sri Lanka	253,334	40.00	502,950	502,950	-	-	-	-
Spence Seahorse Marine (Pvt) Ltd (a) (Ordinary shares - Unquoted)	Sri Lanka	2,250,000	50.00	22,500	5,000	-	-	-	-
Ace Bangladesh Ltd (a) (Ordinary shares - Unquoted)	Bangladesh	172,970	49.00	32,587	32,587	-	-	-	-
Carrying amount as at 31st March				701,737	684,237			143,700	143,700
Provision for impairment of investments				-	-			-	-
Opening cumulative net assets accruing to the group net of dividend				615,775	461,543			-	-
Group's share of total comprehensive income for the year				315,749	270,597			-	-
Dividends received for the year				(299,999)	(116,365)			-	-
Equity value of investments				1,333,262	1,300,012			143,700	143,700

NOTES TO THE FINANCIAL STATEMENTS

21.1.2 Summarised financial information of joint ventures - Group

The following analyses, in aggregate, the net assets of individually immaterial joint ventures.

For the year	GROUP	
	2022/2023 Rs.'000	2021/2022 Rs.'000
Carrying amount of interest in joint ventures as at 31.03.2023	1,333,262	1,300,012
Group's share of :		
- Profit for the year (net of tax)	286,461	238,251
- Other comprehensive income for the year (net of tax)	29,288	32,346
Total comprehensive income for the year	315,749	270,597

21.1.3 Inter-company shareholdings - investment in joint ventures

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2023	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
CINEC Campus (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Ports International Ltd	253,334	40.00	40.00	60.00
Spence Seahorse Marine (Pvt) Ltd (a)	Sri Lanka	Aitken Spence Shipping Ltd	2,250,000	50.00	50.00	50.00
Ace Bangladesh Ltd (a)	Bangladesh	Ace Cargo (Pvt) Ltd	172,970	49.00	49.00	51.00
Aitken Spence Cargo (Cambodia) Co. Ltd (a)	Cambodia	Aitken Spence International Pte Ltd	20,000	50.00	50.00	50.00

Principal activities of the Group's interest in joint ventures are described on pages 413 to 415.

a,b,c - refer note 40

21.2.1 Investment in associates

	Country of incorporation	GROUP				COMPANY			
		Number of shares as at 31.03.2023	Holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000	Number of shares as at 31.03.2023	Holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000
Aitken Spence Plantation Managements PLC (a) (b) (consolidated with Elpitiya Plantations PLC (a) (b)) (Ordinary shares - Quoted)	Sri Lanka	8,295,860	38.95	165,000	165,000	8,295,860	38.95	165,000	165,000
Fiji Ports Corporation Ltd (a) (consolidated with Fiji Ships Heavy Industries Ltd (a)) (Ordinary Shares - Unquoted)	Fiji	14,630,970	20.00	2,351,255	2,351,255	14,630,970	20.00	2,351,255	2,351,255
Serendib Investments Ltd (Ordinary Shares - Unquoted)	Fiji	1,750,000	25.00	151,215	151,215	1,500,000	25.00	151,215	151,215
Browns Beach Hotels PLC (a) (c) (consolidated with Negombo Beach Resorts (Pvt) Ltd (c)) (Ordinary shares - Quoted)	Sri Lanka	48,627,103	27.96	928,077	928,077	-	-	-	-

	Country of incorporation	GROUP				COMPANY			
		Number of shares as at 31.03.2023	Holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000	Number of shares as at 31.03.2023	Holding %	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000
Amethyst Leisure Ltd (c) (consolidated with Paradise Resort Pasikudah (Pvt) Ltd (c)) (Ordinary shares - Unquoted)	Sri Lanka	218,345,163	20.78	332,848	332,848	-	-	-	-
Ace Aviation Myanmar Ltd (Ordinary shares - Unquoted)	Myanmar	1,525,000	33.33*	20,075	20,075	-	-	-	-
Carrying amount as at 31st March				3,948,470	3,948,470			2,667,470	2,667,470
Provision for impairment of investments				(30,570)	(30,570)			(151,215)	(151,215)
Opening cumulative net assets accruing to the group net of dividend				3,346,189	2,035,754			-	-
Group's share of total comprehensive income for the year				975,088	1,487,397			-	-
Dividends received for the year				(528,795)	(326,297)			-	-
Share of net assets recognised in equity				194,449	149,335			-	-
Equity value of investments				7,904,831	7,264,089			2,516,255	2,516,255
Market value of quoted investments				965,850	815,106			377,462	377,462

* Group's effective holding in Ace Aviation Myanmar Ltd.

21.2.2 Summarised financial information of associates - Group

The following analyses in aggregate the carrying amount, share of profit and other comprehensive income of individually immaterial associates.

For the year	2022/2023 Rs.'000	2021/2022 Rs.'000
Carrying amount of interest in associates as at 31.03.2023	7,904,831	7,264,089
Group's share of :		
- Profit for the year (net of tax)	783,676	443,980
- Other comprehensive income for the year (net of tax)	191,412	1,043,417
Total comprehensive income for the year	975,088	1,487,397

21.2.3 Inter-company shareholdings - investment in associates

Investee	Country of incorporation	Investor	Number of shares as at 31.03.2023	Percentage holding (%)		
				Investor holding %	Group holding %	Non-controlling holding %
Amethyst Leisure Ltd (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	218,345,163	27.89	20.78	79.22
Browns Beach Hotels PLC (a) (c)	Sri Lanka	Aitken Spence Hotel Holdings PLC	47,455,750	36.62	27.96	72.04
		Aitken Spence Hotels Ltd	432,459	0.33		
		Heritance (Pvt) Ltd	432,444	0.33		
		Kandalama Hotels (Pvt) Ltd	306,450	0.24		
Ace Aviation Myanmar Ltd	Myanmar	Aitken Spence Cargo (Pvt) Ltd	1,525,000	33.33	33.33	66.67

Principal activities of the Group's interest in associates are described on pages 413 to 415.

a,b,c - refer note 40

NOTES TO THE FINANCIAL STATEMENTS

22 Deferred tax assets ACCOUNTING POLICY

Refer note 12.

22.1 Movement during the year

	GROUP		COMPANY	
	2022/2023 Rs.'000	2021/2022 Rs.'000	2022/2023 Rs.'000	2021/2022 Rs.'000
For the year				
Balance as at 01st April	1,336,394	1,196,477	647,131	351,859
Companies acquired during the year	(4,877)	-	-	-
Exchange difference	68,159	315,047	-	-
Reversal of temporary differences				
Recognised in profit / (loss)	677,095	(163,155)	(11,224)	302,228
Recognised in other comprehensive income	(457,457)	(11,975)	4,095	(6,956)
Balance as at 31st March	1,619,314	1,336,394	640,002	647,131

22.2 Composition of deferred tax assets

	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
As at				
Deferred tax assets attributable to;				
Defined benefit obligations	192,404	52,320	31,971	21,031
Tax losses carried forward	1,974,642	1,475,254	383,755	290,496
Expected credit losses	185,403	48,553	1,789	991
Right-of-use assets	41,176	8,600	-	-
Financial assets at FVOCI	4,340	1,429	4,913	1,402
Unrealised exchange loss	610,538	318,558	228,116	341,379
Accelerated depreciation for tax purposes on property, plant and equipment	(909,993)	(568,320)	(10,542)	(8,168)
Revaluation surplus on freehold land	(470,445)	-	-	-
Other items	(8,751)	-	-	-
Net deferred tax assets	1,619,314	1,336,394	640,002	647,131

22.3 Movement in tax effect of temporary differences - Group

	As at 31.03.2023	Exchange difference on translation	Recognised in profit / (loss)	Recognised in other comprehensive income	Companies acquired during the year	As at 31.03.2022	Exchange difference	Recognised in profit / (loss)	Recognised in other comprehensive income	As at 01.04.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax assets										
Defined benefit obligations	192,404	110	128,147	11,827	-	52,320	1,155	(60,553)	(16,823)	128,541
Tax losses carried forward	1,974,642	54,071	445,317	-	-	1,475,254	476,162	(449,269)	-	1,448,361
Expected credit losses	185,403	2,202	134,648	-	-	48,553	8,543	(3,618)	-	43,628
Right-of-use assets	41,176	-	30,452	-	2,124	8,600	-	8,243	-	357
Unrealised exchange loss	610,538	-	291,980	-	-	318,558	-	318,558	-	-
Financial assets at FVOCI	4,340	-	-	2,911	-	1,429	-	-	642	787
	3,008,503	56,383	1,030,544	14,738	2,124	1,904,714	485,860	(186,639)	(16,181)	1,621,674
Deferred tax liability										
Accelerated depreciation for tax purposes on property, plant and equipment	(909,993)	11,776	(353,449)	-	-	(568,320)	(170,813)	23,484	-	(420,991)
Revaluation surplus on freehold land	(470,445)	-	-	(470,445)	-	-	-	-	4,206	(4,206)
Other items	(8,751)	-	-	(1,750)	(7,001)	-	-	-	-	-
	(1,389,189)	11,776	(353,449)	(472,195)	(7,001)	(568,320)	(170,813)	23,484	4,206	(425,197)
Net deferred tax assets	1,619,314	68,159	677,095	(457,457)	(4,877)	1,336,394	315,047	(163,155)	(11,975)	1,196,477

22.4 Movement in tax effect of temporary differences - Company

	As at 31.03.2023	Recognised in profit / (loss)	Recognised in other comprehensive income	As at 31.03.2022	Recognised in profit / (loss)	Recognised in other comprehensive income	As at 01.04.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax assets							
Defined benefit obligations	31,971	10,356	584	21,031	4,534	(7,224)	23,721
Tax losses carried forward	383,755	93,259	-	290,496	(37,351)	-	327,847
Unrealised exchange loss	228,116	(113,263)	-	341,379	341,379	-	-
Expected credit losses	1,789	798	-	991	(2,101)	-	3,092
Financial assets at FVOCI	4,913	-	3,511	1,402	-	268	1,134
	650,544	(8,850)	4,095	655,299	306,461	(6,956)	355,794
Deferred tax liability							
Accelerated depreciation for tax purposes on property, plant and equipment	(10,542)	(2,374)	-	(8,168)	(4,233)	-	(3,935)
	(10,542)	(2,374)	-	(8,168)	(4,233)	-	(3,935)
Net deferred tax assets	640,002	(11,224)	4,095	647,131	302,228	(6,956)	351,859

NOTES TO THE FINANCIAL STATEMENTS

23 Other financial assets - non-current**ACCOUNTING POLICY**

Refer note 37.

23.1 Unquoted equity and debt securities

As at	Notes	GROUP		COMPANY	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Financial assets at fair value through OCI					
- Unquoted equity securities	23.1.1	302,551	276,026	11,879	14,236
Financial assets at amortised cost					
- Unquoted debt securities	23.1.2	78,227	66,259	4,292	6,341
- Amounts due from equity-accounted investees		725,524	-	-	-
Carrying amount as at 31st March		1,106,302	342,285	16,171	20,577
Current unquoted equity and debt securities	23.1.2	(78,227)	(27,926)	(4,292)	(6,341)
Non-current unquoted equity and debt securities		1,028,075	314,359	11,879	14,236

23.1.1 Unquoted equity securities

	No. of shares as at 31.03.2023	GROUP		COMPANY		
		As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000	No. of shares as at 31.03.2023	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000
Rainforest Ecolodge (Pvt) Ltd (Ordinary shares)	3,500,000	35,000	35,000	3,500,000	35,000	35,000
Business Process Outsourcing LLC (Ordinary shares)	30,000	8,640	8,640	30,000	8,640	8,640
Floatels India (Pvt) Ltd (Ordinary shares)	716,037	84,128	84,128	-	-	-
SLFFA Cargo Services Ltd (Ordinary shares)	1,243,000	3,223	3,223	-	-	-
Ingrin Institute of Printing & Graphics Sri Lanka Ltd (Ordinary shares)	10,000	100	100	-	-	-
		131,091	131,091		43,640	43,640
Change in fair value of investments		(16,906)	(15,727)		(31,761)	(29,404)
Exchange difference		188,366	160,662		-	-
Carrying amount		302,551	276,026		11,879	14,236

The Group designated the investments shown above as equity securities, which represents investments that the Group intends to hold as long term strategic investments. There were no such strategic investments disposed or transfers of any cumulative gains or losses within equity by the Group relating to these investments during the financial year 2022/2023.

23.1.2 Unquoted debt securities

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Sumiko Lanka Hotels (Pvt) Ltd (Redeemable Debentures)	78,227	69,623	4,292	6,341
Impairment of unquoted debt securities	-	(3,364)	-	-
	78,227	66,259	4,292	6,341
Current unquoted debt securities	(78,227)	(27,926)	(4,292)	(6,341)
Non-current unquoted debt securities	-	38,333	-	-

Valuation technique and interest rate basis used for the valuation of unquoted debt securities are disclosed in note 36.3.2.

23.2 Movement during the year

	GROUP					COMPANY			
	Unquoted equity securities	Unquoted debt securities	Amounts due from equity-accounted investees	Total 2022/2023	Total 2021/2022	Unquoted equity securities	Unquoted debt securities	Total 2022/2023	Total 2021/2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01st April	276,026	66,259	-	342,285	832,597	14,236	6,341	20,577	25,981
Exchange difference	27,704	-	-	27,704	78,341	-	-	-	-
Additions	-	-	-	-	2,400	-	-	-	-
Disposals / settlements	-	(3,626)	-	(3,626)	(3,649)	-	(3,627)	(3,627)	(3,386)
Interest accrued	-	12,230	-	12,230	5,880	-	1,578	1,578	669
Impairment (losses) / reversals	-	3,364	-	3,364	(47)	-	-	-	-
Transfer from /(to) current assets	-	(78,227)	725,524	647,297	(595,651)	-	(4,292)	(4,292)	(6,341)
Change in fair value	(1,179)	-	-	(1,179)	(5,512)	(2,357)	-	(2,357)	(2,687)
Balance as at 31st March	302,551	-	725,524	1,028,075	314,359	11,879	-	11,879	14,236

24 Inventories

ACCOUNTING POLICY

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is valued based on a weighted average cost. The cost includes expenditure incurred in acquiring the inventory and bringing them to their existing location and

condition. In the case of manufactured inventories, cost includes an appropriate share of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses based on normal operating capacity.

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Raw materials	1,621,919	1,168,469	-	-
Work-in-progress and finished goods	1,190,763	587,278	-	-
Consumables	2,645,007	2,279,646	6,828	7,379
	5,457,689	4,035,393	6,828	7,379
Provision for impairment of inventories (note 24.1)	(183,497)	(176,699)	-	(424)
	5,274,192	3,858,694	6,828	6,955

None of the inventories are pledged as security for facilities obtained by the Group or Company from banks as at 31st March 2023. (Group and Company 2021/2022-nil).

NOTES TO THE FINANCIAL STATEMENTS

24.1 Movement in provision for impairment of inventories

For the year	GROUP		COMPANY	
	2022/2023 Rs.'000	2021/2022 Rs.'000	2022/2023 Rs.'000	2021/2022 Rs.'000
Balance as at 01st April	176,699	176,163	424	-
Exchange difference	273	1,198	-	-
Impairment losses / (reversals) during the period	6,973	(662)	24	424
Written-off during the period	(448)	-	(448)	-
Balance as at 31st March	183,497	176,699	-	424

During the year the Group increase its provision made against the inventory by Rs. 7.0 million after re-assessing the net realisable value of the inventory as at 31st March 2023. The above charge is recognised in the income statement under depreciation, amortisation and impairment (losses) / reversals of non-financial assets.

25 Trade and other receivables

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Trade receivables	17,601,591	14,112,665	1,447	2,693
Other receivables	3,528,832	5,851,440	525,867	409,600
Contract assets	536,367	576,937	-	-
Amounts due from subsidiaries	-	-	5,787,672	4,488,397
Amounts due from equity-accounted investees	552,907	1,016,860	178,162	159,332
Loans to employees	35,611	9,648	-	48
	22,255,308	21,567,550	6,493,148	5,060,070
Provision for impairment of trade and other receivables (notes 37.3.3.2.2 and 37.3.3.2.4)	(1,011,779)	(431,722)	(737,024)	(444,707)
	21,243,529	21,135,828	5,756,124	4,615,363

Note 37.3.3.3 provides an age analysis of trade receivables and a description of the calculation of expected credit loss allowance.

25.1 Movement of loans above Rs. 20,000/- given to executive staff

As at	COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Balance as at 01st April	48	278
Recoveries during the period	(48)	(230)
Balance as at 31st March	-	48

25.2 Currency-wise analysis of trade and other receivables

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Sri Lankan Rupees	13,723,141	15,274,918	5,296,951	4,193,960
United States Dollars	7,241,996	5,581,486	459,173	421,403
Omani Riyal	81,779	88,168	-	-
Fijian Dollar	75,962	35,314	-	-
Other	120,651	155,942	-	-
	21,243,529	21,135,828	5,756,124	4,615,363

26 Other current assets

As at	Notes	GROUP		COMPANY	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Other financial assets	26.1	26,506,693	24,544,888	20,546,443	19,524,210
Property, plant and equipment	15.1	565,404	582,910	-	-
Right-of-use asset	19.1	995	592	-	-
		27,073,092	25,128,390	20,546,443	19,524,210

26.1 Other financial assets - current

ACCOUNTING POLICY

Refer note 37.

As at	Notes	GROUP		COMPANY	
		31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Financial assets at fair value through profit or loss					
- Quoted equity securities	26.1.1	46,529	47,906	25,702	23,610
Financial assets at amortised cost					
- Unquoted debt securities	23.1.2	78,227	27,926	4,292	6,341
- Bank deposits	26.1.2	26,384,521	24,469,660	20,518,820	19,494,798
Provision for impairment of bank deposits (notes 37.3.3.2.2 and 37.3.3.2.4)		(2,584)	(604)	(2,371)	(539)
		26,506,693	24,544,888	20,546,443	19,524,210

NOTES TO THE FINANCIAL STATEMENTS

26.1.1 Quoted equity securities

As at	GROUP			COMPANY		
	No. of shares as at 31.03.2023	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000	No. of shares as at 31.03.2023	As at 31.03.2023 Rs.'000	As at 31.03.2022 Rs.'000
Commercial Bank of Ceylon PLC (Ordinary shares)	345,046	33,789	32,792	345,046	33,789	32,792
DFCC Bank PLC (Ordinary shares)	28,741	611	564	28,741	611	564
Hatton National Bank PLC (Ordinary shares)	226,315	4,060	4,060	-	-	-
Colombo Dockyard PLC (Ordinary shares)	13,543	123	123	-	-	-
		38,583	37,539		34,400	33,356
Change in fair value of investments		7,946	10,367		(8,698)	(9,746)
Carrying amount		46,529	47,906		25,702	23,610

26.1.2 Bank deposits

Bank deposits include fixed and call deposits which are measured at amortised cost using the effective interest rate. These financial assets are expected to be recovered through contractual cash flows.

27 Cash and cash equivalents

ACCOUNTING POLICY

Cash and cash equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

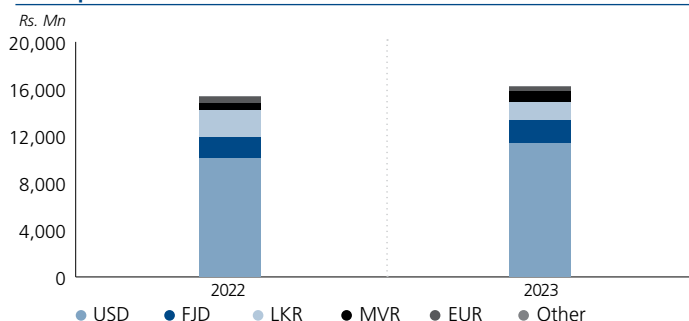
As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Cash at bank and in hand	12,653,790	13,183,650	2,854,502	3,118,573
Short-term deposits	3,561,725	2,159,896	173,884	612,269
Cash and short-term deposits in the statement of financial position	16,215,515	15,343,546	3,028,386	3,730,842
Bank overdrafts and other short-term borrowings	(22,791,252)	(9,617,003)	(10,406,913)	(2,881,302)
Cash and cash equivalents in the statement of cash flows	(6,575,737)	5,726,543	(7,378,527)	849,540

The credit risk relating to Group bank balances are analysed according to credit ratings of each bank which is available on note 37.3.3.4.

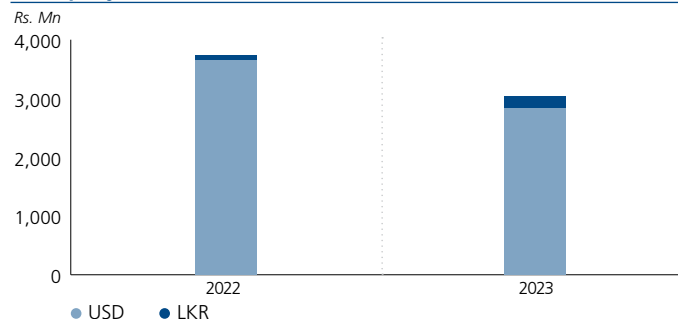
27.1 Currency-wise analysis of cash and cash equivalents

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Sri Lankan Rupees	(14,048,521)	(2,926,352)	(10,219,320)	(2,804,359)
United States Dollars	6,279,939	7,691,704	2,840,793	3,653,899
Maldivian Rufiyaa	852,825	652,671	-	-
Fiji Dollar	1,962,393	1,859,618	-	-
Others	(1,622,373)	(1,551,098)	-	-
	(6,575,737)	5,726,543	(7,378,527)	849,540

Currency-wise analysis of cash and cash equivalents - Group



Currency-wise analysis of cash and cash equivalents - Company



28 Assets classified as held for sale

ACCOUNTING POLICY

Non-current assets that are expected to be recovered primarily through a disposal rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, these assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on the above assets is first allocated to goodwill and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets

and investment property, which are continued to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on re-measurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer accounted.

Consequent to the decision made by the Group to divest from the ship owning business in 2007/2008 and the sale of ships by the Group's ship owning companies, the Group recognised the fair values of the investments in Ceyaki Shipping (Pvt) Ltd and Ceyspence (Pvt) Ltd under assets classified as held for sale. Further, the fair values of the Group's investment in Spence International (Pvt) Ltd., Aitken Spence Overseas Travel Services (Pvt) Ltd and Western Power Holdings (Pvt) Ltd are also treated under assets classified as held for sale upon the decision made to liquidate these companies. The decision to liquidate Aitken Spence Overseas Travel Services (Pvt) Ltd and Western Power Holdings (Pvt) Ltd were made during the current financial year. The liquidation of these companies are not yet concluded.

During the period under review subsidiary company Ace Resorts (Pvt) Ltd., disposed its leasehold rights of the Raafushi Island which was previously included under assets classified as held for sale.

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Share of net assets of equity-accounted investees classified as held for sale	149,125	149,125	57,237	57,237
Net current assets of group companies classified as held for sale	20,298	15,000	15,000	15,000
Carrying amount of the leasehold rights classified as held for sale	-	1,586,969	-	-
	169,423	1,751,094	72,237	72,237

There were no discontinued operations recognised in the income statement during the year.

NOTES TO THE FINANCIAL STATEMENTS

29 Stated capital and reserves**29.1 Stated capital**

As at	31.03.2023	31.03.2022
Stated capital (Rs.'000)	2,135,140	2,135,140
No. of shares	405,996,045	405,996,045

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

29.2 Reserves**Revaluation reserve**

Revaluation reserve relates to the amount by which the Group has revalued its property, plant and equipment. There were no restrictions on distribution of these balances to the shareholders.

General reserve

General reserve reflects the amount the Group has reserved over the years from its earnings.

Exchange fluctuation reserve

Exchange fluctuation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

Other capital reserves

This represents the portion of the stated capital of subsidiaries attributable to the Group.

Fair value reserve

This represents the cumulative net change in the fair value of equity securities designated at fair value through OCI.

Cash flow hedge reserve

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows or items affect profit or loss.

Movements of reserves are disclosed in the statement of changes in equity

29.3 Other comprehensive income accumulated in reserves

29.3.1 Group

	Attributable to equity holders of the company					Total	Non-controlling interests	Total equity
	Revaluation reserve	Exchange fluctuation reserve	Fair value reserve	Cash flow hedge reserve	Retained earnings			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
For the year ended 31st March 2023								
Revaluation of freehold land	3,335,071	-	-	-	-	3,335,071	231,714	3,566,785
Actuarial gains on defined benefit obligations	-	-	-	-	(40,200)	(40,200)	(11,094)	(51,294)
Exchange differences on translation of foreign operations	-	1,930,421	-	-	-	1,930,421	840,385	2,770,806
Equity investments at FVOCI – net change in fair value	-	-	(1,179)	-	-	(1,179)	-	(1,179)
Net movement on cash flow hedges	-	-	-	(186,726)	-	(186,726)	(231,062)	(417,788)
Share of other comprehensive income of equity-accounted investees (net of tax)	53,443	168,399	-	-	891	222,733	(2,033)	220,700
Income tax on other comprehensive income	(1,669,029)	-	3,026	-	11,852	(1,654,151)	(205,056)	(1,859,207)
Total	1,719,485	2,098,820	1,847	(186,726)	(27,457)	3,605,969	622,854	4,228,823
For the year ended 31st March 2022								
Revaluation of freehold land	804,737	-	-	-	-	804,737	145,733	950,470
Actuarial losses on defined benefit obligations	-	-	-	-	227,222	227,222	60,351	287,573
Exchange differences on translation of foreign operations	-	5,331,693	-	-	-	5,331,693	2,617,521	7,949,214
Equity investments at FVOCI – net change in fair value	-	-	(5,512)	-	-	(5,512)	-	(5,512)
Net movement on cash flow hedges	-	-	-	(1,213,648)	-	(1,213,648)	(1,501,814)	(2,715,462)
Share of other comprehensive income of equity-accounted investees (net of tax)	3,916	1,057,476	-	-	12,883	1,074,275	1,488	1,075,763
Income tax on other comprehensive income	-	-	551	-	(39,581)	(39,030)	(9,201)	(48,231)
Total	808,653	6,389,169	(4,961)	(1,213,648)	200,524	6,179,737	1,314,078	7,493,815

29.3.2 Company

	Fair value reserve	Retained earnings	Total equity
	Rs.'000	Rs.'000	Rs.'000
For the year ended 31st March 2023			
Actuarial gains on defined benefit obligations	-	(1,943)	(1,943)
Equity investments at FVOCI – net change in fair value	(2,357)	-	(2,357)
Income tax on other comprehensive income	3,512	583	4,095
Total	1,155	(1,360)	(205)
For the year ended 31st March 2022			
Actuarial losses on defined benefit obligations	-	30,103	30,103
Equity investments at FVOCI – net change in fair value	(2,687)	-	(2,687)
Income tax on other comprehensive income	269	(7,225)	(6,956)
Total	(2,418)	22,878	20,460

NOTES TO THE FINANCIAL STATEMENTS

30 Interest-bearing loans and borrowings**30.1 Movement during the year**

	GROUP		COMPANY	
	2022/2023 Rs.'000	2021/2022 Rs.'000	2022/2023 Rs.'000	2021/2022 Rs.'000
For the year				
Loan Capital				
Balance as at 01st April	57,701,383	42,913,368	5,157,485	3,935,592
Exchange difference	5,606,647	14,739,034	686,186	1,516,922
Companies acquired during the year	996,235	555,228	-	-
New loans obtained	321,921	1,217,750	-	1,003,750
Interest expense capitalised	1,132,438	629,538	-	-
Capital repayment	(9,457,668)	(2,368,915)	(1,914,753)	(1,306,500)
Transaction cost	13,734	15,380	6,044	7,721
	56,314,690	57,701,383	3,934,962	5,157,485
Loan Interest				
Balance as at 01st April	250,587	111,903	27,755	25,794
Exchange difference	24,987	51,789	-	-
Interest expense				
- Charged to the income statement	6,288,625	2,296,338	333,928	180,084
- Capitalised under property, plant and equipment	-	-	-	-
- Capitalised as new loans	(1,132,438)	(629,538)	-	-
Interest paid	(5,178,973)	(1,579,905)	(309,585)	(178,123)
	252,788	250,587	52,098	27,755
Balance as at 31st March	56,567,478	57,951,970	3,987,060	5,185,240
Current portion of interest-bearing liabilities	(9,618,620)	(8,677,206)	(1,373,604)	(1,666,706)
Non-current portion of interest-bearing liabilities	46,948,858	49,274,764	2,613,456	3,518,534

30.2 Analysed by capital repayment

	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
As at				
Payable within 1 year	9,618,620	8,677,206	1,373,604	1,666,706
Payable within 1 - 2 years	8,818,596	7,456,795	1,305,883	1,171,158
Payable within 2 - 5 years	25,665,080	26,771,281	1,307,573	2,347,376
Payable after 5 years	12,465,182	15,046,688	-	-
	56,567,478	57,951,970	3,987,060	5,185,240

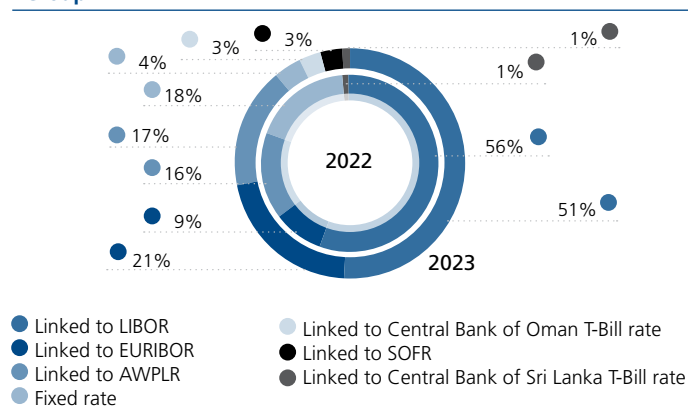
30.3 Analysed by interest rate

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Linked to LIBOR	28,748,534	32,290,090	3,995,086	4,739,218
Linked to EURIBOR	11,994,119	5,356,876	-	-
Linked to AWPLR	9,475,399	9,290,451	-	-
Fixed rate	2,266,945	10,184,745	-	460,092
Linked to Central Bank of Oman T-Bill rate	1,865,541	-	-	-
Linked to SOFR	1,570,892	-	-	-
Linked to Central Bank of Sri Lanka T-Bill rate	665,075	860,071	-	-
Transaction cost to be amortised	(19,027)	(30,263)	(8,026)	(14,070)
	56,567,478	57,951,970	3,987,060	5,185,240

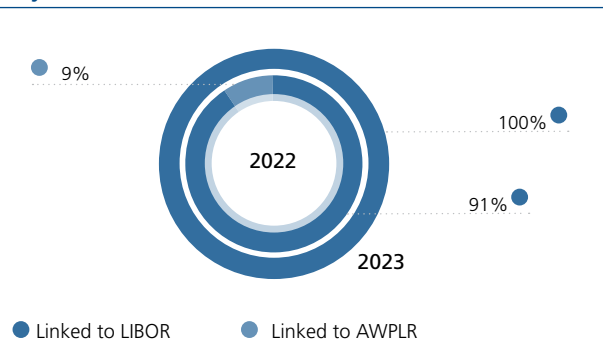
30.4 Analysed by currency equivalent in Rupees

As at	GROUP			COMPANY		
	31.03.2023 %	Rs. Equivalent Rs.'000	31.03.2022 Rs. Equivalent Rs.'000	31.03.2023 %	Rs. Equivalent Rs.'000	31.03.2022 Rs. Equivalent Rs.'000
United States Dollars	55	31,118,185	33,638,725	100	3,995,086	4,739,219
Euro	21	11,994,119	11,447,746	-	-	-
Sri Lankan Rupees	21	11,608,660	10,937,249	-	-	460,091
Omani Riyal	3	1,865,541	1,958,513	-	-	-
Transaction cost to be amortised		(19,027)	(30,263)		(8,026)	(14,070)
	100	56,567,478	57,951,970	100	3,987,060	5,185,240

Analysed by interest rate - Group



Analysed by interest rate - Company



NOTES TO THE FINANCIAL STATEMENTS

30.5 Detailed analysis of Interest-bearing loans and borrowings

Loan No.	Currency	Linked interest rate basis	Collaterals *	Repayment terms	Maturity	LKR equivalent as at	
						31.03.2023 Rs.'000	31.03.2022 Rs.'000
Tourism Sector							
Hatton National Bank							
1	USD	LIBOR	■	Repayment commenced. Monthly instalments.	Mar-30	10,757,938	10,511,184
2	USD	LIBOR	□ ■	Repayment commenced. Monthly instalments.	Mar-26	1,615,826	1,887,959
3	USD	Fixed rate	●	60 Monthly instalments starting Aug-2024.	Jul-31	290,646	-
4	USD	Fixed rate	■	Repayment commenced. Monthly instalments.	Sep-23	155,354	808,485
5	USD	LIBOR	□	Repayment commenced. Monthly instalments.	Apr-23	40,893	477,555
6	LKR	Fixed rate	None	Repayment commenced. Monthly instalments.	Sep-23	36,540	67,000
7	USD	LIBOR	□	Repayment commenced. Monthly instalments.	Nov-24	33,628	46,824
8	LKR	Fixed rate	None	Repayment commenced. Monthly instalments.	Sep-23	10,870	25,000
9	LKR	Fixed rate	None	Repayment commenced. Monthly instalments.	Sep-23	5,425	12,400
10	LKR	Fixed rate	None	Repayment commenced. Monthly instalments.	Oct-23	2,060	4,713
11	LKR	Fixed rate	None	Repayment commenced. Monthly instalments.	Oct-23	1,091	2,508
12	USD	LIBOR	□ ■	Fully settled during the financial year.	Oct-22	-	89,397
DFCC Bank							
1	USD	LIBOR	□ ■	Repayment commenced. Monthly instalments.	Mar-30	7,910,936	7,729,044
2	LKR	AWPLR	□	71 Monthly instalments starting Nov-2023.	Oct-29	542,097	566,098
3	LKR	AWPLR	□	71 Monthly instalments starting Nov-2023.	Oct-29	467,160	270,902
4	USD	Fixed rate	□ ■	Fully settled during the financial year.	Jun-22	-	540,150
5	LKR	Fixed rate	□	Fully settled during the financial year.	Feb-23	-	14,609
Hongkong and Shanghai Banking Corporation							
1	EUR	EURIBOR	□ ❖	Repayment commenced. Monthly instalments and 75% final balloon payment.	Apr-25	5,704,697	5,843,487
2	OMR	CBO T-Bill rate	□ ❖	20 Quarterly instalments starting Aug-2023.	May-28	1,865,541	1,958,513
3	USD	SOFR	□ ❖	Bullet repayment at maturity.	Mar-26	1,570,892	1,499,674
4	EUR	EURIBOR	□	Repayment commenced. Monthly instalments and 75% final balloon payment.	Jul-24	639,767	-
5	EUR	EURIBOR	□	Restructured during the financial year.	Jul-22	-	247,383
6	USD	SOFR	□	Fully settled during the financial year.	Dec-22	-	233,018
People's Bank							
1	USD	LIBOR	□	Repayment commenced. Quarterly instalments.	Oct-26	3,780,839	4,911,493
2	USD	LIBOR	□	Repayment commenced. Monthly instalments.	Nov-24	613,388	-
3	USD	Fixed rate	□	Repayment commenced. Monthly instalments.	Nov-24	352,759	-
4	USD	LIBOR	□	Fully settled during the financial year.	Mar-23	-	161,254
ABANCA Corporación Bancaria							
1	EUR	EURIBOR	□	Repayment commenced. Quarterly instalments and 72% final bullet repayment at maturity.	Apr-25	5,649,655	5,334,356
Habib Bank							
1	LKR	CBSL T-Bill rate	□	Repayment commenced. Quarterly instalments.	Mar-26	665,075	581,011
2	LKR	AWPLR	□	Restructured during the financial year.	Jul-22	-	134,200
3	LKR	CBSL T-Bill rate	□	Restructured during the financial year.	Jul-22	-	8,158

Loan No.	Currency	Linked interest rate basis	Collaterals *	Repayment terms	Maturity	LKR equivalent as at	
						31.03.2023 Rs.'000	31.03.2022 Rs.'000
Sampath Bank							
1	LKR	Fixed rate	☐	Repayment commenced. Monthly instalments.	Nov-23	881	2,202
Transaction cost to be amortised						(11,001)	(16,193)
						42,702,957	43,952,384
Strategic Investments							
Hatton National Bank							
1	LKR	AWPLR	❖ ■ ● ★	29 Quarterly instalments starting Jun-2023.	Jun-29	1,754,321	1,771,967
2	LKR	AWPLR	❖ ■ ★	Repayment commenced. Monthly instalments.	Jun-27	255,124	-
3	LKR	Fixed rate	❖ ■ ● ★	12 Monthly instalments starting May-2023.	May-24	174,838	-
4	LKR	AWPLR	None	24 Quarterly instalments starting May-2023.	Jul-29	65,386	64,556
DFCC Bank							
1	LKR	AWPLR	❖ ■ ● ★	29 Quarterly instalments starting Jun-2023.	Jun-29	1,754,322	1,832,464
2	LKR	Fixed rate	❖ ■ ★	Repayment commenced. Monthly instalments.	Sep-26	331,118	-
3	LKR	Fixed rate	❖ ■ ● ★	12 Monthly instalments starting May-2023.	May-24	174,838	-
4	LKR	68% - Fixed rate & 32% - AWPLR	❖ ★ ●	Repayment commenced. Monthly instalments.	Aug-25	156,712	209,022
5	LKR	AWPLR	❖ ★ ●	Repayment commenced. Monthly instalments.	Jan-26	30,298	41,894
6	LKR	AWPLR	❖ ★	Fully settled during the financial year.	Mar-23	-	45,580
7	LKR	AWPLR	❖ ★	Fully settled during the financial year.	Mar-23	-	24,551
8	LKR	AWPLR	☐	Fully settled during the financial year.	Sep-22	-	11,059
9	USD	LIBOR	❖	Fully settled during the financial year.	Jun-22	-	3,470
Hongkong and Shanghai Banking Corporation							
1	EUR	EURIBOR	❖	Fully settled during the financial year.	Sep-22	-	22,520
People's Bank							
1	LKR	AWPLR	❖ ■ ● ★	29 Quarterly instalments starting Jun-2023.	Jun-29	2,631,481	2,748,541
2	LKR	Fixed rate	❖ ■ ● ★	12 Monthly instalments starting May-2023.	May-24	262,257	-
DEG - German Investment Corporation							
1	USD	LIBOR	None	Repayment commenced. Semi-annual instalments.	Jan-26	3,995,086	4,739,218
Bank of Ceylon							
1	LKR	AWPLR	❖ ■ ● ★	29 Quarterly instalments starting Jun-2023.	Jun-29	1,756,025	1,833,300
2	LKR	Fixed rate	❖ ■ ● ★	12 Monthly instalments starting May-2023.	May-24	174,838	-
3	LKR	Fixed rate	None	Fully settled during the financial year.	Feb-23	-	460,091
Commercial Bank of Ceylon							
1	LKR	76% - Fixed rate & 24% - AWPLR	❖ ■ ★	Repayment commenced. Monthly instalments.	Oct-26	245,877	-
2	LKR	Fixed rate	☐	Fully settled during the financial year.	Jul-22	-	5,559
MCB Bank							
1	LKR	AWPLR	❖	Repayment commenced. Monthly instalments.	Aug-23	10,426	44,080

NOTES TO THE FINANCIAL STATEMENTS

Loan No.	Currency	Linked interest rate basis	Collaterals *	Repayment terms	Maturity	LKR equivalent as at	
						31.03.2023 Rs.'000	31.03.2022 Rs.'000
Seylan Bank							
1	LKR	Fixed rate	None	Fully settled during the financial year.	Sep-22	-	4,992
Transaction cost to be amortised						(8,026)	(14,070)
						13,764,921	13,848,794
Services Sector							
Hatton National Bank							
1	LKR	AWPLR	None	Repayment commenced. Monthly instalments.	May-25	99,600	150,792
						56,567,478	57,951,970

* Collaterals provided for loans

Instrument/Assets	31.03.2023		31.03.2022	
	Pledged value Rs.'000	Exposure Rs.'000	Pledged value Rs.'000	Exposure Rs.'000
❖ Property, plant and equipment	34,988,348	9,713,095	28,972,465	8,666,439
■ Right-of-use assets	4,766,755	4,346,233	7,649,350	4,439,224
● Current assets	467,359	290,646	2,248,249	-
★ Shares	4,830,695	-	4,281,521	-
▣ Corporate Guarantees**	28,662,399	28,662,399	31,924,705	31,924,705
	73,715,556	43,012,373	75,076,290	45,030,368

**Outstanding exposure as at reporting date has been stated as the pledged value.

31 Lease liabilities

ACCOUNTING POLICY

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- » fixed payments, including in-substance fixed payments.
- » variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
- » amounts expected to be payable under a residual value guarantee.
- » the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimation of the amount expected to be payable under a residual value guarantee, if there is a change in the Group's assessment of whether it will exercise a purchase, extension or termination option, or if there is a revision in the in-substance fixed lease payment.

If the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset and it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

After the commencement date, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies the guidelines given in SLFRS 15 – Revenue from Contracts with Customers, to allocate the consideration in the contract.

The Group regularly reviews the estimated unguaranteed residual values used in calculating the gross investment in the lease. The Group applies the de-recognition and impairment requirements in SLFRS 9 – Financial Instruments to the net investment in the lease.

NOTES TO THE FINANCIAL STATEMENTS

31.1 Movement during the year

For the year	GROUP	
	2022/2023 Rs.'000	2021/2022 Rs.'000
Balance as at 01st April	17,405,404	13,133,055
Companies acquired during the year	25,827	6,775
Exchange difference	1,938,328	5,584,784
New leases obtained	76,700	106,302
Payment of lease liabilities	(2,973,783)	(2,138,435)
Derecognition on termination of lease	(46,478)	-
Interest expense		-
- Charged to the income statement	1,118,674	710,724
- Capitalised under biological assets	-	2,199
Balance as at 31st March	17,544,672	17,405,404
Current portion of lease liabilities	(1,831,047)	(1,570,210)
Non-current portion of lease liabilities	15,713,625	15,835,194

31.2 Analysed by capital repayment

As at	GROUP	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Payable within 1 year	1,831,047	1,570,210
Payable within 1 - 2 years	1,909,965	1,555,881
Payable within 2 - 5 years	2,835,249	3,594,319
Payable after 5 years	10,968,411	10,684,994
	17,544,672	17,405,404

31.3 Analysed by currency equivalent in Rupees

As at	GROUP	
	31.03.2023 Equivalent Rs.'000	31.03.2022 Equivalent Rs.'000
United States Dollars	15,251,307	14,962,286
Fiji Dollar	2,058,329	2,200,792
Sri Lankan Rupees	235,036	242,326
	17,544,672	17,405,404

32 Deferred tax liabilities

ACCOUNTING POLICY

Refer note 12.

32.1 Movement during the year

	GROUP	
	2022/2023 Rs.'000	2021/2022 Rs.'000
For the year		
Balance as at 01st April	3,176,142	2,393,061
Companies acquired during the year	-	133,423
Exchange difference	(10,381)	90,736
Origination of temporary differences		
Recognised in profit / (loss)	1,013,728	522,666
Recognised in other comprehensive income	1,401,750	36,256
Balance as at 31st March	5,581,239	3,176,142

32.2 Composition of deferred tax liabilities

	GROUP	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000
As at		
Deferred tax liabilities attributable to;		
Accelerated depreciation for tax purposes on property, plant and equipment	4,655,581	3,314,055
Revaluation surplus on freehold land	2,382,526	977,314
Unrealised exchange gain	39,487	158,823
Undistributed profits of consolidated entities	166,230	-
Defined benefit obligations	(144,819)	(121,832)
Tax losses carried forward	(1,446,619)	(1,108,115)
Expected credit losses	(50,487)	(15,899)
Right-of-use assets	(19,823)	(27,535)
Financial assets at FVOCI	(21)	93
Other items	(816)	(762)
Net deferred tax liabilities	5,581,239	3,176,142

NOTES TO THE FINANCIAL STATEMENTS

32.3 Movement in tax effect of temporary differences - Group

	As at 31.03.2023	Exchange difference on translation	Recognised in profit / (loss)	Recognised in other comprehensive income	As at 31.03.2022	Exchange difference	Recognised in profit / (loss)	Recognised in other comprehensive income	Acquired during the year	As at 01.04.2021
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred tax liabilities										
Accelerated depreciation for tax purposes on property, plant and equipment	4,655,581	65,637	1,275,889	-	3,314,055	119,291	627,883	-	278,260	2,288,621
Revaluation surplus on freehold land	2,382,526	-	-	1,405,212	977,314	-	-	4,206	-	973,108
Unrealised exchange gain	39,487	-	(119,336)	-	158,823	-	158,823	-	-	-
Undistributed profits of consolidated entities	166,230	-	166,230	-	-	-	-	-	-	-
	7,243,824	65,637	1,322,783	1,405,212	4,450,192	119,291	786,706	4,206	278,260	3,261,729
Deferred tax assets										
Defined benefit obligations	(144,819)	(2,012)	(17,627)	(3,348)	(121,832)	(8,926)	(65,583)	31,959	(766)	(78,516)
Tax losses carried forward	(1,446,619)	(72,547)	(265,957)	-	(1,108,115)	(16,544)	(203,175)	-	(143,998)	(744,398)
Expected credit losses	(50,487)	(835)	(33,753)	-	(15,899)	(545)	10,480	-	-	(25,834)
Right-of-use assets	(19,822)	(569)	8,282	-	(27,535)	(2,301)	(5,762)	-	(73)	(19,399)
Financial assets at FVOCI	(21)	-	-	(114)	93	-	-	91	-	2
Other items	(817)	(55)	-	-	(762)	(239)	-	-	-	(523)
	(1,662,585)	(76,018)	(309,055)	(3,462)	(1,274,050)	(28,555)	(264,040)	32,050	(144,837)	(868,668)
Net deferred tax liabilities	5,581,239	(10,381)	1,013,728	1,401,750	3,176,142	90,736	522,666	36,256	133,423	2,393,061

33 Employee benefits

ACCOUNTING POLICY

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid in cash as ex-gratia in the short term, if the Group has a present legal or constructive obligation to pay this amount as a result of past service rendered by the employee, and the obligation can be measured reliably.

Defined contribution plan.

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed employee benefit contribution into a separate entity and will have no further legal or constructive obligations to pay any additional amounts. Obligations for contributions to a defined contribution plan are recognised as an employee benefit expense in the income statement in the periods during which services are rendered by employees.

Provident fund and Employee trust fund – Sri Lanka

For employees in Sri Lanka the Group contributes a sum not less than 12% of the gross emoluments as provident fund benefits and a sum equivalent 3% of the gross emoluments as trust fund benefits.

Pension scheme – Maldives

All Maldivian employees of the Group are members of the retirement pension scheme established in the Maldives. The Group contributes 7% of the pensionable wage of such employees to this scheme

Provident fund – South India

Group companies in South India contribute a sum of 12% of the basic salaries of for local employees and 12% of gross salary for foreign employees as provident fund benefits to the Employee Provident Organisation of India.

Provident fund – Fiji

Group companies in Fiji contribute a sum of 5% (2019/2020 – 10%) of the basic salaries of all employees as provident fund benefits to the Fiji National Provident Fund.

Defined Contribution Funds – Oman

Group companies in Oman contribute a sum of 10.5% of the gross salary + 1% in respect of work related injuries and illness for Omani employees in accordance with Social Security Insurance Law. Further with effect from January 2021, companies in Oman contribute 1 Rial per 100 Rials of gross monthly salary of (or 1% of payment made to) Omani nationals to a social contribution scheme designed to offer job security.

Defined benefit plan

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

Retiring Gratuity - Sri Lanka

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. Management's estimate of the defined benefit plan obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the liability.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that related to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The defined benefit plan is valued by a professionally qualified external actuary.

Provision has been made in the financial statements for retiring gratuities from the first year of service for all employees.

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

The liability is not externally funded.

Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income as they occur.

Retiring Gratuity – India

A liability is provided for employees in India based on a valuation made by an independent actuary using unit credit method for payment of gratuity at the rate of 15/26 times the monthly qualifying salary for each year of service.

Retiring Gratuity – Fiji

Retirement benefit liability is recognised for all permanent employees in Fiji based on four months salary plus four weeks pay for every year of service effective from the appointment date until retirement at 60 years. However, in order to be entitled for the gratuity payment, the employees should have completed minimum of 5 years continuous service preceding the date of retirement.

Retiring Gratuity – Oman

Gratuity is provided as per the labour law of Oman due to expatriate employees upon termination of employment which is computed based on half month's basic salary for each year during the first three years of employment and a full month's basic salary for each year of employment thereafter. An employee who has been in employment for less than one year is not entitled to receive gratuity.

33.1 Retirement benefit obligations

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Present value of unfunded obligations	1,306,358	1,102,308	106,567	87,629
Total present value of the obligation	1,306,358	1,102,308	106,567	87,629

NOTES TO THE FINANCIAL STATEMENTS

33.1.1 Movement during the year

For the year	GROUP		COMPANY	
	2022/2023 Rs.'000	2021/2022 Rs.'000	2022/2023 Rs.'000	2021/2022 Rs.'000
Balance as at 01st April	1,102,308	1,300,212	87,629	98,837
Expenses recognised in profit or loss				
Current service cost	123,397	95,947	11,564	9,404
Past service cost	-	(23,426)	-	5,722
Interest cost	118,988	94,304	11,830	8,105
	242,385	166,825	23,394	23,231
Expenses recognised in other comprehensive income				
Actuarial (gains) / losses arising from;				
- financial assumptions	(20,140)	(251,762)	(5,052)	(27,205)
- demographic assumptions	-	120,548	-	6,750
- experience adjustment	71,434	(156,359)	6,995	(9,648)
	51,294	(287,573)	1,943	(30,103)
Exchange difference	19,186	68,343	-	-
Others				
Benefits paid	(108,815)	(149,001)	(6,399)	(4,336)
Companies acquired during the year	-	3,502	-	-
Balance as at 31st March	1,306,358	1,102,308	106,567	87,629

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31st March 2023. The actuarial present value of the promised retirement benefits as at 31st March 2023 amounted to Rs. 1,306,357,767/- (Company - Rs. 106,566,633./-). The liability is not externally funded.

During the last financial year, retirement benefits obligations were adjusted to reflect new legal requirements in the country regarding the retirement age based on the Minimum Retirement Age of Workers Act No. 28 of 2022. As a result of the plan amendment, the Group's retirement benefits obligation decreased by Rs. 23,426,496/- while the retirement benefits obligation of the Company increased by Rs. 5,722,278/-.

33.1.2 Actuarial assumptions

The principal actuarial assumptions used in determining the cost are given below;

Type of assumption	Criteria	Description																																			
» Financial	Discount rate	In the absence of a deep market in long-term bonds in Sri Lanka, a long-term interest rate of 19.5% p.a. (2021/2022 – 13.5% p.a.) has been used to discount future retirement benefit liabilities. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates has been adjusted to remove the risk from the market interest rate in arriving at the discount rate for the purpose of valuing Employee benefit obligations as per LKAS 19.																																			
	Long term salary increments	<p>Based on the actual salary increment rates of the Group over the past few years and the future economic outlook of the country, an increase in the long term salary increment rate is factored into the valuation for the current year.</p> <p>» Executive staff 20.0% in July 2023 with 15.0% p.a. from 2024. (2021/2022 - 11.0% p.a.)</p> <p>» Non Executive and other staff 20.0% in July 2023 with 15.0% p.a. from 2024. (2021/2022 - 8.0% p.a.)</p>																																			
» Demographic	Mortality & Disability	A 1967/70 mortality table, issued by the Institute of Actuaries, London.																																			
	Staff turnover rate	Based on the staff turnover statistics of the Group. Rates of employee turnover at each category which represent the probabilities of the 'event' occurring within one year of the age is as follows.																																			
		<table border="1"> <thead> <tr> <th>Age</th> <th>Executives</th> <th>Non Executives</th> <th>Other staff</th> </tr> </thead> <tbody> <tr> <td>18-24 years</td> <td>0.21</td> <td>0.27</td> <td>0.80</td> </tr> <tr> <td>25-29 years</td> <td>0.23</td> <td>0.28</td> <td>0.57</td> </tr> <tr> <td>30-34 years</td> <td>0.16</td> <td>0.25</td> <td>0.44</td> </tr> <tr> <td>35-39 years</td> <td>0.11</td> <td>0.15</td> <td>0.34</td> </tr> <tr> <td>40-44 years</td> <td>0.11</td> <td>0.13</td> <td>0.32</td> </tr> <tr> <td>45-49 years</td> <td>0.07</td> <td>0.16</td> <td>0.27</td> </tr> <tr> <td>50-54 years</td> <td>0.09</td> <td>0.09</td> <td>0.27</td> </tr> <tr> <td>54 < years</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Age	Executives	Non Executives	Other staff	18-24 years	0.21	0.27	0.80	25-29 years	0.23	0.28	0.57	30-34 years	0.16	0.25	0.44	35-39 years	0.11	0.15	0.34	40-44 years	0.11	0.13	0.32	45-49 years	0.07	0.16	0.27	50-54 years	0.09	0.09	0.27	54 < years	-	-
Age	Executives	Non Executives	Other staff																																		
18-24 years	0.21	0.27	0.80																																		
25-29 years	0.23	0.28	0.57																																		
30-34 years	0.16	0.25	0.44																																		
35-39 years	0.11	0.15	0.34																																		
40-44 years	0.11	0.13	0.32																																		
45-49 years	0.07	0.16	0.27																																		
50-54 years	0.09	0.09	0.27																																		
54 < years	-	-	-																																		
	Retirement age	60 years																																			

It is also assumed that the company will continue in business as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

33.1.3 Sensitivity analysis

The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the liability in the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Discount rate				
- 1% increase	(46,213)	(41,085)	(5,111)	(4,429)
- 1% decrease	50,368	45,320	5,569	4,899
Long term salary increments				
- 1% increase	53,632	48,505	5,954	5,174
- 1% decrease	(49,866)	(44,666)	(5,536)	(4,750)

33.1.4 Maturity analysis of the payments

The following payments are expected on defined benefit obligations in future years.

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Within next 12 months	205,437	175,992	10,089	8,278
Between 1 - 2 years	269,979	304,771	16,391	29,653
Between 2 - 5 years	372,320	233,257	38,580	14,624
Beyond 5 years	458,622	388,288	41,507	35,074
	1,306,358	1,102,308	106,567	87,629
Weighted average duration (years) of define benefit obligation	5.40	5.50	5.90	5.99

34 Other liabilities - non - current

As at	GROUP	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Amounts due to equity-accounted investees	418,493	481,452
	418,493	481,452

35 Trade and other payables

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Trade payables	7,295,221	6,162,550	-	-
Contract liabilities	3,550,645	3,073,534	-	-
Accrued payables	2,938,721	2,808,960	116,253	17,610
Other payables	5,889,613	15,154,126	399,453	417,218
Indirect taxes payable	601,555	291,384	16,129	397
Deposits payable	679,357	657,659	-	-
Amounts due to subsidiaries	-	-	5,849,789	12,175,429
Amounts due to equity-accounted investees	1,767,170	1,323,502	1,581,303	1,177,124
Unclaimed dividends	46,364	35,687	46,364	35,687
	22,768,646	29,507,402	8,009,291	13,823,465

Note 37.3.2 -Liquidity risk, provides a repayment analysis of trade and other payable balances.

35.1 Currency-wise analysis of trade and other payables

As at	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Sri Lankan Rupees	14,790,996	20,744,824	8,009,291	13,823,465
United States Dollars	5,738,235	6,031,327	-	-
Fijian Dollar	1,139,028	1,395,806	-	-
Omani Riyal	178,988	210,457	-	-
Other	921,399	1,124,988	-	-
	22,768,646	29,507,402	8,009,291	13,823,465

36 Fair value measurement

ACCOUNTING POLICY

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

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

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

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The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

36.1 Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

36.1.1 Fair value measurement hierarchy - Group

	As at 31st March 2023				As at 31st March 2022			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Recurring fair value measurements								
Assets measured at fair value :								
Property, plant and equipment								
- Freehold land	-	-	23,300,373	23,300,373	-	-	18,886,217	18,886,217
Other financial assets								
- Unquoted equity securities	-	272,494	30,057	302,551	-	244,790	31,236	276,026
- Quoted equity shares	46,529	-	-	46,529	47,906	-	-	47,906
- Government securities	-	-	-	-	-	-	-	-
	46,529	272,494	23,330,430	23,649,453	47,906	244,790	18,917,453	19,210,149
Assets for which fair values are disclosed :								
Investment property								
- Freehold land & building	-	-	2,631,956	2,631,956	-	-	2,568,104	2,568,104
Other financial assets								
- Unquoted debt securities	-	78,227	-	78,227	-	66,259	-	66,259
- Government securities	-	-	-	-	-	-	-	-
- Bank deposits	-	26,381,937	-	26,381,937	-	24,469,056	-	24,469,056
	-	26,460,164	2,631,956	29,092,120	-	24,535,315	2,568,104	27,103,419
Liabilities for which fair values are disclosed :								
Interest-bearing liabilities								
	-	56,567,478	-	56,567,478	-	57,951,970	-	57,951,970
	-	56,567,478	-	56,567,478	-	57,951,970	-	57,951,970
Non-recurring fair value measurements								
Assets classified as held for sale								
	-	-	169,423	169,423	-	-	1,751,094	1,751,094
	-	-	169,423	169,423	-	-	1,751,094	1,751,094

36.1.2 Fair value measurement hierarchy - Company

	As at 31st March 2023				As at 31st March 2022			
	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Rs.'000
Recurring fair value measurements								
Assets measured at fair value :								
Other financial assets								
- Unquoted equity securities	-	-	11,879	11,879	-	-	14,236	14,236
- Quoted equity securities	25,702	-	-	25,702	23,610	-	-	23,610
- Government securities	-	-	-	-	-	-	-	-
	25,702	-	11,879	37,581	23,610	-	14,236	37,846
Assets for which fair values are disclosed :								
Investment property								
- Freehold land & building	-	-	7,740,015	7,740,015	-	-	6,519,608	6,519,608
Other financial assets								
- Unquoted debt securities	-	4,292	-	4,292	-	6,341	-	6,341
- Government securities	-	-	-	-	-	-	-	-
- Bank deposits	-	20,516,449	-	20,516,449	-	19,494,259	-	19,494,259
	-	20,520,741	7,740,015	28,260,756	-	19,500,600	6,519,608	26,020,208
Liabilities for which fair values are disclosed :								
Interest-bearing liabilities								
	-	3,987,060	-	3,987,060	-	5,185,240	-	5,185,240
	-	3,987,060	-	3,987,060	-	5,185,240	-	5,185,240
Non-recurring fair value measurements								
Assets classified as held for sale								
	-	-	72,237	72,237	-	-	72,237	72,237
	-	-	72,237	72,237	-	-	72,237	72,237

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36.2 Reconciliation of fair value measurement of "Level 3" financial instruments

	GROUP		COMPANY
	Unquoted equity securities Rs.'000	Freehold land Rs.'000	Unquoted equity securities Rs.'000
Balance as at 01st April 2021	34,348	12,497,069	16,923
Exchange difference	-	1,948,870	-
Additions during the year	2,400	-	-
Transferred from land carried at cost		3,489,808	
Total gains and losses recognised in other comprehensive income			
- Net change in fair value (unrealised)	(5,512)	-	(2,687)
- Revaluation of freehold land (unrealised)	-	950,470	-
Balance as at 31st March 2022	31,236	18,886,217	14,236
Exchange difference	-	847,371	-
Additions during the year	-	-	-
Transferred from land carried at cost	-	-	-
Total gains and losses recognised in other comprehensive income			
- Net change in fair value (unrealised)	(1,179)	-	(2,357)
- Revaluation of freehold land (unrealised)	-	3,566,785	-
Balance as at 31st March 2023	30,057	23,300,373	11,879

36.2.1 Transfers between levels of fair value hierarchy

There were no transfers between Level 1, Level 2 and Level 3 during the year.

36.3 Valuation techniques and significant unobservable inputs

The following tables summarises the valuation techniques used by the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used for the valuation.

36.3.1 Assets and liabilities measured at fair value - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Property, plant and equipment			
» Freehold land	» Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	» Price per perch of land (Refer note 15.3)	Estimated fair value would increase (decrease) if ; » Price per perch increases (decreases).
Other financial assets			
» Unquoted equity securities	» Net assets basis	» Carrying value of assets and liabilities adjusted for market participant assumptions.	Variability of inputs are insignificant to have an impact on fair values.
	» Market return on a comparable investment	» Recent sale price of INR 55/- per share.	Not applicable.

Assets and liabilities	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Derivative financial assets / liabilities			
» Forward foreign exchange contracts	» Market comparison technique The fair values are based on quotes from banks and reflect the actual transactions of similar instruments.	» Forward exchange rates as at reporting date.	Not applicable.

36.3.2 Assets and liabilities for which fair values are disclosed - Recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
Investment property		
» Freehold land	» Market comparable method This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of property being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for difference in size, nature and location of the property.	» Price per perch of land (Refer note 16.3)
Other financial assets		
» Unquoted debt securities	» Discounted cash flows	» Current market interest rates linked to AWPLR.
» Other bank deposits	» Discounted cash flows	» Current market interest rates (Refer note 37.3.3.4 for an analysis of credit rating of other bank deposits).
Interest-bearing liabilities	» Discounted cash flows	» Current market interest rates (Refer note 30.5).

36.3.3 Assets and liabilities measured at fair value - Non-recurring

Assets and liabilities	Valuation technique	Significant unobservable inputs
Assets classified as held for sale	» Valued at the carrying amount prior to the asset being classified as held for sale. » Valued at the cash available with the disposal group held for sale.	Not applicable.

37 Financial instruments

ACCOUNTING POLICY

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

Financial assets

Recognition and initial measurement

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument with the exception of "Trade Receivables". The Group initially recognises trade receivables when they are originated.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition on issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and measurement

On initial recognition, the Group classifies a financial asset as measured at amortised cost; Fair Value Through Other Comprehensive Income (FVOCI); or Fair Value Through Profit or Loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

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

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

A debt investment is measured at FVOCI if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the debt investment is not designated as at FVTPL.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes equity Investments and derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the financial assets are managed and information is provided to management. The information considered includes:

- » the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- » how the performance of the portfolio is evaluated and reported to the Group's management;
- » the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- » the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- » events that would change the amount or timing of cash flows;
- » terms that may adjust the contractual coupon rate, including variable-rate features;
- » repayment and extension features; and
- » terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses:

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

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

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are recycled to profit or loss.

Equity investments at FVOCI

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

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transaction whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

Impairment

The Group recognises allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Loss allowance for debt instruments is measured and 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

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When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- » Significant financial difficulty of the borrower or issuer.
- » For trade receivables, being more than 365 days past due.
- » The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- » It is probable that the borrower will enter bankruptcy or other financial reorganisation.
- » The disappearance of an active market to a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

Presentation of allowance for ECL in the statement of financial position

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

Financial Liabilities

Recognition and initial measurement

The Group initially recognises financial liabilities other than debt securities when it becomes a party to the contractual provisions of the instrument. The Group recognises debt securities issued when they are originated.

All financial liabilities are initially measured at fair value and, for an item not at Fair Value Through Profit or Loss (FVTPL), are measured net of transaction costs that are directly attributable to its issue.

The Group's financial liabilities comprise of loans and borrowings, refundable rental and other deposits, bank overdrafts, trade and other payables and derivative financial instruments.

Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition of other financial liabilities are recognised in profit or loss.

Reclassification

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only

when the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Hedge accounting and cash flow hedge

'Hedging' is a process of using a financial instrument to mitigate all or some of the risk associated to a hedged item. 'Hedge accounting' changes the timing of recognising the gains and losses on either the hedged item or the hedging instrument so that both are recognised in profit or loss or other comprehensive income in the same accounting period in order to record the economic substance of the relationship between the hedged item and instrument.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on a prospective basis according to SLFRS 09 – 'Financial Instruments' requirements.

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

Cash Flow Hedge

A hedge of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset, liability or a highly probable forecast transaction that could affect the profit or loss is classified as a cash flow hedge.

When a non-derivative financial liability is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the non-derivative financial liability is recognised

in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the non-derivative financial liability that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the non-derivative financial liability is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting (after taking into account any rebalancing of the hedging relationship) or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of the hedging reserve are immediately reclassified to profit or loss.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

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37.1 Financial instruments - accounting classifications and fair values

The following tables summarises the carrying and fair values of financial assets and financial liabilities of the Group and the Company.

37.1.1 Accounting classifications and fair values of financial instruments - Group

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost (a) Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000
As at 31st March 2023						
Financial assets						
Trade and other receivables	25	-	-	19,730,952	1,512,577	21,243,529
Deposits and prepayments		-	-	1,294,086	2,971,365	4,265,451
Other financial assets	23 & 26					
- Unquoted equity securities and debt securities		-	302,551	78,227	-	380,778
- Quoted equity securities		46,529	-	-	-	46,529
- Government securities		-	-	-	-	-
- Bank deposits		-	-	26,381,937	-	26,381,937
- Amounts due from equity-accounted investees		-	-	725,524	-	725,524
Cash and short-term deposits	27	-	-	16,215,515	-	16,215,515
		46,529	302,551	64,426,241	4,483,942	69,259,263
Financial liabilities						
Interest-bearing loans and borrowings	30	-	-	56,567,478	-	56,567,478
Lease liabilities	31	-	-	17,544,672	-	17,544,672
Trade and other payables	35	-	-	14,728,755	8,039,891	22,768,646
Bank overdrafts and other short-term borrowings	27	-	-	22,791,252	-	22,791,252
		-	-	111,632,157	8,039,891	119,672,048
As at 31st March 2022						
Financial assets						
Trade and other receivables	25	-	-	19,089,257	2,046,571	21,135,828
Deposits and prepayments		-	-	234,803	1,851,710	2,086,513
Other financial assets	23 & 26					
- Unquoted equity securities and debt securities		-	276,026	66,259	-	342,285
- Quoted equity securities		47,906	-	-	-	47,906
- Government securities		-	-	-	-	-
- Bank deposits		-	-	24,469,056	-	24,469,056
- Amounts due from equity-accounted investees		-	-	-	-	-
Cash and short-term deposits	27	-	-	15,343,546	-	15,343,546
		47,906	276,026	59,202,921	3,898,281	63,425,134
Financial liabilities						
Interest-bearing loans and borrowings	30	-	-	57,951,970	-	57,951,970
Lease liabilities	31	-	-	17,405,404	-	17,405,404
Trade and other payables	35	-	-	21,000,495	8,506,907	29,507,402
Bank overdrafts and other short-term borrowings	27	-	-	9,617,003	-	9,617,003
		-	-	105,974,872	8,506,907	114,481,779

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

37.1.2 Accounting classifications and fair values of financial instruments - Company

	Notes	Fair value through profit or loss Rs.'000	Fair value through OCI Rs.'000	Amortised cost (a) Rs.'000	Non - financial instruments Rs.'000	Total carrying amount Rs.'000
As at 31st March 2023						
Financial assets						
Trade and other receivables	25	-	-	5,234,976	521,148	5,756,124
Deposits and prepayments		-	-	1,446	42,588	44,034
Other financial assets	23 & 26					
- Unquoted equity securities and debt securities		-	11,879	4,292	-	16,171
- Quoted equity securities		25,702	-	-	-	25,702
- Bank deposits		-	-	20,516,449	-	20,516,449
Cash and short-term deposits	27	-	-	3,028,386	-	3,028,386
		25,702	11,879	28,785,549	563,736	29,386,866
Financial liabilities						
Interest-bearing liabilities	30	-	-	3,987,060	-	3,987,060
Trade and other payables	35	-	-	7,466,891	542,400	8,009,291
Bank overdrafts and other short-term borrowings	27	-	-	10,406,913	-	10,406,913
		-	-	21,860,864	542,400	22,403,264
As at 31st March 2022						
Financial assets						
Trade and other receivables	25	-	-	4,211,007	404,356	4,615,363
Deposits and prepayments		-	-	536	104,424	104,960
Other financial assets	23 & 26					
- Unquoted equity securities and debt securities		-	14,236	6,341	-	20,577
- Quoted equity securities		23,610	-	-	-	23,610
- Bank deposits		-	-	19,494,259	-	19,494,259
Cash and short-term deposits	27	-	-	3,730,842	-	3,730,842
		23,610	14,236	27,442,985	508,780	27,989,611
Financial liabilities						
Interest-bearing liabilities	30	-	-	5,185,240	-	5,185,240
Trade and other payables	35	-	-	13,383,256	440,209	13,823,465
Bank overdrafts and other short-term borrowings	27	-	-	2,881,302	-	2,881,302
		-	-	21,449,798	440,209	21,890,007

(a) Carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values.

37.2 Cash flow hedge

During 2017/2018 a subsidiary company in the group designated a hedge relationship between its highly probable EURO denominated sales and its foreign currency denominated borrowings.

The risk management objective of this cash flow hedge is to hedge the risk of variation in the foreign currency exchange rates associated with EURO currency denominated forecasted sales.

The risk management strategy is to use the foreign currency variability (gains /losses) arising from the revaluation of foreign currency borrowing due to the changes in spot foreign exchange rates to off-set the variability due to foreign exchange rate movements, on LKR conversion of EURO denominated forecasted sales.

The effective portion of the gain or loss on the hedging instrument is recognised in the Other Comprehensive Income Statement (OCI) and any ineffective portion is recognised immediately in the Income Statement.

The amount recognised in Other Comprehensive Income is transferred to the Income Statement when the hedge transaction occurs (when the forecasted revenue is realised). If the forecasted transaction is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement.

Cash flow hedge reserve reflects the effective portion of the gain or loss on the hedging instrument. The cash flow hedging reserve as at 31st March 2023 represents the foreign currency variability arising from the revaluation of foreign currency borrowings due to the changes in spot LKR/EUR exchange rate that is expected be set off from the variability of exchange rates of highly probable EURO denominated sales (namely "All Inclusive" apartment revenue) expected to occur from 1st quarter of 2017/18 up to the tenor of refinanced borrowings.

Hedging instrument - Out of the foreign currency borrowing of EURO 40.0 million in January 2017, EURO 34.1 million is designated for the hedge from April 2017.

Further, the outstanding balance of the borrowing of EURO 32.6 million as at 31st March 2018 was refinanced effective from the 1st quarter of 2018/19 for an extended tenor.

Hedged item - Highly probable EURO denominated sales (Named "All Inclusive" apartment revenue) expected to occur from April 2017 to March 2029.

During the year the effective portion of the hedging instrument being a loss of Rs. 418.0 million (2021/2022 - loss of Rs. 2,715.4 million) was recognised in the other comprehensive income statement (OCI) and the ineffective portion of Rs. 84.3 million (2021/2022 - loss of Rs. 29.0 million) relating to current financial year and future periods were recognised in the income statement under net foreign exchange gain/ (loss) in other operating income.

In respect of the cash flow hedge instrument, Group recognised Rs. 2,316.0 million (2021/2022 - Rs. 2,129.3 million) under cash flow hedge reserve being the Group's portion of the fair value loss recognised by the subsidiary.

37.3 Financial risk management objectives and policies

Please refer the comprehensive risk management report on pages 91 to 97 of the annual report for a detailed description of the Group's risk management structure, process and procedures.

Financial instruments used by the Group in its business activities contain multiple variables that are affected by various market and environmental conditions. Such variations are generally not within the control of the users, and therefore cause fluctuations in the values of financial instruments. Fluctuations in value could result in a situation undesirable to the Group and expose it to risk. These risks need to be managed, as unmanaged risks can lead to unplanned outcomes where the Group could fall short of its financial and budgetary objectives. The Group has adopted a financial risk management strategy aimed at minimising the risks associated with the use of financial instruments by establishing several policies and guidelines that are followed by the companies in the Group. These policies and guidelines are reviewed from time to time and updated to reflect current requirements in accordance with the developments in the operating environment.

This part of the report covers the financial impact that could arise from market risk, credit risk and liquidity risk, the most important elements of the financial risk that the Group is subject to.

37.3.1. Market risk

Fluctuations of those market driven variables that affect cashflows arising from financial instruments can result in the actual outcome being different to expected cashflows thereby creating the market risk. Variables such as interest rates and exchange rates can move in directions different to those originally expected and the consequent cashflows could be different to the originally anticipated cashflows.

Market risk could result in the revenues and expenses of the Group being adversely affected and impacting the profit attributable to shareholders. In order to identify, manage and minimise the market risk, the Group has put into practice a number of policies and procedures.

37.3.1.1. Currency risk

The currency risk arises when a financial transaction is denominated in a currency other than that of the reporting currency of an entity. The Group has operations in a number of regions across the globe and conducts business in a variety of currencies. The Group's worldwide presence in many geographies exposes it to the currency risk in the form of transaction and translation exposure.

Transaction exposure arises where there are contracted cashflows (receivables and payables) of which the values are subject to unanticipated changes in exchange rates due to contracts being denominated in a foreign currency. Translation exposure occurs due to the fluctuations in foreign exchange rates and arises to the extent to which financial reporting is affected by exchange rate movements when the reporting currency is different to those currencies in which revenues, expenses, assets and liabilities are denominated.

As the Group transacts in many foreign currencies other than the Sri Lankan rupee which is the reporting currency, it is exposed to currency risk on revenue generation, expenses, investments and borrowings. The Group has significant investments in the Maldives, India, Oman and Fiji where the net assets are exposed to foreign currency translation risk. Revenue generations and expenses incurred in foreign currency are exposed to foreign currency transaction risk.

The total interest-bearing liabilities of the Group denominated in US dollar and Euro amounted to Rs. 43.1 billion. The translation exposure resulting from foreign currency borrowings has been hedged to a great extent by the acquisition of financial assets denominated in matching foreign currencies. A significant portion of the foreign currency borrowings have been made by the Group companies with incomes in foreign currencies, especially in the tourism and strategic investments sectors. Transaction exposures are usually minimised by selectively entering into forward contracts when future cashflows can be estimated with reasonable accuracy with regard to amounts as well as timing. The Group treasury monitors foreign exchange markets on a continuous basis and advises on appropriate risk mitigating strategies.

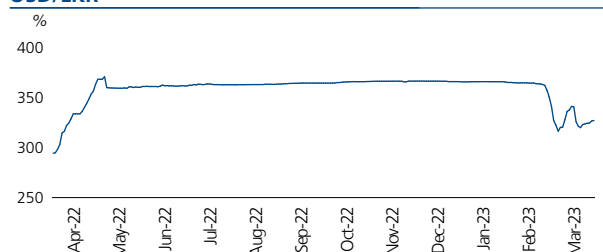
The Group actively evaluates the possibility of employing hedge accounting to mitigate the exposure to currency risk by designating an effective relationship between foreign currency denominated transaction with assets or liabilities. Hedge accounting enables to minimise the timing differences in recognising foreign currency translation impact to the income statement or other comprehensive income statement and to effectively capture the economic substance of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

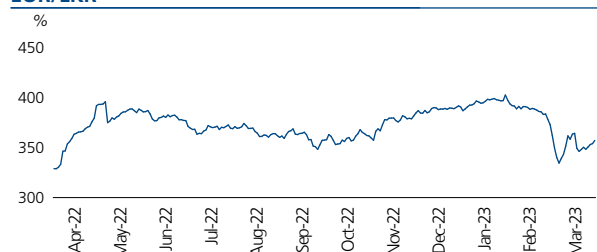
Significant movement in exchange rates during the year ended 31st March 2023.

	Lowest Level Rate	Date	Highest Level Rate	Date	Spread	Year end rate
USD/LKR	294.37	01.04.2022	370.86	12.05.2022	76.50	327.14
EUR/LKR	328.85	04.04.2022	402.61	02.02.2023	73.77	357.10

USD/LKR



EUR/LKR



Foreign currency sensitivity

The main foreign currencies the Group transacts in are the US dollar and the Euro. The exposure to other foreign currencies is not considered as they are mostly related to foreign operations. In order to estimate the impact of the currency risk on financial instruments, a reasonable movement in the USD/ LKR and EUR/LKR exchange rates is assumed based on the observable trend in the market.

The exchange rate was relatively stable for most of the financial year but fluctuated during the beginning and end of the financial year and thereafter. To account for these fluctuations, a 15% fluctuation in exchange rate was used for sensitivity analysis. In contrast, last year's exchange rate was more volatile, so a higher rate of fluctuation of 40% was used for that year's sensitivity analysis..

Group

	Effect on profit before tax		Effect on equity
	USD net financial assets / (liabilities) USD '000	EUR net financial assets / (liabilities) EUR '000	USD '000
As at 31st March 2023			
Net exposure	80,496	(32,368)	136,405
LKR depreciates by 15% (Rs. '000)	3,950,009	(1,733,804)	6,693,533
LKR appreciates by 15% (Rs. '000)	(3,950,009)	1,733,804	(6,693,533)
As at 31st March 2022			
Net exposure	72,546	(33,472)	125,685
LKR depreciates by 40% (Rs. '000)	8,527,905	(4,369,833)	14,774,546
LKR appreciates by 40% (Rs. '000)	(8,527,905)	4,369,833	(14,774,546)

The effect on the equity arises from the investments made by the Group in the Maldives, India, Oman, Fiji and Myanmar. We have not accounted for the sensitivity arising in any of the other investments as the Group's exposure to such is not significant.

Company

	Effect on profit before tax USD net financial assets / (liabilities) USD '000
As at 31st March 2023	
Net exposure	56,433
LKR depreciates by 15% (Rs. '000)	2,769,218
LKR depreciates by 15% (Rs. '000)	(2,769,218)
As at 31st March 2022	
Net exposure	51,547
LKR depreciates by 40% (Rs. '000)	6,059,419
LKR appreciates by 40% (Rs. '000)	(6,059,419)

37.3.1.2. Interest rate risk

Values of financial instruments could fluctuate depending on the movements in interest rates giving rise to interest rate risk. This is a consequence of the changes in the present values of future cash flows derived from financial instruments. Value fluctuations in financial instruments will result in mark to market gains or losses in investment portfolios and could have an impact on reported financial results of the Group.

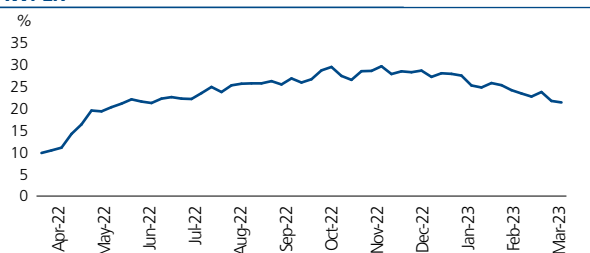
The Group's investment portfolio may consist of a range of financial instruments with both fixed and variable interest rates such as treasury bills and treasury bonds which are subject to interest rate risk. Liabilities with variable interest rates such as AWPLR, LIBOR and SOFR linked borrowings would expose the Group to cashflow risk as the amount of interest paid would change depending on the changes in market interest rates. Investments with fixed interest rates would expose the Group to variations in fair values during the marking to market of portfolios. Suitable strategies are used by the Group treasury to manage the interest rate risks in portfolio investments. The use of long-term interest rate forecasts to determine the most suitable duration of investments with the objective of overcoming the re-investment risk as well as to minimise any adverse impact in marking to market of the portfolio is one of the often used strategies. Interest rate swaps could be used when there is a need to hedge the risks on debt instruments with variable rates. Close monitoring of market trends is carried out to improve the accuracy of such decisions.

The Group treasury monitors the interest rate environment on a continuous basis to advise the sector finance managers on the most suitable strategy with regard to borrowings. The Group usually negotiates long term borrowings during the periods in which interest rates are low in order to extend the favourable impact to future reporting periods.

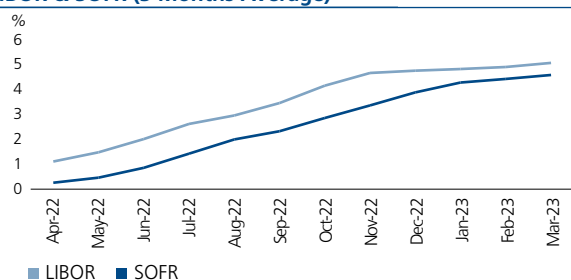
Significant movement in interest rates during the year ended 31st March 2023.

	Lowest Level		Highest Level		Spread (basis points)	Year end rate %
	Rate %	Period	Rate %	Period		
LKR Interest rate (Weekly AWPLR)	9.85	Apr-22	29.67	Nov-22	1,982	21.40
USD Interest rate - LIBOR (3 months)	0.962	Apr-22	5.193	Mar-23	423	5.193
- SOFR (overnight)	0.260	Apr-22	4.870	Mar-23	461	4.870

AWPLR



LIBOR & SOFR (3 Months Average)



NOTES TO THE FINANCIAL STATEMENTS

Interest rate sensitivity

At the reporting date the interest rate sensitivity analysis of interest-bearing financial instruments of the Group and Company are given below. This analysis depicts the impact of the probable movement in interest rate on profit before tax with all other variables held constant. Due to the significant volatility in interest rates observed during the financial year and thereafter, a fluctuation of 1,000 basis points is considered for the sensitivity analysis for LKR financial liabilities as at reporting date, compared to a fluctuation of 100 basis points considered in the last financial year. In line with observed trend in the market, sensitivity threshold for USD financial liabilities is also increased to 250 basis points from last year's 25 basis points.

Group

For the year ended 31st March	Exposure	2023		Exposure	2022	
		Impact on profit before tax LKR interest rates - 1000bp	Impact on profit before tax LKR interest rates + 1000bp		Impact on profit before tax LKR interest rates - 400bp	Impact on profit before tax LKR interest rates + 400bp
LKR financial liabilities (Rs.'000)	10,140,474	1,014,047	(1,014,047)	10,150,522	406,021	(406,021)

For the year ended 31st March	Exposure	2023		Exposure	2022	
		Impact on profit before tax USD interest rates - 250bp	Impact on profit before tax USD interest rates + 250bp		Impact on profit before tax USD interest rates - 250bp	Impact on profit before tax USD interest rates + 250bp
USD financial liabilities (In equivalent Rs.'000)	30,319,426	757,986	(757,986)	32,290,090	80,725	(80,725)

Company

For the year ended 31st March	Exposure	2023		Exposure	2022	
		Impact on profit before tax USD interest rates - 250bp	Impact on profit before tax USD interest rates + 250bp		Impact on profit before tax USD interest rates - 250bp	Impact on profit before tax USD interest rates + 250bp
USD financial liabilities (In equivalent Rs.'000)	3,995,086	99,877	(99,877)	4,739,218	11,848	(11,848)

37.3.1.3. Equity price risk

The Group has adopted the policy that its investment in subsidiaries, joint ventures and associate companies are recorded at cost as per LKAS 27 and 28 standards and therefore are scoped out from the Sri Lanka Accounting Standards, SLFRS 9 - Financial Instruments.

Investments made by the Group which do not belong to the above categories are classified as financial assets and recorded at fair value in financial statements.

At the reporting date the carrying values of equity investments are as follows;

- » Quoted equity securities: Rs. 46.5 million (as at 31.03.2022; Rs. 47.9 million)
- » Unquoted equity securities: Rs. 302.6 million (as at 31.03.2022; Rs. 276 million)

A sensitivity analysis of the above has not been carried out as the Group's exposure to such is not material.

37.3.2 Liquidity risk

Liquid assets of a company consist of cash and assets which can be converted to cash in a short period of time to settle liabilities as they arise. Liquidity is an important factor in the operations of a business as it is an essential requirement for the successful operation of an entity.

A shortage of liquidity would have a negative impact on stakeholder confidence in a business entity and hampers its operations. The Group has ensured that it maintains sufficient liquidity reserves to meet all its operational and investment requirements by closely monitoring and forecasting future funding needs and securing funding sources for both regular and emergency requirements.

Shortening the working capital cycle is one of the main practises preferred in ensuring that there is sufficient liquidity at a given time. Adequate shortterm working capital facilities provided by banks are available to all the Group companies which are utilised in the event of a requirement. These facilities are available at favourable rates and have been mostly provided without collateral. The Group maintains a constant dialogue with the banking sector institutions to ensure that there are sufficient working capital facilities available whenever required and closely monitors their utilisation.

The Group has implemented procurement and vendor evaluation policies to prevent payment of excessive prices to suppliers and to obtain favourable credit periods in order to ensure a strong working capital position. Special attention has been given to cash inflows and outflows both at a consolidated and sector levels. The maturity profile of the Group's investments is monitored and adjusted to meet expected future cash outflows in the short, medium and long terms.

Funding requirements of the sectors and the parent company are evaluated at regular intervals by analysing business expansion strategies. The Group has adopted a conservative investment strategy in order to preserve the scarce capital as well as to minimise the risk. At opportune moments funds are mobilised by accessing capital markets. The Group attempts to minimise future interest expenses on borrowings by negotiating favourable interest rates with the respective lenders and makes use of attractive interest rates offered by international banks on foreign currency denominated funding mostly to finance its overseas investments.

37.3.2.1 Maturity analysis of financial liabilities based on contractual undiscounted payments.

Group

As at 31st March 2023	Carrying amount Rs.'000	Contractual cash flows						Total Rs.'000
		On demand Rs.'000	Less than 1 year Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000		
Interest-bearing loans and borrowings	56,567,478	-	15,336,261	13,593,550	34,058,512	13,474,589	76,462,912	
Lease liabilities	17,544,672	-	2,764,473	2,716,278	4,852,784	21,698,647	32,032,181	
Trade and other payables	22,768,646	14,441,323	8,327,323	-	-	-	22,768,646	
Bank overdrafts and other short-term borrowings	22,791,252	22,791,252	-	-	-	-	22,791,252	
	119,672,048	37,232,575	26,428,057	16,309,828	38,911,296	35,173,236	154,054,991	

As at 31st March 2022	Carrying amount Rs.'000	Contractual cash flows						Total Rs.'000
		On demand Rs.'000	Less than 1 year Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000		
Interest-bearing loans and borrowings	57,951,970	-	11,709,927	10,028,093	31,556,348	15,786,750	69,081,117	
Lease liabilities	17,405,404	-	2,363,843	2,337,645	5,321,905	20,980,406	31,003,798	
Trade and other payables	21,000,495	12,769,992	8,230,503	-	-	-	21,000,495	
Bank overdrafts and other short-term borrowings	9,617,003	9,617,003	-	-	-	-	9,617,003	
	105,974,872	22,386,995	22,304,272	12,365,738	36,878,253	36,767,156	130,702,414	

NOTES TO THE FINANCIAL STATEMENTS

Company

As at 31st March 2023	Carrying amount Rs.'000	Contractual cash flows					Total Rs.'000
		On demand Rs.'000	Less than 1 year Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	
Interest-bearing loans and borrowings	3,987,060	-	1,590,709	1,477,541	1,364,990	-	4,433,240
Trade and other payables	8,009,291	7,898,802	110,489	-	-	-	8,009,291
Bank overdraft and other short-term borrowings	10,406,913	10,406,913	-	-	-	-	10,406,913
	22,403,264	18,305,715	1,701,198	1,477,541	1,364,990	-	22,849,444

As at 31st March 2022	Carrying amount Rs.'000	Contractual cash flows					Total Rs.'000
		On demand Rs.'000	Less than 1 year Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 years Rs.'000	
Interest-bearing loans and borrowings	5,185,240	-	197,572	1,335,100	2,541,962	-	5,795,478
Trade and other payables	13,383,256	13,230,849	152,407	-	-	-	13,383,256
Bank overdraft and other short-term borrowings	2,881,302	2,881,302	-	-	-	-	2,881,302
	21,449,798	16,112,151	349,979	1,335,100	2,541,962	-	22,060,036

37.3.2.2 Liquidity position

	GROUP		COMPANY	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Cash and short-term deposits	16,215,515	15,343,546	3,028,386	3,730,842
Trade and other receivable within 30 days	7,462,328	9,642,793	5,234,976	4,609,627
Bank deposit	26,381,937	24,469,056	20,516,449	19,494,259
Total Liquid assets	50,059,780	49,455,395	28,779,811	27,834,728
Less:				
Bank overdraft and other short term borrowing	22,791,252	9,617,003	10,406,913	2,881,302
On demand trade and other payables	14,441,323	12,769,992	7,898,802	13,230,849
Total on demand liabilities	37,232,575	22,386,995	18,305,715	16,112,151
Excess liquidity through operating cycle	12,827,205	27,068,400	10,474,096	11,722,577
Liquidity available on demand				
Undrawn approved bank facilities	21,796,640	28,270,462	10,667,746	13,389,500

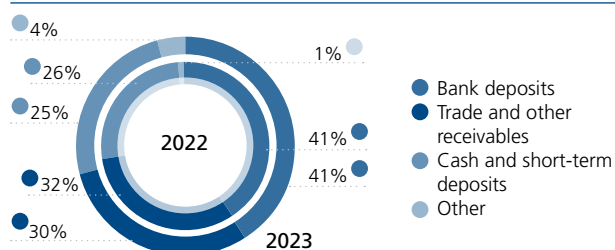
37.3.3. Credit risk

The risk assumed by an entity resulting from the risk of a counterparty defaulting on its contractual obligations in relation to a financial instrument or a customer contract is known as the credit risk. The Group's exposure to credit risk arises from its operating and financing activities including transactions with banks in placing deposits, foreign exchange transactions and through the use of other financial instruments. The maximum credit risk of the Group and the Company is limited to the carrying value of these financial assets as at the reporting date.

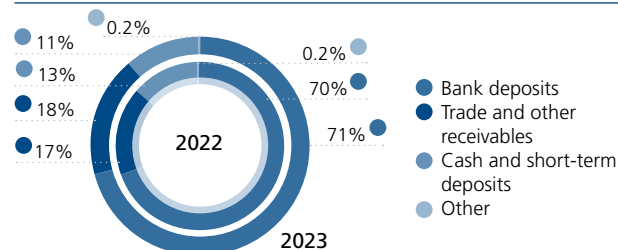
37.3.3.1 Credit risk exposure

	GROUP				COMPANY			
	31.03.2023		31.03.2022		31.03.2023		31.03.2022	
	Rs.'000	Concentration %	Rs.'000	Concentration %	Rs.'000	Concentration %	Rs.'000	Concentration %
Trade and other receivables	19,730,952	30.46	19,089,257	32.07	5,234,976	18.16	4,609,627	16.53
Deposits and prepayments	1,294,086	2.00	234,803	0.39	1,446	0.005	536	0.002
Other financial assets								
- Unquoted equity securities and debt securities	380,778	0.59	342,285	0.58	16,171	0.06	20,577	0.07
- Quoted equity securities	46,529	0.07	47,906	0.08	25,702	0.09	23,610	0.08
- Bank deposits	26,381,937	40.73	24,469,056	41.11	20,516,449	71.18	19,494,259	69.92
- Amounts due from equity-accounted investees	725,524	1.12	-	-	-	-	-	-
Cash and short-term deposits	16,215,515	25.03	15,343,546	25.78	3,028,386	10.51	3,730,842	13.38
	64,775,321	100.00	59,526,853	100.00	28,823,130	100.00	27,879,451	100.00

Credit risk exposure - Group



Credit risk exposure - Company



The Board of Directors has provided the policy direction for the Group treasury to manage the risk arising from investments made in financial institutions. The Group's transactions are carried out only with a limited number of institutions all of which have stable credit ratings from internationally recognised rating providers. The Group's exposures and credit ratings of counterparties are continuously monitored and the investment portfolio is diversified amongst several institutions to minimise the unsystematic risk.

37.3.3.2 Expected credit loss assessment

The Group adopted Expected Credit Loss (ECL) approach to impairment of its financial assets. This enables better credit risk reporting of financial instruments by carrying reasonably quantified default risk adjusted value of assets in the balance sheet and minimising the timing difference in recognition of future default loss.

ECL measurement approach that is best suited for each class of asset is determined based on underlying risk characteristics of the asset. Subsequent to selection between general and simplified approaches to measurement, the Group assesses financial assets using data that is determined to be predictive of default risk, including but not limited to external ratings, historical payment patterns, audited financial statements, cash flow projections. Group companies apply experienced credit judgement taking in to account qualitative and quantitative factors that are indicative of the risk of default. Scalar macroeconomic factor adjustments such as GDP forecast, also incorporated to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected recovery period.

The Group re-evaluated its approach to measurement of ECL in the light of the current economic crisis in Sri Lanka, as the consequent unexpected deterioration in credit quality of investment portfolios (financial institutions) and trade receivables (non-financial institutions), will have a significant impact on the ECL measurement. The Group considered all reasonable and supportable information available without undue cost or effort at the reporting date as well as practical expedients made available. Economic Factor Adjustment (EFA) and Probability of Default (PD) updated to reflect the impact of adverse economic condition in measuring ECL while Loss Given Default (LGD) was used without modification. The Group also assessed its financial instruments for Significant Increase in Credit Risk (SICR) with available, reasonable and supportable information including economic support and relief measures provided to counterparties.

NOTES TO THE FINANCIAL STATEMENTS

37.3.3.2.1 Analysis of ECL measurement basis of financial assets classified at amortised cost - Group

	31.03.2023					31.03.2022				
	Carrying amount	Impairment recognised			Total	Carrying amount	Impairment recognised			Total
	Rs.'000	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		Rs.'000	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
Trade and other receivables	19,730,952	-	(145,261)	(866,518)	(1,011,779)	19,089,257	-	(4,049)	(427,673)	(431,722)
Deposits and prepayments	1,294,086	-	-	-	-	234,803	-	-	-	-
Other financial assets										
- Unquoted debt securities	78,227	-	-	-	-	66,259	(3,364)	-	-	(3,364)
- Government securities	-	-	-	-	-	-	-	-	-	-
- Bank deposits	26,381,937	(2,584)	-	-	(2,584)	24,469,056	(604)	-	-	(604)
- Amounts due from equity-accounted investees	725,524	-	-	-	-	-	-	-	-	-
Cash and short-term deposits	16,215,515	-	-	-	-	15,343,546	-	-	-	-
	64,426,241	(2,584)	(145,261)	(866,518)	(1,014,363)	59,202,921	(3,968)	(4,049)	(427,673)	(435,690)

37.3.3.2.2 Movement in ECL allowance during the financial year - Group

	Trade and other receivables	Other financial assets		Bank deposits
		Unquoted debt securities	Government securities	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31st March 2021	(474,895)	(3,317)	(12,611)	(212)
Exchange difference/direct write-offs and reversals	(63,585)	-	-	979
Net impairment during the year	106,758	(47)	12,611	(1,371)
Balance as at 31st March 2022	(431,722)	(3,364)	-	(604)
Exchange difference/direct write-offs and reversals	(172,377)	-	-	(34)
Net impairment during the year	(407,680)	3,364	-	(1,946)
Balance as at 31st March 2023	(1,011,779)	-	-	(2,584)

37.3.3.2.3 Analysis of ECL measurement basis of financial assets classified at amortised cost - Company

	31.03.2023					31.03.2022				
	Carrying amount	12-month ECL	Impairment recognised		Total	Carrying amount	12-month ECL	Impairment recognised		Total
	Rs.'000		Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired		Rs.'000		Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and other receivables	5,234,976	-	-	(737,024)	(737,024)	4,609,627	-	(237,349)	(207,358)	(444,707)
Deposits and prepayments	1,446	-	-	-	-	536	-	-	-	-
Other financial assets										
- Unquoted debt securities	4,292	-	-	-	-	6,341	-	-	-	-
- Government securities	-	-	-	-	-	-	-	-	-	-
- Bank deposits	20,516,449	(2,371)	-	-	(2,371)	19,494,259	(539)	-	-	(539)
Cash and short-term deposits	3,028,386	-	-	-	-	3,730,842	-	-	-	-
	28,785,549	(2,371)	-	(737,024)	(739,395)	27,841,605	(539)	(237,349)	(207,358)	(445,246)

37.3.3.2.4 Movement in ECL allowance during the financial year - Company

	Trade and other receivables Rs.'000	Other financial assets Government securities Rs.'000	Bank deposits Rs.'000
Balance as at 31st March 2021	(206,803)	-12,611	(208)
Exchange difference/direct write-offs	3,000	-	-
Net impairment during the year	(240,904)	12,611	(331)
Balance as at 31st March 2022	(444,707)	-	(539)
Exchange difference/direct write-offs	-	-	-
Net impairment during the year	(292,317)	-	(1,832)
Balance as at 31st March 2023	(737,024)	-	(2,371)

37.3.3.3 Trade receivables

Trade receivables consist of recoverable from a large number of customers spread across diverse industries, segments and geographies. 62.2% of the Group's trade receivables are due for settlement within 90 days as at the end of the financial year. The credit policy for each segment of business varies due to the diversity of operations in the Group. The credit policies that best suit their respective business environment are developed for each sector and the responsibility rests with the heads of finance and the senior management teams.

Group companies formulate their credit policies subsequent to analysing credit profiles of customers. In this regard factors such as the credit history, legal status, market share, geographical locations of operations, and industry information are considered. References from bankers or credit information databases are obtained when it is considered necessary. Each group company has identified credit limits for their customers. In the event a customer does not meet the criteria or the stipulated benchmark on a transaction, then the business is carried out with such customers only up to the value of the collaterals or advances obtained.

Apart from the state-owned enterprise which is the largest customer of the Strategic Investments sector, the Group does not have a significant credit risk exposure to any other single counterparty. Concentration of credit risk of the state-owned enterprise is 42.5% of total trade receivables of the Group as at 31st March 2023.

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Trade receivable settlement profile

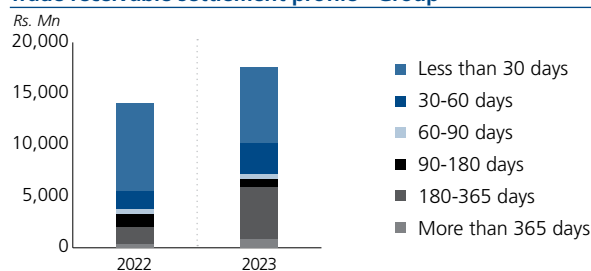
Group

	31.03.2023			31.03.2022		
	Gross carrying amount Rs.'000	Impairment Provision Rs.'000	Net carrying amount Rs.'000	Gross carrying amount Rs.'000	Impairment Provision Rs.'000	Net carrying amount Rs.'000
Less than 30 days	7,462,328	(96,559)	7,365,769	8,625,933	(5,834)	8,620,099
More than 30 days but less than 60 days	2,960,220	(2,880)	2,957,340	1,750,869	(8,957)	1,741,912
More than 60 days but less than 90 days	525,988	(1,775)	524,213	456,514	(4,128)	452,386
More than 90 days but less than 180 days	739,746	(3,831)	735,915	1,288,986	(4,150)	1,284,836
More than 180 days but less than 365 days	5,041,950	(349,081)	4,692,869	1,607,934	(9,243)	1,598,691
More than 365 days	870,380	(496,232)	374,148	382,432	(354,169)	28,263
	17,600,612	(950,358)	16,650,254	14,112,668	(386,481)	13,726,187

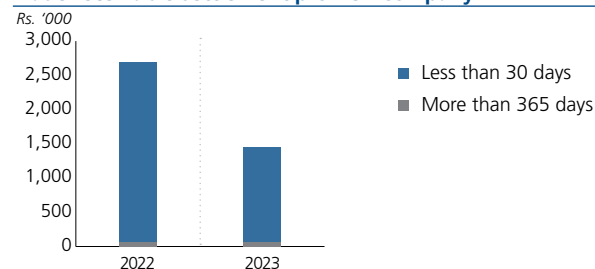
Company

	31.03.2023			31.03.2022		
	Gross carrying amount Rs.'000	Impairment Provision Rs.'000	Net carrying amount Rs.'000	Gross carrying amount Rs.'000	Impairment Provision Rs.'000	Net carrying amount Rs.'000
Less than 30 days	1,381	-	1,381	2,627	-	2,627
More than 30 days but less than 365 days	-	-	-	-	-	-
More than 365 days	66	(66)	-	66	(66)	-
	1,447	(66)	1,381	2,693	(66)	2,627

Trade receivable settlement profile - Group



Trade receivable settlement profile - Company



The Group uses an allowance matrix to measure the ECLs of trade receivables, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates that are based on actual credit loss experience over the past years, further subjected to asset correlation calibration and forward-looking adjustments. Loss Given Default (LGD) of 100% is assumed for ECL calculation of trade receivables.

Collateral acquired for mitigating credit risk

The Group whenever possible, does not offer credit to individuals unless collateral in the form of unconditional and irrevocable bank guarantees that can be encashed on demand or advances are provided to cover the receivable. The Group focuses on quality and the realisability of such collateral to mitigate potential credit losses.

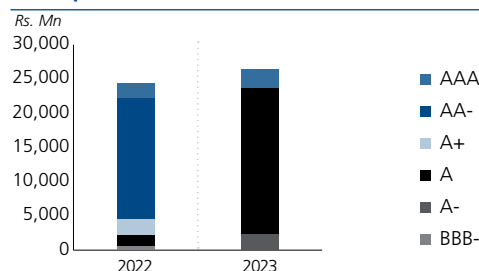
37.3.3.4. Deposits and balances with banks

The Group has a number of bank deposits in Sri Lankan rupees and other currencies. These deposits have been placed in several banks in order to minimise the credit risk in accordance with the policy directions provided by the Board. In order to further minimise the credit risk, the Group's exposure and credit ratings of banks are regularly monitored and a diversified investment portfolio is maintained. In the event of any weakening of credit metrics of a bank the Group may decide to liquidate its investments and move to an institution with a higher credit rating.

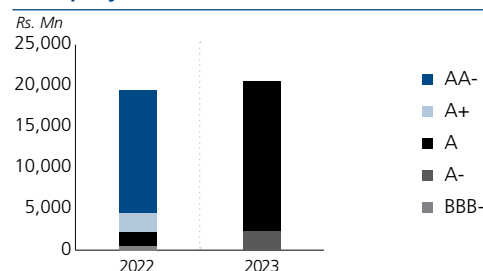
Bank Deposits

Credit Rating (Fitch national credit rating scale or equivalent)	GROUP				COMPANY			
	31.03.2023		31.03.2022		31.03.2023		31.03.2022	
	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %
AAA	2,735,759	10.4	2,337,203	9.6	-	-	-	-
AA-	-	-	17,701,401	72.3	-	-	15,063,743	77.3
A+	-	-	2,214,662	9.1	-	-	2,214,662	11.4
A	21,336,915	80.9	1,700,470	6.9	18,206,972	88.7	1,700,470	8.7
A-	2,311,848	8.8	-	-	2,311,848	11.3	-	-
BBB-	-	-	515,925	2.1	-	-	515,925	2.6
Total gross carrying amount	26,384,523	100.0	24,469,661	100.0	20,518,821	100.0	19,494,800	100.0
Impairment of bank deposits	(2,584)		(604)		(2,371)		(539)	
Total net carrying amount	26,381,938		24,469,057		20,516,449		19,494,260	

Bank deposits analysed by credit rating
- Group



Bank deposits analysed by credit rating
- Company

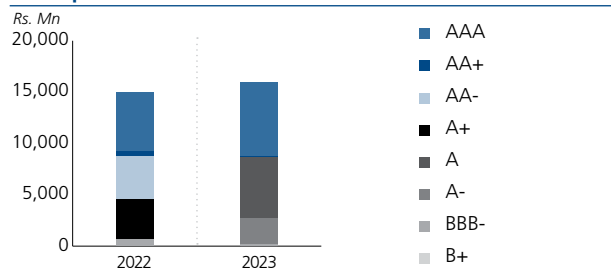
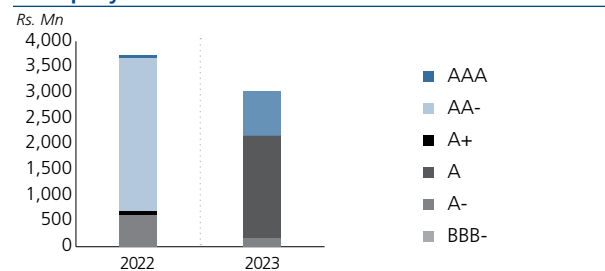


Impairment on bank deposits is measured on 12-month expected loss basis. External credit ratings of the counterparties and probability of default (PD) rates corresponding rating scale published by rating agencies are used in ECL calculation. PD rates are recalibrated using asset correlation formula and forward-looking adjustments are incorporated in arriving at final loss rates. Loss given default (LGD) of 45% is assumed for bank deposits. Credit ratings of counterparties are carefully monitored and subsequent deterioration of the credit quality would trigger remeasurement of loss allowances using Lifetime ECL method.

NOTES TO THE FINANCIAL STATEMENTS

Cash and short-term deposits at bank

Credit Rating (Fitch national credit rating scale or equivalent)	GROUP				COMPANY			
	31.03.2023		31.03.2022		31.03.2023		31.03.2022	
	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %	Carrying amount Rs.'000	Concentration %
AAA	7,131,928	44.8	5,679,429	37.9	867,843	28.7	68,660	1.8
AA+	91,188	0.6	478,364	3.2	-	-	-	-
AA-	-	-	4,260,620	28.5	-	-	2,748	0.1
A+	-	-	3,785,067	25.3	-	-	2,975,677	79.8
A	5,938,522	37.3	132,578	0.9	58	0.002	71,160	1.9
A-	2,588,880	16.3	-	-	1,985,921	65.6	-	-
BBB-	178,294	1.1	632,074	4.2	174,354	5.8	612,437	16.4
B+	152	0.001	-	-	-	-	-	-
Cash and short-term deposits at bank	15,928,964	100.0	14,968,132	100.0	3,028,176	100.0	3,730,682	100.0
Cash in hand and funds in transit adjustment	286,550		375,414		210		160	
Total Cash and short-term deposits	16,215,514		15,343,546		3,028,386		3,730,842	

Cash and short-term deposits analysed by credit rating
- GroupCash and short-term deposits analysed by credit rating
- Company

37.4. Financial capital management

Main objectives of the Group's financial capital management policy are as follows.

- » Ensuring the availability of adequate capital for long term investments and growth of the business.
- » Maintaining an adequate liquidity buffer for business operations.
- » Sustaining the financial health of the Group to withstand economic cycles; and,
- » Maintaining stakeholder confidence in the Group.

When capital is not available in adequate quantities or at a reasonable cost, it can have an adverse impact on the performance of the Group. The management being conscious of these factors, has implemented the capital management policy to ensure the long-term sustainability and competitiveness of the Group. Ensuring that there is no idle capital which will act as a drag on the returns generated is another factor that is considered. Excessive capital invested in a business will have a dampening impact on the performance while insufficient level of capital will prevent an organisation from achieving its long-term objectives.

37.4.1. Types of financial capital

Financial capital of the Group consists of two components; namely equity and debt. The equity capital consists of the while the debt capital is made up of the long-term and short-term debt. The debt capital is sourced from lending institutions and capital markets. Although the Group raises debt capital often, it has not raised new equity capital from shareholders for several years.

The Group regularly estimates its future capital requirements by evaluating new investments and expansion needs and other uses of capital. Such analysis would highlight shortfalls in available capital which would be raised through either the issue of new equity or debt. The debt to equity ratio (defined as the ratio between non-current interest-bearing borrowings to the total equity including minority interest) is regularly monitored to ensure the efficient use of shareholders' equity. Managing the debt to equity ratio is a vital element of capital management as it has a direct bearing on the Group's ability to raise low cost capital.

As at	GROUP		COMPANY	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Debt to equity ratio	0.54	0.64	0.09	0.13

Sourcing of debt is carried out subsequent to careful and detailed analysis of lender proposals. Important factors such as the tenure of the loans, interest rates, capital repayment terms including grace periods and repayment amounts and other terms and conditions including covenants are taken into consideration when making a decision. Minimising the weighted average cost of capital is one of the key considerations in determining sourcing options. The Group's debt is denominated in Sri Lankan rupees as well as foreign currencies such as US dollar, Euro and Indian rupees. Foreign currency denominated loans have been taken mainly by the companies with foreign exchange earnings in order to take advantage of the relatively low interest rates.

The Group treasury plays an active role in ensuring that the cost of capital is maintained at the optimum level and the financial and other covenants linked to the sourcing arrangements are acceptable.

37.4.2. Financial capital allocation and investment

Implementation of the Group's long-term strategy for growth requires continuous capital investments in the four sectors in which the Group operates. The allocation of limited financial capital available is done pursuant to careful evaluation of investment opportunities to ascertain expected returns. The Group's capital investment decisions are supported by elaborate financial modelling, thorough sensitivity analysis and rigorous legal, financial and technical due diligence as required. Identification and ranking of suitable investment opportunities are carried out using the discounted cash flow modelling technique, Internal Rate of Return (IRR) & hurdle rates and payback periods. At the evaluation stage for capital investments, financial modelling, sensitivity analysis and the calculation of IRR are carried out either by the Group's corporate finance division, or the respective sector through which the investment will take place with the assistance of the former.

Upon making the decision to proceed with a capital investment, the Group follows necessary procedures to ensure that it is carried out in the best possible manner. When the investment involves external shareholders, the Group takes steps to protect its rights by entering into carefully drafted legal agreements. Post investment evaluations are carried out at frequent intervals to ensure that the returns envisaged at the evaluation stage are actually delivered. Exposure limits are used to control the default risk especially in portfolio investments.

37.4.3. Adequate financial reserves

The long-term financial health of the Group has been ensured by maintaining sufficient reserves of financial capital which can be drawn upon when there is a requirement. Probable future risks that could result in negative financial outcomes are identified and required mitigation measures are taken. The Group has implemented sound cashflow planning procedures ensuring that the receivables are collected in an efficient manner thereby shortening the cash cycle. A special emphasis is placed on minimising operating costs through critical evaluation and justification of all cost elements.

The Group policies regarding managing receivables have been communicated to the heads of finance of business sectors and the corporate finance division monitors the Group-wide status of receivables and submits exception reports to the management for advice on required action.

37.4.4. Financial capital management policy

The fundamental objective of the financial capital management policy of the Group is maximising the return on limited available capital whilst safeguarding the investments that have already been made. Ensuring that there is adequate financial capital for the Group to expand its operations while continuing with its regular business operations, requires the management to consider multiple facets of the operation and take into account the behaviour of a number of parameters, both internal and external, that affect the operating conditions. The rapid pace of change in the operating

NOTES TO THE FINANCIAL STATEMENTS

environment has a profound influence on many factors affecting the use of financial capital. A thorough understanding derived from years of experience in a business sector is vital to ensure successful management of capital.

The Group's financial capital management policy fundamentally stems from various decisions the Board has taken regarding capital investments and the optimum utilisation of cash resources. This policy is a reflection of the current thinking of the Board on present and future industry, market and economic risks and conditions. Potential investments and divestments are discussed at length by the Group directors and various aspects of risk and return parameters are considered prior to making capital investment decisions. A vital role in the implementation of the financial capital management policy is played by the Group treasury and the corporate finance division.

The management information necessary to base policy decisions such as key performance indicators and value drivers of the sectors highlighting financial performances are generated by the corporate finance division. Some of the important parameters which guide the capital management policy include the tolerance for gearing, interest risk appetite and the view on the exchange rate movement. The underlying variables such as the market borrowing and lending rates, exchange rates, inflation and other macroeconomic indicators are constantly monitored by the Group treasury and recommendations regarding the appropriate policy changes are made to the management.

It is vital for the Group's long-term survival and growth to have a sound financial capital management policy as decisions taken at the present time will have implications for the future. The Group's financial capital management policy, therefore is constantly evolving and attempts to link its future strategy to present day financing decisions while being based on a solid foundation of optimisation of resources.

38 Contracts for capital expenditure

The following commitments for capital expenditure approved by the Directors as at 31st March have not been provided for in the financial statements.

38.1 Commitments for capital expenditure for subsidiaries

As at	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Approximate amount approved but not contracted for	6,043,519	9,883,620
Approximate amount contracted for but not incurred	1,646,051	1,470,329
	7,689,570	11,353,949

The above includes Rs. 6,668 million (2021/2022 - Rs. 9,841.5 million) for the acquisition of property, plant and equipment, Rs. 246.3 million (2021/2022 - Rs. 112.4 million) for the acquisition of intangible assets.

38.2 Commitments for capital expenditure for joint ventures

As at	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Approximate amount approved but not contracted for	93,388	82,870
Approximate amount contracted for but not incurred	27,707	23,216
	121,095	106,086

The amount shown is the Group's share of capital commitments by equity accounted investees.

The above includes Rs. 121.0 million (2021/2022 - Rs. 106 million) for the acquisition of property, plant and equipment.

39 Provisions and contingent liabilities

ACCOUNTING POLICY

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market

assessments of the time value of money and the risks specific to the liability.

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Group's control.

39.1 Contingent liabilities

Contingent liabilities as at 31.03.2023 on corporate guarantees given by Aitken Spence PLC to subsidiaries within the Group and equity-accounted investees amounted to Rs. 11,081.6 million and Rs. 17.5 million respectively. Contingent liabilities as at 31.03.2023 on corporate guarantees given by subsidiaries and equity-accounted investees to other companies in the Group amounted to Rs. 21,277.3 million. Neither Aitken Spence PLC nor subsidiaries and equity-accounted investee have given corporate guarantees on behalf of companies outside the Group including other related companies listed in note 40.3 -40.7 to the financial statements.

Tax Appeals Commission decided in favour of Aitken Spence Travels (Pvt) Ltd., a subsidiary of the Group which was assessed by the Department of Inland Revenue on Income tax for the years of assessment 2009/2010, 2010/2011 and 2011/2012. The Department of Inland Revenue appealed against the above determination to the Court of Appeal for the above years of assessment. The Court of Appeal decided in favour of the company for the years of assessment 2009/2010 and 2010/2011. The Department of Inland Revenue appealed against the Court of Appeal decision for the year of Assessment 2009/2010 and 2010/2011 to the Supreme Court. Supreme Court hearing the appeal for the year of assessment 2009/2010 refused to grant leave to proceed. Therefore the judgement of the Court of Appeal which was decided in favour of the Company will prevail. The contingent liability on income tax and penalties for year of assessment 2010/2011 and 2011/2012, pending hearing in the Supreme Court and Court of Appeal are estimated to be Rs. 69.8 million and Rs. 80.6 million respectively. Based on expert advise and the decision of the Tax Appeals Commission, Court of Appeal and the judgement given by the Supreme Court in relation to year of assessment 2009/2010, the directors are confident that the ultimate resolution would be in favour of the Company.

Cey Spence (Pvt) Ltd which was previously an equity accounted investee which was proposed to be liquidated, and the share of net assets of which is reflected under assets classified as held for sale in the consolidated financial statements of the Group was issued an income tax assessment under the Inland Revenue Act in relation to the year of assessment 2007/2008. The Court of Appeal hearing the appeal has determined the income tax assessment in favour of the Department of Inland Revenue. Pursuant to the determination of the Court of Appeal the Company has appealed against the determination to the Supreme Court. The contingent liability to the Group is estimated to be Rs. 70 million inclusive of any penalties. Based on expert advice the directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

Action was instituted in the Commercial High Court in 2009 by a prospective buyer for the repayment of the advance monies and other related amounts paid by them, for the purchase of a ship which was owned by Ceyaki Shipping (Pvt) Ltd., (an Associate company) which is classified as held for sale in the consolidated financial statements of the Group. The Company contested the action as it deemed that the amount was not due and owing to the prospective buyer. The Commercial High Court delivered a determination in favour of the prospective buyer in March 2013. Consequently Ceyaki Shipping (Pvt) Ltd., appealed to the Supreme Court against the determination of the Commercial High Court. The directors are confident that the ultimate resolution of the case will not have a material adverse impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

40 Related party transactions

The Aitken Spence Group and the Company carries out transactions in the ordinary course of business with parties who are defined as related parties as per Sri Lanka Accounting Standard-LKAS 24 Related Party Disclosures. Transactions and outstanding balances between the companies within the Group and related parties are given in note no. 40.2 - 40.9.

40.1 Parent and ultimate controlling party

The immediate parent of Aitken Spence PLC is Melstacorp PLC and the ultimate holding company is Milford Exports (Ceylon) (Pvt) Ltd.

40.2 Transactions with key management personnel

40.2.1 Aitken Spence PLC considers its Board of Directors as the key management personnel of the company. The Board of Directors, Vice Presidents and Assistant Vice Presidents of subsidiary companies are considered as key management personnel of such companies.

40.2.2 There were no loans given to Directors of the company during the financial year or as at the year end.

40.2.3 Compensation paid to / on behalf of key management personnel of the Company is as follows;

	GROUP	COMPANY
	Rs.'000	Rs.'000
Short term employee benefits	1,138,682	317,550
Post employment benefits	8,500	-

No post-employment benefits were paid to key management personnel of Aitken Spence PLC during the financial year. The Company/Group did not have any material transactions with its key management personnel or their close family members during the year.

40.2.4 Key management personnel of Aitken Spence PLC hold positions in other companies, some of which had trading transactions with the Group during the year. Such companies the Group had transactions with are identified below.

Mr. D.H.S. Jayawardena, Chairman of the Company is also the Chairman or a Director of Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management Asia (Pvt) Ltd and Aitken Spence Aviation (Pvt) Ltd which are subsidiaries of the Group. He is also the Chairman of Browns Beach Hotels PLC and Negombo Beach Resorts (Pvt) Ltd which are equity-accounted investees of the Group, and the Chairman, Managing Director or a Director of companies indicated by "*" in the list of companies disclosed under note 40.3 and 40.6.

Dr. M.P. Dissanayake, Deputy Chairman and Managing Director of the Company is also the Chairman or a Director of the subsidiaries and equity-accounted investees that are indicated by "a" in notes 20 and 21 to the financial statements.

Dr. R.M. Fernando a Director of the Company is also the Managing Director or a Director of the companies marked by "b" in note 20 and 21 to the financial statements.

Miss. D.S.T. Jayawardena a Director of the Company is also the Chairperson or a Director of the companies marked by "c" in note 20 and 21 to the financial statements. She is also the Chairperson or a Director of Ambewela Livestock (Co.) Ltd, Ambewela Products (Pvt) Ltd, Ceylon Garden Coir (Pvt) Ltd, Distilleries Company of Sri Lanka PLC, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (Cwe) PLC, Melstacorp PLC, Pattipola Livestock Co Ltd, Splendor Media (Pvt) Ltd, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd, Stassen International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd and United Dairies Lanka (Pvt) Ltd.

Mr. J.M.S. Brito a Director of the Company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group.

Mr. C. H. Gomez a Director of the Company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group.

Mr. N. J. de S Deva Aditya a Director of the Company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group and a Director of Browns Beach Hotels PLC which is an equity-accounted investee of the Group. He is also a Director of Distilleries Company of Sri Lanka PLC, Melstacorp PLC and The Kingsbury PLC.

Mr. R.N. Asirwatham a Director of the Company is also a Director of Aitken Spence Hotel Holdings PLC which is a subsidiary of the Group and a Director of Browns Beach Hotels PLC which is an equity-accounted investee of the Group. He is also a Director of Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Mercantile Merchant Bank Ltd, Renuka Hotels Ltd and Royal Ceramics Lanka PLC.

Mr. C.R.Jansz a Director of the Company (w.e.f. 14th February 2023) is also a Director of Distilleries Company of Sri Lanka PLC, Lanka Bell (Pvt) Ltd, Melsta Corp PLC, Melsta Hospitals Ragama (Pvt) Ltd, Periceyl (Pvt) Ltd, Ambewela Livestock Company Ltd, Ambewela Products (Pvt) Ltd, Ceylon Gardner Coir (Pvt) Ltd, Lanka Dairies (Pvt) Ltd, Lanka Milk Foods (CWE) PLC, Pattipola Livestock Company Ltd, Stassen Exports (Pvt) Limited, Stassen Foods (Pvt) Ltd, Stassen International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd and United Dairies Lanka (Pvt) Ltd.

40.3 Transactions with ultimate parent, parent and group companies of the parent.

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sale of goods and services	-	-	718,296	397,878
Purchase of goods and services	13,129	10,214	1,516,299	777,014

Transactions with Bell Solutions Pvt Ltd*, Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC*, Formula World (Pvt) Ltd, Hospital Management Melsta (Pvt) Ltd*, Lanka Bell (Pvt) Ltd*, Melstacorp PLC*, Melsta Hospitals Ragama (Pvt) Ltd, Melsta Laboratories (Pvt) Ltd, Periceyl (Pvt) Ltd*, Splendor Media (Pvt) Ltd, Telecom Frontier (Pvt) Ltd and Texpro Industries Ltd* are reflected under transactions with the parent and group companies of the parent, above.

There were no transactions with Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

40.4 Transactions with subsidiary companies

For the year ended 31st March	Transactions with Aitken Spence PLC	
	2023	2022
	Rs.'000	Rs.'000
Income from services rendered	1,092,058	680,474
Rent income received	54,682	51,257
Allocation of common personnel and administration expenses	88,582	43,928
Purchase of goods and services	123,181	72,996
Net transfers under finance arrangements	(7,063,995)	4,939,388
Interest income	745,920	188,932
Interest expense	1,559,527	435,477

Transactions with ADS Resorts (Pvt) Ltd, Ace Apparels (Pvt) Ltd, Ace Aviation Services (Pvt) Ltd, Ace Aviation Services Maldives (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence (Garments) Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Apparels (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Developments (Pvt) Ltd, Aitken Spence Elevators (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence Global Operations (Pvt) Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels (International) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Hotel Management (South India) (Pvt) Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Ports International Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Shipping Ltd, Aitken Spence Shipping Services (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd, Cowrie Investments (Pvt) Ltd, Crest Star (BVI) Ltd, D B S Logistics Ltd, Elgin Hydropower (Pvt) Ltd, Fiji Ports Terminal Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Heritage (Pvt) Ltd, Hethersett Hotels Ltd, Interlifts International (Pvt) Ltd, Jetan Travel Services Company (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Logilink (Pvt) Ltd, Meeraladuwa (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd, Neptune Ayurvedic (Pvt) Ltd, Royal Spence Aviations (Pvt) Ltd, Sagasolar Power (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Spence Maldives (Pvt) Ltd, Turyaa (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments (Pvt) Ltd, Waltrim Energy Ltd, Waltrim Hydropower (Pvt) Ltd and Western Power Company (Pvt) Ltd are reflected under transactions with subsidiary companies above.

NOTES TO THE FINANCIAL STATEMENTS

40.5 Transactions with equity-accounted investees**40.5.1 Transactions with joint venture companies**

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sale of goods and services	8,062	4,274	39,374	14,760
Rent income received	1,368	1,539	1,368	1,539
Allocation of common personnel and administration expenses	85	12	85	12
Purchase of goods and services	-	-	42,094	-
Net transfers under finance arrangements	121,152	(1,970)	121,152	(1,970)
Interest income	2,625	500	2,625	500
Interest expense	4,246	1,135	4,246	1,135

Transactions with Ace Bangladesh Ltd, Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd, CINEC Campus (Pvt) Ltd, Spence Seahorse and Marine (Pvt) Ltd are reflected under transactions with joint ventures above.

40.5.2 Transactions with associate companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sale of goods and services	42,582	31,693	177,040	104,460
Allocation of common personnel and administration expenses	2,927	126	2,927	8,715
Purchase of goods and services	5,670	3,360	204,846	52,071
Net transfers under finance arrangements	231,101	1,023,000	120,520	944,657
Interest income	-	-	-	34,689
Interest expense	331,752	37,057	337,436	54,850

Transactions with AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Browns Beach Hotels PLC, E P P Hydro Power (Pvt) Ltd, Elpitiya Lifestyle Solutions (Pvt) Ltd, Elpitiya Plantations PLC, Fiji Ports Corporation Ltd, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd and Serendib Investments Ltd are reflected under transactions with associates above.

40.6 Transactions with other related companies

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sale of goods and services	-	-	325,986	198,108
Purchase of goods and services	2,451	736	1,238,410	698,557

Transactions with Ambewela Livestock (Co.) Ltd*, Ambewela Products (Pvt) Ltd*, Ceylon Garden Coir (Pvt) Ltd*, Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Lanka Diaries (Pvt) Ltd*, Lanka Milk Foods (Cwe) PLC*, Mercantile Merchant Bank Ltd, Pattipola Livestock Company Ltd*, Renuka Hotels Ltd, Royal Ceramics Lanka PLC, Stassen Exports (Pvt) Ltd*, Stassen Foods (Pvt) Ltd*, Stassen International (Pvt) Ltd*, Stassen Natural Foods (Pvt) Ltd*, The Kingsbury PLC, and United Dairies Lanka (Pvt) Ltd* are reflected under transactions with other related companies, above.

40.7 Transactions with post-employment benefit plans

For the year ended 31st March	Transactions with Aitken Spence PLC		Transactions with Group companies	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Contributions to the provident fund	309,872	269,454	49,540	42,158

Contributions to the Aitken Spence & Associated Companies Executive Staff Provident Fund and the Aitken Spence & Associated Companies Clerical Staff Provident Fund are reflected under transactions with post-employment benefit plans, above.

40.8 Amounts due from related parties

40.8.1 Amount due from ultimate parent, parent and group companies of the parent.

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Group companies of the parent	-	-	78,865	48,625

Balances due from Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC, Lanka Bell (Pvt) Ltd, Melstacorp PLC, Periceyl (Pvt) Ltd and Telecom Frontier (Pvt) Ltd are reflected under amount due from group companies of the parent, above.

There were no balance due from Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

40.8.2 Amount due from subsidiaries

As at	Balances with Aitken Spence PLC	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Fully owned subsidiaries	3,170,627	2,712,101
Partly owned subsidiaries	2,617,045	1,776,296
Provision for doubtful debts	5,787,672	4,488,397
Expense recognised during the period in respect of bad & doubtful debts	733,432	441,115
	292,317	237,382

Balances due from Ace Apparels (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Distriparks (Pvt) Ltd, Ace Exports (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Resorts (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, ADS Resorts (Pvt) Ltd, Ahungalla Resorts Ltd, Aitken Spence Agriculture (Pvt) Ltd, Aitken Spence Apparels (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Developments (Pvt) Ltd, Aitken Spence Elevators (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence (Garments) Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Management (South India) (Pvt) Ltd, Aitken Spence Hotel Management Asia (Pvt) Ltd, Aitken Spence Hotels (International) Ltd, Aitken Spence Hotels Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Moscow (Pvt) Ltd, Aitken Spence Ports International (Pvt) Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments (Pvt) Ltd, Aitken Spence Resorts (Middle East) LLC, Aitken Spence Shipping Ltd, Aitken Spence Shipping Services (Pvt) Ltd, Aitken Spence Technologies (Pvt) Ltd, Aitken Spence Travels (Pvt) Ltd, Aitken Spence Travels Myanmar Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd, Crest Star (BVI) Ltd, Elgin Hydropower (Pvt) Ltd, Fiji Ports Terminal Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Heritance (Pvt) Ltd, Hethersett Hotels Ltd, Interlifts International (Pvt) Ltd, Kandalama Hotels (Pvt) Ltd, Meerlaluwa (Pvt) Ltd, MMBL Money Transfer (Pvt) Ltd, Neptune Ayurvedic (Pvt) Ltd, Royal Spence Aviations (Pvt) Ltd, Sagasolar Power (Pvt) Ltd, Spence Maldives (Pvt) Ltd, Turyaa (Pvt) Ltd, Turyaa Resorts (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd, Unique Resorts (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments (Pvt) Ltd, Waltrim Energy Ltd, Waltrim Hydropower (Pvt) Ltd and Western Power Company (Pvt) Ltd are reflected under amount due from subsidiaries above.

NOTES TO THE FINANCIAL STATEMENTS

40.8.3 Amount due from equity-accounted investees

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Joint ventures	152,104	147,535	412,381	171,882
Associates	26,058	11,797	866,050	844,978
	178,162	159,332	1,278,431	1,016,860
Provision for doubtful debts	3,527	3,527	11,574	11,574
Expense recognised during the period in respect of bad & doubtful debts	-	3,527	-	11,574

Balances due from Aitken Spence C & T Investments (Pvt) Ltd, Aitken Spence Engineering Solutions (Pvt) Ltd and CINEC Campus (Pvt) Ltd are reflected under amount due from joint ventures and balances due from AEN Palm Oil Processing (Pvt) Ltd, Aitken Spence Plantation Management PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, Negombo Beach Resorts (Pvt) Ltd, Paradise Resort Pasikudah (Pvt) Ltd and Serendib Investments Ltd are reflected under amount due from associates above.

40.8.4 Amount due from other related companies

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Other related companies	-	-	26,518	26,912

Balances due from Ambewela Products (Pvt) Ltd, Ceylon Grain Elevators PLC, Dilmah Ceylon Tea Company PLC, Lanka Diaries (Pvt) Ltd, Lanka Milk Foods (Cwe) PLC, Royal Ceramics Lanka PLC, Stassen Exports (Pvt) Ltd, Stassen Foods (Pvt) Ltd, Stassen International (Pvt) Ltd, Stassen Natural Foods (Pvt) Ltd and The Kingsbury PLC are reflected under amount due from other related companies, above.

40.9 Amounts due to related parties**40.9.1 Amount due to ultimate parent, parent and group companies of the parent.**

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Group companies of the parent		-	12,224	15,750

Balances due to Continental Insurance Lanka Ltd, Distilleries Company of Sri Lanka PLC, Formula World (Pvt) Ltd, Lanka Bell (Pvt) Ltd, Melsta Laboratories (Pvt) Ltd, Periceyl (Pvt) Ltd, Splendor Media (Pvt) Ltd and Texpro Industries Ltd are reflected under amount due to group companies of the parent, above.

There were no balance due to Milford Exports (Ceylon) (Pvt) Ltd, the ultimate holding company of Aitken Spence PLC.

40.9.2 Amount due to subsidiaries

As at	Balances with Aitken Spence PLC	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Fully owned subsidiaries	2,681,982	4,861,338
Partly owned subsidiaries	3,167,807	7,314,091
	5,849,789	12,175,429

Balances due to Ace Apparels (Pvt) Ltd, Ace Aviation Services (Pvt) Ltd, Ace Aviation Services Maldives (Pvt) Ltd, Ace Cargo (Pvt) Ltd, Ace Containers (Pvt) Ltd, Ace Container Repair (Pvt) Ltd, Ace Container Terminals (Pvt) Ltd, Ace Freight Management (Pvt) Ltd, Ace Power Embilipitiya (Pvt) Ltd, Ace Wind Power (Pvt) Ltd, Aitken Spence Aviation (Pvt) Ltd, Aitken Spence Cargo (Pvt) Ltd, Aitken Spence Exports Ltd, Aitken Spence Group Ltd, Aitken Spence Hotel Management (Pvt) Ltd, Aitken Spence Hotel Holdings PLC, Aitken Spence Hotels Ltd, Aitken Spence Industrial Solutions (Pvt) Ltd, Aitken Spence International Consulting (Pvt) Ltd, Aitken Spence Insurance Brokers (Pvt) Ltd, Aitken Spence Maritime Ltd, Aitken Spence Ports International Ltd, Aitken Spence Power (Pvt) Ltd, Aitken Spence Printing and Packaging (Pvt) Ltd, Aitken Spence Property Developments Ltd, Aitken Spence Resources (Pvt) Ltd, Aitken Spence Shipping Ltd, Aitken Spence Shipping Services Ltd, Aitken Spence Travels (Pvt) Ltd, Branford Hydropower (Pvt) Ltd, Clark Spence and Company Ltd, Cowrie Investments (Pvt) Ltd, D B S Logistics Ltd, Global Parcel Delivery (Pvt) Ltd, Hapag Lloyd Lanka (Pvt) Ltd, Hethersett Hotels Ltd, Jetan Travel Services Company (Pvt) Ltd, Logilink (Pvt) Ltd, Royal Spence Aviation (Pvt) Ltd, Shipping & Cargo Logistics (Pvt) Ltd, Upper Waltrim Hydropower (Pvt) Ltd, Vauxhall Investments Ltd, Vauxhall Property Developments Ltd and Waltrim Hydropower (Pvt) Ltd are reflected under amount due to subsidiaries above.

40.9.3 Amount due to equity-accounted investees

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Joint ventures	182,711	59,678	182,840	59,805
Associates	1,398,592	1,117,446	2,002,823	1,745,149
	1,581,303	1,177,124	2,185,663	1,804,954

Balances due to Ace Bangladesh Ltd and Spence Seahorse Marine (Pvt) Ltd are reflected under amount due to joint ventures and balances due to Ace Aviation Myanmar Ltd, Aitken Spence Plantation Management PLC, Elpitiya Plantations PLC, Fiji Ports Corporation Ltd and Negombo Beach Resorts (Pvt) Ltd are reflected under amount due to associates above.

40.9.4 Amount due to other related companies

As at	Balances with Aitken Spence PLC		Balances with Group companies	
	31.03.2023 Rs.'000	31.03.2022 Rs.'000	31.03.2023 Rs.'000	31.03.2022 Rs.'000
Other related companies	282	-	85,047	76,152

Balances due to Ambewela Products (Pvt) Ltd, Ceylon Grain Elevators PLC, Lanka Diaries (Pvt) Ltd, The Kingsbury PLC, Lanka Milk Foods (Cwe) PLC, Mercantile Merchant Bank Ltd, Renuka Hotels Ltd, Stassen Exports (Pvt) Ltd and Stassen Foods (Pvt) Ltd are reflected under amount due to other related companies, above.

40.10 Terms and conditions of transactions with related parties

All related party transactions are carried out in the normal course of business and transacted at normal business terms. The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and comparable with those that would have been charged from un-related companies. All related party outstanding balances at the year-end are unsecured and are to be settled in cash. The Group does not have any material commitments to related parties, other than those disclosed in note 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

41 Foreign currency translation

The principal exchange rates used for translation purposes were;

As at	31.03.2023	31.03.2022
United States Dollar	327.14	293.88
British Pound	405.97	385.81
Euro	357.10	326.38
Oman Rial	850.05	763.13
Fiji Dollar	150.72	140.62
Maldivian Rufiyaa	21.22	19.35
South African Rand	18.38	20.16
Indian Rupee	3.99	3.88
Bangladesh Taka	3.05	3.41
Myanmar Kyat	0.16	0.17

42 Number of employees

The number of employees of the Group (excluding equity-accounted investees) at the end of the year was 7,408 (2021/2022 - 6,993) The number of employees of the Company at the end of the year was 167 (2021/2022 - 161).

43 Events occurring after the reporting date

All material events after the reporting date have been considered, disclosed and adjusted where applicable.

Final dividend

The Board of Directors of the Company has approved an final ordinary dividend of Rs. 4.00 per share for the year 2022/2023. Details of the dividend is disclosed in note 14 to the financial statements.

Amalgamation of Group companies

Subsidiary companies of Aitken Spence Hotel Holdings PLC, Turyaa Resorts (Pvt) Ltd and Turyaa (Pvt) Ltd was amalgamated on 01 April 2023 under shortform amalgamation as per the Companies Act number 07 of 2007 of Sri Lanka. There will be no impact to the Group financial statements due to this amalgamation.

There were no other material events that occurred after the reporting date that require adjustments to or disclosure in the financial statements.

44 Comparative information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

CONSOLIDATED INCOME STATEMENT IN USD

For the year ended 31st March	2023 USD.'000	2022 USD.'000	
Revenue	299,885	186,117	
Revenue taxes	(3,409)	(1,850)	
Net revenue	296,476	184,267	
Other operating income	6,181	25,112	
Changes in inventories of finished goods and work-in-progress	1,018	1,207	
Raw materials and consumables used	(24,638)	(13,774)	
Employee benefits expense	(46,257)	(33,215)	
Depreciation, amortisation and impairment losses of non-financial assets	(21,954)	(16,613)	
Other operating expenses - direct	(108,648)	(69,740)	
Other operating expenses - indirect	(44,149)	(21,481)	
Profit from operations	58,029	55,763	
Finance income	8,817	3,950	
Finance expenses	(35,877)	(13,632)	
Net finance expense	(27,060)	(9,682)	
Share of profit of equity-accounted investees (net of tax)	3,271	2,321	
Profit before tax	34,240	48,402	
Income tax expense	(9,553)	(7,038)	
Profit for the year	24,687	41,364	
Attributable to:			
Equity holders of the company	20,309	35,864	
Non-controlling interests	4,378	5,500	
Profit for the year	24,687	41,364	
Earnings per share - Basic/Diluted (Rs.)	USD cents =	5.00	8.83
Exchange rate	USD =	327.14	293.88

Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN USD

For the year ended 31st March	2023 USD.'000	2022 USD.'000
Profit for the year	24,688	41,363
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of freehold land	10,902	3,234
Actuarial gains / (losses) on defined benefit obligations	(157)	979
Equity investments at FVOCI – net change in fair value	(4)	(19)
Share of other comprehensive income of equity-accounted investees (net of tax)	160	62
Income tax on other comprehensive income	(5,683)	(164)
	5,218	4,092
Items that are or may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	8,470	27,049
Net movement on cash flow hedges	(1,277)	(9,240)
Share of other comprehensive income of equity-accounted investees (net of tax)	515	3,598
	7,708	21,407
Other comprehensive income for the year, (net of tax)	12,926	25,499
Total comprehensive income for the year	37,614	66,862
Attributable to:		
Equity holders of the company	31,332	56,891
Non-controlling interests	6,282	9,971
Total comprehensive income for the year	37,614	66,862
Exchange rate	USD =	
	327.14	293.88

Figures in brackets indicate deductions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION IN USD

As at	31.03.2023 USD.'000	31.03.2022 USD.'000
ASSETS		
Non-current assets		
Property, plant and equipment	322,489	326,018
Investment property	4,987	5,553
Intangible assets	5,318	4,624
Biological assets	218	237
Right-of-use assets	58,497	64,124
Investments in equity-accounted investees	28,239	29,141
Deferred tax assets	4,950	4,547
Other financial assets	3,143	1,070
	427,841	435,314
Current assets		
Inventories	16,122	13,130
Trade and other receivables	64,937	71,920
Current tax receivable	404	379
Deposits and prepayments	13,039	7,100
Other current assets	82,757	85,506
Cash and short-term deposits	49,568	52,210
	226,827	230,245
Assets classified as held for sale	518	5,959
Total assets	655,186	671,518
EQUITY AND LIABILITIES		
Equity		
Stated capital	6,527	7,265
Reserves	129,993	124,708
Retained earnings	90,920	92,434
Total equity attributable to equity holders of the company	227,440	224,407
Non-controlling interests	36,106	39,121
Total equity	263,546	263,528
Non-current liabilities		
Interest-bearing loans and borrowings	143,513	167,670
Lease liabilities	48,033	53,883
Deferred tax liabilities	17,061	10,808
Employee benefits	3,993	3,751
Other liabilities	1,279	1,638
	213,879	237,750
Current liabilities		
Interest-bearing loans and borrowings	29,402	29,526
Lease liabilities	5,597	5,343
Trade and other payables	69,598	100,407
Current tax payable	3,496	2,240
Bank overdrafts and other short-term borrowings	69,668	32,724
	177,761	170,240
Total equity and liabilities	655,186	671,518
	USD =	
	327.14	293.88

Figures in brackets indicate deductions.

TEN YEAR SUMMARY

Year ended as at 31st of March	2023 Rs.'000	2022 Rs.'000	2021 Rs.'000	2020 Rs.'000	2019 Rs.'000	2018 Rs.'000	2017 Rs.'000	2016 Rs.'000	2015 Rs.'000	2014 Rs.'000
Operating Results										
Revenue	98,104,323	54,696,051	31,597,505	53,471,257	55,680,903	52,734,969	45,892,179	25,977,795	35,318,891	35,059,123
Profit before taxation	11,201,446	14,224,180	(2,844,273)	4,197,662	7,282,608	6,397,816	5,246,872	3,805,508	5,709,923	5,444,946
Taxation	3,125,077	2,068,363	469,510	1,310,688	1,511,258	1,248,284	1,201,407	861,229	826,323	865,457
Profit after taxation	8,076,369	12,155,817	(3,313,783)	2,886,974	5,771,350	5,149,532	4,045,465	2,944,279	4,883,600	4,579,489
Profit attributable to Aitken Spence PLC	6,644,027	10,539,592	(1,625,623)	2,377,591	4,077,067	3,560,348	2,890,032	2,027,112	3,579,008	3,671,870
Equity & Liabilities										
Stated capital	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140	2,135,140
Reserves	42,525,804	36,649,102	28,014,136	25,165,268	23,416,042	20,500,926	16,849,379	15,248,423	13,867,687	13,883,457
Retained earnings	29,743,417	27,164,516	19,340,780	23,648,558	23,899,401	22,163,669	20,492,912	19,262,056	19,022,310	16,238,762
Non-controlling interest	11,811,656	11,496,921	9,702,142	12,355,105	12,635,237	11,484,969	11,315,985	7,554,724	7,211,980	6,617,863
Non-current liabilities	69,968,573	69,869,860	54,848,117	48,689,812	34,526,058	23,560,466	19,503,049	13,639,158	10,727,403	8,493,842
Current liabilities	58,153,100	50,030,000	32,940,045	30,670,089	28,384,657	27,997,370	24,998,995	15,514,730	12,426,235	13,644,187
	214,337,690	197,345,539	146,980,360	142,663,972	124,996,535	107,842,540	95,295,460	73,354,231	65,390,755	61,013,251
Assets										
Property, plant and equipment	105,499,126	95,810,136	79,826,252	79,399,616	71,590,332	59,274,780	50,048,523	35,278,046	28,696,631	24,799,321
Investment property	1,631,581	1,631,904	1,631,580	1,631,839	1,632,100	1,632,360	1,630,801	1,630,801	1,648,301	1,648,301
Intangible assets	1,739,817	1,358,973	1,065,966	1,069,997	945,468	890,378	886,103	867,223	558,040	651,796
Biological assets	71,334	69,669	63,122	56,275	49,332	47,293	43,583	25,838	-	-
Right-of-use assets	19,136,841	18,844,699	14,060,406	13,249,662	-	-	-	-	-	-
Leasehold property	-	-	-	-	2,214,519	2,023,903	2,042,459	2,006,728	1,906,527	1,461,100
Pre paid operating leases	-	-	-	-	2,366,966	2,241,358	1,978,348	1,828,797	1,072,370	1,010,199
Finance lease receivables	-	-	-	-	-	-	-	-	-	2,245,884
Investments in equity-accounted investees	9,238,093	8,564,101	7,080,305	6,688,625	6,434,116	6,334,455	6,060,842	9,771,984	5,403,518	3,367,589
Deferred tax assets	1,619,314	1,336,394	1,196,477	766,677	690,924	563,391	434,794	328,140	215,907	224,495
Other financial assets	1,028,075	314,359	806,856	800,719	834,096	873,340	285,629	257,799	279,346	339,540
Current assets	74,204,086	67,664,210	40,006,177	37,810,912	38,074,557	33,812,157	31,735,253	21,209,750	25,383,192	25,115,901
Assets classified as held for sale	169,423	1,751,094	1,243,219	1,189,650	164,125	149,125	149,125	149,125	226,923	149,125
	214,337,690	197,345,539	146,980,360	142,663,972	124,996,535	107,842,540	95,295,460	73,354,231	65,390,755	61,013,251
Cash Flow										
Net cash inflow/(outflow) from operating activities	3,460,593	21,796,935	3,452,194	5,621,369	6,504,172	7,140,458	15,814	9,814,619	7,749,219	5,297,677
Net cash inflow/(outflow) from investing activities	(2,112,215)	(7,489,605)	(5,032,765)	(10,246,263)	(14,512,079)	(5,473,582)	(3,994,720)	(9,670,774)	(7,457,188)	(4,240,047)
Net cash inflow/(outflow) from financing activities	(12,636,498)	(2,994,040)	646,916	1,390,968	4,423,159	1,196,937	(1,640,661)	2,251,750	2,422,566	407,539
Increase/(decrease) in cash and cash equivalents	(11,288,120)	11,313,290	(933,655)	(3,233,926)	(3,584,748)	2,863,813	(5,619,567)	2,395,595	2,714,597	1,465,169
Share Information										
Earnings per share (Rs.)	16.36	25.96	(4.00)	5.86	10.04	8.77	7.12	4.99	8.82	9.04
Market value per share (Rs.)	131.00	73.70	55.50	30.70	41.00	50.60	56.20	73.50	99.50	97.90
Market capitalisation on 31st March (Rs. Mn)	53,185	29,922	22,533	12,464	16,646	20,543	22,817	29,841	40,397	39,747
Price earnings ratio	8.01	2.84	(13.88)	5.24	4.08	5.77	7.90	14.72	11.29	10.82
Price to book value ratio	0.71	0.45	0.46	0.24	0.34	0.46	0.58	0.81	1.15	1.23
Net assets per share (Rs.)	183.26	162.44	121.9	125.49	121.8	110.35	97.24	90.26	86.27	79.45
Employees Information										
No. of employees	7,408	6,994	6,789	7,730	8,002	7,413	7,360	7,342	7,131	6,797
Value added per employee (Rs. Mn)	6.1	4.7	1.7	2.7	2.6	2.5	2.3	1.7	2.0	1.9
Ratios & Statistics										
Ordinary dividend (Rs. '000)	1,623,984	1,623,984	405,996	507,495	1,014,990	811,992	710,493	608,994	811,992	811,992
Dividend per share (Rs.)	4.00	4.00	1.00	1.25	2.50	2.00	1.75	1.50	2.00	2.00
Dividend cover (times covered)	4.09	6.49	(4.00)	4.68	4.02	4.38	4.07	3.33	4.41	4.52
Dividend - payout ratio	0.24	0.15	(0.25)	0.21	0.25	0.23	0.25	0.30	0.23	0.22
Current ratio (times covered)	1.28	1.35	1.21	1.23	1.34	1.21	1.27	1.37	2.04	1.84
Debt-equity ratio	0.54	0.64	0.66	0.55	0.47	0.35	0.34	0.28	0.22	0.19
ROE (%)	9.47	18.26	(3.24)	4.74	8.65	8.45	7.59	5.66	10.64	12.18
Interest Cover	2.19	6.04	(0.43)	2.92	8.44	8.29	7.29	16.80	30.47	13.97