



BANSEI ROYAL RESORTS HIKKADUWA PLC



CORAL ROCK BY BANSEI
ANNUAL REPORT 2022/2023

FINANCIALS AT A GLANCE

FOR THE YEAR	2022/23	2021/22	2020/21	2019/20	2018/19
Turnover	98,572,861	51,901,508	9,498,728	60,143,680	76,612,912
Profit/(Loss) Before Tax	26,089,816	1,275,425	(26,192,873)	4,490,289	17,454,654
Profit/(Loss) After Tax	16,472,022	821,537	(23,312,102)	3,548,802	14,904,315

AT THE YEAR END

Shareholders' Funds	283,745,630	267,103,713	265,512,500	291,700,108	304,309,359
Total Assets	311,314,964	280,753,840	280,080,544	309,548,628	323,759,990
Company Employment (No of Persons)	38	38	35	45	49

PER SHARE

Earnings (Rs)	0.31	0.02	(0.43)	0.07	0.28
Dividend (Rs)	-	-	-	0.05	0.30
Net Assets (Rs)	5.28	4.97	4.94	5.43	5.66
Market Value (Closing Price) (Rs)	11.30	10.60	9.00	4.00	6.60
Highest Price (Rs)	12.90	14.00	10.80	7.90	7.30
Lowest Price (Rs)	7.00	7.00	3.80	3.90	4.10

RATIO

Gross Profit (%)	78%	79%	65%	85%	87%
Current Ratio (Times)	8.36	8.76	8.42	10.94	9.28
Dividend payout (%)	-	-	-	76%	108%

PUBLIC HOLDING

Percentage of Public Holding As st 31st March	10%	10%	10%	10%	10%
---	-----	-----	-----	-----	-----

CONTENTS

1. Annual Review	03
2. Profile of the Board of Directors	04
3. Risk Management	09
4. Annual Report of The Board of Directors on The Affairs of The Company	12
5. Corporate Governance	17
6. Audit Committee Report.....	19
7. Related Party Transactions Review Committee Report.....	20
8. Statement of Directors’ Responsibility	22
9. Independent Auditors’ Report.....	23
10. Statement of Financial Position	27
11. Statement of Profit or Loss and Other Comprehensive Income	28
12. Statement of Changes in Equity	29
13. Statement of Cash Flow	30
14. Notes to the Financial Statements.....	31
15. Shareholders and Investor Information	62
16. Real Estate Portfolio	64
17. Corporate Information	65
18. Notice of Meeting	66
19. Instructions to Participate at the Annual General Meeting (AGM).....	67
20. Form of Request	68
21. Note.....	69
22. Circular to Shareholders	70
23. Form of Proxy.....	71

ANNUAL REVIEW

We are pleased to present to you the highlights of the Annual Report and Financial Statements of Bansei Royal Resorts Hikkaduwa PLC.

Coral Rock by Bansei, in Hikkaduwa, Sri Lanka is a popular destination down-south, for both local, and international guests. We have 14 Deluxe and 2 Super Deluxe rooms overlooking the Hikkaduwa beach. We have 14 Standard rooms with delightful views of the city. Our full-length swimming pool, complete with a pool side bar, is just steps away from the beautiful beach, extending out towards the ocean. Our restaurant serves the best of regional culinary delights. At Coral Rock by Bansei, we offer a unique hospitality experience, giving you the opportunity to experience the contemporary best of a star classed hotel, in Hikkaduwa, Sri Lanka.

We are pleased to report that our company had a strong financial performance with the extremely challenging operating landscape in 2022/23, with significant growth across key financial metrics. Total revenue increased by 90% Year-on-Year (YoY) up to Rs. 98.5 million, driven by growth in all key revenue streams. This included a 84% YoY increase in room revenue up to Rs. 57.1 million, together with a 100% YoY, a 147% and a 123% increase in food and beverage, spa revenues and Other Hotel Operating Income up to Rs. 40.63 million, Rs.0.48 million and Rs.0.29 million respectively.

GLOBAL TOURISM

The start of the Russian-Ukraine conflict and a challenging global economic environment, international tourism witnessed stronger than expected recovery in 2022. All regions witnessed significant increases in tourism related activity in 2022 over the previous year. Asia and the Pacific region lagged behind in terms of momentum of recovery with arrivals reaching only 23 per cent of pre-pandemic levels.

SRI LANKAN TOURISM

Tourist arrivals to Sri Lanka continued to be subdued, impacted by macroeconomic, political and social disruptions during the year. Having witnessed encouraging growth from the end of 2021, arrivals started tapering off from April 2022, due to the scarcity of fuel and food, civil unrest and the resultant travel advisories. Further, the slowdown in global recovery on the back of inflationary pressures coupled with the high cost of fuel and impact of these on cost of air travel exerted pressure on outbound travel to destinations such as Sri Lanka.

Tourism Development Authority aims to attract 2Mn visitors in 2023. Although arrivals are still significantly below pre-pandemic levels, it is encouraging to witness the month-on-month pick-up in inquiries and forward bookings. The recovery trend in arrivals is expected to continue with growth across all major source markets.

CONCLUSION

Our management team and staff strived to give their untiring effort, commitment and drive and holding steadfast in very challenging circumstances.

We wish to convey our sincere appreciation to all our stakeholders including our tour operator partners, guests and shareholders for the immense support and trust they have placed in our brand during these challenging times.

BOARD OF DIRECTORS



SEATED, FORM LEFT TO RIGHT

Mr. T. Murakami
Deputy Chairman

Mr. T. De Zoysa
Chairman

Mr. H. Ota
Director / Chief Executive Officer

STANDING, FORM LEFT TO RIGHT

Mr. J.V.W. Malawana
Director

Mr. G.C.A. De Silva
Director

Mr. H. Premaratne
Director

Mr. C. S. J. Perera
Director



Mr. T. de Zoysa,
Chairman

A well-known figure in the Sri Lankan business community, Tilak de Zoysa, FCMI (UK) FPRI (SL), Honorary Consul for Croatia and Global Ambassador for HelpAge International was conferred the title of “Deshabandu” by His Excellency the President of Sri Lanka in recognition of his services to the Country and was the recipient of “The Order of the Rising Sun. Gold Rays with Neck Ribbon” conferred by His Majesty the Emperor of Japan, and was the Recipient of the LMD lifetime achievers’ Award 2017.

In addition to being the Chairman of Carson Cumberbatch PLC, Associated CEAT (Pvt) Ltd, Amaya Hotels and Resorts USA (Radisson), Jetwing Zinc Journey Lanka (Pvt) Ltd, Trinity Steel (Pvt) Ltd, CG Corp Global Sri Lanka and HelpAge Sri Lanka.

He is also the Vice Chairman of CEAT Kelani Holdings (Pvt) Ltd., and serves on the boards of several listed and private Companies which include TAL Lanka Hotels PLC (Taj), TAL Hotels and Resorts Ltd, Nawaloka Hospitals PLC, Associated Electrical Corporation Ltd, INOAC Polymer Lanka (Pvt) Ltd, Cinnovation INC, Varun Beverages Lanka (Pvt) Ltd (Pepsi), and Is a Member of the Kalutara Bodhi Trust.

Mr. Tilak de Zoysa was the past Chairman of the Supervisory Board (AMW) and Advisor to the Al-Futtaim Group of Companies in Sri Lanka, past Chairman of the Ceylon Chamber of Commerce, the National Chamber of Commerce of Sri Lanka, HelpAge International (UK), Colombo YMBA and Board of Governors and the Sasakawa Memorial Sri Lanka Japan Cultural Centre Trust, and served as a Member of the Monetary Board of Sri Lanka (2003-2009).



Mr. T. Murakami
Deputy Chairman

Mr. Toyohiko Murakami is the Chief Executive of Bansei Group Japan.

Mr. Murakami has over 35 years of experience in managing various business fields consisting of Securities, Finance, Insurance, and Real Estate.

Mr. Murakami has a degree in Bachelor of Law from Kyoto University, Japan.

Mr. Murakami joined Bansei Securities Co. Ltd. in November 2005.

He was appointed to Executive Vice President in February 2006 and to President and C.E.O of the Company in June 2009.

He is also the CEO of Bansei Holdings Co., Bansei Hoken (Insurance) Community Co. Ltd, Bansei Ayuryveda Co. Ltd, Bansei Research Institute Co. Ltd, Bansei Sho Co. Ltd., Ceylontime Co. Ltd in Bansei Group Japan.

Formerly Mr. Murakami was Advisor with Zenkoku Hoshu Co., Ltd from November 2005 to February 2006 and Director of H. S. Securities Co., Ltd from June 2002 to August 2005.

In Sri Lanka, Mr. Murakami serves as a Director of Pan Asia Banking Corporation, Vallibel Finance PLC, Bansei Holding LK (Pvt) Ltd, Bansei Securities Capital (Pvt) Ltd, Bentota Club Villa (Pvt) Ltd.

Mr. Murakami was appointed to the Board on 30th June 2013.

BOARD OF DIRECTORS



Mr. H. Ota

*Director/Chief Executive
Officer*

Mr. Ota is the Managing Director of Bansei Securities Co. Ltd., and counts over 35 years of experience in finance business (Commercial Banking, Trust Banking, Lease Finance, Securities Business). Mr. Ota has a Bachelor of Law from Kyoto University, Japan.

He joined Bansei Securities Co. as a Managing Director in November 2014. He has supported Mr. Toyohiko Murakami who is the Chief Executive of Bansei Group to transfer the Company to be strong and profitable. He is known as the man who has bridged Sri Lanka and Japan in Financial Business.

Formerly he worked for The Long-Term Credit Bank of Japan (April 1982-September 2000) and Sumitomo Trust & Banking Co. Ltd (October 2000 - September 2011) and Ricoh Co. Ltd (October 2011- October 2014).

Mr. Ota was appointed to the Board on 12th March 2015.



Mr. J. V. W. Malawana

Non – Executive Director

With a long spanning career in the financial services industry, Mr. Viraj Malawana has held senior positions at the Colombo Stock Exchange and Brunei Stock Exchange, HSBC and Standard Chartered Bank and is credited for structuring and creating novel investment instruments customized specifically for foreign investors into Sri Lanka. He later founded and served as Chief Executive Officer of New World Securities Pvt Ltd, a trading member of the Colombo Stock Exchange.

He is currently the Managing Director of NWS Holdings Pvt. Ltd and NWS Management Services Pvt Ltd, as well as Veritas Holdings Pvt Ltd and Aspen Capitol (PTY) Ltd Australia. He serves as the Chairman of Sushi Bar Samurai Pvt. Ltd. His Directorates includes Aspen Hills Capital Inc. (Canada) and Ollier Powder Coating (PTY) Ltd (Australia). He was also a former Director of Ideal Finance Ltd (a licensed Finance Company registered under Central Bank of Sri Lanka), Wealth Trust Securities Ltd, a registered Primary Dealer under the Central Bank of Sri Lanka and Strategic Business Innovator Pvt. Ltd (a subsidiary of SBI Japan). Viraj was a former Chairman of Bansei Securities Capital Pvt Ltd, a licensed Margin Provider registered and regulated under the Securities and Exchange Commission of Sri Lanka, where he currently serves as a Consultant.

He previously served as a Member of the Advisory Committee to the Ministry of Tourism.



Mr. G. C. A. de Silva
Non-Executive Director

Mr. Channa holds a Bachelor's Degree from the University of Colombo and Master's Degrees from Harvard University and Melbourne University. Fellow of the Chartered Institute of Management Accountants (FCMA – UK) and Fellow of the Chartered Certified Accountants (FCCA – UK).

He previously served as Managing Director of Summit Finance PLC as well as Managing Director of George Steuart Finance PLC. Formerly, he served as a Director of Pan Asia Bank PLC. He also served as Group Managing Director of Delmege Group Limited. He has served the government sector previously as Director General of the Securities and Exchange Commission (SEC) and the Executive Director of the Board of Investments (BOI) Sri Lanka. He is the Chairman/Co-founder of Capital media.

He is the vice president of Sarvodaya Movement. Also serves as a Governing Council member of the University of Colombo. Also serves as board member of university of Colombo Investment Committee as well as Finance Committee. Also serves as faculty board member of institute of graduate studies, institute of Biotechnology and molecular biology. He serves as a Sri Lankan council member of the Chartered Institute for Securities & Investments (CISI- UK). He is an Edward Mason Fellow of Harvard University and served as a Teaching Fellow in Public Finance at the Harvard Kennedy School.

Mr. De Silva, was appointed to the Board on 23rd February 2011.



Mr. C. S. J. Perera
Independent/Non-Executive Director

Mr. Surith Perera is a Business Consultant possessing broad experience in Marketing, Sales and Strategy Development and has played a key role in the success of some of Sri Lanka's leading brands and companies.

Having worked at Unilever for 24 years, Mr. Perera has gained a wealth of knowledge and experience in growing and developing a wide portfolio of brands in Sri Lanka as well as in India. Having been a part of the Board of Management at Unilever Sri Lanka, serving as Marketing as well as Customer Development Director, he joined Sunshine Consumer Lanka Ltd (formerly Watawala Tea Ceylon Ltd) as CEO. Having transformed the company by driving an inclusive culture, developing people and introducing new technology, he was successful in taking the company to new heights with profitable growth and significant market share gains, while diversifying the business.

He possesses an MBA from the Post Graduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka and is a Fellow Member of the Institute of Chartered Institute of Management Accountants, UK.

Mr. Perera was appointed to the Board on 12th March 2014



Mr. H. Premaratne
Non – Executive Director

Hasitha is Managing Director of the Brandix Group and drives the overall strategy and transformative journey of the company in Sri Lanka and overseas. Prior to taking up reigns as Managing Director, Hasitha served as Group Finance Director and Chief Strategy Officer of the Group, and sits as a Director on its subsidiaries and integrated ventures that include Teejay Lanka PLC.

An Independent Director at John Keells Hotels PLC, he serves as Chairman of the Audit Committee. Hasitha was also a Director at Bank of Ceylon, Sri Lanka’s largest state-owned bank, chairing the Board Risk and Nominations Committees. He also served on the Board of CIMA Sri Lanka, and the Sri Lanka Accounting and Auditing Standards Monitoring Board, and was a Committee Member at the Ceylon Chamber of Commerce, Sri Lanka’s oldest and most august trade chamber.

Before joining Brandix, Hasitha was the Head of Research at HNB Stockbrokers (Private) Limited. He brings a wealth of experience including over a decade of service as a lecturer for CIMA (UK), where he won ‘Tutor of the Year’ at the CIMA Global Financial Management Awards in 2009. Hasitha was also engaged with the ACCA (UK) in Sri Lanka, India, Singapore and the Philippines. He holds a MBA in International Finance and a BSc in Computer Science. He is a Fellow Member of Chartered Institute of Management Accountants (CIMA - UK), Association of Chartered Certified Accountants (ACCA-UK), and the Institute of Certified Management Accountants (CMA - SL). He is also a Chartered Global Management Accountant (CGMA)

Mr. Hasitha has resigned with effect from 01st March 2023.

RISK MANAGEMENT

The Company's risk management strategy is integrated with its sustainability management framework, enabling a holistic approach towards the identification, management and mitigation of risk. Risk Management therefore extends beyond managing the operational and financial risks faced by the Company, to incorporate broader environmental, community, employee, value chain and other non-financial risks related to the triple bottom-line approach of the Company, providing a foundation for productive engagements with internal and external stakeholders.

The Board of Directors bear responsibility for managing risk and have put in place a framework for managing risk. The Audit Committee has oversight responsibility for risk management and report on the same to the Board. The Audit Committee reviews the risk assessments and reports to the Board on matters relating to risk management.

The risk reviews are also a key input into the Company's strategic planning and budgeting processes to ensure alignment with the forecast risk environment and effective management of resources.

RISK MANAGEMENT FRAMEWORK

Our risk management processes is summarized below.



Primary responsibility for identifying, measuring, managing and reporting of risks lie with the General Manager who liaise with Corporate Management in this regard on a regular basis.

RISK ENVIRONMENT AND RISK PROFILE

South Asia made a commendable recovery during the financial year, recording arrivals just 30% below pre-pandemic numbers, above the recovery rate of the region but below the global recovery rates. Middle East recorded 17% growth above pre-pandemic arrivals.

Risk management continues to be a key item on the Board's agenda as the Tourism industry seeks to move past the scars and impacts of the pandemic which decimated tourist arrivals from 2020 to end 2021. In Sri Lanka, the period of adverse impacts was even longer, starting with the Easter Sunday attacks in 2019 and continuing through the country's economic crisis in 2022.

While these are events that have affected the industry, and then the economy as a whole, we have to also consider the various unsystematic risks, as corresponding to our risk profile.

PRINCIPAL RISKS IN 2022/23

The principal risks are those which are assessed to significantly and negatively impact our ability to create value in the short, medium and long term. These risks are identified through the Risk Prioritisation and Assessment step of the risk management process, taking in to account the severity of impact and likelihood of occurrence of identified risks.

Risk	Mitigating Actions	Risk Assessment
Business Risk <ul style="list-style-type: none"> • Cost increases due to continuously improving product quality standards in line with competitors • Increased competitiveness in the industry • Reduced revenue, cash flow and profitability 	<ul style="list-style-type: none"> • Continuous monitoring of competitors. • Adaptation of competitive pricing strategies • Enhancement of product offerings/ Refurbishments • Retention of talent • Training and development of staff 	<p>Impact - High</p> <p>Likelihood- High</p> <p>Risk Rating – High</p>
Country Situation & Economic crisis <ul style="list-style-type: none"> • Low tourist arrivals, reducing room rates and other offerings, reducing revenues and profits • Loosing confidence of the travelers about Sri Lanka and it will disrupt future travel plans as well. 	<ul style="list-style-type: none"> • Aggressive social media awareness campaigns in target markets along with fresh updates about Sri Lanka • Monthly email campaigns to tour operator partners and target foreign nationals along with repeat customers 	<p>Impact - High</p> <p>Likelihood- High</p> <p>Risk Rating - High</p>
Exchange Rate <ul style="list-style-type: none"> • Foreign exchange losses on foreign currency based transactions. • Increased cost 	<ul style="list-style-type: none"> • Regular monitoring of fluctuations in exchange rates and hedging the exposure by matching foreign currency earnings and payments. • Regular offering price revisions • Inclusion of terms in third party agreements to mitigate foreign currency exposure 	<p>Impact - High</p> <p>Likelihood- Possible to Occur</p> <p>Risk Rating - High</p>
Supply chain issues and shortages <ul style="list-style-type: none"> • Shortage of supplies due to transporting issues. • Inability to run the generator during power cuts/failures. • Disruption to operations. • Increased cost. • Inability for staff to report to work due to transportation issues. 	<ul style="list-style-type: none"> • Frequent/bulk fuel purchases. • Increase inventory par levels. • Provide accommodation for staff within the premises. • Seek for alternative products and suppliers. • Increase storage capacity. • Investing in solar power generation. 	<p>Impact - High</p> <p>Likelihood- Possible to Occur</p> <p>Risk Rating - Medium</p>

ANNUAL REPORT
2022/2023

<p>Guests/Staff Health and Safety</p> <ul style="list-style-type: none"> • Disruption to business activities • Loss of revenue • Adverse brand reputation • Potential claims and litigation 	<ul style="list-style-type: none"> • Establishment of standard operating procedures to ensure Guest and Staff health and safety. • Availability of a periodically trained firefighting team and first-aid team • Guidelines for client excursions and adventures 	<p>Impact - High</p> <p>Likelihood- Possible to Occur</p> <p>Risk Rating - Medium</p>
<p>Retention of skilled employees</p> <ul style="list-style-type: none"> • Challenges in maintaining service quality. • Increased cost associated with new recruitments. • Impact on competitive edge and brand loyalty 	<ul style="list-style-type: none"> • Ongoing investment in talent and competency development. • Strengthening rewards and benefit schemes. Periodic benchmarking is carried out against market remuneration packages. • Talent management and succession planning programmes for critical positions. 	<p>Impact - High</p> <p>Likelihood- High</p> <p>Risk Rating - High</p>
<p>Inflation Risk</p> <ul style="list-style-type: none"> • Reduced profitability. • Reduced return on investment. 	<ul style="list-style-type: none"> • Preparation of forecasts in line with projected occupancy and cost. • Initiated cost control activities. • Review of pricing and make necessary adjustments 	<p>Impact - High</p> <p>Likelihood- Possible to Occur</p> <p>Risk Rating - High</p>
<p>Technology and Data Risks</p> <ul style="list-style-type: none"> • Potential loss of information assets of the hotel. • Impact on customer privacy in the event of a potential loss event 	<ul style="list-style-type: none"> • Training employees and creating staff awareness on the importance of maintaining information security and handling of sensitive information. • Implementation and regular testing and verification of network protection technology. 	<p>Impact - High</p> <p>Likelihood - Low</p> <p>Risk Rating - Low</p>
<p>Global Pandemic Outbreak</p> <ul style="list-style-type: none"> • Lower tourist arrivals places pressure on average room rates, squeezing margins and reducing profits 	<ul style="list-style-type: none"> • Business Continuity Plans (BCP) on action to be taken in the event of an active case within a business unit. • Continue to follow latest guidance and recommendations of Government, global and local health officials on implementation of appropriate health and safety measures for staff and guests at hotel. 	<p>Impact - High</p> <p>Likelihood – Remote to occur</p> <p>Risk Rating - Low</p>
<p>Natural Disaster and Fire</p> <ul style="list-style-type: none"> • Loss of life, injury or destruction and damage to property 	<ul style="list-style-type: none"> • Business Continuity Plans including alternate working arrangements and emergency response plans • Conduct of Business Process Recovery drills, fire drills and training • Agile Work Environment • Insurance coverage for physical damage of properties • Implementation of safety guidelines based on international best practices including requirements for emergency evacuation 	<p>Impact - Major</p> <p>Likelihood – Unlikely to occur</p> <p>Risk Rating - Low</p>

**ANNUAL REPORT
OF THE BOARD OF
DIRECTORS ON
THE AFFAIRS
OF THE COMPANY**

The Directors of Bansei Royal Resorts Hikkaduwa PLC, present their report together with the Audited Financial Statements for the year ended 31st March 2023.

The Report contains pertinent information and disclosures required under the Companies Act No.07 of 2007, the Listing Rules of the Colombo Stock Exchange, recommended Best Practices of Corporate Governance and the requirements of the Sri Lanka Accounting Standards.

REVIEW OF OPERATIONS & PERFORMANCE

The Annual Review provides an overall assessment of the Company's Operations and Performance during the financial year under review on Pages 03

PRINCIPAL ACTIVITIES

The Company is engaged in the Hotel Industry.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on Pages 27-30 in the Annual Report.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Directors Responsibilities in compliance with the requirements in preparation of Financial Statements are set out in Page 22

AUDITOR'S REPORT

The Auditor's Report on the Financial Statements is given on Pages 23-26

ACCOUNTING POLICIES

There has been no change in the Accounting Policies adopted by the Company in preparation of Financial Statements during the Financial Year under review.

DIRECTOR'S REMUNERATION

The remuneration paid to the Executive and Non-Executive Directors during the financial year under review is given in Note 23.2 (a) to the Financial Statements.

DIRECTORS & CEO'S SHAREHOLDING

The Directors and CEO's Shareholdings at the beginning and end of the Financial year under review are set out below

AS AT	31-03-2023	31-03-2022
Mr. T de Zoysa	-	-
Mr. T Murakami	-	-
Mr. H Ota	-	-
Mr. J V W Malawana	662,176	662,176
Mr. G C A De Silva	-	-
Mr. H Premaratne	-	-
Mr. C S J Perera	-	-

AUDITORS

The accounts for the year have been audited by M/s. Ernst & Young, Chartered Accountants, who retire and are eligible for re-appointment. The Directors recommend their re-appointment. As far as the Board is aware the Auditors do not have any relationship with the Company other than carrying out the External Audit.

PROPERTY, PLANT AND EQUIPMENT

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 6 of the Financial Statement.

Extent, Locations and number of buildings of the properties are given in the Real State portfolio on Page 64

INTERESTS REGISTER

An interest Register is maintained, in compliance with the Companies act No.07 of 2007. The particulars of the entries made in connection with the General Disclosure in term of Section 192(2) of the Companies act No.07 of 2007 are given in Note 23 under Related Party Transaction.

DIRECTORATE

The Members of the Board during the financial year under review were as follows :-

Mr. T de Zoysa	-	Independent / Non-Executive
Mr. T Murakami	-	Non-Executive
Mr. H Ota	-	Executive
Mr. J V W Malawana	-	Non-Executive
Mr. G C A De Silva	-	Non-Executive
Mr. C S J Perera	-	Independent / Non-Executive
Mr. H Premaratne	-	Independent / Non-Executive

(Resigned w.e.f. 01.03.2023)

The Profile of the Board of Directors of the Company are given in Page 04 to 08

RESIGNATION OF DIRECTOR

Mr. Hasitha Premaratne, tendered his resignation from the position of Independent / Non-Executive Director, with effect from 01st March 2023.

The Board wishes to place on record its appreciation for the valuable contributions made by Mr. Premaratne, during his tenure in Office.

RETIREMENT OF DIRECTORS AND THEIR REELECTION

Mr. G C A De Silva, retires by rotation, in accordance with Article 24(6) of the Articles of Association of the Company, and he is eligible for re-election.

RE-APPOINTMENT OF DIRECTOR WHO IS OVER 70 YEARS OF AGE

Upon the recommendation of the Board, it is

recommended that Mr. Tilak De Zoysa, who is 76 years of age shall be re-appointed as a Director in terms of Section 211 of the Companies Act, declaring that the age limit stipulated in Section 210 of the Companies Act 2007, shall not apply to the said Director.

DECLARATIONS BY INDEPENDENT/NON EXECUTIVE DIRECTORS

Non - Executive/ Independent Directors have submitted signed declarations confirming their independent status in compliance with Rules 7.10.3 of the Colombo stock Exchange.

The Company has complied with the Corporate Governance Rules of the Colombo Stock Exchange.

TURNOVER

The Gross Income of the Company after deducting Turnover Tax and Defense levy was Rs.98,572,861

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2023 was Rs.272,280,000/- representing 53,728,000 Ordinary Shares. The structure of the Stated Capital is given in Note 19.2 of the Financial Statement.

CONTRIBUTIONS TO CHARITIES

Charities and the Donations by the Company amounted to Rs. 9,800/-. No charities were paid to the Organizations approved by the Government.

SHAREHOLDING & PUBLIC HOLDING

As at 31.03.2023 there were 711 Registered Shareholders. The distribution, categories and location of Shareholders are indicated on Page 63 The Public Holding as at the said date was 10% representing 707 Shareholders.

The Company complies with the Minimum Public Holding Requirement Rule 7.13.1 (b) under Option 2 as at 31st March 2023 as per the details set out below;

Float Adjusted Market Capitalization - Rs. 60,712,640

Market Capitalization - Rs. 607,126,400

Public Holding Percentage - 10%

Total Number of Public Shareholders - 707

MAJOR SHAREHOLDINGS

The 20 major Shareholders of the Company as at 31st March 2022 and 31st March 2023 are listed on Page 62

MATERIAL ISSUES PERTAINING TO EMPLOYEES & INDUSTRIAL RELATIONS

There were no material issues relating to Employees and Industrial Relations during the year ended 31st March 2023.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments have been made up to date or provided for same.

ENVIRONMENTAL PROTECTION

The Board of Directors has taken adequate precautions to ensure that the Company does not engage in any activities which could be detrimental to the environment and contravenes Laws and regulations.

TAXATION

The Tax position of the Company is given in Note 18 to the Financial Statements.

STOCK MARKET INFORMATION

Information relating to earnings, dividends, net assets per share and trading price are given on page 01

CORPORATE GOVERNANCE

The Board of Directors place great emphasis on good Corporate Governance practices and principles and ensures that the Company adheres with the codes of Best Practice on Corporate Governance. The compliance of Corporate Governance by the Company is set out on Page 17-18

GOING CONCERN

The Board of Directors of the Company are satisfied that the Company has adequate resources to continue its operations in the foreseeable future. Therefore, the Company continues to adopt a going concern concept in preparing the accounts of the Company.

EQUITABLE TREATMENT TO SHAREHOLDERS

The Company has at all times ensured that all Shareholders are treated equitably.

INTERNAL CONTROL SYSTEMS

The Board has overall responsibility for the Company's Systems of Internal Control. The Company's internal control and check systems have been designed to provide the Directors with reasonable assurance that the Assets are protected, safeguarded and transactions are authorized thereby ensuring that errors and irregularities are either prevented or detected within a timely period, whilst ensuring that Corporate Governance is properly practiced and adhered to.

RISK MANAGEMENT

The Board of Directors has structured proper systems and controls to identify probable risk. These systems are periodically evaluated and reviewed by the Board to ensure smooth functioning. Remedial measures also have been implemented to mitigate risk.

DIVIDENDS

The Board of Directors recommends a First & Final Dividend of Rs 0.20 Per share for the Financial Year 2022/2023. The Directors are confident that the Company would meet the Solvency Test requirement under Section 56(2) of the Companies Act N.07 of 2007, immediately after the proposed Dividend distribution.

ANNUAL GENERAL MEETING

The Annual General Meeting is scheduled to be held on 23rd of August, 2023 via virtual link at 10 a.m. The Notice of the meeting is given on Page 66

POST - BALANCE SHEET EVENTS

Subsequent to the date of the Balance Sheet no circumstance has arisen which require adjustments to the accounts.

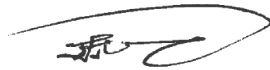
BY ORDER OF THE BOARD



H Ota
Director/ CEO



G C A De Silva
Director



Corporate Arcade Ltd
Company Secretaries

31st July, 2023

CORPORATE GOVERNANCE

Bansei Royal Resorts Hikkaduwa PLC (BRRH) continues to be committed to conducting the Company's business ethically and in accordance with high standards of good Corporate Governance.

Set out below is the Corporate Governance practices adopted and practiced by BRRH PLC, against the background of the code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

BOARD OF DIRECTORS

Executive Director

Mr. H Ota

Non-Executive Directors

Mr. T Murakami

Mr. G C A De Silva

Mr. J V W Malawana

Non-Executive, Independent Directors

Mr. T de Zoysa

Mr. C S J Perera

RESPONSIBILITIES

The Directors of the Company are responsible for formulation of Company policy and overall business strategy. The implementation of policy and strategy is done in a framework that requires compliance with applicable laws and regulations as well as establishing best practices in dealing with employees, customers, suppliers and the community at large.

The annual capital expenditure budgets, non-budgeted capital expenditure, the annual budgeted operating statements require Board approval.

COMPANY SECRETARIES

Corporate Arcade Limited functions as Secretaries to the Board.

They ensure that appropriate Board processes are adopted, Board procedures and applicable rules and regulations adhered to and a proper record of all proceedings of Board meetings is maintained.

FINANCIAL REPORTING

The Board of Directors confirm the Financial Statements for the year ended 31st March 2023, of Bansei Royal Resort Hikkaduwa PLC have been prepared in accordance with the Sri Lanka Financial Reporting Standards and the Companies Act No.07 of 2007. The Company has duly complied with all the reporting requirements prescribed by the regulatory authorities including the Colombo Stock Exchange and the Registrar of Companies. Financial Statements of the Company were audited by M/s. Ernst & Young, Chartered Accountants. The Independent Auditors' Report on the Financial Statements for the year ended 31st March 2023 is presented on Page 23 to 26 of this Annual Report.

SUPPLY OF INFORMATION

Directors are provided with quarterly reports on performance and such other reports and documents as are necessary.

REMUNERATION COMMITTEE

The Remuneration Committee was restructured consequent to the resignation of Mr. Hasitha Premaratne. As at the end of the financial year the Committee comprised of Mr. Toyohiko Murakami, Mr. Tilak de Zoysa and Mr. Surith Perera of whom Mr. Toyohiko Murakami functions as the Chairman of the Committee.

The Committee is responsible for evaluating and recommending to the Board the Remuneration Policy and Practices that supports the strategic direction and the objectives of the Company. The remuneration policy

of the Company is to attract, motivate and retain high quality executive talent by reference to the corporate goals and objectives resolved by the Board of Directors from time to time.

During the period under review, the Committee continued its responsibility of formulating and recommending to the Board, Remuneration Policy which helped the organization to attract, retain and to motivate its staff taking into consideration Industrial norms.

The Committee is responsible for determining the Compensation of all the Management Staff.

The Board meets regularly to review performance and forecasts against budgets so as to take decisions in the best interest of the Company.

BOARD BALANCE

The Board comprises Six Directors out of which Two Directors are Non-Executives / independent, Three of them are Non-Executive and One Executive. Profiles of the Members of the Board reflect their caliber, the weight, and their views carry in Board deliberations.

The Independent/ Non-Executive Directors have submitted their Declarations keeping in line with the Listing Rules of the Colombo Stock Exchange.

AUDIT COMMITTEE

The Audit Committee was restructured consequent to the resignation of Mr. Hasitha Premaratne. As at the end of the financial year the Committee comprised of Mr. Channa De Silva, Mr. Tilak de Zoysa and Mr. Surith Perera of whom Mr. Channa De Silva, functions as the Chairman of the Committee.

The Report of the Audit Committee is given on Page 19

The Members of the Audit Committee decided that the CEO of the Company shall participate at the Audit Committee Meeting whenever he is in the Island and in the instances, he is not, to communicate/ update the CEO the outcome of the meeting.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Subsequent to the resignation of Mr. Hasitha Premaratne, the Related Party Transaction Review Committee comprise of Mr. T De Zoysa, Mr. G C A De Silva and Mr. Surith Perera of whom Mr. T De Zoysa, functions as the Chairman of the Committee.

The Report of the Related Party Transactions Review Committee is given on Pages 20 to 21.

STRUCTURE OF THE BOARD AND BOARD COMMITTEES

No	Name of the Director	Name of the Director Ship			Remuneration Committee		Audit Committee			RPT Review Committee	
		Executive	Non - Executive Non-Independent	Non - Executive Independent	Chairman	Member	Chairman	Member	Finance Professional	Chairman	Member
1	Mr. Tilak de Zoysa			✓		✓		✓		✓	
2	Mr. Toyohiko Murakami		✓		✓						
3	Mr. Hiroyuki Ota	✓									
4	Mr. Channa de Silva		✓				✓		✓		✓
5	Mr. Viraj Malawana		✓								
6	Mr. Hasitha Premaratne			✓		✓		✓			✓
7	Mr. Surith Perera			✓		✓		✓			✓

Date	Mr. Tilak de Zoysa	Mr. Toyohiko Murakami	Mr. Hiroyuki Ota	Mr. Channa de Silva	Mr. Hasitha Premaratne	Mr. Surith Perera	Mr. Viraj Malawana
16.09.2022	✓	x	✓	✓	✓	✓	✓
05.12.2022	✓	x	✓	✓	✓	✓	✓

AUDIT COMMITTEE REPORT

MEMBERSHIP & APPOINTMENT

The Audit Committee comprises of two Independent Non - Executive Directors. The Members of the Board appointed to the Audit Committee are:

Mr. Channa De Silva – Chairman, Mr. Tilak de Zoysa, and Mr. Surith Perera.

The Audit Committee was restructured consequent to the resignation of Mr. Hasitha Premaratne.

The Audit Committee has a Term of Reference, dealing clearly with its authority and duties. This is established for the purpose of assisting the Board in fulfilling their responsibilities regarding the integrity of the financial statements, risk management, internal control, and compliance with legal and regulatory requirements, review of External Auditors performances, independence and the internal audit functions

FINANCIAL REPORTING

The Committee considered reports from the Accountant, and annual financial statements. It also considered reports from the External Auditors, Ernst & Young on the scope and outcome of the annual audit. The review is based on the Audit Committee Report compliance with the Sri Lanka Accounting Standards and the other related legislation.

MEETINGS OF THE AUDIT COMMITTEE

Date	Mr. Channa de Silva	Mr. Hasitha Premaratne	Mr. Surith Perera	Mr. Tilak de Zoysa
07.09.2022	✓	x	✓	-
01.12.2022	✓	x	✓	-
25.04.2023	✓	-	✓	✓

RISK AND CONTROLS

During the year, the Committee assessed the major business and control risks and the control environment prevalent in the Company and advised the Board on actions to be taken in areas where weaknesses were observed. The Committee analyzed the effectiveness of the Company's internal control system already in place and the processes for identification, evaluation and management of all significant risks including frauds and operational failures.

EXTERNAL AUDIT

The Committee met with the External Auditor during the year to discuss their audit approach and procedures. It also reviewed and approved the Scope of Non-Audit services provided by Ernst & Young, to ensure that there was no impairment of independence.

AUDIT COMMITTEE EFFECTIVENESS

The Audit Committee conducts a review of its effectiveness annually and concluded this year that it was effective and able to fulfil its objectives.

(sgd)

Mr. Channa De Silva Chairman

Audit Committee

31st July 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee was appointed by the Board of Directors of the Company on 10th March 2016. As at 31st March 2023 it comprised the following Directors,

Mr. T. de Zoysa – Chairman (Independent / Non-Executive)

Mr. G C A De Silva (Non Independent / Non-Executive)

Mr. Surith Perera (Independent / Non-Executive)

The Audit Committee was restructured consequent to the resignation of Mr. Hasitha Premaratne

MEETINGS OF COMMITTEE

The Committee had four meetings in the year 2022/2023. The committee discussed, reviewed all related party transactions which were entered into. The minutes were circulated to the Board of Directors for their information and review.

PURPOSE OF THE COMMITTEE

The purpose of the Committee as set out in its written Terms of Reference (TOR), is to review in advance all proposed Related Party Transactions other than those transactions explicitly exempted in the TOR which are in conformity with the Listing Rules. Accordingly, except for transactions mentioned therein, all other Related Party Transactions are required to be reviewed by the Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

SCOPE OF THE COMMITTEE INCLUDES:

Reviewing in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the TOR;

Adopting policies and procedures to review Related Party Transactions of the Company and reviewing and overseeing existing policies and procedures;

Determining whether Related Party Transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company;

If Related Party Transactions are ongoing (Recurrent Related Party Transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.

Ensuring that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee.

If there is any potential conflict in any Related Party Transaction, the Committee may recommend the creation of a special committee to review and approve the proposed Related Party Transaction.

Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

POLICIES AND PROCEDURES

Sri Lanka Accounting standards define Related Party Transactions. This definition is consistent with Section 9 of the listing rules of CSE. Under these the members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the data base of the Company.

RELATED PARTY TRANSACTIONS DURING 2022/23

During the year 2022/23, there were both recurrent and no non- recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange.

Details of other related party transactions entered into by the Company during the above period is disclosed in Note 23 to the financial statements.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

DECLARATION

The Board of Directors hereby declares that no related party transaction falling within the ambit of the Listing Rules was entered in to by the Company during the financial year 2022/23.

MEETINGS OF THE RPT REVIEW COMMITTEE

Date	Mr. Tilak de Zoysa	Mr. Hasitha Premaratne	Mr. Surith Perera	Mr. Channa de Silva
12.07.2022	✓	✓	✓	✓
07.10.2022	✓	✓	✓	✓
10.01.2023	✓	✓	✓	✓
17.04.2023	✓	(Resigned w.e.f. 01.03.2023)	✓	✓

The Related Party Transactions Review Committee of the Board of Directors of Bansei Royal Resorts Hikkaduwa PLC, affirms that the Related Party Transactions Review Committee Report is in compliance with the Related Party Transaction Rules, in accordance with Section 9.3.2 (d) of the Continuing Listing Rules of the Colombo Stock Exchange.

(sgd)

Mr. Tilak de Zoysa, Chairman

Related Party Transactions Review Committee

31st July 2023

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are responsible, under Section 150 (1), 151, of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare the Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and the Income Statement for the financial year end. The Directors are also responsible, under section 148 for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate Accounting Policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected.

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards. The Financial Statements

provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

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

For and on behalf of the Board of Directors of Bansei Royal Resorts Hikkaduwa PLC.



.....
Mr. H. Ota
Director/CEO



.....
Mr. Channa De Silva
Director

31st July 2023

INDEPENDENT AUDITOR'S REPORT



Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BANSEI ROYAL RESORTS HIKKADUWA PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bansei Royal Resorts Hikkaduwa PLC (“the Company”), which comprise the statement of financial position as at 31 March 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (“Code of Ethics”) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, N M Sulaiman ACA ACMA, Ms. L K H L Fonseka FCA, Ms. K R M Fernando FCA ACMA, Ms. P V K N Sajeewani FCA, A A J R Perera ACA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yatagala ACA ACMA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakhiviel B.Com (Sp)

A member firm of Ernst & Young Global Limited



Key audit matter	How our audit addressed the Key audit matter
<p>Recognition of revenue</p> <p>The Company derives its revenue of Rs. 98.5 million by providing food, beverage, lodging and other hospitality industry related services as disclosed in Note 3.12 and 14 to the financial statements</p> <p>Revenue was a key audit matter due to:</p> <ul style="list-style-type: none"> - The materiality of reported revenues coupled with the significant increase (90%) in revenue recorded by the Company during the year 	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - Understood the implementation of key controls over recognition of revenue - Performed appropriate analytical procedures to understand and assess the reasonableness of reported revenues; - Tested the appropriateness of revenue recognized during the year, by testing revenue transactions to sales invoices and other supporting documents <p>We also assessed adequacy of disclosures made in relation to the recognition of revenue in Notes 3.12 and 14 to the financial statements</p>

Other information included in The Company's 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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



Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 internal controls of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant 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 7752.

A handwritten signature in black ink that reads 'East E. Howden'. The signature is written in a cursive style with large, bold letters.

31st July 2023

Colombo

BANSEI ROYAL RESORTS HIKKADUWA PLC

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

ASSETS	Note	2023 Rs.	2022 Rs.
Non-Current Assets			
Property, Plant and Equipment	6	186,884,858	190,395,451
		<u>186,884,858</u>	<u>190,395,451</u>
Current Assets			
Inventories	7	3,230,318	2,019,402
Trade and Other Receivables	8	2,728,444	2,080,791
Advance, deposits and prepayments		3,783,868	297,757
Income Tax Receivable		734,751	177,239
Short Term Deposits	9	107,456,980	65,060,921
Cash and Bank Balances	10	6,495,744	20,722,279
		<u>124,430,105</u>	<u>90,358,389</u>
Total Assets		<u>311,314,963</u>	<u>280,753,840</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	11	272,280,000	272,280,000
Retained Earnings		11,465,629	(5,176,287)
Total Equity		<u>283,745,629</u>	<u>267,103,713</u>
Non-Current Liabilities			
Retirement Benefit Obligation	12	1,718,615	1,544,017
Deferred tax liability	18.2	10,968,433	1,788,889
		<u>12,687,048</u>	<u>3,332,906</u>
Current Liabilities			
Trade and Other Payables	13	14,882,286	10,317,221
		<u>14,882,286</u>	<u>10,317,221</u>
Total Equity and Liabilities		<u>311,314,963</u>	<u>280,753,840</u>

I certify that the financial statements comply with the requirement of Companies Act No 07 of 2007.



Finance Officer

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



Director



Director

The accounting policies and notes on pages 31 through 61 form an integral part of these Financial Statements.

31st July 2023

Colombo

BANSEI ROYAL RESORTS HIKKADUWA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2023

	Note	2023 Rs.	2022 Rs.
Revenue from Contract with Customers	14	98,572,861	51,901,508
Cost of Sales		(21,692,428)	(10,647,757)
Gross Profit		76,880,433	41,253,751
Other Income	15	514,384	1,470,186
Administrative Expenses		(59,063,114)	(43,315,891)
Sales and Marketing Expenses		(2,404,642)	(2,075,314)
Operating Profit / (Loss)		15,927,061	(2,667,268)
Finance Income	16	10,162,755	3,942,693
Profit/(Loss) before Tax	17	26,089,816	1,275,425
Tax (Charge)/Reversal	18	(9,617,794)	(453,888)
Profit/(Loss) for the year		16,472,022	821,537
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Actuarial Gain/(Loss) on Defined Benefit Plan	12	242,706	894,971
Deferred tax effect	18.3	(72,812)	(125,296)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		169,894	769,675
Total Comprehensive Income for the year, net of tax		16,641,916	1,591,212
Basic Earnings/(Loss) per share		0.31	0.02

The accounting policies and notes on pages 31 through 61 form an integral part of these Financial Statements.

BANSEI ROYAL RESORTS HIKKADUWA PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2021	272,280,000	(6,767,499)	265,512,501
Profit/(Loss) for the year	-	821,537	821,537
Other comprehensive income	-	769,675	769,675
Total comprehensive income	-	1,591,212	1,591,212
Dividend Paid	-	-	-
Balance as at 31 March 2022	272,280,000	(5,176,287)	267,103,713
Profit/(Loss) for the year	-	16,472,022	16,472,022
Other comprehensive income	-	169,894	169,894
Total comprehensive income	-	16,641,916	16,641,916
Dividend Paid	-	-	-
Balance as at 31 March 2023	272,280,000	11,465,629	283,745,629

The accounting policies and notes on pages 31 through 61 form an integral part of these Financial Statements.

BANSEI ROYAL RESORTS HIKKADUWA PLC

STATEMENT OF CASH FLOW

Year ended 31 March 2023

	Note	2023 Rs.	2022 Rs.
Cash Flows from/(used in) Operating Activities			
Profit/(Loss) before Tax		26,089,816	1,275,425
Adjustments for			
Depreciation	6.2	8,182,448	7,175,018
Provision for Defined Benefit Obligation	12	579,304	511,776
Interest income	16	(10,162,755)	(3,942,693)
Exchange Gain	15	(514,384)	(1,470,186)
Operating Profit before Working Capital Changes		24,174,429	3,549,340
(Increase)/Decrease in Inventories		(1,210,917)	(823,915)
(Increase)/Decrease in Trade and Other Receivables		(647,652)	(2,064,462)
(Increase)/Decrease in Advance, deposits & prepayments		(3,486,111)	466,564
Increase/(Decrease) in Trade and Other Payables		4,565,067	761,374
Cash Generated from Operations		23,394,816	1,888,901
Tax paid		(1,068,575)	(1,808,166)
Gratuity Paid		(162,000)	(243,800)
Net Cash from Operating Activities		22,164,242	(163,065)
Cash Flows from/(used in) Investing Activities			
Withdrawal of Short Term Investments		-	16,429,660
Acquisition of Property, Plant and Equipment	6.1	(4,671,857)	(4,822,766)
Interest Income Received	16	766,696	3,942,693
Investment made in Short Term Investments		(33,000,000)	-
Net Cash from Investing Activities		(36,905,161)	15,549,587
Cash Flows used in Financing Activities			
Dividend Paid		-	-
Net Cash used in Financing Activities		-	-
Effect of Exchange Rate Changes on Cash and Cash Equivalents		514,384	1,470,186
Net Increase/(Decrease) in Cash and Cash Equivalents		(14,226,535)	16,856,708
Cash and Cash Equivalents at the beginning of the year		20,722,279	3,865,571
Cash and Cash Equivalents at the end of the year	10	6,495,744	20,722,279

The accounting policies and notes on pages 31 through 61 form an integral part of these Financial Statements.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

CORPORATE INFORMATION

1.1 General

Bansei Royal Resorts Hikkaduwa PLC (Previously known as “Coral Rock Hotels (Private) Limited”) 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 of Sri Lanka. The registered office of the Company is located at 4th Floor, World Trade Centre, Colombo 01, and the principal place of business is located at No. 340, Galle Road, Hikkaduwa.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were providing food, beverage, lodging and other hospitality industry related services.

1.3 Parent Entity and Ultimate Parent Entity

In the opinion of the Directors, the Company’s immediate parent undertaking is Bansei Securities Co Limited, and the ultimate parent undertaking is Bansei Holdings Co Limited, both the companies are incorporated in Japan.

1.4 Approval of Financial Statements

The Financial Statements of Bansei Royal Resorts Hikkaduwa PLC for the year ended 31 March 2023 were authorized for issue in accordance with a resolution of the Board of Directors on 31 July 2023.

1.5 Responsibility for Financial Statements

The responsibility of the Directors in relation to the Financial Statements is set out in the Statement of Directors’ Responsibility Report in the Annual Report.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

2 GENERAL POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Company comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and statement of cash flow together with the Accounting Policies and Notes to the financial statements.

2.2 Statement of Compliance

The Financial Statements of the Company have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 7 of 2007.

2.3 Basis of measurement

The financial statements have been prepared on a historical cost basis.

2.4 Functional and Presentation Currency

The financial statements are presented in Sri Lankan Rupees (Rs.).

2.5 Materiality and Aggregation

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

2.6 Comparative Information

The financial statements provide comparative information in respect of the previous period. The Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

2.7 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.8 Use of Estimates and Judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, and the disclosure of contingent liabilities, at the end of the reporting period.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and 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 if the revision affects only that period and any future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below.

2.8.1 Deferred Tax

Deferred Tax Assets as reflected in Note 18.2 are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

2.8.2 Impairment Assessment of Property Plant and Equipment

The negative effects caused on the Company and the industry in which it operates resulting from the COVID 19 pandemic and economic recession resulted in indicators of impairment identified on the Company's property, plant and equipment. Accordingly, the Company engaged an external, independent valuer for purposes of determining the fair value less costs of disposal of property, plant and equipment for purposes of performing the impairment test. When current market prices of similar assets are available, such evidences are considered in estimating fair values of property, plant and equipment. In the absence of such information, the Company determines within reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of the independent professional valuer.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Going Concern

In determining the basis of preparing the financial statements for the year ended 31 March 2023, based on available information, the management has assessed the impact of current economic conditions on the Company and the appropriateness of the use of the going concern basis.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

The Company's businesses recorded strong improvement in profitability compared to the previous year on the back of a fast recovery momentum with most of the businesses reaching pre COVID-19 levels of operations post the easing of restrictions.

The Company evaluated the resilience of its businesses considering a wide range of factors under multiple scenarios, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure. The Company presently has fixed deposit reserves amounting to Rs.107,456,980 which is able to sustain the Company's operation in the near term. Considering cash reserves available as well as measures taken by the management to inhibit the impact from, , the Directors have concluded that the use of the going concern assumption continues to be appropriate in preparing the Company's financial statements.

3.2 Foreign Currency Transactions

The Financial Statements are presented in Sri Lanka Rupees, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rate prevailing at the date of the transaction first qualifying for recognition.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign currency differences arising on retranslation are recognized in the Statement of profit or loss. All differences arising on settlement or translation of monetary items are taken to statement of profit or loss. Non-monetary assets and liabilities which are carried in terms of historical cost in a foreign currency are translated at the exchange rate that prevailed at the date of the initial transaction.

3.3 Current versus Non-Current Classification

The Company presents assets and liabilities in the statement of financial position as current and non-current.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents 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.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.4 Property, Plant and Equipment

The Company applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services or for administration purpose and are expected to be used for more than one year.

3.4.1 Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured.

3.4.2 Basis of measurement

Items of property, plant & equipment are measured at cost net of accumulated depreciation and accumulated impairment losses, if any.

3.4.3 Owned Assets

The cost of property, plant and equipment includes expenditure that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment capitalised as a part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.4.4 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised in accordance with the derecognition policy given below.

The costs of the repair and maintenance of property, plant & equipment are recognised in the Statement of Profit or Loss as incurred.

3.4.5 Derecognition

The carrying amount of an item of property, plant & equipment is derecognised on disposal; or when no future economic benefits are expected from its use. Any gains and losses on derecognition are recognised (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) in the Statement of Profit or Loss. Gains are not classified as revenue.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.4.6 Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows;

Buildings on Freehold Land	40 years
Furniture and Fittings	8 years
Tools and Equipment	2 years
Electrical Equipment	5 years
Air Conditioners	4 years
Computer Equipment	4 years
Kitchen Equipment	4 years
Office Equipment	8 years
Crockery and Cutlery	2 years
Linen	2 years
House Keeping Equipment	2-8 years
Computer System	4 years
Electric Oven	5 years
Generator	10 years

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

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

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.5 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:

Food and Beverage - At purchase cost on weighted average basis.

Other Inventories - At purchase cost on weighted average basis.

3.6 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand and demand deposits that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. For the purpose of the statement of cash flow, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts.

3.7 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of profit or loss.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.8 Financial instruments

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

3.8.1 Financial Assets

3.8.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e.,

the date that the Company commits to purchase or sell the asset.

3.8.1.2 Subsequent measurement of financial assets

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

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

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

All financial assets of the Company represent Financial assets at amortised cost (debt instruments). The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Company's financial assets at amortised cost includes trade receivables and fixed deposits.

3.8.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e: removed from the Company's financial position) when:

The rights to receive cash flows from the asset have expired

Or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either.

- a) the Company has transferred substantially all the risks and rewards of the asset, or
- b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.8.1.4 *Impairment of financial assets*

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade receivables,

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs.

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.8.2 **Financial liabilities**

3.8.2.1 *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.8.2.2 *Subsequent measurement*

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

3.8.2.3 *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

3.8.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if,

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

3.8.4 **Fair value of financial instruments**

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

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

Using recent arm's length market transactions

Reference to the current fair value of another instrument that is substantially the same

A discounted cash flow analysis or other valuation models.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.9 Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Company contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries using Projected Unit Credit (PUC) method as recommended by LKAS 19 – “Employee benefits”. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 12. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. Actuarial gains or losses are recognised in full in the Other Comprehensive Income.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 on employee benefit. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.11 Ordinary shares

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

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.12 Revenue from Contracts with Customers

Accounting Policy

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

Services transferred over time

Under SLFRS 15, the Company determines at contract inception whether it satisfies the performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Company recognises the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The following specific criteria are used for the purpose of recognition of revenue:

Room Revenue

Revenue is recognized on the rooms occupied on daily basis.

Sale of Food & Beverages

Revenue from sale of food and beverages is recognised at the point in time when control is transferred to the customer, generally on delivery of the goods.

Other Hospitality Related Revenue

Other hospitality related services are recognized as the services are performed.

3.13 Other Income

Interest Income

Interest Income is recognised on a time proportion basis that takes in to account the effective yield on the asset unless collectibles is in doubt.

Other Income

Other income is recognised on an accrual basis.

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment has been accounted for in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a Company of similar transactions which are not material, are aggregated, reported and presented on a net basis.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3.14 Expenses

Expenses are recognized in the Statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income. All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to the Statement of profit or loss in the year in which the expenditure is incurred.

3.14.1 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.15 Taxation

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Profit or Loss except items recognised directly in Other Comprehensive Income.

3.15.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.15.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was

3.15.3 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of sales tax included The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4. GENERAL

4.1 Earnings Per Share

The Company presents basic 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.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

4.2 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “indirect method”. Interest paid is classified as operating cash flow. Interest income is classified as cash flows from investing activities.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Adoption of these amendments and interpretations will not have significant impact on the financial statements of the Company.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Disclosure of Accounting Policies - Amendments to LKAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Classification of Liabilities as Current or Non-current - Amendments to LKAS 1

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 01 January 2023.

The following amendments and improvements did not have a significant impact on the Company Financial Statements.

Amendments to LKAS 16: Proceeds before Intended Use

Amendments to LKAS 37: Onerous Contracts – Costs of Fulfilling a Contract

Amendments to SLFRS 3: Reference to Conceptual Framework

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

6. PROPERTY, PLANT AND EQUIPMENT

6.1 Gross Carrying Amounts

	Balance as at 01.04.2022 Rs.	Additions Rs.	Disposal Rs.	Balance as at 31.03.2023 Rs.
At Cost				
Freehold Land	63,574,071	-	-	63,574,071
Buildings on Freehold Land	158,529,270	-	-	158,529,270
Furniture and Fittings	21,054,070	-	-	21,054,070
Tools and Equipments	514,288	-	-	514,288
Electrical Equipments	14,118,037	410,999	-	14,529,035
Air Conditioners	4,773,077	205,799	-	4,978,877
Computer Equipments	1,865,279	40,900	-	1,906,179
Kitchen Equipments	7,912,671	511,476	-	8,424,147
Office Equipments	752,191	-	-	752,191
Crockery and Cutlery	1,913,721	248,633	(1,182,135)	980,219
Linen	5,997,365	126,000	-	6,123,365
House Keeping Equipment	987,547	-	-	987,548
Computer System	4,092,359	-	-	4,092,358
Electric Oven	581,486	-	-	581,486
Generator	6,071,099	3,175,070	-	9,246,169
Total Cost	<u>292,736,532</u>	<u>4,718,877</u>	<u>(1,182,135)</u>	<u>296,273,273</u>

6.2 Depreciation

	Balance as at 01.04.2022 Rs.	Charged for the year Rs.	Disposal Rs.	Balance as at 31.03.2023 Rs.
At Cost				
Buildings on Freehold Land	42,473,470	3,963,228	-	46,436,698
Furniture and Fittings	18,633,473	792,582	-	19,426,055
Tools and Equipments	504,290	9,998	-	514,288
Electrical Equipments	12,116,924	393,689	-	12,510,613
Air Conditioners	4,439,378	218,003	-	4,657,381
Computer Equipments	1,456,156	147,897	-	1,604,053
Kitchen Equipments	6,627,496	603,744	-	7,231,240
Office Equipments	595,524	56,676	-	652,200
Crockery and Cutlery	1,829,651	2,843	(1,135,114)	697,381
Linen	4,055,736	1,100,256	-	5,155,994
House Keeping Equipment	624,975	60,348	-	685,324
Computer System	3,422,406	67,326	-	3,489,732
Electric Oven	581,487	-	-	581,487
Generator	4,980,111	765,858	-	5,745,969
Total Depreciation	<u>102,341,077</u>	<u>8,182,448</u>	<u>(1,135,114)</u>	<u>109,388,416</u>

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

6. PROPERTY, PLANT AND EQUIPMENT (Contd...)

6.3. Net Book Values	2023	2022
	Rs.	Rs.
At Cost		
Freehold Land	63,574,071	63,574,071
Buildings on Freehold Land	112,092,572	116,055,800
Furniture and Fittings	1,628,015	2,420,597
Tools and Equipment	-	9,998
Electrical Equipment	2,018,422	2,001,112
Air Conditioners	321,495	333,699
Computer Equipment	302,126	409,123
Kitchen Equipment	1,192,906	1,285,174
Office Equipments	99,991	156,667
Crockery and Cutlery	282,838	84,070
Linen	967,371	1,941,626
House Keeping Equipment	302,224	362,573
Computer System	602,627	669,953
Generator	3,500,200	1,090,988
	<u>186,884,858</u>	<u>190,395,451</u>
Total Carrying Amount of Property, Plant and Equipment	<u>186,884,858</u>	<u>190,395,451</u>

6.4 During the financial year, the Company acquired property, plant and equipment to the aggregate value of Rs. 4,718,877/- (2022 - Rs.4,822,766).

6.5 Property Plant and equipment includes fully depreciated assets having a gross carrying amount of Rs. 41,057,671/- (2022 - 36,348,646/-).

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

7. INVENTORIES	2023	2022
	Rs.	Rs.
Food and Beverages	1,775,252	1,327,883
Printing and Stationery	416,926	225,839
Gas and Charcoal	103,619	90,219
Housekeeping and Maintenance	797,411	277,382
Kitchen Supplier Stock	137,110	98,079
	<u>3,230,318</u>	<u>2,019,402</u>

8. TRADE AND OTHER RECEIVABLES	2023	2022
	Rs.	Rs.
Trade Receivables (8.1)	2,728,444	2,080,791
Other Receivables	-	-
	<u>2,728,444</u>	<u>2,080,791</u>

8.1 Trade Receivables	2023	2022
	Rs.	Rs.
Trade Receivables	2,728,444	2,080,791
	<u>2,728,444</u>	<u>2,080,791</u>

As at March 2023	Carrying Amount Rs.	2 Months or less Rs.	2 – 12 Months Rs.	1 – 2 Year Rs.
Trade Receivables	2,728,444	2,614,912	113,532	-

As at March 2022	Carrying Amount Rs.	2 Months or less Rs.	2 – 12 Months Rs.	1 – 2 Year Rs.
Trade Receivable	2,080,791	2,080,791	-	-

9. SHORT TERM DEPOSITS	2023	2022
	Rs.	Rs.
Fixed Deposits	<u>107,456,980</u>	<u>65,060,921</u>

10. CASH AND CASH EQUIVALENTS	2023	2022
	Rs.	Rs.
Cash in Hand	281,967	243,235
Cash at Bank	6,213,777	20,479,044
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	<u>6,495,744</u>	<u>20,722,279</u>

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

11. STATED CAPITAL	2023		2022	
	Number	Rs.	Number	Rs.
Fully paid Ordinary Shares	53,728,000	272,280,000	53,728,000	272,280,000
	<u>53,728,000</u>	<u>272,280,000</u>	<u>53,728,000</u>	<u>272,280,000</u>
12. RETIREMENT BENEFIT OBLIGATION - GRATUITY			2023	2022
			Rs.	Rs.
Balance as at Beginning of the Year			1,544,017	2,171,013
Current Service Cost			394,022	338,095
Interest Cost			185,282	173,681
Actuarial Loss/(Gain)			(242,706)	(894,971)
Payments Made During the Year			(162,000)	(243,800)
Balance as at End of the Year			<u>1,718,615</u>	<u>1,544,017</u>
12.1 Net Benefit Expense Recognised to Comprehensive Income				
Net benefit expense (recognised in profit or loss)				
Current Service Cost			394,022	338,095
Interest Cost			185,282	173,681
			<u>579,304</u>	<u>511,776</u>
Net benefit expense (recognised in other comprehensive Income)				
Actuarial (Gain)/Loss			(242,706)	(894,971)
Net benefit expense			<u>336,598</u>	<u>(383,195)</u>
12.2 The principal assumptions used in determining defined benefit obligation are shown below:				
			2023	2022
Discount Rate			17%	12%
Salary Increment			14%	10%
Staff Turnover			3%	3%
Average Expected Future Services			10 Years	17 Years

The Company uses market yields (at the end of the reporting period) on treasury bonds issued by the Government of Sri Lanka (T-bonds) to determine the discount rate, as disclosed in its accounting policy (refer Note 3.9). However, due to the economic conditions prevailing in the country as at the period end, the exceptionally high T-bond market yields would not be a reasonable reflection of the time value of money. Therefore, period end T-bond market yields have been adjusted for the credit risk spread to derive the rate used to discount the defined benefit obligation.

Such adjustment has been made based on the method set out in illustration 1 of the Frequently Asked Questions (FAQs on Use of Discount Rate under the uncertain economic conditions issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). Credit risk spread has been calculated based on Sovereign Default and Recovery Rates published by Moody's. Adjusted discount rates have been calculated for tenors available, and estimated using the yield curve for any remaining maturities and corresponds with the remaining average working life of the employees of the Company.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

12.3 Sensitivity of assumptions used

		Effect on Comprehensive Income Increase / (reduction) Rs.	Effect on Comprehensive Income Increase / (reduction) Rs.
Increase/ (decrease) in Discount Rate	+ 1 %	1,579,831	1,397,341
	- 1 %	1,878,460	1,715,791
Increase/ (decrease) in Salary Increment	+ 1 %	1,877,610	1,697,255
	- 1 %	1,578,560	1,410,409

12.4 The following payments are expected on employee benefit liabilities in future years

	2023 Rs.	2022 Rs.
Less than or equal 01 year	160,986	116,604
Over 01 year and less than or equal 05 years	351,938	284,059
Over 05 year and less than or equal 10 years	518,114	438,234
Over 10 years	687,577	705,120
Total Expected payments	<u>1,718,615</u>	<u>1,544,017</u>

13. TRADE AND OTHER PAYABLES

	2023 Rs.	2022 Rs.
Trade Payables	2,401,466	2,477,712
Sundry Creditors including Accrued Expenses	11,874,642	7,596,831
Contract Liabilities	606,178	242,678
	<u>14,882,286</u>	<u>10,317,221</u>

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2023 Rs.	2022 Rs.
Gross Revenue (14.2)	99,585,697	52,443,648
Less: Tourism Development Levy	(1,012,836)	(542,140)
	<u>98,572,861</u>	<u>51,901,508</u>

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

14.1 Contract liabilities relating to reservation advances received from customers amounting to Rs 606,178 has been reflected within trade and other payables in Note 13 (2022 - Rs 242,678/-)

14.2 Disaggregation of Revenue

Room Revenue	58,100,906	31,717,712
Restaurant Revenue	32,898,145	17,331,972
Spa Income	478,252	194,455
Beverage Revenue	7,807,587	3,060,680
Miscellaneous Income	129,122	19,009
Tea Hut Income	2,409	4,636
Laundry Income	169,277	115,184
	99,585,697	52,443,648

15. OTHER INCOME AND GAINS

	Rs.	Rs.
Foreign Exchange Gain	514,384	1,470,186
	514,384	1,470,186

16. FINANCE INCOME

	2023	2022
	Rs.	Rs.
Interest on Fixed Deposits	10,148,820	3,926,905
Interest on Saving Account	4,635	6,346
Gain on encashment	9,300	9,442
	10,162,755	3,942,693

17. PROFIT/(LOSS) BEFORE TAX

	2023	2022
	Rs.	Rs.
Stated after Charging		
Included in Administrative Expenses		
Employees Benefits including the following		
- Defined Benefit Plan Costs - Gratuity	579,304	512,159
- Defined Contribution Plan Costs - EPF and ETF	2,407,255	2,107,627
Depreciation	8,182,448	7,175,018
Auditors' Fee	609,505	530,004
Charity and Donation	9,800	19,980

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

18. INCOME TAX EXPENSE	2023 Rs.	2022 Rs.
Current Income Tax charge (18.1)	511,062	946,247
Under/(Over) Provision of Current Taxes in Respect of Prior Year	-	(126,417)
Deferred Taxation Charge/(Reversal) (18.3)	9,106,732	(365,942)
Income Tax Expense reported in the Income Statement	9,617,794	453,888

18.1 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

Accounting Profit/(Loss) before Income Tax	26,089,816	1,275,425
Disallowed Items	9,119,562	7,731,657
Allowed Items	(17,553,739)	(12,350,274)
Business Income	17,655,639	(3,343,192)
Interest income	10,153,455	3,942,693
Unrelieved business losses	(8,024,029)	-
	2,129,426	3,942,693
Income Tax @ 24% (1st Six Months) - Normal Rate	511,062	946,247
Current Income Tax Charge	511,062	946,247
Tax Losses		
Tax Losses Brought Forward	99,879,190	96,535,998
Tax Losses Utilised/Expired during the year	(26,596,159)	-
Loss incurred during the year	-	3,343,192
Tax Losses Carried Forward	73,283,031	99,879,190

18.2 Deferred tax assets, liabilities and income tax relates to the followings.

	Statement of Financial Position		Statement of Comprehensive Income	
	2023	2022	2023	2022
Deferred Tax Liability				
Capital allowances for tax purpose	33,468,926	15,988,688	17,480,239	139,623
	33,468,926	15,988,688	17,480,239	139,623
Deferred Tax Assets				
Post employee benefit liability	515,585	216,162	299,422	(87,779)
Carried forward tax losses	21,984,909	13,983,636	8,001,273	468,048
	22,500,494	14,199,799	8,300,695	380,268
Deferred income tax (income)/expense			9,179,544	(240,646)
Net deferred tax liability	10,968,433	1,788,889		

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

18.3 Reconciliation of deferred tax charge/(reversal)

Deferred tax reported in the income statement	9,106,732	(365,942)
Deferred tax reported in the other comprehensive income	72,812	125,296
	9,179,544	(240,646)
Deferred tax calculated at normal rate of 30% (2022 -14%)		

18.4 Effect on Tax Rate Change

Balance at the beginning of the period	1,788,889	2,029,535
Origination / (Reversal) of Temporary difference	8,893,321	(240,646)
Effect on changes in tax rates	286,222	-
Balance at the end of the period	10,968,432	1,788,889

19. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

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

19.1 Amount Used as the Numerator:	2023	2022
	Rs.	Rs.
Profit/(Loss) attributable to Ordinary Shareholders for Basic Earnings/ (Loss) per Share	16,472,022	821,537
19.2 Number of Ordinary Shares Used as Denominator:	Number	Number
Weighted Average Number of Ordinary Shares in issue applicable to Basic Earnings/(Loss) Per Share	53,728,000	53,728,000
Basic Earnings per share	0.31	0.02

20. DIVIDEND

	2023		2022	
	Per Share	Amount	Per Share	Amount
	Rs	Rs.	Rs.	Rs.
Declared and paid during the year	-	-	-	-

Directors have recommended a Final Dividend of Rs.0.20/- per ordinary share for the year ended 31st March 2023 subject to approval at the forthcoming Annual General Meeting. In accordance with LKAS 10 – Events After the end of the Reporting Period of the Sri Lanka Accounting Standards, the proposed final dividend has not been recognized as a liability as at 31st March 2023, and would result in a total outflow of Rs.10,745,600/-

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

21. COMMITMENTS AND CONTINGENCIES

21.1 Capital Expenditure Commitments

The Company does not have significant capital expenditure commitments as at reporting date.

21.2 Contingent Liabilities

The Company does not have significant contingent liabilities as at reporting date.

22. ASSETS PLEDGED

No assets have been pledged as securities as at reporting date.

23. RELATED PARTY DISCLOSURES

Details of significant related party disclosures are as follows:

23.1 Transaction with the Related Entities

a) Nature of Transaction	Affiliates & Other Related Parties	
	2023 Rs.	2022 Rs.
As at 01 April	-	-
Consultancy Fee*	-	-
Advances made during the year	-	-
Payments during the year	(146,063)	-
Received During the Year	(63,000)	(61,950)
Reimbursement of expenses	146,063	
Accommodation sales	63,000	61,950
Reimbursement of advances during the year	-	-
As at 31 March	-	-

Fellow Subsidiary : Bansei Holdings LK(Pvt) Ltd

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

23. RELATED PARTY DISCLOSURES (Contd...)

b) Reimbursement of expenses

Bansei Holdings LK (Pvt) Ltd has paid the accomadation charges made for directors on behalf of Bansei Securities Company Limited.

Name of the Related Party	Relationship	Nature of the transaction	Value of Related Party Transaction entered into during the financial year	Aggregate value of the Related Party Transaction as a % of Revenue
Bansei Holdings Co Ltd	Ultimate Parent	Dividend	268,640	0.27%
Bansei Securities Company Limited	Parent	Dividend	1,047,684	1.06%
Bansei Holdings LK (Pvt) Ltd	Fellow Subsidiary	Accommodation	209,063	0.21%

23.2 Transactions with Key Management Personnel of the Company

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity .

a) Key Management Personnel Compensation

The following compensation have been paid during the year to the Key Management Personnel of the Company, which require disclosure in these Financial Statements.

Nature of Transaction	Directors	
	2023 Rs.	2022 Rs.
As at 01 April	-	-
Directors fee	300,000	376,750
Settlement	-	-
Payments during the year	(300,000)	(376,750)
As at 31 March	-	-

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

23.3 Other Related Parties Disclosures

No material transactions have taken place during the year with the parties/entities in which Key Management Personnel or their Close Family Members have control, joint control, which require to disclosure in these Financial Statements other than those disclosed above.

23.4 Terms and conditions of transactions with related parties

All related party transactions have been conducted on agreed commercial terms with respective parties

24. FAIR VALUE

Cash and short-term deposits, trade receivables, trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. Finance lease payable for which periodical interest is paid are also considered to be carried at fair value in the book since the original financing rate does not differ materially from the current market rate.

25. EVENTS OCCURRING AFTER THE REPORTING DATE

There have no other material events occurring after the reporting date that require adjustments to or disclosure in the financial statements other than mentioned below.

Directors have recommended a Final Dividend of Rs.0.20/- per ordinary share for the year ended 31st March 2023 subject to approval at the forthcoming Annual General Meeting. In accordance with LKAS 10 – Events After the end of the Reporting Period of the Sri Lanka Accounting Standards, the proposed final dividend has not been recognized as a liability as at 31st March 2023, and would result in a total outflow of Rs.10,745,600/-

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings. risk include loans and borrowings.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the borrowings.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities. Including with banks and financial institution, foreign transactions and other financial instrument.

The Company trades only with recognized, credit worthy third parties. It is the Company's policy that all client who wish to tread on credit terms are subject to credit verification procedures, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter party. The company manages its operation to avoid any excessive concentration of counter party risks and the company takes all reasonable steps to ensure that the counter parties fulfill their obligations.

Credit Risk Exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral, if available). Following table shows the maximum risk positions. (Without consideration of collateral, if available)

As at 31st March 2023	Cash and Cash Equivalent Rs.	Trade and Other Receivables Rs.	Short Term Deposits Rs.	Total Rs.	% of Allocation
Trade and Other Receivables	-	2,728,444	-	2,728,444	2%
Cash and Cash Equivalent	6,495,744	-	-	6,495,744	6%
Short Term Deposits	-	-	107,456,980	107,456,980	92%
	6,495,744	2,728,444	107,456,980	116,681,168	100%

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)

As at 31st March 2022	Cash and Cash Equivalent Rs.	Trade and Other Receivables Rs.	Short Term Deposits Rs.	Total Rs.	% of Allocation
Trade and Other Receivables	-	2,080,791	-	2,080,791	2%
Cash and Cash Equivalent	20,722,279	-	-	20,722,279	24%
Short Term Deposits	-	-	65,060,921	65,060,921	74%
	20,722,279	2,080,791	65,060,921	87,863,992	100%

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low based on the terms with which the long standing business relationship with the customer base.

Trade Receivable Credit risk exposure disclosed in Note 8.1

As at March 2023	Carrying Amount Rs.	2 Months or less Rs.	2 – 12 Months Rs.	1 – 2 Year Rs.
Trade Receivable	2,728,444	2,614,912	113,532	-

As at March 2022	Carrying Amount Rs.	2 Months or less Rs.	2 – 12 Months Rs.	1 – 2 Year Rs.
Trade Receivable	2,080,791	2,080,791	-	-

Liquidity risk

The Company monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, loans, and finance leases. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

The following are the remaining contractual maturities at the end of reporting period of financial liabilities. Including estimated interest payments and excluding the impact of netting agreements.

BANSEI ROYAL RESORTS HIKKADUWA PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

As at March 2023	Carrying Amount Rs.	2 Months or less Rs.	2 – 12 Months Rs.	1 – 2 Year Rs.
Trade Payable	2,401,466	2,401,466	-	-

As at March 2022	Carrying Amount Rs.	2 Months or less Rs.	2 – 12 Months Rs.	1 – 2 Year Rs.
Trade Payable	2,477,712	2,477,051	661	-

Capital management

Capital includes the equity attributable to the equity holders.

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023.

The Company’s capital structure comprise of Stated Capital and Borrowings which are disclosed in Note 11 respectively.

BANSEI ROYAL RESORTS HIKKADUWA PLC

SHAREHOLDERS & INVESTOR INFORMATION

Year ended 31 March 2023

1. TWENTY LARGEST SHAREHOLDERS

	NAME OF SHAREHOLDER	NO OF SHARES AS AT 31/03/2023	%	NO OF SHARES AS AT 31/03/2022	%
1	Bansei Securities Co. Ltd	20,953,677	39.00	20,953,677	39.00
2	Hikkaduwa Hotel Holdings (Private) Limited	16,655,923	31.00	16,655,923	31.00
3	Veritas Holdings (Pvt) Ltd	5,372,800	10.00	5,372,800	10.00
4	Bansei Holdings Co. Ltd	5,372,800	10.00	5,372,800	10.00
5	Mrs. C.V. Perera	1,009,542	1.88	1,009,542	1.88
6	Mr. D.S.K. Karunaratne	895,400	1.67	895,400	1.67
7	Mr. S.M.D.C.W. Senarathne	863,860	1.61	863,860	1.61
8	Mr. J.V.W. Malawana	662,176	1.23	662,176	1.23
9	Mr. T.G.S. Wickrama	569,357	1.06	567,903	1.06
10	Mr. M L S M Fonseka	75,310	0.14	113,570	0.21
11	Merchant Bank Of Sri Lanka & Finance PLC/ Mr. Y R P De Silva Mr. Y R P De Silva	74,552	0.14	63,292	0.12
		16,415	0.03	15,111	0.03
12	Acuity Partners (Pvt) Limited / Mr. S.C.K. Semasinghe	71,299	0.13	87,049	0.16
13	Dr. G.S. Perera	60,000	0.11	50,000	0.09
14	Mrs. B R R Perera	60,000	0.11	28,221	0.05
15	Mr. R.E. Rambukwelle Hatton National Bank PLC / Mr. R E Rambukwelle	47,500	0.09	47,500	0.09
		40,000	0.07	40,000	0.07
16	Mr. S S Miranda	40,819	0.08	35,795	0.07
17	Mr. G V Sanjaya	36,081	0.07	24,106	0.04
18	Mr. D. Weerasinghe	35,003	0.07	35,003	0.07
19	Mr. K P M A L Karunaratne	34,231	0.06	18,354	0.03
20	Hatton National Bank PLC / Mr. P. S. Weerasekera	31,792	0.06	40,985	0.08
		52,978,537	98.61	52,953,067	98.56

BANSEI ROYAL RESORTS HIKKADUWA PLC

SHAREHOLDERS & INVESTOR INFORMATION

Year ended 31 March 2023

2. DISTRIBUTION OF SHAREHOLDINGS – 31ST MARCH 2023

Value Band			Resident			Non – Resident			Total		
			No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%	No of Share Holders	No of Shares	%
1	-	1,000	588	152,399	0.28	1	50	-	589	152,449	0.28
1,001	-	10,000	85	328,090	0.61	-	-	-	85	328,090	0.61
10,001	-	100,000	27	831,926	1.55	1	60,000	0.11	28	891,926	1.66
100,001	-	1,000,000	4	2,990,793	5.57	-	-	-	4	2,990,793	5.57
1,000,001	&	above	2	22,028,723	41.00	3	27,336,019	50.88	5	49,364,742	91.88
TOTAL			706	26,331,931	49.01	5	27,396,069	50.99	711	53,728,000	100.00

3. CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	2022/2023			2021/2022		
	No of Shares	No of Shareholders	%	No of Shares	No of Shareholders	%
Individuals	5,119,543	691	9.53	5,074,706	671	9.45
Institutions	48,608,457	20	90.47	48,653,294	19	90.55
Total	53,728,000	711	100.00	53,728,000	690	100.00

Opening Share Price - Rs. 10.60

Closing Share Price - Rs. 11.30

The float adjusted market capitalization as at 31st March 2023 is Rs. 60,712,640

The Market capitalization as at 31st March 2023 is Rs. 607,126,400

BANSEI ROYAL RESORTS HIKKADUWA PLC

REAL ESTATE PORTFOLIO

Year ended 31 March 2023

Classification	Company	Location	Land/ Building	Land extent (Perches)		Building	
				Leasehold	Freehold	No of Buildings	Building in sq.ft
PPE	Bansei Royal Resorts Hikkaduwa PLC	No.340 Galle Road, Hikkaduwa	Land		48.43		
PPE	Bansei Royal Resorts Hikkaduwa PLC	No.340 Galle Road, Hikkaduwa	Building			1	25,592
PPE	Bansei Royal Resorts Hikkaduwa PLC	No. 281, Galle Road Hikkaduwa	Land		62.49		
PPE	Bansei Royal Resorts Hikkaduwa PLC	No. 291/10, Galle Road Hikkaduwa	Land		8.002		
PPE	Bansei Royal Resorts Hikkaduwa PLC	No. 291/10, Galle Road Hikkaduwa	Building			1	3,735

CORPORATE INFORMATION

NAME OF THE COMPANY

Bansei Royal Resorts Hikkaduwa PLC

FORMER NAMES OF THE COMPANY

Coral Rock Hotels (Private) Limited
Bansei Royal Resorts Hikkaduwa Limited

LEGAL STATUS

A Limited Liability Company incorporated in Sri Lanka under the Companies Ordinance as a Private Company on 22nd February 1973 and re-registered under Companies Act No.07 of 2007 on 29th December 2010. The Company changed its status to a Public Limited Company with effect from 6th March 2014. In March 2014, its shares were Listed on the Dirisavi Board of the Colombo Stock Exchange and accordingly the Registrar of Companies issued the Public Listed Company (PLC) Certificate with effect from 8th August 2014.

REGISTRATION NUMBER

PV 20150 PQ

ACCOUNTING YEAR END

31st March 2023

REGISTERED / BUSINESS OFFICE

Level 04, West Tower,
World Trade Center,
Colombo 1

Tele : +9411 2339135
Fax : +9411 2339138
Web: www.bansei-resorts.lk

HOTEL ADDRESS

No.340, Galle Road,
Hikkaduwa

BANKERS

Commercial Bank PLC
Pan Asia Banking Corporation PLC
Hatton National Bank PLC

BOARD OF DIRECTORS

Mr. T de Zoysa
Chairman (Independent/ Non-Executive Director)

Mr. T Murakami
Deputy Chairman (Non-Executive Director)

Mr. H Ota
Director/Chief Executive Officer

Mr. G C A De Silva
Non-Executive Director

Mr. J V W Malawana
Non-Executive Director

Mr. C S J Perera
Independent /Non-Executive Director

Mr. H Premaratne
Independent /Non-Executive Director
(Resigned w.e.f. 01.03.2023)

COMPANY SECRETARIES & REGISTRARS

Corporate Arcade Ltd
No.9/4, Edmonton Road,
Kirulapone,
Colombo - 06

Tel : 2514420 / 2514421
E-Mail : cal@sltnet.lk

AUDITORS

M/s. Ernst & Young
Chartered Accountants
No.201, De Saram Place,
Colombo 10

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE 49TH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF BANSEI ROYAL RESORTS HIKKADUWA PLC WILL BE HELD AS AN ONLINE AUDIO-VISUAL MEETING ON WEDNESDAY THE 23RD AUGUST 2023 AT 10.00 A.M. AT THE REGISTERED OFFICE ADDRESS OF THE COMPANY SITUATED AT 4TH FLOOR, WEST TOWER, WORLD TRADE CENTER, COLOMBO 01, FOR THE FOLLOWING PURPOSES:

AGENDA

1. To receive and consider the Report of the Board of Directors and the Audited Financial Statements for the year ended 31st March 2023 together with the Report of the Auditors thereon.
2. To declare a First and Final dividend of Rs. 0.20 per share for the Ordinary Shareholders for Financial Year under review.
3. To re-appoint Mr. Tilak De Zoysa who is 76 years of age, as a Director by passing the following Resolution as an Ordinary Resolution: "That the age limit stipulated in Section 210 of the Companies Act No.7 of 2007 shall not apply to Mr. Tilak De Zoysa who has reached 76 years of age and that he be re-appointed as a Director of the Company.
4. To re-elect Mr. G C A De Silva, a Director, who retires by rotation in terms of Article 24(6) of the Articles of Association of the Company.
5. To re-appoint M/s. Ernst & Young, Chartered Accountants, Auditors of the Company, for the ensuing financial year 2023/2024 and to authorize the Board of Directors to determine their remuneration.
6. To authorize the Board of Directors to determine contributions to charities and other donations for the financial year 2023/2024.
7. To transact any other business of which due notice has been given.

BY ORDER OF THE BOARD

Sgd/-

CORPORATE ARCADE LTD

Company Secretaries

31st July 2023

Note:

The Board of Directors, have decided to hold the Annual General Meeting (AGM) through Audio or Audio/ Visual means in conformity with the regulatory provisions of the Company.

Please refer instructions to participate at the Annual General Meeting via online

INSTRUCTIONS TO PARTICIPATE AT THE ANNUAL GENERAL MEETING (AGM)

- a) Shareholders who wish to participate at the AGM (on-line) are requested to email the following information to **bansei.agm@gmail.com**

Details of shareholder		
1. Full name		
2. Address		
3. National Identify Card number / Company Registration number		
4. CDS Account number		
5. Contact number	Landline:	Mobile:
6. Email address (to which the on-line meeting link should be forwarded by the Company)		

- b) A Shareholder is entitled to appoint a proxy to participate and vote (on- line) on his/her behalf.
- c) A Proxy Holder need not be a shareholder of the Company. A Form of Proxy is enclosed for this purpose.
- d) The completed Form of Proxy should reach 48 hours before the time fixed for the Annual General Meeting, either by:
- i) Post or hand delivered to the Company Secretaries, Corporate Arcade Ltd at No.9/4, Edmonton Road, Kirulapone, Colombo 06
 - or
 - ii) Scanned and emailed to the email address: bansei.agm@gmail.com

Only registered Shareholders and registered Proxy Holders will be permitted to log in to participate at the AGM via on-line.

FORM OF REQUEST

BANSEI ROYAL RESORTS HIKKADUWA PLC
Annual Report 2022/2023

FORM OF REQUEST for printed version of the Annual Report of Bansei Royal Resorts Hikkaduwa PLC, for the Financial Year 2022/2023.

To: The Company Secretaries
Corporate Arcade Limited
No.9/4, Edmonton Road,
Kirulapone,
Colombo - 06

Dear Sir / Madam,

BANSEI ROYAL RESORTS HIKKADUWA PLC
ANNUAL REPORT FOR THE FINANCIAL YEAR 2022/2023

I/We would like to receive the printed version of the Annual Report for the Financial Year 2022/2023 of Bansei Royal Resorts Hikkaduwa PLC

I will collect a copy from your office	
Please handover a copy to bearer of this signed form	
Please mail it to my address given below	

Full Name of Shareholder :

Shareholder's NIC/Passport/Company Registration :

CDS No. :

No. of Shares held :

Postal Address :

Contact No. :

E-mail ID :

Signature :

Date :

BANSEI ROYAL RESORTS HIKKADUWA PLC

REGISTRATION NO. PV 20150 PQ

4TH FLOOR, WEST TOWER, WORLD TRADE CENTER, COLOMBO 01

CIRCULAR TO SHAREHOLDERS

Dear Shareholder,

The Board have decided to convene the 49th Annual General Meeting (AGM) to be held on Wednesday, the 23rd August 2023 at 10.00 a.m. via an on-line platform, in conformity with the regulatory provisions of the Company.

REGISTRATION PROCEDURE

Those Shareholders and Proxy holders who wish to participate via audio or audio and visual should notify the Company through the Company Secretaries of such intention by duly completing the REGISTRATION FORM and posting or delivering to the Company Secretaries, Corporate Arcade Ltd situated at No.9/4, Edmonton Road, Colombo 06, or scan and email to the email address: bansei.agm@gmail.com.

APPOINTMENT OF PROXY HOLDERS

The Shareholders are encouraged to vote by Proxy through appointment of a Member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the meeting in the Form of Proxy. The duly completed Form of Proxy should receive the Company Secretaries not less than Forty-Eight (48) hours prior to the time appointed for holding the AGM. Where the Proxy holders are concerned, please note that the login information will only be shared with those valid proxy has been submitted by the respective Shareholder.

PARTICIPATION VIA ONLINE MEETING PLATFORM

The login information will be authorized only for the use by individual Shareholders, Proxy holders and authorized representatives in case of Institutional Shareholders and the Company will not be responsible or liable for any misuse.

Shareholders may send their questions / comments on the items listed in the Agenda of the Notice Convening the AGM by email to bansei.agm@gmail.com or by post to the Company Secretaries Corporate Arcade Ltd situated at No.9/4, Edmonton Road, Kirulapone, Colombo 06, not less than 3 days before the holding of the meeting.

Voting on the items listed in the Agenda will be registered by using an online platform or a designated ancillary online application. All of such procedures will be explained to the Shareholders prior to the commencement of the meeting by the Company or its Organizers.

The Annual Report, Form of Proxy and other connected documents will be hosted in the Company's Website www.bansei-resorts.lk and the Official website of the Colombo Stock Exchange www.cse.lk

Any queries that the Shareholders may have in relation to the documents hosted online can be directed to the following;

NAME	:	Mr. Duminda Sampath
DESIGNATION	:	Accountant
EMAIL ID	:	accountant@bansei-resorts.lk
CONTACT NO.	:	0774777846

BY ORDER OF THE BOARD

Sgd/-

CORPORATE ARCADE LTD
COMPANY SECRETARIES FOR
BANSEI ROYAL RESORTS HIKKADUWA PLC

31st July 2023

FORM OF PROXY

I/We of
..... being a Member/Members of Bansei Royal Resorts Hikkaduwa
PLC hereby appoint
holder of NIC No. of
..... or failing him /her

TILAK DE ZOYSA of Nugegoda whom failing

TOYOHICO MURAKAMI of Japan whom failing

HIROYUKI OTA of Japan whom failing

JOHN VIRAJ WINSTON MALAWANA of Madiwela whom failing

GINIGE CHANNA AJITH DE SILVA of Colombo 06 whom failing

CHRISTOPER SURITH JAYARAJ PERERA of Kalubowila

as my / * our proxy to represent me / * us on my / * our behalf as indicated below at the 49th Annual General Meeting of the Company to be held on Wednesday the 23rd August 2023 and at any adjournment thereof.

Please indicate your preference by placing a ✓ against the Resolution No.

	For	Against
1. To receive and consider the Report of the Board of Directors and the Audited Financial Statements for the Year ended 31 st March 2023 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a First and Final dividend of Rs 0.20/- per share for the Ordinary Shareholders for financial year under review	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint Mr. Tilak De Zoysa, who has reached 76 years of age, in terms of Section 210(2)(b) of the Companies Act.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. G C A De Silva, who retires by rotation in terms of Article 24(6) of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint M/s. Ernst & Young, Chartered Accountants, Auditors of the Company for the ensuing Financial year 2023/2024 and to authorize the Board of Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

As witness my/ our hand/s this day of 2023.

.....
NIC NO. / REG. NO.

.....
SIGNATURE

INSTRUCTIONS FOR THE COMPLETION OF PROXY

1. Please perfect the form of proxy overleaf, by signing in the space provided and filling in the date of signature, after filling in legibly your full name and address.
2. Please return the completed Form of Proxy after deleting one or other of the alternative words indicated by asterisks in the body of the form, if he/she wishes his/her proxy holder to participate at the AGM online, and e-mail to bansei.agm@gmail.com.
3. To be valid, completed form of Proxy should be deposited either by e-mail bansei.agm@gmail.com or by posted/ delivered to the Company Secretaries at No.9/4, Edmonton Road, Kirulapone, Colombo 06, not less than 48 hours before the time appointed for the holding of the meeting.
4. If the form of Proxy has been signed by an attorney, the relative Power of Attorney should also as Company the completed form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
5. If the shareholder is a Company or a corporate body, the Proxy should be executed under its Common Seal (where applicable) in accordance with its Articles of Association or Constitution.
6. If there is any doubt as to how the vote is to be exercised by reason of the manner in which the Form of Proxy has been completed, no vote will be recorded.

PARTICIPATION AT THE AGM - Please tick the cage below

My Proxy holder is willing to participate at the AGM Online

.....
Signature of Shareholder

.....
Signature of Proxyholder

