SRILANKAN CATERING LIMITED
KATUNAYAKE

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

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Corporate Information

Name of the Company
SriLankan Catering Limited

Company Registration Number
PV1418 PB

Legal Form
Limited Liability Company

Board of Directors
Mr. Asoka Pathirage (Chairman)
Mr. Malik J. Fernando
Mr. Joseph Micheal Jayanth Perera
Mr. Ananda Wijetilaka Atukorala
Mr. A.K.D.D.D. Arandara/Treasury Representative
Mr. A.M.A.A. Lakmal Ratnayake
Mr. D.D. Shiran Chaminda Dammage (resigned w.e.f. 31st May 2024)

Audit Committee
Mr. D.D. Shiran Chaminda Dammage (Chairman)
Mr. Malik J. Fernando
Mr. Joseph Micheal Jayanth Perera
Mr. A.K.D.D.D. Arandara
Mr. Ananda Wijetilaka Atukorala (appointed w.e.f 17th May 2024)

Human Resources & Remuneration Committee
Mr. Malik J. Fernando (Chairman)
Mr. Joseph Jayanth Michael Perera
Mr. A.K.D.D.D. Arandara
Mr. A.M.A.A. Lakmal Ratnayake

Board Group Risk Committee
Mr. Joseph Micheal Jayanth Perera (Chairman)
Mr. Malik J. Fernando
Dr. Shridhir Sariputta Hansa Wijayasuriya (Director – SriLankan Airlines Limited)
Mr. A.K.D.D.D. Arandara
Mr. D.D. Shiran Chaminda Dammage (resigned w.e.f. 31st May 2024)
Mr. Ananda Wijetilaka Atukorala (Observer)

Company Secretary
Mrs. Dalrene Thirukumar/ACG UK
(w.e.f. 25 March 2022)

Bankers
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Bank of Ceylon
Nations Trust Bank PLC
Seylan Bank PLC

Auditors
Auditor General
National Audit Office
No. 306/72, Polduwa Road
Battaramulla.

Registered Office
SriLankan Catering Limited
Airline Centre
Bandaranaike International Airport
Katunayake
Sri Lanka

Corporate Website
www.srilankancatering.com

Profile of Directors

Mr. Asoka Pathirage

Mr. Asoka Pathirage was appointed to the Board of SriLankan Airlines Limited on 16 December 2019 and was subsequently appointed to the Board of SriLankan Catering Limited. He is the Chairman/ Managing Director of Softlogic Holdings PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Odel PLC. He serves as the Chairman of Softlogic Capital PLC and Softlogic Life Insurance PLC, in addition to the other companies of the Group. He is also the Chairman of NDB Capital Holdings Limited.

He is recognised as a visionary leader of Sri Lanka's corporate world, the founding member of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision, providing employment to more than 10,000 employees. Mr. Pathirage gives strategic direction to the Group, which has a leading market presence in four vertical sectors – Retail & Telecommunications, Healthcare Services, Financial Services & IT and Leisure & Automotive.

Mr. Malik J. Fernando

Mr. Malik J. Fernando was appointed to the Board of SriLankan Airlines Limited on 8 January 2020 and was subsequently appointed to the Board of SriLankan Catering Limited. He is a member of the Audit Committee, Human Resources and the Remuneration Committee, and Board Group Risk Committee of SriLankan Airlines and its subsidiary.

He is the Co-Chair of MJF Holdings and Chairman of MJF Leisure/ Resplendent Ceylon, the first local luxury resort brand, developing a remarkable circuit across Sri Lanka with a range of authentic experiences, while contributing towards local communities and the environment through the MJF Foundation and Dilmah Conservation. After the Easter Sunday Attacks, Mr. Fernando spearheaded the Sri Lanka Tourism Alliance to mobilise the private tourism sector with one voice under the "Love Sri Lanka" banner.

Mr. Fernando has a BSc in Business Management from Babson College in the US

Mr. Jayantha Perera

Mr. J.M. Jayanth Perera was appointed to the Board of SriLankan Airlines, effective 27 March 2021 and was subsequently appointed to the Board of SriLankan Catering Limited. He is the Chairman of the Group Board Risk Committee and member of the Audit Committee and Human Resources and the Remuneration Committee of the Company and its subsidiary.

Mr. Perera has over 40 years of experience in the financial sector with the majority of those years being at Senior Management and board levels.

He is a fellow of the Chartered Institute of Bankers (London) and has undergone extensive training in a host of International Financial Centers such as in London, New York, San Francisco, Hong Kong and Singapore.

He serves as an independent Non- Executive Director of Singer Finance PLC, McLarens Group of Companies - Main Board, Interocean Energy (Pvt) Ltd, Qwest Destinations (Pvt) Ltd, Qwest Cruises Ltd, SriLankan Airlines Ltd., SriLankan Catering Services Ltd., ODEL PLC, Horana Plantations PLC, and Softlogic Stockbrokers (Pvt) Ltd.

Mr. Lakmal Ratnayake

Mr. Lakmal Ratnayake was appointed to the Board of SriLankan Airlines Limited 10th April 2023 and was subsequently appointed to the Board of SriLankan Catering Limited. He is a member of the Human Resources and the Remuneration Committee of the company and its subsidiary.

Mr. Ratnayake is an Attorney-atLaw of the Supreme Court of Sri Lanka and a Counsel who is in private practice for over 20 years. Mr. Ratnayake has represented individuals, cooperate entities both public and private and state institutions as an Attorney, In original and appellate courts as a lead counsel in civil and criminal matters and public law litigation.

Mr. Ratnayake previously held the post of Chairman of the National Institute of Co-operative Development from 2010 to 2015, and during his tenure as Chairman he developed the infrastructure of the National Institute of Cooperative Development and upgraded the NICD into a facility of international standard. Mr Ratnayake has also represented Sri Lanka at the International Cooperative Alliance General Assemblies held in Cancun Mexico, Manchester United Kingdom and Cape town South Africa in years of 2011, 2012 and 2013 and also represented the country at the International Cooperative Alliance Conference held in Quebec, Canada in 2014.

Mr. Ratnayake has also held the post of Chairman of the Cooperative Wholesale Establishment (C.W.E.), Director of the Sri Lanka Ports Authority, Chairman of Sri Lanka Port Management & Consultancy Services (Private) Limited, Board Member of Hambantota International Port Services Company (Private) Limited, Lanka Coal Company (Private) Limited, Colombo International Container Terminals Limited and Hambantota International Port Group (Private) Limited.

Mr. Ratnayake currently holds positions as Chairman of the Jaya Container Terminals Limited which is a fully owned subsidiary of the Sri Lanka Ports Authority.

Mr. A.K.D.D.D. Arandara

Mr. A.K.D.D.D Arandara was appointed to the Board of SriLankan Airlines Limited, 16th March 2023 and was subsequently appointed to the Board of SriLankan Catering Limited. He serves as a Director cum the Treasury Representative to the Board, and a member of the Human Resources and the Remuneration Committee, Audit Committee, and the Board Group Risk Committee.

Mr. Arandara is an Attorney-at-Law by profession and serves as the Additional Director General in the Department of Legal Affairs, Ministry of Finance.

Mr. Ananda Atukorala

Mr. Ananda Atukorala was appointed to the Board of SriLankan Airlines Limited on 3rd February 2023 and was subsequently appointed to the Board of SriLankan Catering Limited.

He holds a BSc (University of Leeds, UK), MTT (North Carolina State University, USA) and a MBA. He was a former Director of the Sri Lanka Banks Association (Guarantee) Ltd. and the Credit Information Bureau of Sri Lanka (CRIB) and a Committee Member of the Banker's Club of Sri Lanka. He possesses extensive experience in banking extending over 40 years, having been with the ANZ Grindlays Banking Group in Sri Lanka, London. & other overseas territories and having served as Deputy General Manager of ANZ Grindlays Bank, Sri Lanka AND Country Manager - Sri Lanka of Mashreq Bank PSC,.

He was also a former advisor to the Ministry of Policy Development & Implementation. He has also served as a Member of the Technology Initiative for the Private Sector - an USAID sponsored project with the Ministry of Industrial Development, a Member of the Commercial Banking Sector of the Presidential Commission on Finance and Banking.

He currently serves as the Chairman of the NAPPP. He is also an Independent Non-Executive Director on the Boards of NDB Capital Holdings Ltd., NDB Securities (Pvt) Ltd, NDB Zephyr Partners Ltd, Mauritius., United Motors Lanka PLC., Unimo Enterprises Ltd., Colombo City Holdings PLC., Arni Holdings & Investments (Pvt) Ltd., and Unawatuna Boutique Resort (Pvt) Ltd. He was formerly the Independent Non-Executive Chairman of NDB Bank PLC., and DHPL Ltd.

He was also an Independent Non-Executive Director of DFCC Bank PLC., DFCC Vardhana Bank Ltd., Union Bank PLC., UB Finance Company Ltd., Orient Finance PLC, TAJ LANKA HOTELS PLC and TVS Lanka Ltd.

SLC BOARD AUDIT COMMITTEE REPORT

ROLE OF THE COMMITTEE

The scope and responsibilities of the Board Audit Committee (BAC) of SriLankan Catering are governed by the Board Audit Committee Charter approved by the Board of Directors. The purpose of BAC is to assist the Board of Directors in fulfilling its duties by providing an independent review of the system of internal controls, the financial reporting system, the management of business risks, Company's process for monitoring compliance with laws and regulations, the management of the Group Assurance and Advisory Services function and the External Audit function.

COMMITTEE COMPOSITION

The Board members who served on the BAC during the year ended 31 March 2024 were Mr. Shiran Dammage (Chairman, appointed on 26 May 2023, resigned w.e.f. 31 May 2024), Mr. Jayanth Perera (Member and appointed as the Pro-tem Chairman on 31 May 2024), Mr. Malik Fernando (Member) and Mr. A.K.D.D.D Arandara (Member).

Ms. Surangi Gunathilaka, Superintendent of Audit, National Audit Office attended Audit Committee meetings as an independent observer.

MEETINGS

The Board Audit Committee held Seven (7) meetings during the year ended 31 March 2024.

GROUP ASSURANCE AND ADVISORY SERVICES DIVISION

The SriLankan Catering Internal Audit function is handled by Group Assurance and Advisory Services (GAAS) Division of SriLankan Airlines and reports functionally to the SriLankan Catering Board Audit Committee.

KEY ACTIVITIES OF THE BAC DURING THE FINANCIAL YEAR

- Reviewed the year-end Audited Financial Statements and recommended for Board approval.
- Reviewed the Internal Audit function to ensure the independence and authority of its reporting obligations.
- Reviewed and approved the Internal Audit Plan for Sri Lankan Catering
- Reviewed SLC Audit Committee Charter annually and recommended for Board approval.
- Reviewed the internal audit reports and monitored management action taken by Heads of Departments.
- Reviewed the Company's Debtors Age Analysis report periodically.
- Reviewed the Company's compliance dashboards to determine all relevant laws and regulations are complied with.
- Reviewed the Related Party Transaction details on quarterly basis.

Mr. Jayanth Perera
Pro-tem Chairman

Board Audit Committee

27 June 2024

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

The Board of Directors of SriLankan Catering Limited has the pleasure in presenting the Audited Financial Statement of the Company for the year ended 31st March 2024.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal business activities of the Company are the provision of operating and maintaining the Flight Kitchen.

Apart from its main operation of inflight catering, it also operates all Airline lounges at the Airport including the Serendib, Emirates, Araliya, Lotus lounges and the airport restaurants at BIA and MRIA. As a part of its ancillary business activities, SriLankan Catering also operates the Serenediva Transit Hotel, Aeroclean Industrial Laundry, and Cuisine Gastronome – Ready to Eat Frozen Meal range produced for local and export markets.

There are no significant changes in the nature of the activities of the Company during the financial year.

The Company is a wholly owned subsidiary of SriLankan Airlines Limited whose principal business activity is the operation of international, scheduled/non-scheduled air services for the carriage of passengers, freight and mail as the designated carrier of Sri Lanka. Providing air terminal services at the Bandaranaike International Airport, sale of duty-free goods on board, marketing inbound and outbound holiday packages and operation of domestic Air Taxi services for passenger transport constitute other main activities of the Company.

FINANCIAL STATEMENTS

A complete set of Financial Statements for the year ended 31st March 2024 duly signed by the Chief Executive Officer and the Directors, and the Auditor's Report thereon for the year ended 31st March 2024 are attached to this Report.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

The Company prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKASs). The Board of Directors wish to inform that there were no changes to the accounting policies adopted by the Company except mentioned in Note 33 to the Financial Statements. A detailed note of the accounting policies adopted in the preparation of the financial statements of the Company is given below in page 05 to 24.

REVENUE

Revenue generated by the Company amounted to Rs.13,971 Mn (2022/23 – Rs.12,543 Mn), a detailed analysis of turnover is given in Note 3 to the financial statements.

RESULTS AND DIVIDEND

Net results for the year are as follows,

	2023/2024 Rs. (Mn)	2022/2023 Rs. (Mn)
Net profit before tax	**4,536**	**5,701**
Taxation	(482)	(1,004)
Net profit after tax	**4,054**	**4,697**

DIVIDEND

Ordinary Shares Dividend

Company has not declared any dividend out of the profit earned during the FY 2022/23. No dividend declared out of the profit earned during the FY 2023/24.

PROPERTY, PLANT AND EQUIPMENT

The net book value of the Property, Plant and Equipment of the Company as at the Balance Sheet date amounted to Rs. 4,112 Mn (2022/23: Rs.4,295 Mn). Details of Property, Plant and Equipment and their movements are given in Note 9 to the financial statements.

STATED CAPITAL

The Stated Capital of the Company, consisting of 940,268,456 Ordinary Shares, amounts to Rs. 1,000 Mn (2022/23: Rs. 1,000 Mn). Details of the share capital are given in Note 18.

RESERVES

Total Company reserves as at 31 March 2024 amount to Rs. 17,853 Mn (2022/23: Rs. 13,787 Mn). This consists of Revenue Reserve (Accumulated Profit) of Rs. 14,029 Mn (2022/23: Rs.9,924 Mn) and Capital Reserve (Revaluation Surplus) of Rs. 3,824 Mn (2022/23: Rs. 3,863 Mn). Movements in these Reserves are shown in the Statement of Changes in Equity in the financial statements.

CORPORATE DONATIONS

No donations were made during the year.

TAXATION

The Company is subject to pay income tax at a concessionary rate of 15% up to 30th of May 2029 and thereafter, all profit shall be taxable at normal rate in terms of its agreement with the Board of Investment of Sri Lanka.

At present, net profit derived from the Flight Kitchen, Transit Restaurant, Transit Hotel and Airline Laundry are taxable at the concessionary rate of 15%.

The net profit derived from the Public Restaurants, Vanilla Pod sales outlet, local laundry sales and other business income are liable for income tax at the prevailing tax rate of 30%.

SHARE INFORMATION

Share information as at 31st March 2024 is as follows:

Ordinary Shares

Share Ownership	No. of Shares	% of Holding	Value (Rs.)
SriLankan Airlines Limited	940,268,456	100%	1,000,000,000

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities as at 31st March 2024 are given in Note 27 to the Financial Statements. The commitments made on Capital Expenditure as at the balance sheet date are given in Note 26.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events which occurred between the reporting date and the date on which the financial statements are authorized for issue.

EMPLOYMENT POLICIES

Employment policies of the Company respect the individual and offer equal career opportunities regardless of gender, race or religion. Occupational health and safety standards receive substantial attention. The number of persons employed by the Company at the year-end was 713 (2022/23: 808).

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to employees and the Government of Sri Lanka have been made up to date.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effect on the environment. It is the policy of the Company to keep adverse effects on the environment to a minimum and to promote co-operation in compliance with the relevant authorities and regulations.

CORPORATE GOVERNANCE / INTERNAL CONTROL

Adoption of good governance practices has become an essential requirement in today's corporate world.

The Directors acknowledge their responsibilities for the Company's system of internal controls. The system is designed to provide assurance, on the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time. The Report of the Board Audit Committee forms part of this Annual Report.

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

GOING CONCERN

As noted in the Statement of Directors' Responsibilities, the Directors have adopted the going concern basis in preparing the Financial Statements.

DIRECTORATE – SRILANKAN CATERING LIMITED

The current Directorate of SriLankan Catering Limited is as follows;

Mr. Asoka Pathirage (Chairman)

Mr. Malik J. Fernando

Mr. Joseph Micheal Jayanth Perera

Mr. Ananda Wijetilaka Atukorala

Mr. A.K.D.D.D. Arandara/Treasury Representative

Mr. A.M.A.A. Lakmal Ratnayake

Mr. D.D. Shiran Chaminda Dammage (Resigned w.e.f. 31/05/2024)

DIRECTORS' REMUNERATION

The Directors' remunerations paid for the financial year ended 31st March 2024 is disclosed in note no 04 under Administration Expenses.

DIRECTORS' SHAREHOLDING

By virtue of office M/s. Asoka Pathirage/ Chairman, Mr. Malik Fernando/ Director, Mr. Joseph Micheal Jayanth Perera/ Director and Mr. A.K.D.D.D. Arandara/ Director are holding one ordinary share each.

DIRECTORS' INTERESTS IN CONTRACTS

The Directors' interest in Contracts of the Company are included in Note 29 to Financial Statements under related party transactions. The Directors have no direct or indirect interest in any other contracts or proposed contracts of the Company.

AUDITORS

The Auditor General shall audit the organization in terms of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Messrs BDO Partners have been appointed by the Auditor General as a qualified auditor to assist the Auditor General in the annual audit of the financial statement of the Company for the year ended 31st March 2024.

ANNUAL GENERAL MEETING

Annual General Meeting will be held on 15th August 2024, via Resolution in accordance with the Section 144 of the Companies Act No. 07 of 2007.

By Order of the Board of
SriLankan Catering Limited

....
Mrs. Dalrene Thirukumar
Company Secretary

....
Director
15th July 2024

....
Director

Statement of Directors' Responsibilities

The responsibilities of the Directors in relation to the financial statement of the Company differ from the responsibilities of the Auditors which are set out in their report.

The Companies Act No. 7 of 2007 requires the Directors to prepare financial statement for each financial year giving true and fair view of the state of affairs of the Company as at end of the financial year and of the statement of comprehensive income of the company for financial year. In preparing the financial statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made, and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 7 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regarded to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing the Financial Statements. The Directors, after making enquiries and following a review of the company's Budget for the financial year ending 31st March 2024 including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

The Directors have taken steps to ensure that the Auditors have been provided with every opportunity to undertake whatever inspections they considered appropriate to enable them to from their opinion on the Financial Statements.

The Directors confirm that to their best of knowledge, all taxes, levies and financial obligations of the Company as at the Balance Sheet date have been paid or adequately provided for in the Financial Statements.

By Order of the Board

Dalrene Thirukumar
Company Secretary
15th July 2024

මගේ අංකය / எனது இல. / My No. AAV/B/SLCL/FA/2023/17 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 30 July 2024

Chairman
SriLankan Catering Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the SriLankan Catering Limited for the year ended 31 March 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the SriLankan Catering Limited ("Company") for the year ended 31 March 2024 comprising the statement of financial position as at 31 March 2024 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information included in the Company's 2023 Annual Report

The other information comprises the information included in the Company's Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

1.4 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 determine 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.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

W.P.C. Wickramaratne
Auditor General.

BDO

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Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

TO THE AUDITOR GENERAL OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF SRILANKAN CATERING LIMITED FOR THE YEAR ENDED 31ST MARCH 2024 IN TERMS OF SECTION 12 OF THE NATIONAL AUDIT ACT NO. 19 OF 2018.

1. Financial Statements

1.1 Opinion

We have audited the Financial Statements of SriLankan Catering Limited, which comprise the statement of financial position as at 31st March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of material accounting policies set out on page 05 to 43.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 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 for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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 identified above and, in doing so, consider whether the other information is materially consistent with the financial statements and our knowledge obtained during the audit, or appears otherwise to be materially misstated. If, based upon 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.

1.3 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 determine 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.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic Financial Statements to be prepared of the Company.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is 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 Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that 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, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO

2. Report on Other Legal and Regulatory Requirements

National Audit Act No. 19 of 2018 and the Companies Act No. 7 of 2007 include specific provisions for the following requirements.

- We have obtained all the information and explanations that were required for the audit and as far as it appears from our examination, proper accounting records have been kept by the Company as per the requirement of Section 163 (1) (d) of the Companies Act No. 7 of 2007 and Section 12 (a) of the National Audit Act No. 19 of 2018.

- The Financial Statements of the Company comply with the requirement of section 151 and 153 of the Companies Act No. 07 of 2007.

- The Financial Statements presented are consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.

- The Financial Statements presented include all the recommendations made by the Auditor General in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act No. 19 of 2018.

Based on the procedures performed and evidence obtained which were limited to matters that are material, nothing has come to our attention;

- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which is out of the normal course of business as per the requirement of Section 12 (d) of the National Audit Act No. 19 of 2018,

- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of Section 12 (f) of the National Audit Act No. 19 of 2018,

- to state that the Company has not performed according to its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act No. 19 of 2018, or

- to state that the resources of the Company had not been procured and utilised economically, efficiently and effectively within the time frame and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act No. 19 of 2018.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo
15th July 2024
HSR/dm

SRILANKAN CATERING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2024

	Note	2023/2024 Rs.	2022/2023 Rs.
Revenue from contracts with customers	3	13,970,771,417	12,542,845,586
Cost of sales		(3,370,566,024)	(3,145,315,047)
Gross profit		10,600,205,393	9,397,530,539
Administrative expenses	4	(2,752,772,329)	(2,709,066,727)
Other operational expenses	5	(2,060,091,994)	(1,678,147,764)
Profit from operations		5,787,341,070	5,010,316,048
Net finance income/(costs)			
Finance income	6	112,159,738	72,711,779
Finance cost	6	(75,378,357)	(88,010,539)
Exchange Gain/(Loss)	6	(1,288,274,009)	705,819,233
Net finance income/(costs)		(1,251,492,628)	690,520,473
Net Profit/(Loss) before taxation		4,535,848,442	5,700,836,520
Income tax (expenses)/Reversal	7	(481,610,316)	(1,003,622,024)
Net Profit/(Loss) for the year after taxation		4,054,238,126	4,697,214,496
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit/(loss) in subsequent period			
Actuarial gain/(loss) on defined benefit plan	21	44,094,772	(6,170,461)
Deferred tax impact on actuarial gain/(loss) on defined benefit plan	20	(13,228,432)	1,851,138
Actuarial gain/(loss) on leave encashment liability	21	(3,425,715)	(12,062,040)
Deferred tax impact on actuarial (gain)/loss on leave encashment liability	20	1,027,714	3,618,612
Revaluation surplus on property plant and equipment	9	(23,539,344)	2,613,837,321
Deferred tax on revaluation gain on property plant and equipment	20	7,061,803	(784,151,197)
Other comprehensive income for the year, net of tax		11,990,798	1,816,923,373
Total comprehensive income		4,066,228,924	6,514,137,869
Basic earnings per share	8	4.31	5.00

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 43 form an integral part of these Financial Statements.

BDO PARTNERS
Chartered Accountants

Colombo
15th July 2024

SRILANKAN CATERING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2024

ASSETS	Note	2023/2024 Rs.	2022/2023 Restated Rs.	2021/2022 Restated Rs.
Non-current assets				
Property, plant and equipment	9	4,111,863,834	4,294,836,509	2,044,452,027
Right-of-use assets	9	200,035,790	176,194,619	269,056,132
Intangible assets	10	7,110,997	10,063,099	12,146,397
Total non-current assets		4,319,010,621	4,481,094,227	2,325,654,556
Current assets				
Inventories	12	509,500,088	580,446,666	252,730,058
Amounts due from related companies	13	162,337,847	143,722,512	90,347,438
Trade receivables	14	16,349,572,612	12,574,651,803	9,878,163,787
Other receivables	15	324,106,363	323,509,825	121,201,408
Other financial assets at amortised cost	16	792,430,456	427,134,390	255,599,542
Cash and cash equivalents	17	375,093,359	1,006,426,410	571,862,829
Total current assets		18,513,040,725	15,055,891,606	11,169,905,062
Total assets		22,832,051,346	19,536,985,833	13,495,559,618
EQUITY AND LIABILITIES				
Equity				
Stated capital	18	1,000,000,000	1,000,000,000	1,000,000,000
Revaluation reserve		3,823,931,322	3,863,063,485	2,063,742,046
Retained earnings		14,029,293,635	9,923,910,817	7,591,390,158
Total Equity		18,853,224,957	14,786,974,302	10,655,132,204
Non-current liabilities				
Loans and borrowings	9	575,884,018	729,200,148	885,882,122
Deferred tax liability	20	1,121,599,360	1,311,140,555	431,986,366
Retirement benefit obligation	21	754,405,405	709,668,965	635,000,997
Total non-current liabilities		2,451,888,783	2,750,009,668	1,952,869,485
Current liabilities				
Loans and borrowings	9	189,575,221	172,295,903	171,927,980
Trade payables	22	322,936,609	304,629,792	305,725,292
Other payables	23	847,420,799	1,170,361,504	368,786,912
Income tax payable	24	167,004,977	352,714,664	41,117,745
Total current liabilities		1,526,937,606	2,000,001,863	887,557,929
Total liabilities		3,978,826,389	4,750,011,531	2,840,427,414
Total equity and liabilities		22,832,051,346	19,536,985,833	13,495,559,618

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 43 form an integral part of these Financial Statements.

It is certified that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

....
Chief Executive Officer

The Board of Directors is responsible for these Financial Statements. Approved and signed for and on behalf of the Board by:

....
Director Director

BDO PARTNERS Chartered Accountants

Colombo
15th July 2024
HSR/dm

SRILANKAN CATERING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2024

	Stated capital Rs.	Revaluation reserves Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April 2022	1,000,000,000	2,320,634,213	7,334,497,991	10,655,132,204
Restatement of prior period balances (Note 33)	-	(256,892,167)	256,892,167	-
Balance as at 01 April 2022 (Restated)	1,000,000,000	2,063,742,046	7,591,390,158	10,655,132,204
Profit for the year	-	-	4,697,214,497	4,697,214,497
Other comprehensive income	-	1,829,686,124	(12,762,751)	1,816,923,373
Total comprehensive Income	-	1,829,686,124	4,684,451,746	6,514,137,870
Dividend - Ordinary shares- Final 2021/22	-	-	(2,382,295,772)	(2,382,295,772)
Adjustment on revaluation reserve		(30,364,685)	30,364,685	-
Balance as at 31 March 2023 (Restated)	1,000,000,000	3,863,063,485	9,923,910,817	14,786,974,302
Profit for the year	-		4,054,238,126	4,054,238,126
Other comprehensive income	-	(16,477,541)	28,468,339	11,990,798
Total comprehensive Income	-	(16,477,541)	4,082,706,465	4,066,228,924
Adjustment on revaluation reserve		(22,654,622)	22,676,353	21,731
Balance as at 31st March 2024	1,000,000,000	3,823,931,322	14,029,293,635	18,853,224,957

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 43 form an integral part of these Financial Statements.

Colombo
15th July 2024

BDO PARTNERS
Chartered Accountants

SRILANKAN CATERING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2024

	Note	2023/2024 Rs.	2022/2023 Rs.
Cash flow from operating activities			
Net profit before taxation		4,535,848,442	5,700,836,520
Adjustments for ;			
- Depreciation on property, plant and equipment	9	217,917,102	424,556,031
- Amortisation of intangible assets	10	2,952,102	4,504,518
- Amortisation of right-of-use asset	9	47,920,758	39,279,449
- Provision for bonus		309,925,264	426,177,423
- Provision for gratuity	21	160,123,125	130,868,067
- Provision for leave encashment	21	8,175,471	4,969,894
- Impairment on debtors	5	(7,158,047)	15,812,968
- Provision for slow-moving stock	5	(3,265,562)	46,063,524
- Interest expenses of lease liability	6	75,378,357	88,010,539
- Interest income	6	(112,159,739)	(72,711,779)
- Concession on rent	9	-	(80,798,723)
- Impact of remeasurement of lease liability		-	(32,000,229)
- Unrealised exchange (gain)/loss on lease liability		(29,344,504)	105,324,723
- Profit on disposal of property, plant and equipment		557,525	-
		671,021,852	1,100,056,404
Operating profit before working capital changes		5,206,870,294	6,800,892,924
Decrease/(increase) in inventories		74,212,141	(373,780,132)
(Increase) in trade and other receivables		(3,786,974,635)	(3,096,575,940)
(Decrease)/increase in trade and other payables		(325,532,663)	552,630,791
		(4,038,295,157)	(2,917,725,282)
Cash generated from operations		1,168,575,137	3,883,167,642
Bonus paid		(289,004,758)	(177,233,623)
Gratuity paid	21	(79,702,212)	(74,657,215)
Leave encashment paid	21	(3,190,887)	(4,745,279)
Income Tax paid	24	(862,000,113)	(591,552,362)
		(1,233,897,970)	(848,188,479)
Net cash flow (used in)/from operating activities		(65,322,833)	3,034,979,163
Cash flows from investing activities			
Acquisition of intangible assets		-	(2,421,220)
Acquisition of property, plant and equipment		(66,483,906)	(61,103,192)
Acquisition of leasehold rights		(71,761,929)	-
Interest received		79,068,336	28,650,820
Investment made through short/long term investments		(332,204,664)	-
Proceeds from disposal of property, plant and equipment		7,442,610	-
Net cash (used in) investing activities		(383,939,553)	(34,873,592)
Cash flows from financing activities			
Borrowings obtained		71,927,076	-
Lease rental paid		(253,997,741)	(183,246,219)
Dividend paid - ordinary shares		-	(2,382,295,772)
Net cash (used in) financing activities		(182,070,665)	(2,565,541,991)
Net (decrease)/increase in cash and cash equivalents		(631,333,051)	434,563,581
Cash and cash equivalents at the beginning of the year (Note 17)		1,006,426,410	571,862,829
Cash and cash equivalents at the end of the year (Note 17)		375,093,359	1,006,426,410

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 43 form an integral part of these Financial Statements.

BDO PARTNERS
Chartered Accountants

Colombo
15th July 2024

1. CORPORATE INFORMATION

1.1 General

SriLankan Catering Limited (SLC) is a limited liability company incorporated and domiciled in Sri Lanka. The registered office is located at Airline Centre, Bandaranaike International Airport ("BIA"), Katunayake whereas the principal place of business of the Company is located at the premises of SriLankan Catering Limited, Bandaranaike International Airport, Katunayake.

Sri Lankan Catering was converted to a limited liability company on 16th March 2011.

1.2 Principal activities and nature of operations

The principal activity of the Company is providing inflight catering and other services to airlines operating through the Bandaranaike International Airport, Mahinda Rajapakse International Airport and Colombo International Airport, Rathmalana. The Company is also engaged in operating restaurants and a transit hotel at Bandaranaike International Airport besides providing laundry services to airlines.

1.3 Parent enterprise

The parent undertaking and ultimate parent is SriLankan Airlines Limited.

1.4 Date of authorisation for issue

The Financial Statements for the year ended 31 March 2024 were authorised for issue by the Board of Directors on 15th July 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

2.1 General accounting policies

2.1.1 Basis of preparation

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereinafter referred to as "SLFRS"), issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.1.2 Basis of measurement

The Financial Statements have been prepared on a historical cost basis and accounting policies are applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following:

- Liability for defined benefit obligations is recognised as the present value of the defined benefit obligation.
- Property, plant and equipment are measured at cost at the time of acquisition and subsequently, at revalued amounts, which are the fair values at the date of revaluation.

BDO PARTNERS Chartered Accountants

2.1.3 Changes in accounting standards

(a) New standards, interpretations and amendments adopted from 1st January 2023

(i) Disclosure of Accounting Policies (Amendments to LKAS 01 Presentation of Financial Statements and SLFRS Practice Statement 2 Making Materiality Judgments)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore would require disclosure.

These amendments have no effect on the measurement or presentation of any items in the Financial Statements of the Company but affect the disclosure of accounting policies of the Company.

(ii) Definition of Accounting Estimates (Amendments to LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments to LKAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. These amendments had no effect on the Financial Statements of the Company.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences. These amendments had no effect on the annual Financial Statements of the Company.

International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) are effective immediately upon the issue of the amendments and retrospectively.

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules. Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform - Pillar Two Model Rules, in response to stakeholder concerns on 23rd May 2023.

(b) New Standards and Amendments issued but not yet effective or early adopted in 2024

The following amendments and improvements are not expected to have a significant impact on the Company's Financial Statements.

- Liability in a Sale and Leaseback (Amendments to SLFRS 16 Leases) - mandatorily effective for periods beginning on or after 1st January 2024
- Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1 Presentation of Financial Statements) - mandatorily effective for periods beginning on or after 1st January 2024)
- Non-current Liabilities with Covenants (Amendments to LKAS 1 Presentation of Financial Statements) - mandatorily effective for periods beginning on or after 1st January 2024
- Supplier Finance Arrangements (Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures) - mandatorily effective for periods beginning on or after 1st January 2024

(c) The following amendments are effective for the period beginning 01st January 2025

- Lack of Exchangeability (Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates) - mandatorily effective for periods beginning on or after 1st January 2025

2.1.4 Presentation and functional currency

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lankan Rupees have been rounded to the nearest rupee, unless stated otherwise.

2.1.5 Statement of compliance

The statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, together with accounting policies and notes ("Financial Statements") of the Company as at 31st March 2024 and for the year then ended have been prepared in compliance with the Sri Lanka Accounting Standards (LKAS and SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.1.6 Going concern

The Board of Directors have made an assessment of the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

In determining the basis of preparing the Financial Statements for the year ended 31st March 2024, based on available information, the management has considered the current economic conditions and the appropriateness of the use of the going concern basis.

2.1.7 Comparative information

The accounting policies have been consistently applied by the Company and are consistent with those of the previous year.

The Financial Statements provide comparative information in respect of the previous period.

Other than the above, the previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

2.1.8 Foreign currency transaction

All foreign exchange transactions are initially converted to Sri Lankan Rupees, which is the reporting currency, at the monthly average rates.

Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupee equivalents using the year end spot foreign exchange rates and the resulting gains or losses are accounted in the statement of comprehensive income.

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

2.1.9 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.

2.1.10 Significant accounting judgments, estimates and assumptions

a) Judgments

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

b) Estimates and assumptions

The preparation of the Company's Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements are described in the relevant notes as follows:

- Note 20 - Deferred tax assets and liabilities
- Note 21 - Retirement benefit obligation

BDO PARTNERS Chartered Accountants

2.2 Significant accounting policies

2.2.1 Property, plant and equipment

a) Cost

Property, plant and equipment are initially measured at cost and subsequently measured at cost or revalued amount.

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

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

The property, plant and equipment of the Company had been valued by an independent valuer as at 31st March 2023 and the details are disclosed in Note 9 to the Financial Statements.

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

Depreciation is calculated on a straight-line basis over the useful life of the assets as disclosed below:

Asset class	Useful life
Building improvements	20 years
Furniture and Fittings	05 years
Plant and machinery	05 years
Motor vehicle	04 years

b) Useful lives of property, plant, and equipment

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

c) Restoration costs

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

d) Derecognising

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

2.2.2 Capital work-in-progress

Capital work-in-progress consists of the cost of assets, labour and other direct costs associated with property, plant and equipment being constructed by the Company. Once the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and are depreciated together with the related asset. During the year no capital work-in-progress was existing.

2.2.3 Intangible assets

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 38 on Intangible Assets. Accordingly, these assets are stated in the statement of financial position at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All the expenditure, including expenditure on internally generated goodwill and brands, are recognised in profit or loss as incurred.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The amortisation period of software is 5 years. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

An intangible asset is derecognised at disposal or when no future economic benefits are expected from it. The gain or loss arising from derecognition of such intangible assets is included in the statement of profit or loss and other comprehensive income when the item is derecognised.

2.2.4 Fair value measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction among the market participants at the measurement date.

A fair value measurement requires an entity to determine the following.

a) the particular asset or liability is the subject of the measurement

b) for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)

c) the principal (or most advantageous) market for the asset or liability

d) the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.

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Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between the market participants at the measurement date under the current market conditions (i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including the assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

When the transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

2.2.5 Determination of fair value

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

Level 1 - fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - f value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - fair value measurements using inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs)

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2.2.6 Impairment of non-financial assets

The Company assesses at each reporting date to ascertain whether there is any indication that an asset may be impaired. If such an indication exists or when the 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 a company 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 the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. These calculations are collaborated by valuation multiples, quoted share prices 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, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an 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 comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

2.2.7 Financial assets

2.2.7.1 Initial recognition and measurement

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

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. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient they are measured at the transaction price.

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

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

2.2.7.2 Subsequent measurement

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

a) financial assets at amortised cost
b) financial assets at fair value through OCI with recycling of cumulative gains and losses
c) financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
d) financial assets at fair value through profit or loss (FVPL)

a) Financial assets at amortised cost

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

i) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding

The subsequent measurement of financial assets depends on their classification as described below:

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 include trade receivable and short-term investments.

b) Financial assets at fair value through OCI

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

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i) the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding

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

c) Equity Instruments

The Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under "LKAS 32 Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably its non-listed equity investments under this category.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or re-purchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely the payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

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2.2.7.3 Financial assets - derecognition

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

2.2.7.4 Impairment of financial assets

The Company has assessed on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.2.8 Financial liabilities

2.2.8.1 Initial recognition and measurement

Financial liabilities within the scope of SLFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings, related party payables, and other financial liabilities.

2.2.8.2 Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

b) Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

2.2.8.3 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.2.9 Offsetting of financial instruments

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

2.2.10 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 the 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. An analysis of the fair values of financial instruments and further details as to how they are measured are provided in the notes.

2.2.11 Cash and cash equivalents

Cash amounts represent cash in hand, cash at bank and demand deposits. Cash equivalents are primarily short-term highly liquid investments with a maturity of ninety days or less from the date of acquisition. Company overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as components of cash and cash equivalents for the purpose of presenting the statement of cash flows.

2.2.12 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost is based on the weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessary to make the sale.

Inventories and consumables are recognised as expense when they are used for sale.

Perishables, products with short shelf lives or expiration dates or specific seasonal inventories were considered for impairment.

2.2.13 Share capital

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 effect.

2.2.14 Liabilities and provisions

Liabilities are recognised in the statement of financial position when there is a present obligation arising from a past event and the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the reporting date are treated as current liabilities in the statement of financial position. Liabilities payable one year from the reporting date are treated as non-current liabilities in the statement of financial position.

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

2.2.15 Employee benefits

Short-term employee benefits

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

Retirement benefit obligation - Gratuity

Gratuity is a defined benefit plan; the Company is liable to pay in terms of Gratuity Act No. 12 of 1983 and the Minimum Retirement Age of Workers Act No. 28 of 2021. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees would have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation is performed every year by a qualified independent actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to the service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and expenses related to defined benefit plans in staff expenses in the statement of profit or loss and other comprehensive income.

The actuarial valuation was carried out by a professionally qualified independent actuary, Messrs. Actuarial & Management Consultants (Pvt) Ltd.

Employees are entitled to gratuity on retirement calculated based on the last drawn salary multiplied by the number of years of services. The salary used for calculation differs based on the years of service as follows:

Years of Service	Basis for Computation (Months)
01 to 10 years	½
Over 10 years	1

This basis of payment will only be applicable for employees who had been in service on or before 01 April 2000, and to employees who have joined the Company after 01 April 2000, the payment of gratuity will be made as per the provisions laid down in the Gratuity Act.

The liability is not externally funded.

Leave Encashment

The Company is liable for the accumulated leave which is unutilised from the end of the reporting period based on employment contracts at the retirement. The Company's net obligation towards unutilised accumulated leave is measured at the present value of the defined benefit plan of the local employees with the advice of an Actuary every year using the Projected Unit Credit method.

The Company recognises the actuarial gain/loss arising from leave encashment in other comprehensive income and expenses related to leave encashment in the statement of profit or loss.

The leave encashment liability is not externally funded. This item is grouped under "Retirement benefit obligation" in the statement of financial position.

2.2.16 Defined contribution plans - Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF)

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 defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company contributes 3% of gross emoluments of the employees as Trust Fund (ETF) contributions and contributions to the Provident Fund (PF) are as shown below.

Employee category	EPF contribution
Executive	15%
Non-executive (Joined before the year 2000)	15%
Non-executive (Joined after the year 2000)	12%

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2.2.17 Leases

Right-of-use assets

The Company recognises right-of-use assets when the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and the lease payments made on or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use asset is depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right -of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.2.18 Taxation

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

Current tax

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

The Income from Flight Kitchen, Transit Restaurants, transit hotel, airline laundry was exempted from income tax up to 31st May 2021 and then taxable at a concessionary rate of 15% for 8 years ending on 31st May 2029 as per the agreement with the Board of Investment (BOI). The income from other sources is liable at the normal rate.

Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Thus, the Company's deferred tax liability has been calculated based on future tax rates applicable for each segment at 15% and 30%.

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In addition, deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

2.2.19 Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. During the year no commitments or contingencies existed.

2.3 Statement of comprehensive income

For the purpose of presenting the statement of profit or loss and other comprehensive income, the function of expenses method is adopted, as it represents fairly the elements of the Company's performance.

2.3.1 Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of the goods or services is 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.

a) Goods transferred at a point in time

Under SLFRS 15, revenue is recognised upon satisfaction of a performance obligation. The revenue recognition occurs at a point in time when the control of the asset is transferred to the customer, generally, on delivery of the goods.

b) 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.

2.3.2 Expenditure recognition

All expenditure incurred in the running of the business have been charged to income in arriving at the profit for the year. Repairs and renewals are charged to profit and loss in the year in which the expenditure is incurred.

2.3.2.1 Finance expense

Finance costs comprise interest expense on borrowings, and interest on overdrafts. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Foreign currency gain or losses are reported on a basis as other finance income or cost depending on whether foreign currency movements are in a net gain or loss position.

2.4 Events after the reporting period

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in respective notes to the Financial Statements.

2.5 Related party transactions

Disclosures are made in respect of the transactions in which the Company has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is charged.

2.6 Comparative figures

Where necessary, comparative figures have been re-classified to conform to the current year's presentation.

2.7 Statement of director's responsibility

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

2.8 Operating segments

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Chief Executive Officer of the Company reviews internal management reports on monthly basis. The following summary describes the operations in each of the Company's reportable segments:

- Flight kitchen- Supply of In-flight Catering and other related services to international airlines
- Airport restaurant (BIA) - provision of restaurant/lounge services

Other operations include the following segments, which do not meet the quantitative thresholds for determining reportable segments in 2024 and 2023:

- Airport restaurant (MRIA) - Provision of restaurant services
- Aero Clean Laundry - Provision of laundry services
- Serenediva Transit Hotel - Provision of room and ancillary services to transit passengers
- Vanilla Pod Café - Supply of fast-food items
- Frozen Meals - Supply frozen meals

Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Company's Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

2.9 Financial risk management

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

a) Credit risk
b) Liquidity risk
c) Market risk
d) Currency risk
e) Interest rate risk
f) Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital. Further quantitative disclosures are included throughout these Financial Statements.

2.9.1 Risk management framework

The Board has adopted an Enterprise Risk Management Framework to be implemented within SriLankan Catering Limited (SLC) as the best practices on Corporate Governance and for the management of the Company's risks in a systematic and proactive manner in order to optimise the business performance. SLC's Management has developed the SLC Enterprise Risk Management Manual which documents the risk management policies of the Company.

The Company's Audit Committee oversees how management monitors in compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Management would perform quarterly reviews on the emerging risks impacting the corporate risk register and the implementation of risk treatment action plans and report on the same to the Audit Committee and the Board on a quarterly basis.

a) Credit risk

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and the country in which the customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. However, geographically, there is no concentration of credit risk.

The SLC's Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Customers who fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

More than 95 percent of the Company's customers have been transacting with the Company for over five years, and losses have occurred rarely. Goods are sold subject to securities by banks so that in the event of non-payment, the Company may have a secured claim.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Companies of similar assets in respect of losses that have been incurred but not yet identified.

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b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company always monitors and keeps minimum cash balances to maximise the Company's return on investments. Typically, the Company ensures that it has sufficient cash on demand to meet the expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit:

The Company has obtained Rs.50 million overdraft facility from the Commercial Bank of Ceylon PLC to which the Interest would be payable at the rate of AWPLR (monthly) + 2% p.a (2022/2023- AWPLR (monthly) + 1.5% p.a). The Company also has an overdraft facility of USD 350,000 from the Commercial Bank of Ceylon PLC to which the interest would be payable at the rate of SOFR (1 months) + 6.5% p.a. (2022/23- LIBOR (3 months) + 5.5% p.a).

The Company has obtained an overdraft facility of Rs. 50 million from the Bank of Ceylon to which the interest would be payable at the rate of AWPLR + 2% p.a (2022/23- AWPLR +2% p.a). The Company also has an overdraft facility of USD 400,000 to which the interest would be payable at the rate of LIBOR (3 months) + 3.5% p.a. (2022/23 - LIBOR (3 months) + 3.5% p.a).

c) Market risk

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

d) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of the Company. The currencies in which these transactions primarily are denominated are USD, EURO, GBP and SGD.

Interest on borrowings is denominated in the currency of the borrowing. Generally, borrowings are denominated in USD.

e) Interest rate risk

The Company adopts a policy of ensuring that its exposure to changes in interest rates on fixed term borrowings is on a fixed rate basis.

f) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology, and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal, political and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

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The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- Risk mitigation, including insurance when this is effective

Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Company. Apart from this, ISO audits are periodically carried out by ISO auditors to ensure compliance with best quality and hygienic standards.

2.10 Capital management

The management's policy is to maintain a strong capital base so as to maintain the market confidence of the shareholders and creditors and sustain the future development of the business. The management monitors the return on capital, which the Company defines as profit for the year divided by the total equity.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

		2023/2024 Rs.	2022/2023 Rs.
3. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Flight Kitchen		10,264,744,936	9,729,885,229
Restaurants, café, lounge and hotels		3,317,989,677	2,402,377,843
Laundry sale		362,522,018	324,673,433
Frozen meal		17,516,592	78,823,849
Disposal of garbage		7,998,194	6,809,738
Sundry income		-	275,494
Revenue recognised at a point in time		13,970,771,417	12,542,845,586
4. ADMINISTRATION EXPENSES			
Director Fee		1,045,424	-
Depreciation of property, plant and equipment		217,917,101	424,556,032
Depreciation of RoU assets		47,920,758	39,279,450
Amortisation of intangible assets		2,952,103	4,504,518
Fees and other charges		18,442,598	10,725,575
Audit fees		932,300	1,144,095
Staff cost	4.1	2,416,187,348	2,211,523,274
Other administration expenses		47,374,697	17,333,783
		2,752,772,329	2,709,066,727
4.1 Staff cost			
Expenses related to defined benefit plans		160,123,125	130,868,067
Salaries and wages		1,803,558,203	1,515,745,467
Contribution to Employees' Provident Fund		115,787,654	108,663,652
Contribution to Employees' Trust Fund		26,793,102	24,816,635
Provision/ (Reversal) for bonus		309,925,264	426,177,423
Staff cost		-	5,252,030
		2,416,187,348	2,211,523,274
5. OTHER OPERATIONAL EXPENSES			
Loss on disposal of fixed assets		557,525	-
General operating expenses		1,184,445,092	1,048,622,168
Common expenses		665,590,241	410,388,728
Provision for debtor impairment		(7,158,047)	15,812,968
Concession fees		206,268,752	157,260,376
Provision / Reversal for slow moving inventory		(3,265,562)	46,063,524
Tax - SSCL		13,653,993	-
		2,060,091,994	1,678,147,764
6. NET FINANCE INCOME			
6.1 Finance income			
Interest income		112,159,738	71,672,702
Interest income - staff loans		-	1,039,077
		112,159,738	72,711,779

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		2023/2024 Rs.	2022/2023 Rs.
6. NET FINANCE INCOME (CONTD....)			
6.2 Finance expenses			
Lease interest		75,378,357	88,010,539
		75,378,357	88,010,539
6.3 Exchange gain/ (loss)		(1,288,274,009)	705,819,233
Net finance income		(1,251,492,628)	690,520,473
7. INCOME TAX EXPENSES			
Current income tax	7	896,087,711	903,149,282
Overprovision of previous year		(219,797,286)	-
Deferred tax expense/ (reversal)	20	(194,680,109)	100,472,742
		481,610,316	1,003,622,024
7.1 Reconciliation between tax expense and the product of accounting Profit/(Loss)			
Accounting Profit/(Loss) before tax		4,535,848,442	5,700,836,521
Less: Profit exempt from income tax		(3,389,217)	-
Profit/ (Loss) liable for income tax		4,532,459,225	5,700,836,521
Disallowable expenses		1,856,624,584	638,654,209
Allowable expenses		(801,885,435)	(519,161,264)
Taxable Business Profit/(Loss)		5,587,198,374	5,820,329,466
Taxable income		5,587,198,374	5,820,329,466
Income tax liability at 15%		831,622,718	864,476,212
Income tax liability at 24%		-	17,188,031
Income tax liability at 30%		64,464,993	21,485,039
		896,087,711	903,149,282

8. BASIC EARNINGS/(LOSS) PER SHARE

The basic earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	2023/2024 Rs.	2022/2023 Rs.
Amounts used as numerator		
Profit attributable to ordinary shareholders	4,054,238,126	4,697,214,497
Number of ordinary shares used as the denominator		
Weighted average number of ordinary shares in issue	940,268,456	940,268,456
	4.31	5.00

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9. PROPERTY, PLANT AND EQUIPMENT

Description of Assets	Cost/Valuation					Depreciation			Written down value	
	Balance as at 01.04.2023	Additions	Disposals	Adjustment on Revaluation	Balance as at 31.03.2024	Balance as at 01.04.2023	Charge for the year	Balance as at 31.03.2024	As at 31.03.2024	As at 31.03.2023
	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Buildings	1,762,799,865	20,448,180	-	-	1,783,248,045	-	57,481,040	57,481,040	1,725,767,005	1,762,799,865
Machinery and equipment	1,549,139,647	43,296,639	-	(10,977)	1,592,425,309	-	113,188,202	113,188,202	1,479,237,107	1,549,139,647
Furniture and fittings	80,696,997	2,151,087	-	(23,513,335)	59,334,749	-	4,367,694	4,367,694	54,967,055	80,696,997
Motor vehicles	902,200,000	588,000	(8,000,135)	(15,032)	894,772,833	-	42,880,166	42,880,166	851,892,667	902,200,000
	4,294,836,509	66,483,906	(8,000,135)	(23,539,344)	4,329,780,936	-	217,917,102	217,917,102	4,111,863,834	4,294,836,509

In compliance with the Accounting policy, the Company has revalued its building, machinery and equipment, furniture and fittings and motor vehicles using an independent valuer Mr. A.R.Ajith Fernando, an incorporated chartered valuer as at 31 March, 2023.

Details of Company's building and other plant and equipment stated at valuation are indicated below;

Asset	Method of Valuation	Effective date of valuation	Significant unobservable inputs	Revalued Amount Rs.	Sensitivity of fair value to unobservable inputs	Level of Fair value Hierarchy
Buildings - Katunayake	**Depreciated Replacement Cost** This method considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. Further, in relation to buildings on leasehold premises, the underlying properties have been considered as "freehold basis" in assessing the related fair values. This assumption is based on Management's assessment that there will be uninterrupted continuation of the relevant leases which are of strategic importance for the continuation of the underlying operations.	31-Mar-23	Estimated price per square foot Rs 4,000 - Rs 12,000 Management's assessment of uninterrupted continuation of relevant land leases	1,762,799,865	Positively correlated sensitivity	Level 3
Flight Kitchen Equipment included under Plant and Equipment - Katunayake	**Depreciated Replacement Cost** This method considers the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.	31-Mar-23	Fair value was derived using the Net Replacement Cost (NRC) approach for each equipment	2,532,036,644		

9. PROPERTY, PLANT AND EQUIPMENT (CONTD....)

9.2 For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model is stated below.

	Cost Rs.	Accumulated depreciation as at 31st March 2024 Rs.	Carrying value as at 31st March 2024 Rs.	Carrying value as at 31st March 2023 Rs.
Building in Katunayake	1,851,428,100	1,486,133,217	365,294,883	436,987,391
Machinery and equipment	1,888,649,499	1,794,190,191	94,459,308	89,800,257
Furniture and fittings	68,869,424	62,717,983	6,151,441	6,839,706
Motor vehicles	635,386,013	596,513,661	38,872,352	128,961,438
	4,444,333,036	3,939,555,052	504,777,984	662,588,792

9.3 The buildings have been constructed on the land belonging to Airport & Aviation Services (Sri Lanka) (Pvt) Ltd at the Bandaranaike International Airport and the right to use the land is recorded as per SLFRS 16 under Note 9.4.

9.4 Right-of-use assets

The Company recognises right-of-use assets when the underlying asset is available for use. Right-of- use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and the lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain the ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Amounts recognised in the statement of financial position and statement of comprehensive income:

	2023/2024 Rs.	2022/2023 Rs.
Cost		
Balance at the beginning of the year	622,234,658	675,816,722
Additions	71,927,076	-
Impact from remeasurement	(1,847,920)	(53,582,064)
Balance at the end of the year	692,313,814	622,234,658
Accumulated amortisation		
Balance at the beginning of the year	446,040,039	406,760,590
Depreciation expense	47,920,758	39,279,449
Impact from remeasurement	(1,682,773)	-
Balance at the end of the year	492,278,024	446,040,039
Carrying amount	200,035,790	176,194,619

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9. PROPERTY, PLANT AND EQUIPMENT (CONTD....)

9.5 Lease liability

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date.

	2023/2024 Rs.	2022/2023 Rs.
Balance at the beginning of the year	901,496,051	1,057,810,102
Additions during the year	71,927,076	-
Impact from remeasurement	-	(85,604,270)
Interest expenses	75,378,357	88,010,438
Concession received on rent	-	(80,798,723)
Exchange (gain)/loss	(29,344,504)	105,324,723
Payment made during the year	(253,997,741)	(183,246,219)
Balance at the end of the year	765,459,239	901,496,051

		2023/2024 Rs.	2022/2023 Rs.
9.5.1	Amount payable within 12 months	189,575,221	172,295,903
	Amount payable after 12 months	575,884,018	729,200,148
		765,459,239	901,496,051

Lease liability is included under interest-bearing loans and borrowings - Note 19

9.6	The following are the amounts recognised in statement of comprehensive income:	2023/2024 Rs.	2022/2023 Rs.
	Depreciation expense of right-of-use assets (Included under administration expenses)	47,920,758	39,279,449
	Interest expense on lease liabilities	75,378,357	88,010,438
	Expense relating to leases of low-value assets (included in administrative expenses)	-	2,501,614
	Concession received on rent	-	(80,798,723)
	Exchange loss	(29,344,504)	105,324,723
	Impact of remesurement (Other operational expenses)	-	(32,022,207)
		93,954,611	122,295,294

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	2023/2024 Rs.	2022/2023 Rs.
10. INTANGIBLE ASSETS		
Computer software		
Balance at the beginning of the year	100,479,904	98,058,684
Additions during the year	-	2,421,220
Balance at the end of the year	100,479,904	100,479,904
Accumulated amortisation		
Balance at the beginning of the year	90,416,805	85,912,287
Amortisation during the year	2,952,102	4,504,518
Balance at the end of the year	93,368,907	90,416,805
Carrying amount	7,110,997	10,063,099

The Company's intangible assets include fully amortised assets still in use, having a gross carrying amount of Rs. 85,718,141 (2022- Rs. 62,065,344).

	2023/2024 Rs.	2022/2023 Rs.
11. INVESTMENT IN NON-QUOTED SHARES		
AirLanka (Pvt) Ltd	200,000	200,000
Less: Impairment	(200,000)	(200,000)
	-	-

11.1 The Company has invested Rs 200,000/- in AirLanka (Pvt) Ltd acquiring 50% stake during 2009. The balance 50% is owned by SriLankan Airlines Ltd which controls the entity.

		2023/2024 Rs.	2022/2023 Rs.
12. INVENTORIES			
Raw materials		325,599,153	445,839,813
Maintenance and miscellaneous		279,876,225	231,422,362
Equipment stocks		12,495,507	12,641,144
		617,970,885	689,903,319
Allowance for obsolete and slow-moving inventory	12.1	(120,621,024)	(123,886,587)
		497,349,861	566,016,732
Work-in-progress		12,150,227	14,429,934
		509,500,088	580,446,666

The cost of inventory recognised as an expense for 2024 amounted to Rs. 3,370,566,024/- (2023- Rs. 3,145,315,047/-).

	2023/2024 Rs.	2022/2023 Rs.
12.1 Movement in Allowance for obsolete and slow-moving inventory		
Balance at the beginning of the year	123,886,587	77,823,063
Provision/(reversal) for the year	(3,265,563)	46,063,524
Balance at the end of the year	120,621,024	123,886,587

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			2023/2024	2022/2023
			Rs.	Rs.
13.	**AMOUNTS DUE FROM RELATED COMPANIES**			
	Airport & Aviation Services (Sri Lanka) (Pvt) Limited		162,337,846	143,722,512
	Mihin Lanka (Pvt) Ltd		102,679,348	111,833,622
			265,017,194	255,556,134
	Provision for impairment	13.1	(102,679,347)	(111,833,622)
			162,337,847	143,722,512
13.1	**Provision for bad debts from related companies**			
	Balance at the beginning of the year		111,833,622	100,458,341
	Provision for the year		(9,154,275)	11,375,281
	Balance at the end of the year		102,679,347	111,833,622
14.	**TRADE RECEIVABLES**			
	Airlines and others	14.1	16,361,739,984	12,631,198,613
	Provision for debtor impairment	14.2	(12,167,372)	(56,546,810)
			16,349,572,612	12,574,651,803
14.1	**The above receivable balance includes the following receivables**			
	SriLankan Airlines Limited - Parent	14.1.a	15,399,319,119	7,773,257,182
	Other airline receivables		962,420,865	4,857,941,431
			16,361,739,984	12,631,198,613

14.1.a Receivable balance from SriLankan Airlines Limited - Parent

Due to the continuing loss-making position and funds required for debt service of the parent Company (Sri Lankan Airlines Limited), As per the decision made by the Cabinet of Ministers on 25.04.2024 on the Cabinet Memorandum No.24/0769/628/039, the Government of Sri Lanka (GOSL) has provided financial support through provision of "Letter of Comfort" to continue as "going concern" until the airline is restructured and privatized.

		2023/2024	2022/2023
		Rs.	Rs.
14.2	**Provision for debtor impairment**		
	Balance at the beginning of the year	56,546,810	52,109,035
	Provision for the year	1,996,226	4,437,775
	Written off during the year	(46,375,664)	-
	Balance at the end of the year	12,167,372	56,546,810
15.	**OTHER RECEIVABLES**		
	Distress loans	47,353,616	35,580,683
	Prepaid staff cost	-	(299,364)
	Other staff advances	160,000	67,000
	Advances to suppliers	241,975,425	246,564,030
	Advances, deposits and sundry receivables	34,617,322	41,597,475
		324,106,363	323,509,824

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	2023/2024 Rs.	2022/2023 Rs.

16. FINANCIAL ASSETS AT AMORTISED COST

	2023/2024 Rs.	2022/2023 Rs.
Fixed deposit	709,678,553	377,473,889
Interest receivable	82,751,903	49,660,501
	792,430,456	427,134,390

Please refer Note 26 for the fixed deposits which have been pledged against bank guarantees.

17. CASH AND CASH EQUIVALENTS

	2023/2024 Rs.	2022/2023 Rs.
Cash in hand	1,571,901	1,282,041
Bank - Current accounts	119,228,696	114,143,508
Bank - FCBU accounts	254,292,762	891,000,861
	375,093,359	1,006,426,410

The above amounts were considerred as cash and cash equivalents in the statement of cash flow.

18. STATED CAPITAL

		2023/2024	2022/2023
Ordinary shares	(Numbers)	940,268,456	940,268,456
		Rs.	Rs.
Ordinary shares	(Value)	1,000,000,000	1,000,000,000
		1,000,000,000	1,000,000,000

19. LOANS AND BORROWINGS

19.1 Amount payable within 12 months

		2023/2024 Rs.	2022/2023 Rs.
Lease liability	9.5.1	189,575,221	172,295,903
		189,575,221	172,295,903
Amount payable after 12 months			
Lease liability	9.5.1	575,884,018	729,200,148
		575,884,018	729,200,148

20. DEFERRED TAX LIABILITY

	2023/2024 Rs.	2022/2023 Rs.
Balance at the beginning of the year	1,311,140,555	431,986,366
Charged to profit and loss	(194,680,110)	100,472,742
Charged to the other comprehensive income	5,138,915	778,681,447
Balance at the end of the year	1,121,599,360	1,311,140,555

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20. DEFERRED TAX LIABILITY (CONTD....)

Deferred Tax Relates to the Following:	2023/2024	2022/2023	Recognised in profit or loss 2023/2024	Recognised in OCI 2023/2024
Deferred Tax Liability Arising on:	Rs.	Rs.	Rs.	Rs.
Property, plant and equipment	36,699,288	52,680,575	(15,981,287)	-
Revaluation of property, plant and equipment	958,986,407	966,048,210	-	(7,061,803)
Intangible assets	853,144	1,154,838	(301,694)	-
ROU asset	30,060,052	26,539,004	3,521,048	-
Unrealised exchange gain	458,097,745	595,314,409	(137,216,664)	-
	1,484,696,636	1,641,737,036		
Deferred Tax Assets Arising on:				
Retirement benefit obligations	(210,172,748)	(199,274,905)	(24,126,275)	13,228,432
leave encashment liability	(16,148,874)	(13,625,784)	(1,495,376)	(1,027,714)
Allowance for obsolete and slow-moving inventory	(18,844,617)	(19,374,050)	529,433	-
Provision for trade debtors	(1,900,908)	(8,843,094)	6,942,186	-
Lease liability	(116,030,123)	(89,478,642)	(26,551,481)	-
	(363,097,270)	(330,596,475)		
Net deferred tax liability	1,121,599,366	1,311,140,561		
Net deferred tax expense			(194,680,110)	5,138,915

20.1 Deferred tax liability has been calculated based on the future tax rates applicable to each segment. According to the BOI agreement for Flight Kitchen, Transit Restaurants, Transit Hotel, and airline laundry are liable at a concessionary rate of 15% until 31 May 2029, and other income at 30% which is the tax rate effective from 01st October 2022 as per the Inland Revenue Act No 24 of 2017.

21. RETIREMENT BENEFIT OBLIGATION

	2023/2024 Rs.	2022/2023 Rs.
Gratuity (21.1)	700,575,825	664,249,684
Leave encashment (21.2)	53,829,580	45,419,281
	754,405,405	709,668,965

21.1 Gratuity

Movement in the present value of the gratuity

	2023/2024 Rs.	2022/2023 Rs.
Balance at the beginning of the year	664,249,684	601,868,371
Current service costs	40,558,182	40,587,811
Interest cost	119,564,943	90,280,256
Actuarial (gain)/loss during the year	(44,094,772)	6,170,461
Benefits paid during the year	(79,702,212)	(74,657,215)
Balance at the end of the year	700,575,825	664,249,684

Expense recognised in comprehensive income

	2023/2024 Rs.	2022/2023 Rs.
Current service costs	40,558,182	40,587,811
Interest on obligation	119,564,943	90,280,256
	160,123,125	130,868,067

Expense recognised in other comprehensive income

	2023/2024 Rs.	2022/2023 Rs.
Actuarial (gain)/loss during the year	(44,094,772)	6,170,461
	(44,094,772)	6,170,461

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21. RETIREMENT BENEFIT OBLIGATION (Contd...)

21.1 Gratuity (Contd...)

21.1.1 Sensitivity of assumptions employed in actuarial valuation as at 31st March 2024

Variable changed (while all other assumptions remain unchanged)	Effect on Employee Benefit Obligation Rs.	Effect on Employee Benefit Obligation Rs.
One percentage point increase (+1%) in Discount Rate	648,519,952	617,174,921
One percentage point decrease (-1%) in Discount Rate	759,358,084	716,985,953
One percentage point increase (+1%) in Salary Escalation Rate	762,605,138	720,018,283
One percentage point decrease (-1%) in Salary Escalation Rate	644,839,455	613,782,268

21.1.2 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years.	2023/2024 Rs.	2022/2023 Rs.
Less than or equal to 1 year	32,928,603	32,088,942
Over 1 year and less than or equal to 2 years	49,801,994	50,307,385
Over 2 years and less than or equal to 5 years	151,159,424	90,331,615
Over 5 years	466,685,805	491,521,742
	700,575,826	664,249,684

21.1.3 The Company's weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8.8 years (2023: 8.8 years)

	2023/2024 Rs.	2022/2023 Rs.
21.2 Leave Encashment		
Movement in the present value of the leave encashment		
Balance at the beginning of the year	45,419,281	33,132,626
Interest cost	8,175,471	4,969,894
Actuarial (gain)/loss during the year	3,425,715	12,062,040
Benefits paid during the year	(3,190,887)	(4,745,279)
Balance at the end of the year	53,829,580	45,419,281
Expense recognised in comprehensive income		
Interest on obligation	8,175,471	4,969,894
	8,175,471	4,969,894
Expense recognised in other comprehensive income		
Actuarial (gain)/loss during the year	3,425,715	12,062,040
	3,425,715	12,062,040

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21. RETIREMENT BENEFIT OBLIGATION (Contd...)

21.2.1 Sensitivity Analysis

Variable changed (while all other assumptions remain unchanged)	Effect on Employee Benefit Obligation Rs.	Effect on Employee Benefit Obligation Rs.
One percentage point increase (+1%) in Discount Rate	49,271,537	41,729,972
One percentage point decrease (-1%) in Discount Rate	59,089,983	49,645,716
One percentage point increase (+1%) in Salary Escalation Rate	59,349,566	49,854,949
One percentage point decrease (-1%) in Salary Escalation Rate	48,976,944	41,493,683

21.3 An actuarial valuation for defined benefit obligation was carried out as at 31st March 2024 by Mr. M.Poopalanathan, of Messrs Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the 'Projected Unit Credit Method', a method recommended by the Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits".

The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer:

	2023/2024	2022/2023
Discount rate	12%	18%
Salary escalation rate	11%	17%
Retirement age	60 years	60 years
Number of employees	713	808
Weighted average duration of defined benefit obligation	8.8 years	8.8 years

The Company will continue in business as a going concern.

Assumptions regarding future mortality are based on a 1967/70 mortality table, issued by the Institute of Actuaries, London.

As per the guidelines issued by the Institute of Chartered Accountant of Sri Lanka, discount rate has been adjusted to convert the Coupon bearing yield to a zero Coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligation as per LKAS 19.

	2023/2024 Rs.	2022/2023 Rs.
22. TRADE PAYABLES		
Trade payables	322,936,609	304,629,792
	322,936,609	304,629,792
23. OTHER PAYABLES		
Other creditors and accrued expenses	522,563,191	866,424,402
Provision for bonus	324,857,608	303,937,102
	847,420,799	1,170,361,504

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	2023/2024 Rs.	2022/2023 Rs.
24. INCOME TAX PAYABLE		
Balance at the beginning of the year	352,714,665	41,117,745
Provision for the year	896,087,711	903,149,282
Over-provision of previous year	(219,797,286)	-
Taxes paid/ Set off with tax credits	(862,000,113)	(591,552,362)
Balance at the end of the year	167,004,977	352,714,665

25. ASSETS PLEDGED AS COLLATERALS

There are no assets pledged as collaterals by the Company as at the reporting date of statement of financial position.

26. CAPITAL COMMITMENTS AND GUARANTEES

Capital commitments
There were no material capital commitments as at 31st March 2024.

Guarantees Bank	Purpose	Period	2023/2024 Rs.	2022/2023 Rs.
Bank of Ceylon	Agreement - AASL (Restaurant)	From 12/04/2023 to 31/08/2025	27,456,987	19,544,250
			USD	USD
Commercial Bank PLC	Agreement - AASL (Transit Hotel)	From 01/04/2023 to 31/03/2024	95,077	83,870

The abovementioned bank guarantees have been issued against fixed deposits. Please refer Note 16.

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

27.1 Contingent Liabilities

In the opinion of the Company's lawyers, there are no pending litigations against the Company, other the following Labour Tribunal cases that will have an impact on the the Company.

Labour Tribunal cases (pending)	Name of Party
LT case No. HCALT / 178/ 16	N. W. A. S. N. Wickramasinghe
LT case No. 21/62/2019	H. N. H. Kandamby
LT case No. 21/Add/1759/2022	H.G.Saman
LT case No. SC/APL/156/2017	R. H. R. De Silva
LT case No. SCA 138/2022	K. D. L. J. Kamalpem

A sum of Rs. 3,739,424/- has been deposited for the above appealed cases.

27.2 Contingent Assets

There are no contingent assets as at the reporting date.

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28. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that requires adjustment or disclosure in the financial statements.

29. RELATED PARTY TRANSACTIONS

29.1 Parent and ultimate controlling party

The Company's immediate and ultimate parent is SriLankan Airlines Ltd.

29.2 Transactions with Key Management Personnel (KMP)

Related parties include KMPs defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. Such KMPs include the Board of Directors, Chief Executive Officer and its ultimate Parent and their close family members.

	2023/2024 Rs.	2022/2023 Rs.
Salaries and other short-term benefits	93,216,257	31,161,308

29.3 Transactions with related parties

The Company has entered into transactions with related parties as described below:

Name of the company	Relationship	Nature of transactions	2023/2024 Rs.	2022/2023 Rs.
SriLankan Airlines Limited	Parent company	Sales	7,526,634,774	7,713,282,818
		Freight service	268,515,284	322,629,891
		Other service	198,056,419	230,515,816
		Dividend-ordinary shares	-	2,382,295,772
		Receivable/(Payable) balance	15,399,319,119	7,773,257,182
Airport & Aviation Services (Sri Lanka) (Pvt) Limited	Owner related company	Rent and others	1,157,441,748	925,987,170
		Receivable/(Payable) balance	162,337,846	143,722,512
Ceylon Electricity Board	Government owned	Electricity expenses	473,989,008	209,637,286
		Receivable/(Payable) balance	-	-
Sri Lankan Telecom PLC	Government owned	Telephone expenses	1,786,936	2,312,709
		Receivable/(Payable) balance	(156,135)	-
Ceylon Petroleum Corporation	Government owned	Diesel	441,783,940	377,961,963
		Receivable/(Payable) balance	46,166,376	6,220,369
Inland Revenue Department	Government owned	Tax	1,005,398,732	989,448,470
		Receivable/(Payable) balance	(177,000,627)	(357,344,366)
State Pharmaceuticals Corporation	Government owned	Medicine	320,405	1,261,801
		Receivable/(Payable) balance	-	(23,900)
Ministry of Foreign Affairs	Government owned	Sales	-	194,008
		Receivable/(Payable) balance	-	46,773

(a) Sales made to SriLankan Airlines Limited are at volume discounted prices. The transactions with government owned enterprises have been disclosed above based on the nature and materiality of the transactions which have taken place at arm's length.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by classes, that are not carried at fair value in the Financial Statements, are not materially different from their fair values.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

31.1 Introduction

Risk is inherent in the Company's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has delegated its authority to its key management personnel who are responsible for developing and monitoring the Company's risk management policies.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

Instrument	Risk(s)
· Trade receivables	Credit risk
· Cash and cash equivalents	Liquidity risk
· Trade payables	Liquidity risk
· Amounts due from/to related parties	Credit risk

31.2 Liquidity risk

The following are the contractual maturities of financial liabilities of the Company.

As at 31 March 2024	Carrying amount Rs.	Less than 01 year Rs.	More than 01 year Rs.
Non-derivative financial liabilities			
Trade payables	322,936,609	322,936,609	-
Other payables	847,420,799	847,420,799	-
Loans and borrowings	765,459,239	189,575,221	575,884,018
	1,935,816,647	1,359,932,629	575,884,018

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

As at 31 March 2023 Non-derivative financial liabilities	Carrying amount Rs.	Less than 01 year Rs.	More than 01 year Rs.
Trade payables	304,629,792	304,629,792	-
Loans and borrowings	901,496,051	172,295,903	729,200,148
	1,206,125,843	476,925,695	729,200,148

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD....)

31.3 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is exposed to the effect of foreign exchange rate fluctuations because of its foreign currency denominated revenue, expenses and other financial instruments.

Exposure to currency risk

The exposure to foreign currency risk was as follows based on notional amounts:

As at 31st March 2024 (Figures indicated in LKR)

	LKR	USD	SGD	Others	Total
Trade receivables	27,991,736	16,483,918,722	-	-	16,511,910,459
Trade payables	248,113,313	50,815,214	21,990,074	2,018,008	322,936,609

As at 31st March 2023 (Figures indicated in LKR)

	LKR	USD	SGD	Others	Total
Trade receivables	483,086,233	12,235,288,083	-	-	12,718,374,315
Trade payables	107,579,522	150,006,470	7,285,394	39,758,406	304,629,792

The following significant exchange rates were applied during the year.

	Average rate	
	2023/2024	2022/2023
USD	318.00	342.05
GBP	399.78	431.13
SGD	236.48	259.64
EUR	345.00	374.74

	Reporting date spot rate	
	2023/2024	2022/2023
USD	300.50	327.29
GBP	379.49	406.80
SGD	223.11	247.50
EUR	323.43	357.34

31.4 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 mainly from its operating activities (primarily for trade receivables).

Exposure to credit risk

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

	2023/2024	2022/2023
	Rs.	Rs.
As at 31 March Carrying amount		
Trade receivables	16,349,572,612	12,574,651,803
Other receivables	324,106,363	323,509,824
Due from related companies	162,337,847	143,722,512
Short-term investment	792,430,456	427,134,390
Cash and cash equivalents	375,093,359	1,006,426,410
	18,003,540,637	14,475,444,939

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD....)

The maximum exposure to credit risk for trade receivables and dues from related parties at the reporting date by geographic region was as follows:

	2023/2024 Rs.	2022/2023 Rs.
Domestic	15,628,558,914	12,030,345,315
Other foreign countries	998,198,264	856,409,432
	16,626,757,178	12,886,754,747
Less: Provision for impairment	(114,846,719)	(168,380,432)
	16,511,910,459	12,718,374,315

The maximum exposure to credit risk for trade receivables at the reporting date by type of counterparty was as follows:

Airlines	16,253,755,602	12,830,252,229
Other(s)	373,001,575	56,502,518
	16,626,757,178	12,886,754,747
Less: Provision for impairment	(114,846,719)	(168,380,432)
	16,511,910,459	12,718,374,315

Impairment losses

The impairment of trade receivables and due from related parties at the 31st March are as follows.

	Gross amount 2023/2024 Rs.	Impairment 2023/2024 Rs.	Gross amount 2022/2023 Rs.	Impairment 2022/2023 Rs.
Neither past due nor impaired	1,614,091,140	-	3,499,849,346	-
Past due 31-90 days	1,607,995,805	-	2,054,459,184	-
Past due 91-365 days	1,574,272,950	-	2,309,355,199	2,643,494
Past due over 365 days	11,830,397,282	114,846,719	5,023,091,019	165,736,938
	16,626,757,177	114,846,719	12,886,754,747	168,380,432

Further, the age analysis for the amount receivable from Srilankan Airlines Limited from the date of the invoices are as follows:

	Total Rs.	1-30 days Rs.	31-90 days Rs.	91-180 days Rs.	181-360 days Rs.	More than 360 days Rs.
Srilankan Airlines Limited	15,399,319,119	766,723,846	1,466,521,924	737,907,376	731,441,158	11,696,724,814

The movement in provision for impairment of trade receivables and due from related parties.

	2023/2024 Rs.	2022/2023 Rs.
Balance at 01 April	168,380,432	152,567,376
Written off during the year	(46,375,664)	-
Provision provided/Reversal	(7,158,049)	15,813,056
Balance at 31st March	114,846,719	168,380,432

The Company believes that the unimpaired amounts due are still collectible, based on historical payment behavior and extensive analysis of the customers' credit ratings.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD....)

31.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its holdings of financial instruments.

a. 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 has exposure to foreign currency risk as it has foreign currency transactions and balances which are affected by foreign exchange rate movements. An analysis of the carrying amount of financial instruments based on the currency they are denominated as at 31st March are as follows:

Company	2023/2024 USD	2022/2023 USD
Cash at bank and in hand	2,272,620	3,216,795
Trade receivables	55,831,322	39,190,004
Dues from related companies	-	756,126
Trade payables	(560,210)	(21,034)
Interest bearing loans and borrowings payable in USD	(1,818,212)	(2,754,426)
Net aggregate carrying value in respective currencies	55,725,520	40,387,465
Net aggregate carrying value in LKR	16,745,518,760	13,218,413,282

Foreign Currency Sensitivity

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in USD exchange rates, assuming all other variables are being held constant.

		Sensitivity related to Interest bearing Loans and Borrowings		Sensitivity related to Deposits and Other Balances	
		Effect on Profit Before Tax 31.03.2024 Rs.	Effect on Profit Before Tax 31.03.2023 Rs.	Effect on Profit Before Tax 31.03.2024 Rs.	Effect on Profit Before Tax 31.03.2023 Rs.
Change in USD Rate	(+10%)	(71,471,581)	(90,838,044)	1,746,023,457	1,412,679,372
Change in USD Rate	(-10%)	71,471,581	90,838,044	(1,746,023,457)	(1,412,679,372)
Change in USD Rate	(+20%)	(142,943,162)	(181,676,088)	3,492,046,914	2,825,358,745
Change in USD Rate	(-20%)	142,943,162	181,676,088	(3,492,046,914)	(2,825,358,745)

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. As of the reporting date the Company does not have long-term debt obligations with floating interest rates.

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32. SEGMENTAL ANALYSIS

	Note	Flight Kitchen		BIA Restaurant		Other Segments		Total	
		2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	3	10,272,966,744	9,736,970,462	2,205,315,952	1,415,568,921	1,492,488,722	1,390,306,203	13,970,771,418	12,542,845,586
Cost of sales		(2,147,378,417)	(2,235,069,433)	(834,692,289)	(560,129,837)	(388,495,318)	(350,115,777)	(3,370,566,024)	(3,145,315,047)
Gross profit		8,125,588,327	7,501,901,029	1,370,623,663	855,439,084	1,103,993,404	1,040,190,426	10,600,205,394	9,397,530,539
Administration expenses	4	(2,206,366,204)	(993,168,892)	(291,156,178)	(249,555,839)	(255,249,948)	(1,466,341,996)	(2,752,772,330)	(2,709,066,727)
Other operational expenses	5	(1,507,125,480)	(1,340,378,227)	(302,934,220)	(114,446,013)	(250,032,296)	(223,323,526)	(2,060,091,995)	(1,678,147,766)
Results from operating activities		4,412,096,643	5,168,353,910	776,533,265	491,437,232	598,711,161	(649,475,096)	5,787,341,069	5,010,316,046
Finance income	6	112,159,738	72,711,779	-	-	-	-	112,159,738	72,711,779
Finance costs	6	(38,838,219)	(36,485,695)	(15,961,570)	(25,044,434)	(20,578,568)	(26,480,410)	(75,378,357)	(88,010,539)
Exchange gain	6	(1,277,947,225)	650,193,140	(6,960,339)	79,698,579	(3,366,445)	(24,072,486)	(1,288,274,009)	705,819,233
Net finance (cost) / income		(1,204,625,706)	686,419,224	(22,921,910)	54,654,143	(23,945,013)	(50,552,895)	(1,251,492,628)	690,520,473
Profit/ (Loss) before income tax		3,207,470,937	5,854,773,136	753,611,356	546,091,375	574,766,148	(700,027,991)	4,535,848,441	5,700,836,519
Income tax expenses	7	(322,189,250)	(354,812,942)	(105,742,160)	(72,718,629)	(53,678,905)	(576,090,453)	(481,610,316)	(1,003,622,024)
(Loss) / Profit for the year		2,885,281,687	5,499,960,195	647,869,195	473,372,746	521,087,243	(1,276,118,444)	4,054,238,125	4,697,214,495
Other comprehensive income:									
Actuarial gain / (loss) on defined benefit plan		44,094,772	(6,170,461)	-	-	-	-	44,094,772	(6,170,461)
Deferred tax on actuarial gain /(loss) on defined benefit plan	20	(13,228,432)	1,851,138	-	-	-	-	(13,228,432)	1,851,138
Actuarial (loss) on leave encashment		(3,425,715)	(12,062,040)	-	-	-	-	(3,425,715)	(12,062,040)
Deferred tax on actuarial loss on leave encashment	20	1,027,715	3,618,612	-	-	-	-	1,027,715	3,618,612
Revaluation surplus on property plant and equipment		(23,539,344)	2,613,837,321	-	-	-	-	(23,539,344)	2,613,837,321
Deferred tax on revaluation gain on property plant and equipment		7,061,803	(784,151,197)	-	-	-	-	7,061,803	(784,151,197)
Other comprehensive income for the year		11,990,799	1,816,923,373	-	-	-	-	11,990,799	1,816,923,373
								-	
Total comprehensive income for the year		2,897,272,486	7,316,883,568	647,869,195	473,372,746	521,087,243	(1,276,118,444)	4,066,228,924	6,514,137,868
Other comprehensive income:									
Segment Assets		21,648,349,921	18,502,863,180	581,229,180	528,390,163	602,472,245	505,732,490	22,832,051,346	19,536,985,833
Segment Liabilities		2,826,754,371	3,140,838,190	272,589,098	302,876,776	879,482,920	1,306,296,565	3,978,826,389	4,750,011,531

SLFRS 8 requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters (The management's approach). Such operating segments are identified on the basis of internal reports that the entity's Board of Directors reviews regularly in allocating resources and in assessing their performance. The Company reviewed the existing reporting segments and concluded that no material change is needed.

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33. RESTATEMENT OF COMPARATIVE INFORMATION

As per "LKAS 16", the revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised by transferring the whole of the surplus when the asset is retired or disposed of or some of the surplus may be transferred as the asset is used by an entity.

The Company has changed its policy of derecognising of revaluation surplus in respect of class of buildings from transferrring the whole of the surplus when asset is retired or disposed of, to transferring as the asset is used by the entity.

The reason for changing the policy is to provide reliable and more accurate information as buildings are built on lease land and revaluation surplus may not be derecognised over the period of usage.

The related required adjustments have affected the following items of the Financial Statement for the prior periods as follows:

Impact on equity (increase/(decrease) in equity)	31 March 2023 Rs.	01 April 2022 Rs.
Revaluation Reserve	(30,364,686)	(52,748,383)
Retained Earnings	30,364,686	52,748,383
Net impact on equity	-	-

Adjustments have been made to the prior year's statement of financial position to enhance comparability with the current year's Financial Statements. The items were adjusted as follows:

Statement of Financial Position	Previously reported As at 31.03.2023 Rs.	Restatement Rs.	Restated Balance As at 31.03.2023 Rs.
Revaluation Reserve	4,150,320,337	(287,256,852)	3,863,063,485
Retained Earnings	9,636,653,964	287,256,852	9,923,910,817

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SRILANKAN CATERING LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2024

	Statement	2023/2024 Rs.	2022/2023 Rs.
Revenue	1	13,970,771,417	12,542,845,586
Cost of sales		(3,370,566,024)	(3,145,315,047)
Gross profit		10,600,205,393	9,397,530,539
Administrative expenses	2	(2,752,772,331)	(2,709,066,730)
Other operational expenses	3	(2,060,091,995)	(1,678,147,764)
Operating Profit/(Loss) from operations		5,787,341,067	5,010,316,045
Finance income	4	112,159,739	72,711,779
Finance expenses	5	(75,378,357)	(88,010,539)
Exchange gain	6	(1,288,274,009)	705,819,233
Net Profit/(Loss) from operations		4,535,848,440	5,700,836,521

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SRILANKAN CATERING LIMITED
FOR THE YEAR ENDED 31ST MARCH 2024

		2023/2024 Rs.	2022/2023 Rs.
REVENUE			**Statement 1**
Flight Kitchen		10,264,333,215	9,727,370,849
Flight Kitchen - Local		411,721	2,514,380
Vannila Pod Café		33,668,469	30,636,973
Serenediva Transit Hotel		332,007,162	469,590,221
Emirates Lounge		224,264,206	221,401,170
Laundry sale		362,522,018	324,673,433
Public restaurant		258,077,464	175,214,267
Transit restaurant		1,947,238,488	1,240,354,654
MRIA restaurant		339,725,464	88,575,540
Frozen meal - Local		17,090,298	68,415,017
Frozen meal - Foreign		426,294	10,408,832
Ratmalana Airport Restaurant		13,442,163	12,534,518
Staff canteens - SLA		169,566,261	164,070,500
Disposal of garbage		7,998,194	6,809,738
Sundry income		-	275,494
Total sales		13,970,771,417	12,542,845,586
Revenue			**Statement 1.1**
Meals		10,858,719,156	9,431,706,286
Handling charges		1,498,074,777	1,498,074,777
Miscellaneous		864,217,116	864,217,116
Other sales		749,760,368	748,847,407
		13,970,771,417	12,542,845,586
ADMINISTRATION EXPENSES			**Statement 2**
Depreciation of property, plant and equipment		217,917,101	424,556,032
Depreciation of RoU assets		47,920,758	39,279,450
Amortisation of intangible assets		2,952,103	4,504,518
Directors' fees		1,045,424	-
Auditor's fees		932,300	1,144,095
Consultant's fees		10,913,307	4,165,740
Lawyer's fees		2,561,554	1,860,504
Secretarial fees		1,250,486	397,437
Subscription fees		2,012,673	1,639,369
Business promotion		1,704,579	2,662,525
Entertainment		560,039	368,032
Advertising		2,292,938	1,264,467
Staff cost	Statement 2.1	2,416,187,349	2,211,523,276
Other administration expenses		44,521,720	15,701,284
		2,752,772,331	2,709,066,730

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SRILANKAN CATERING LIMITED
FOR THE YEAR ENDED 31ST MARCH 2024

	2023/2024 Rs.	2022/2023 Rs.
ADMINISTRATION EXPENSES (CONTD...)		Statement 2
Personal Expenses		Statement 2.1
Staff salaries	955,754,930	775,622,089
Contributions to Employees' Provident Fund	115,787,654	108,663,652
Contributions to Employees' Trust Fund	26,793,102	24,816,635
Overtime	361,703,728	280,387,146
Staff welfare	440,666,256	429,630,929
Staff insurance	12,335,040	6,721,281
Staff training	5,156,024	3,569,244
Provision for bonus	309,925,264	426,177,423
Uniforms	19,766,755	14,844,884
Expenses related to defined benefit plans	160,123,125	130,868,067
Prepaid staff cost	-	5,252,030
Provision for leave encashment	8,175,471	4,969,894
	2,416,187,349	2,211,523,276

	2023/2024 Rs.	2022/2023 Rs.
OTHER OPERATIONAL EXPENSES		Statement 3
Loss on disposal of property, plant and equipment	557,525	-
Cleaning material	127,372,374	132,435,650
Fuel and gas	441,783,940	475,295,859
Repairs and maintenance	397,347,577	359,525,421
Travelling	12,752,833	11,179,322
Casual Labour	163,143,347	155,906,645
Garbage disposal	11,730,303	19,579,804
Sundry operational expenses	26,718,899	7,031,294
Other operating costs - Stock - expired and damages	3,595,819	467,126
Rent	5,415,773	2,501,614
Licence fees	389,164	411,181
Electricity	473,989,008	267,955,944
Water	23,220,600	15,305,618
Security	85,764,035	52,096,981
Storage	2,494,668	1,957,921
Insurance	26,838,295	28,279,397
Postage / Stamps	208,979	215,649
Telephone	6,883,128	4,770,153
Bank charges	22,567,597	23,846,807
Rates and Taxes	2,975,494	2,975,494
Frozen meal operation cost	-	208,000
Marketing expenses - Frozen	137,337	1,228,478
Disallowable tax	14,706,164	18,185,492
Impairment on debtors	(7,158,047)	15,812,968
Provision for slow moving stock	(3,265,562)	46,063,524
Concession fees	206,268,752	157,260,376
Rent concession	-	(80,798,723)
Impact of remesurement of lease liability	-	(32,000,229)
Litigation	-	(9,550,000)
Tax - SSCL	13,653,993	-
	2,060,091,995	1,678,147,764

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SRILANKAN CATERING LIMITED
FOR THE YEAR ENDED 31ST MARCH 2024

	2023/2024 Rs.	2022/2023 Rs.
FINANCE INCOME		Statement 4
Interest income	(112,159,738)	(71,672,702)
Interest income - staff loans	-	(1,039,077)
	(112,159,739)	(72,711,779)
FINANCE EXPENSES		Statement 5
Bank interest	-	-
Lease interest	75,378,357	88,010,539
	75,378,357	88,010,539
EXCHANGE GAIN		Statement 6
Realised exchange (gain)/loss	72,649,846	975,735,531
Unrealised exchange (gain)/loss	1,215,624,163	(1,681,554,764)
Exchange (gain)/loss	1,288,274,009	(705,819,233)
Net finance income	1,251,492,627	(690,520,473)

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