

**SRILANKAN CATERING LIMITED
KATUNAYAKE**

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST MARCH 2025**

CONTENTS

	Page
Corporate Information	a
Directors' Profile	b - d
Report of the Audit Committee	e - f
Report of the Board of Directors on the Affairs of the Company	g - k
Statement of Directors' Responsibilities	l
Independent Auditor's Report	m-o
Statement of Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Cash Flow Statement	4
Notes to the Financial Statements	5-42

Corporate Information

Name of the Company
SriLankan Catering Limited

Company Registration Number
PV1418 PB

Legal Form
Limited Liability Company

Board of Directors
Mr. Sarath Clement Ganegoda (Chairman)
Mr. A.K.D.D.D Arandara/Treasury Representative
Mr. Eranga Rohan Peiris Goonetilleke
Flt. /Lt. (Retd.) Mr. Rajapakse Mudiyansele
Sugath Rajapakse
Mr. Vipula Mathanga Gunatilleka
Dr. Liyanamohottige Joseph Sri Harsha Cabral, PC
Mr. Dumith Hemantha Fernando

Audit Committee
Mr. Vipula Mathanga Gunatilleka (Chairman)
Mr. A.K.D.D.D Arandara
Mr. Eranga Rohan Peiris Goonetilleke
Mr. Dumith Hemantha Fernando
Flt. /Lt. (Retd.) Mr. Rajapakse Mudiyansele
Sugath Rajapakse

Human Resources & Remuneration Committee
Mr. Eranga Rohan Peiris Goonetilleke(Chairman)
Mr. A.K.D.D.D Arandara
Flt. /Lt. (Retd.) Mr. Rajapakse Mudiyansele
Sugath Rajapakse
Dr. Liyanamohottige Joseph Sri Harsha Cabral, PC
Mr. A.M.A.A. Lakmal Ratnayake

Board Group Risk Committee
Mr. A.K.D.D.D Arandara (Chairman)
Mr. Vipula Mathanga Gunatilleka
Mr. Dumith Hemantha Fernando

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. Sarath Clement Ganegoda

Mr. Sarath Ganegoda was appointed to the Board of SriLankan Airlines Limited on 9th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited.

He is the Group Executive Director of Hayleys PLC, been appointed to the Group Management Committee in July 2007 and thereby appointed to the Board in September 2009. Has responsibility for the Strategic Business Development Unit and the Group Information Technology. Appointed Deputy Chairman of Alumex PLC in October 2020. He serves on the Boards of Unisyst Engineering PLC, Dipped Products PLC, Haycarb PLC, Hayleys Fabric PLC, Hayleys Fibre PLC, Kelani Valley Plantations PLC, Singer (Sri Lanka) PLC, The Kingsbury PLC, Horana Plantations PLC. Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas.

Fellow Member of CA Sri Lanka and Member of Institute of Certified Management Accountants of Australia. Holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura.

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 Treasury Representative to the Board, and a member of the Human Resources and the Remuneration Committee, Audit Committee, Board Group Risk Committee and Chairman of the Related Party Review Committee of the Company and its subsidiaries.

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.

He is the Chairman of Sri Lanka Telecom (Services) Limited.

Mr. Eranga Rohan Peiris Goonetilleke

Mr. Rohan Goonetilleke was appointed to the Board of SriLankan Airlines Limited on 9th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited. He is a member of the Audit Committee and Chairman of the Human Resources and the Remuneration Committee of the Company and its subsidiaries.

Mr. Rohan Goonetilleke is the Managing Director/CEO of the Textiles Sector in the Hayleys Group, heading Hayleys Fabric PLC, which he joined in March 2013, and South Asia Textiles Limited which Hayleys Fabric PLC acquired in 2021. Prior to joining Hayleys Fabric PLC, Mr. Goonetilleke served as Director of Brandix X'pressions (Pvt) Ltd, and was appointed to the Board of CLT Apparel (India) (Pvt) Ltd in January 2011, a fully owned subsidiary of Brandix Lanka Ltd. He also served as the Managing Director/CEO of Textured Jersey Lanka (Pvt) Ltd, Linea Clothing (Pvt) Ltd, a subsidiary of MAS Holdings (Pvt) Ltd and the CEO of Elpitiya Plantations Ltd. He also serves on the Board Hayleys Fabric Solutions Limited.

He received his higher education in the United Kingdom, receiving a B.Sc in Engineering qualifying as a Graduate Engineer (B. Sc. Eng.).

Mr. Dumith Hemantha Fernando

Mr. Dumith Fernando was appointed to the Board of SriLankan Airlines Limited on 24th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited. He is a member of the Audit Committee, Board Group risk Committee Board and Related Party Review Committee of the Company and its subsidiaries.

Mr. Dumith Fernando has 30 years of experience in international financial markets. For last 10 years he has been the Chairman of Asia Securities, a leading independent Investment Bank in Sri Lanka which offers Corporate Finance Advisory, Research, Stock Brokerage and Wealth Management services to international and domestic clients. He was the Chairman of the Colombo Stock Exchange (CSE) from 2020-2022.

Until 2013, he was Group Chief Operating Officer and Managing Director at Credit Suisse Asia Pacific, based in Hong Kong. Prior to joining Credit Suisse he was an Executive Director at US banking firm JPMorgan Chase in New York and Hong Kong, where he held roles across Corporate Strategy, Investment Banking, Equities and Private Equity.

He is an Independent Director of Union Assurance PLC.

He completed his secondary education in Sri Lanka. He obtained a BA (Hons) in Physics & Economics from Middlebury College in the U.S. and an MBA from Harvard Business School.

Mr. Sugath Rajapakse

Mr. Sugath Rajapakse is a seasoned professional with over 45 years of experience in the hospitality and industrial catering sectors, complemented by a distinguished military career in the Sri Lanka Air Force. A retired Flight Lieutenant, he has played a pivotal role in shaping catering operations across military, corporate, and star-class hotel environments, both locally and internationally.

He currently serves as the Chairman of Lanka Resort Houses Ltd and is a Director of SriLankan Airlines, contributing his leadership and expertise to the tourism and aviation sectors.

Mr. Rajapakse holds a Four-Year Management Diploma in Hotel & Catering Management from the Ceylon Hotel School (now SLITHM), and has undertaken international training in hospitality management in the UK, Hawaii, Australia, Japan, and several other countries. His extensive experience includes senior leadership roles such as General Manager at Araliya Green Hills Hotel and Randholee Luxury Resort, Residence Manager at Sama Retreat, and Premises Manager at DIMO 800. He has also been involved in multiple hotel pre-opening projects in Sri Lanka and overseas.

During his tenure in the Sri Lanka Air Force, he served in various capacities including Staff Officer – Catering, Mess Manager, VVIP/VIP Cabin Crew Leader, and a Lecturer in Cookery and Restaurant Service. He was instrumental in modernising Air Force catering systems and forming the Air Force Culinary Team.

Mr. Rajapakse is a Fellow of the Ceylon Hotel School Graduates Association and the Institute of Hospitality (UK), and has represented Sri Lanka at numerous global culinary and hospitality conferences. He has also held several civic leadership positions including President of the Sri Lanka Air Force Ex-Servicemen Association, Secretary of the Institute of Hospitality (Sri Lanka International Branch), Assistant Secretary of the Organization of Professional Associations (OPA), and past President of both the Rotary Club of Kelaniya and DIMO Toastmasters Club.

His contributions have been recognised through multiple awards, including the "TripAdvisor Excellence Award", the "Green Hotel" award (consecutively), and the "Crown for Food Hygiene" for Randholee Luxury Resort.

Mr. Vipula Mathanga Gunatilleka

Mr. Vipula Gunatilleka was appointed to the Board of SriLankan Airlines Limited on 14th October 2024 and was subsequently appointed to the Board of SriLankan Catering Limited. He is the Chairman of the Audit Committee, a member of the Board Group Risk Committee and Related Party Review Committee of the company and its subsidiaries.

Vipula brings a wealth of experience in leading businesses during turbulent times and profound knowledge in Airline Management as a Board Member, CEO and CFO across leading airlines.

Vipula currently advises international Airlines on strategy, Airline start-up work, fleet acquisition, financial management, revenue and cost optimization strategies.

He functioned as the CFO of Jet Airways (India) from March 2022 to August 2023 in re-launching India's 2nd largest carrier. Vipula played a pivotal role in negotiating aircraft acquisitions, structuring the aircraft finances, evaluation/implementation of IT systems and the work involved in the new Air Operator Certificate.

Vipula held the position of CEO of SriLankan Airlines from August 2018 to January 2022 and successfully executed initiatives on cost rationalization, improve operational KPIs, enhance the automation of commercial and customer service functions while successfully leading the national carrier during the global pandemic. SriLankan Airlines won prestigious awards and accolades during his tenure such as - World's Most Punctual Airline twice in 2019, World's Leading Airline to the Indian Ocean and Four-Star Major Airline (2018 – 2021). SriLankan was placed 6th in CondeNast Traveler, Readers' Choice Awards 2020 amidst the world's top airlines.

Vipula was instrumental in relaunching several key long-haul markets and expanding the network that enabled the SriLankan Airlines to recover rapidly from the global pandemic and return to profitability during the last quarter of 2021.

Prior to joining SriLankan, Vipula was the CFO/Executive Director of TAAG Angola Airlines from November 2015 to July 2018 under the management of Emirates Airlines. He played a vital role to restructure the loss-making airline by executing strategies to position Angola as an aviation hub in West Africa to create the new revenue streams, improve the operational efficiencies and initiating action to reduce costs.

He held the position of CFO of SriLankan Airlines from January 2005 to September under the management of Emirates Airlines and played a pivotal role as the Acting CEO to ensure a seamless transition during the management change over from Emirates to the Sri Lanka government.

Dr. Harsha Cabral, PC

Dr. Harsha Cabral, PC, is a President's Counsel of Sri Lanka with over 38 years of legal experience in Company Law, Intellectual Property, Commercial Law, Arbitration, Securities Law, and International Trade Law. He has appeared in the Commercial High Courts and the Supreme Court and was instrumental in drafting key legislations including the Arbitration Act No. 11 of 1995, Companies Act No. 7 of 2007, and the Intellectual Property Act.

He served for six years as a member of the ICC International Court of Arbitration in Paris and currently holds several advisory and governance roles, including with the Institute of Chartered Accountants of Sri Lanka, the University Grants Commission, the Postgraduate Institute of Management, and the Law Commission of Sri Lanka.

Dr. Cabral is a Senior Visiting Lecturer at multiple universities and has authored several publications on corporate and intellectual property law. He holds a Doctorate in Corporate Law from the University of Canberra, Australia, and is a Fellow of the Chartered Governance Institute (UK & Israel).

He serves as Chairman of the Tokyo Cement Group and the National Savings Bank and as a Non-Executive Director of several leading companies including Hayleys PLC, DIMO PLC, Alumex PLC, Ceylinco Life, and Chevron Lubricants Lanka PLC. He also serves on and chairs various board subcommittees, including Audit, Governance, Remuneration, and Related Party Transactions Committees.

SLC BOARD AUDIT COMMITTEE REPORT 2024/25

ROLE OF THE COMMITTEE

The Board Audit Committee (BAC) of SriLankan Catering scope and responsibilities are governed by the Board Audit Committee Charter approved by the Board of Directors. The primary role 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 internal audit and external audit functions and the process for monitoring compliance with laws and regulations.

COMMITTEE COMPOSITION

During the year ended 31 March 2025, the Company experienced several changes in its Board composition. Mr. Shiran Dammage, Mr. Malik Fernando, Mr. Jayanth Perera, and Mr. Ananda Atukorala resigned from their positions effective 31 May 2024, 25 June 2024, 9 October 2024, and 14 October 2024, respectively. Mr. A.K.D.D. Arandara continued his service on the Audit Committee from the previous financial year and remained a member throughout the reporting period.

Subsequently, new appointments were made to the Board, including Mr. Vipula Gunatilleka as the Chairman of the Board Audit Committee, alongside Mr. Rohan Goonetilleke and Mr. Dumith Fernando, all appointed effective 28th October 2024. Additionally, Flt. /Lt. (Retd.) Mr. Sugath Rajapakse joined the board with effect from 10 January 2025.

MEETINGS

The Board Audit Committee had five (5) meetings during the year ended 31 March 2025. The Senior Manager of Group Assurance & Advisory Services and the Chief Executive Officer attended these meetings.

During the reporting period, the following representatives from the National Audit Office (NAO) attended meetings in their official capacity, namely Ms. Surangi Gunathilake, Ms. N.D.N.C. Kumari and Ms. A.M.M. G. S.S. J.B. Abeykoon.

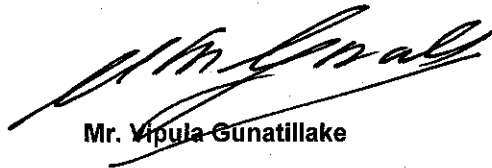
GROUP ASSURANCE AND ADVISORY SERVICES DIVISION

The Internal Audit Department of SriLankan Catering is managed by the Group Assurance and Advisory Services (GAAS) Division of SriLankan Airlines. The SLC Internal Audit Department reports to the Senior Manager Group Assurance & Advisory Services, who reports functionally to the Board Audit Committee and administratively to the Chairman of the Board.

KEY ACTIVITIES OF THE BAC DURING THE FINANCIAL YEAR

It is the fundamental responsibility of the Chief Executive Officer and Management to ensure the timely delivery of accurate, complete, and reliable information to the Audit Committee. This enables the Committee to effectively fulfill its Board oversight responsibilities, which encompass, among other duties, providing well-informed recommendations to the Board of Directors on the adoption of the financial statements and key policy documents. During the financial year under review, the Audit Committee carried out a range of important activities in line with its mandate.

- Reviewed the year-end Audited Financial Statements prepared by the management and recommended for Board approval.
- Reviewed the Company's monthly financial performance, focusing on key metrics, budget variances, and underlying trends, and engaged with management to understand significant deviations.
- Periodically reviewed the status of outstanding debtors, including debtors age analysis and assessments of their recoverability.
- Reviewed the Internal Audit Department to ensure the independence and authority of its reporting obligations.
- Reviewed and approved the SriLankan Catering Internal Audit Plan.
- Reviewed the resource allocation and organizational structure of the SriLankan Catering Internal Audit Department to evaluate its capacity to effectively fulfill its audit responsibilities.
- Reviewed internal audit reports and management responses and engaged with the management for discussions when necessary.
- Reviewed whistleblowing complaints and prioritized them, where appropriate, based on factors such as credibility, urgency, alignment with organizational objectives, and potential impact on the regulatory framework
- Reviewed management's quarterly compliance dashboards to assess the reported adherence to all relevant laws and regulations.



Mr. Vipula Gunatillake

Audit Committee Chairman

Board Audit Committee

24 June 2025

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 2025.

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 2025 duly signed by the Chief Executive Officer and the Directors, and the Auditor's Report thereon for the year ended 31st March 2025 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. 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.14,105 Mn (2023/24 – Rs.13,971 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,

	2024/2025	2023/2024
	Rs. (Mn)	Rs. (Mn)
Net profit before tax	5,706	4,536
Taxation	(846)	(482)
Net profit after tax	4,860	4,054

DIVIDEND

Ordinary Shares Dividend

Company has not declared any dividend out of the profit earned during the FY 2023/24. No dividend declared out of the profit earned during the FY 2024/25.

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. 3,967 Mn (2023/24: Rs.4,112 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 (2023/24: Rs. 1,000 Mn). Details of the share capital are given in Note 18.

RESERVES

Total Company reserves as at 31 March 2025 amount to Rs. 22,696 Mn (2023/24: Rs. 17,853 Mn). This consists of Revenue Reserve (Accumulated Profit) of Rs. 18,887 Mn (2023/24: Rs.14,029 Mn) and Capital Reserve (Revaluation Surplus) of Rs. 3,808 Mn (2023/24: Rs. 3,824 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 2025 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 2025 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 714 (2023/24: 713).

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. Sarath Clement Ganegoda (Chairman)

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

Mr. Eranga Rohan Peiris Goonetilleke

Flt. /Lt. (Retd.) Mr. Rajapakse Mudiyansele Sugath Rajapakse

Mr. Vipula Mathanga Gunatilleka

Dr. Liyanamohottige Joseph Sri Harsha Cabral, PC

Mr. Dumith Hemantha Fernando

DIRECTORS' REMUNERATION

The Directors' remunerations paid for the financial year ended 31st March 2025 is disclosed in note no 04 under Administration Expenses.

DIRECTORS' SHAREHOLDING

By virtue of office M/s. Sarath Ganegoda/ Chairman, Mr. Rohan Goonetilleke/ Director, Mr. Vipula Gunatilleka/ 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.

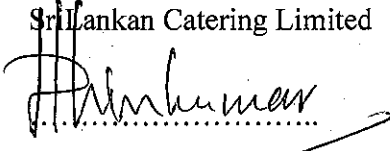
AUDITORS

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 2025.

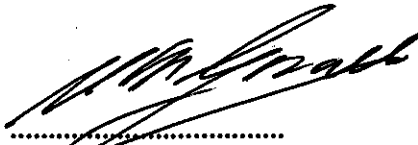
ANNUAL GENERAL MEETING

Annual General Meeting will be held on 15th August 2025, via Resolution in accordance with the Section 144 of the Companies Act No. 07 of 2007.

By Order of the Board of
Sri Lankan Catering Limited

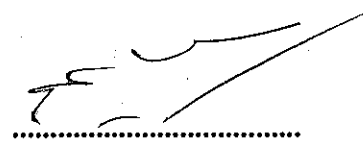


Mrs. Dalrene Thirukumar
Company Secretary



Director

18th July 2025



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.

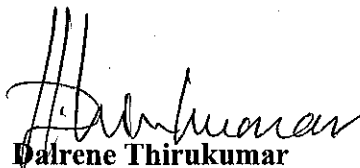
The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards 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 regard 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 2025 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 form 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.

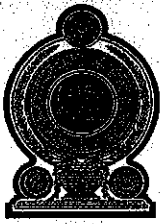
By Order of the Board



Dalrene Thirukumar

Company Secretary

18th July 2025



ජාතික විගණන කාර්යාලය

தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

AAV/B/SLCL/FA/2025/02

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

12 August 2025

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 2025 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 2025 comprising the statement of financial position as at 31 March 2025 and the statement of comprehensive income, statement of changes in equity and cash flows 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 2025, 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

The other information comprises the information included in the Director's Statements, 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.


G.H.D. Dharmapala
Auditor General (Actg)

SRILANKAN CATERING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2025

Page 1

	Note	2024/2025 Rs.	2023/2024 Rs.
Revenue from contracts with customers	3	14,104,763,253	13,970,771,417
Cost of sales		(3,269,273,027)	(3,370,566,024)
Gross profit		10,835,490,226	10,600,205,393
Administrative expenses	4	(2,995,159,028)	(2,752,772,329)
Other operational expenses	5	(1,889,808,820)	(2,060,091,994)
Profit from operations		5,950,522,378	5,787,341,070
Net finance cost			
Finance income	6	62,386,426	112,159,738
Finance cost	6	(66,048,284)	(75,378,357)
Exchange loss	6	(241,261,228)	(1,288,274,009)
Net finance expense		(244,923,086)	(1,251,492,628)
Net Profit before taxation		5,705,599,292	4,535,848,442
Income tax expenses	7	(845,870,285)	(481,610,316)
Net Profit for the year after taxation		4,859,729,007	4,054,238,126
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit/(loss) in subsequent period			
Actuarial (loss)/gain on defined benefit plan	21	(28,555,976)	44,094,772
Deferred tax impact on actuarial (loss)/gain on defined benefit plan	20	8,566,793	(13,228,432)
Actuarial gain on leave encashment liability	21	(5,951,216)	(3,425,715)
Deferred tax impact on actuarial loss on leave encashment liability	20	1,785,365	1,027,714
Adjustment to revaluation surplus on property, plant and equipment	9	-	(23,539,344)
Deferred tax on revaluation gain on property, plant and equipment	20	6,770,827	7,061,803
Other comprehensive income for the year, net of tax		(17,384,207)	11,990,798
Total comprehensive income		4,842,344,800	4,066,228,924
Basic earnings per share	8	5.17	4.31

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 42 form an integral part of these Financial Statements.

18th July 2025
Colombo



SRILANKAN CATERING LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31ST MARCH 2025

Page 2

		2024/2025	2023/2024
	Note	Rs.	Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	9	3,966,802,325	4,111,863,834
Right-of-use assets	9	137,667,294	200,035,790
Intangible assets	10	4,967,775	7,110,997
Total non-current assets		<u>4,109,437,394</u>	<u>4,319,010,621</u>
Current assets			
Inventories	12	614,859,473	509,500,088
Amounts due from related companies	13	196,159,517	162,337,846
Trade receivables	14	21,389,223,275	16,349,572,613
Other receivables	15	266,355,734	324,106,363
Other financial assets at amortised cost	16	748,467,072	792,430,456
Cash and cash equivalents	17	23,907,695	375,093,359
Total current assets		<u>23,238,972,766</u>	<u>18,513,040,725</u>
Total assets		<u>27,348,410,160</u>	<u>22,832,051,346</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	18	1,000,000,000	1,000,000,000
Revaluation reserve		3,808,132,727	3,823,931,322
Retained earnings		18,887,437,030	14,029,293,635
Total Equity		<u>23,695,569,757</u>	<u>18,853,224,957</u>
Non-current liabilities			
Loans and borrowings	19	402,767,058	575,884,018
Deferred tax liability	20	1,068,363,934	1,121,599,360
Retirement benefits obligation	21	760,653,076	754,405,405
Total non-current liabilities		<u>2,231,784,068</u>	<u>2,451,888,783</u>
Current liabilities			
Loans and borrowings	19	154,617,174	189,575,221
Trade payables	22	181,216,680	322,936,609
Other payables	23	689,833,724	847,420,799
Income tax payable	24	395,388,757	167,004,977
Total current liabilities		<u>1,421,056,335</u>	<u>1,526,937,606</u>
Total liabilities		<u>3,652,840,403</u>	<u>3,978,826,389</u>
Total equity and liabilities		<u>27,348,410,160</u>	<u>22,832,051,346</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 42 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.



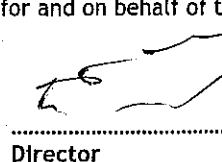
Chief Executive Officer

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



Director

18th July 2025
Colombo

Director

SRILANKAN CATERING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2025

Page 3

Description	Stated capital Rs.	Revaluation reserves Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April 2023	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
Profit for the year	-	-	4,859,729,007	4,859,729,007
Other comprehensive income	-	6,770,827	(24,155,034)	(17,384,207)
Total comprehensive Income	-	6,770,827	4,835,573,973	4,842,344,800
Adjustment on revaluation reserve	-	(22,569,422)	22,569,422	-
Balance as at 31st March 2025	1,000,000,000	3,808,132,727	18,887,437,030	23,695,569,757

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 42 form an integral part of these Financial Statements.

18th July 2025
Colombo



SRILANKAN CATERING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2025

Page 4

		2024/2025	2023/2024
	Note	Rs.	Rs.
Cash flow from operating activities			
Net profit before taxation		5,705,599,292	4,535,848,442
Adjustments for ;			
- Depreciation on property, plant and equipment	9	229,667,729	217,917,102
- Amortisation of intangible assets	10	2,779,072	2,952,102
- Depreciation of right-of-use asset	9	62,384,965	47,920,758
- Provision for bonus		357,801,300	309,925,264
- Provision for gratuity	21	124,668,792	160,123,125
- Provision for leave encashment	21	6,459,550	8,175,471
- Impairment on debtors	5	2,592,462	(7,158,047)
- Provision for slow-moving stock	5	(695,996)	(3,265,562)
- Interest expenses of lease liability	6	66,048,284	75,378,357
- Interest income	6	(62,386,426)	(112,159,739)
- Impact of remeasurement of lease liability		-	-
- Unrealised exchange loss on lease liability		(21,208,013)	(29,344,504)
- Profit/(loss) on disposal of property, plant and equipment		497,899	557,525
		<u>768,609,618</u>	<u>671,021,852</u>
Operating profit before working capital changes		<u>6,474,208,910</u>	<u>5,206,870,294</u>
(Increase)/decrease in inventories		(104,663,390)	74,212,141
Increase in trade and other receivables		(5,018,314,166)	(3,786,974,635)
Increase in trade and other payables		(344,956,376)	(325,532,663)
		<u>(5,467,933,932)</u>	<u>(4,038,295,157)</u>
Cash generated from operations		<u>1,006,274,978</u>	<u>1,168,575,137</u>
Bonus paid		(312,151,928)	(289,004,758)
Gratuity paid	21	(155,090,174)	(79,702,212)
Leave encashment paid	21	(4,297,689)	(3,190,887)
Income tax paid	24	(653,598,945)	(862,000,113)
		<u>(1,125,138,736)</u>	<u>(1,233,897,970)</u>
Net cash flow from/(used in) operating activities		<u>(118,863,758)</u>	<u>(65,322,833)</u>
Cash flows from investing activities			
Acquisition of intangible assets		(635,850)	-
Acquisition of property, plant and equipment		(85,293,720)	(66,483,906)
Adjustment on right-of-use asset		(16,469)	(71,761,929)
Interest received		104,929,992	79,068,336
Investment made through short/long term investments		1,419,818	(332,204,664)
Proceeds from disposal of property, plant and equipment		189,601	7,442,610
Net cash from/(used in) investing activities		<u>20,593,372</u>	<u>(383,939,553)</u>
Cash flows from financing activities			
Borrowings obtained		-	71,927,076
Lease rental paid		(252,878,850)	(253,997,741)
Adjustment on lease liability		(36,428)	-
Net cash (used in) financing activities		<u>(252,915,278)</u>	<u>(182,070,665)</u>
Net decrease in cash and cash equivalents		<u>(351,185,664)</u>	<u>(631,333,051)</u>
Cash and cash equivalents at the beginning of the year (Note 17)		<u>375,093,359</u>	<u>1,006,426,410</u>
Cash and cash equivalents at the end of the year (Note 17)		<u>23,907,695</u>	<u>375,093,359</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 42 form an integral part of these Financial Statements.

18th July 2025
Colombo



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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, Bandaranayake International Airport ("BIA"), Katunayake whereas the principal place of business of the company is located at the premises of SriLankan Catering Limited, Bandaranayake 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 31st March 2025 were authorised for issue by the Board of Directors on 18th July 2025.

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 obligation 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.

2.1.3 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.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.1.4 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 2025 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.

2.1.5 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 2025, based on available information, the management has considered the current economic conditions and the appropriateness of the use of the going concern basis.

2.1.6 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.

2.1.7 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.

2.1.8 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.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.1.9 Change in accounting standards**2.1.9.1 New standards and amendments issued but not yet effective or early adopted in 2025**

The new and amended standards and interpretations that are issued up to the date of issuance of the Company's Financial Statements but are not effective for the current annual reporting period, are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Definition of Accounting Estimates - Amendments to LKAS 8

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

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

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

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

- replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

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



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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

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

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

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

The standards and amendments given below do not materially affect the Company.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12
- SLFRS 17 Insurance Contracts

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 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 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 benefits obligation



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 expertise 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.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

d) Derecognition

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 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.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 - Fair 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)



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 the 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 (FVTOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the 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.



**SRILANKAN CATERING LIMITED****MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS**

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 (FVTPL)

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:

- 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

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 to payment has been established.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 the impairment.





MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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, 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 after 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 benefits 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 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 (Private) Limited.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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	$\frac{1}{2}$
Over 10 years	1

This basis of payment will only be applicable for employees who had been in service on or before 01st April 2000. To employees who have joined the Company after 01st 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 accumulated leave which is unutilised from the end of the reporting period based on employment contracts at 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 benefits 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%





MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 assets 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 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 segments which are at 15% and 30%.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 fairly represents 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.



SRILANKAN CATERING LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 the 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 as per SLFRS 8-Operating segments in 2025 and 2024:

- 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 of 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.



SRILANKAN CATERING LIMITED

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 the 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 as per SLFRS 8-Operating segments in 2025 and 2024:

- 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 of 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.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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 practice on Corporate Governance and for the management of the Company 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.



MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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.

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 a 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 a 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 (2023/2024- AWPLR (monthly) + 2% 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 (monthly) + 3.5% p.a. (2023/24- SOFR (monthly) + 6.5% p.a).

The Company has obtained another Rs. 50 million overdraft facility from the Bank of Ceylon to which the interest would be payable at the rate of AWPLR + 2% p.a (2023/24- 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 SOFR (3 months) + 3.5% p.a. (2023/24 - 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.





MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

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.

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 of the 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 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 quality and hygienic standards.

2.10 Capital management

The management policy is to maintain a strong capital base so as to maintain the shareholders, creditors and market confidence and to 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.

	Note	2024/2025 Rs.	2023/2024 Rs.
3. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Flight kitchen		10,380,305,498	10,264,744,936
Restaurants, café, lounge and hotels		3,332,229,237	3,317,989,677
Laundry sale		380,693,699	362,522,018
Frozen meals		2,970,453	17,516,592
Disposal of garbage		8,563,866	7,998,194
Sundry income		500	-
Revenue recognised at a point in time		<u>14,104,763,253</u>	<u>13,970,771,417</u>
4. ADMINISTRATION EXPENSES			
Director's fee		1,842,125	1,045,424
Depreciation on property, plant and equipment		229,667,728	217,917,101
Depreciation of right-of-use assets		62,384,965	47,920,758
Amortisation of intangible assets		2,779,072	2,952,103
Fees and other charges		36,154,337	18,442,598
Audit fees		3,112,230	932,300
Staff cost	4.1	2,639,361,374	2,416,187,348
Others		19,857,197	47,374,697
		<u>2,995,159,028</u>	<u>2,752,772,329</u>
4.1 Staff cost			
Provision for retirement benefits obligation		124,668,792	160,123,125
Salaries and wages		1,994,082,613	1,803,558,203
Contribution to Employees' Provident Fund		131,563,167	115,787,654
Contribution to Employees' Trust Fund		31,245,502	26,793,102
Provision for bonus		357,801,300	309,925,264
		<u>2,639,361,374</u>	<u>2,416,187,348</u>
5. OTHER OPERATIONAL EXPENSES			
Loss on disposal of fixed assets		497,899	557,525
General - operating		1,106,063,304	1,184,445,092
Common		540,582,656	665,590,241
Provision for debtor impairment		2,592,462	(7,158,047)
AASL - Concession fees		226,041,886	206,268,752
Provision for slow moving inventory		(695,996)	(3,265,562)
Tax - SSCL		14,726,609	13,653,993
		<u>1,889,808,820</u>	<u>2,060,091,994</u>



	Note	2024/2025 Rs.	2023/2024 Rs.
6. NET FINANCE INCOME			
6.1 Finance income			
Interest income		62,386,426	112,159,738
		<u>62,386,426</u>	<u>112,159,738</u>
6.2 Finance expenses			
Lease interest		(66,048,284)	(75,378,357)
		<u>(66,048,284)</u>	<u>(75,378,357)</u>
6.3 Exchange loss		<u>(241,261,228)</u>	<u>(1,288,274,009)</u>
Net finance expense		<u>(244,923,086)</u>	<u>(1,251,492,628)</u>
7. INCOME TAX EXPENSES			
Current income tax	7	900,746,298	896,087,711
Over provision of previous year		(18,763,573)	(219,797,286)
Deferred tax expense	20	(36,112,440)	(194,680,109)
		<u>845,870,285</u>	<u>481,610,316</u>
7.1 Reconciliation between tax expense and the product of accounting Profit/ (Loss)			
Accounting profit before tax		5,705,599,292	4,535,848,442
Less: Profit exempt from income tax		<u>(23,734,789)</u>	<u>(3,389,217)</u>
Profit liable for income tax		5,681,864,503	4,532,459,225
Disallowable expenses		994,547,218	1,856,624,584
Allowable expenses		<u>(807,650,690)</u>	<u>(801,885,435)</u>
Taxable business profit		5,868,761,031	5,587,198,374
Less: Losses set off		-	-
Taxable income		<u>5,868,761,031</u>	<u>5,587,198,374</u>
Income tax liability at 15%		859,882,011	831,622,718
Income tax liability at 30%		<u>40,864,287</u>	<u>64,464,993</u>
		<u>900,746,298</u>	<u>896,087,711</u>



8. BASIC EARNINGS PER SHARE

The basic earnings per share is 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.

Amounts used as numerator
Profit attributable to ordinary shareholders

Number of ordinary shares used as the denominator
Weighted average number of ordinary shares in issue

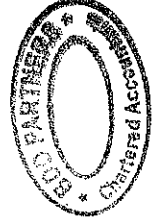
	2024/2025 Rs.	2023/2024 Rs.
	4,859,729,007	4,054,238,126
	940,268,456	940,268,456
	5.17	4.31

8.1 The Company's diluted EPS will be the same as the basic EPS in the absence of a potentially diluted component over stated capital.

9. PROPERTY, PLANT AND EQUIPMENT

Description of Assets	Cost/Valuation			Depreciation			Written down value	
	Balance as at 01.04.2024 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31.03.2025 Rs.	Charge for the year Rs.	On disposals Rs.	Balance as at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Buildings	1,783,248,045	3,388,874	-	1,786,636,919	57,974,161	-	115,455,201	1,725,767,005
Machinery and equipment	1,592,425,309	75,228,499	(750,000)	1,666,903,808	123,434,742	(62,500)	236,560,444	1,479,237,107
Furniture and fittings	59,334,749	4,132,395	-	63,467,144	5,103,496	-	9,471,190	54,967,055
Motor vehicles	894,772,833	2,543,952	-	897,316,785	43,155,330	-	86,035,496	851,892,667
	4,329,780,936	85,293,720	(750,000)	4,414,324,656	229,667,729	(62,500)	447,522,331	4,111,863,834

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



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

Details of the Company's buildings 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	<p>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.</p> <p>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.</p>	31st March 2023	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		
Flight Kitchen Equipment included under Plant and Equipment - Katunayake	<p>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.</p>	31st March 2023	Fair value was derived using the Net Replacement Cost (NRC) approach for each equipment	2,532,036,644	Positively correlated sensitivity	Level 3

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	Accumulated depreciation as at 31st March 2025	Carrying value as at 31st March 2025	Carrying value as at 31st March 2024
	Rs.	Rs.	Rs.	Rs.
Buildings in Katunayake	1,854,816,975	1,576,801,888	278,015,087	365,294,883
Machinery and equipment	1,963,382,998	1,831,167,769	132,215,229	94,459,308
Furniture and fittings	73,001,819	65,042,367	7,959,452	6,151,441
Motor vehicles	633,005,132	614,028,651	18,976,481	38,872,352
	4,524,206,924	4,087,040,675	437,166,249	504,777,984

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

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

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

	2024/2025 Rs.	2023/2024 Rs.
Cost		
Balance at the beginning of the year	692,313,814	622,234,658
Additions	-	71,927,076
Impact from remeasurement	16,469	(1,847,920)
Balance at the end of the year	692,330,283	692,313,814
Accumulated depreciation		
Balance at the beginning of the year	492,278,024	446,040,039
Depreciation expense	62,384,965	47,920,758
Impact from remeasurement	-	(1,682,773)
Balance at the end of the year	554,662,989	492,278,024
Carrying amount	137,667,294	200,035,790

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.

	2024/2025 Rs.	2023/2024 Rs.
Balance at the beginning of the year	765,459,239	901,496,051
Additions during the year	-	71,927,076
Impact from remeasurement	(36,428)	-
Interest expenses	66,048,284	75,378,357
Exchange loss	(21,208,013)	(29,344,504)
Payment made during the year	(252,878,850)	(253,997,741)
Balance at the end of the year	557,384,232	765,459,239
9.5.1 Amount payable within 12 months	154,617,174	189,575,221
Amount payable after 12 months	402,767,058	575,884,018
	557,384,232	765,459,239

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:

Depreciation expense of right-of-use assets (Included under administration expenses)	62,384,965	47,920,758
Interest expense on lease liabilities	66,048,284	75,378,357
Exchange loss	(21,208,013)	(29,344,504)
	107,225,236	93,954,611



10. INTANGIBLE ASSETS

Computer software

Balance at the beginning of the year

Additions during the year

Balance at the end of the year

Accumulated amortisation

Balance at the beginning of the year

Amortisation during the year

Balance at the end of the year

Carrying amount

2024/2025

Rs.

2023/2024

Rs.

100,479,904

100,479,904

635,850

-

101,115,754

100,479,904

93,368,907

90,416,805

2,779,072

2,952,102

96,147,979

93,368,907

4,967,775

7,110,997

11. INVESTMENT IN NON-QUOTED SHARES

AirLanka (Private) Limited

Less: Impairment

200,000

200,000

(200,000)

(200,000)

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

12. INVENTORIES

Raw materials

Maintenance and miscellaneous

Equipment stocks

Allowance for obsolete and slow-moving inventory

Work-in-progress

Note

2024/2025

Rs.

2023/2024

Rs.

385,049,894

325,599,153

324,922,700

279,876,225

12,405,541

12,495,507

722,378,135

617,970,885

(119,925,029)

(120,621,024)

602,453,106

497,349,861

12,406,367

12,150,227

614,859,473

509,500,088

12.1 Movement in Allowance for obsolete and slow-moving inventory

Balance at the beginning of the year

Provision for the year

Reversal of provision for the year

Balance at the end of the year

120,621,024

123,886,587

(695,995)

(3,265,563)

-

-

119,925,029

120,621,024



		2024/2025 Rs.	2023/2024 Rs.
13. AMOUNTS DUE FROM RELATED COMPANIES			
Airport & Aviation Services (Sri Lanka) (Private) Limited		196,159,517	162,337,846
		<u>196,159,517</u>	<u>162,337,846</u>
14. TRADE RECEIVABLES			
Airlines and others	14.1	21,506,662,456	16,464,419,332
Provision for debtor impairment	14.2	(117,439,181)	(114,846,719)
		<u>21,389,223,275</u>	<u>16,349,572,613</u>

During the year ended 31st March 2025, the Company reclassified the amounts due from Mihin Lanka (Private) Limited as Trade Receivables, considering the nature of the transactions with the counterparty.

14.1 The above receivable balance includes the following receivables

SriLankan Airlines Limited - Parent	14.1.a	20,062,408,772	15,399,319,119
Mihin Lanka (Private) Limited		101,227,384	102,679,348
Other airline receivables		1,343,026,300	962,420,865
		<u>21,506,662,456</u>	<u>16,464,419,332</u>

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 23.06.2025 on the Cabinet Memorandum No.25/1076/804/121, the Government of Sri Lanka (GOSL) has provided financial support through provision of "Letter of Comfort" to continue as "going concern".

		2024/2025 Rs.	2023/2024 Rs.
14.2 Provision for debtor impairment			
Balance at the beginning of the year		114,846,719	168,380,432
Provision for the year		2,592,462	(7,158,049)
Written off during the year		-	(46,375,664)
Balance at the end of the year		<u>117,439,181</u>	<u>114,846,719</u>
15. OTHER RECEIVABLES			
Distress loans		33,395,084	47,353,616
Other staff advances		715,585	160,000
Advances to suppliers		196,024,619	241,975,425
Advances, deposits and sundry receivables		36,220,446	34,617,322
		<u>266,355,734</u>	<u>324,106,363</u>



	2024/2025	2023/2024
	Rs.	Rs.
16. FINANCIAL ASSETS AT AMORTISED COST		
Fixed deposit	708,258,735	709,678,553
Interest receivable	40,208,337	82,751,903
	<u>748,467,072</u>	<u>792,430,456</u>

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

	2024/2025	2023/2024
	Rs.	Rs.
17. CASH AND CASH EQUIVALENTS		
Cash in hand	1,149,226	1,571,901
Bank - Current accounts	64,508,256	119,228,696
Bank - FCBU accounts	(41,749,787)	254,292,762
	<u>23,907,695</u>	<u>375,093,359</u>

The above amounts were considered as cash and cash equivalents in the statement of Cash flows.

		2024/2025	2023/2024
18. STATED CAPITAL			
Ordinary shares	(Numbers)	940,268,456	940,268,456
		Rs.	Rs.
Ordinary shares	(Value)	1,000,000,000	1,000,000,000
		<u>1,000,000,000</u>	<u>1,000,000,000</u>

19. LOANS AND BORROWINGS

19.1 Amount payable within 12 months

Lease Liability	9.5.1	154,617,174	189,575,221
		<u>154,617,174</u>	<u>189,575,221</u>
Amount payable after 12 months			
Lease Liability	9.5.1	402,767,058	575,884,018
		<u>402,767,058</u>	<u>575,884,018</u>



20. DEFERRED TAX LIABILITY

	2024/2025 Rs.	2023/2024 Rs.
Balance at the beginning of the year	1,121,599,360	1,311,140,555
Charged to profit or loss	(36,112,441)	(194,680,110)
Charged to the other comprehensive income	(17,122,985)	5,138,915
Balance at the end of the year	<u>1,068,363,934</u>	<u>1,121,599,360</u>

Deferred Tax Relates to the Following:	2024/2025 Rs.	2023/2024 Rs.	Recognised in profit or loss 2024/2025 Rs.	Recognised in OCI 2024/2025 Rs.
Deferred Tax Liability Arising on:				
Property, plant and equipment	23,535,454	36,699,288	(13,163,834)	-
Revaluation of Property, Plant and Equipment	952,215,580	958,986,407	-	(6,770,827)
Intangible assets	530,602	853,144	(322,542)	-
ROU asset	20,657,864	30,060,052	(9,402,188)	-
Unrealised exchange gain	404,922,155	458,097,745	(53,175,590)	-
	<u>1,401,861,655</u>	<u>1,484,696,636</u>		
Deferred Tax Assets Arising on:				
Gratuity	(209,613,126)	(210,172,748)	9,126,415	(8,566,793)
leave encashment liability	(18,582,797)	(16,148,874)	(648,558)	(1,785,365)
Allowance for obsolete and slow-moving inventory	(18,730,389)	(18,844,617)	114,228	-
Provision for trade debtors	(2,532,026)	(1,900,908)	(631,118)	-
Lease liability	(84,039,377)	(116,030,123)	31,990,746	-
	<u>(333,497,715)</u>	<u>(363,097,270)</u>		
Net deferred tax liability	<u>1,068,363,940</u>	<u>1,121,599,366</u>		
Net deferred tax expense			<u>(36,112,441)</u>	<u>(17,122,985)</u>

- 20.1 Deferred tax liability has been calculated based on the future tax rates applicable to each segment. According to the BOI agreement, Flight Kitchen, Transit Restaurants, Transit Hotel, and airline laundry are liable at a concessionary rate of 15% until 31st 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 BENEFITS OBLIGATION

	2024/2025 Rs.	2023/2024 Rs.
Gratuity (21.1)	698,710,419	700,575,825
Leave encashment (21.2)	61,942,657	53,829,580
	<u>760,653,076</u>	<u>754,405,405</u>

21.1 Gratuity

Movement in the present value of the gratuity		
Balance at the beginning of the year	700,575,825	664,249,684
Current service costs	40,599,693	40,558,182
Interest cost	84,069,099	119,564,943
Actuarial (gain)/loss during the year	28,555,976	(44,094,772)
Benefits paid during the year	(155,090,174)	(79,702,212)
Balance at the end of the year	<u>698,710,419</u>	<u>700,575,825</u>

Expense recognised in comprehensive income

Current service costs	40,599,693	40,558,182
Interest on obligation	84,069,099	119,564,943
	<u>124,668,792</u>	<u>160,123,125</u>

Expense recognised in other comprehensive income

Actuarial (gain)/loss during the year	28,555,976	(44,094,772)
	<u>28,555,976</u>	<u>(44,094,772)</u>



21. RETIREMENT BENEFITS OBLIGATION (CONTD...)

21.1 Gratuity (Contd...)

21.1.1 Sensitivity of assumptions employed in actuarial valuation as at 31st March 2025

Variable changed (while all other assumptions remain unchanged)	Effect on Employee Benefits Obligation 2024/2025 Rs.	Effect on Employee Benefits Obligation 2023/2024 Rs.
One percentage point increase (+1%) in discount rate	643,472,056	648,519,952
One percentage point decrease (-1%) in discount rate	761,491,359	759,358,084
One percentage point increase (+1%) in salary escalation rate	764,770,348	762,605,138
One percentage point decrease (-1%) in salary escalation rate	639,735,157	644,839,455

21.1.2 Maturity analysis of the payments

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

	2024/2025 Rs.	2023/2024 Rs.
Less than or equal to 1 year	26,472,481	32,928,603
Over 1 year and less than or equal to 2 years	43,515,608	49,801,994
Over 2 years and less than or equal to 5 years	185,067,310	151,159,424
Over 5 years	443,655,020	466,685,805
	<u>698,710,419</u>	<u>700,575,826</u>

21.1.3 The Company weighted average duration of the defined benefit plan obligation at the end of the reporting period is 9.3 years (2024: 8.8 years)

21.2 Leave Encashment

	2024/2025 Rs.	2023/2024 Rs.
Movement in the present value of the leave encashment		
Balance at the beginning of the year	53,829,580	45,419,281
Interest cost	6,459,550	8,175,471
Actuarial loss during the year	5,951,216	3,425,715
Benefits paid during the year	(4,297,689)	(3,190,887)
Balance at the end of the year	<u>61,942,657</u>	<u>53,829,580</u>
Expense recognised in comprehensive income		
Interest on obligation	6,459,550	8,175,471
	<u>6,459,550</u>	<u>8,175,471</u>
Expense recognised in other comprehensive income		
Actuarial loss during the year	5,951,216	3,425,715
	<u>5,951,216</u>	<u>3,425,715</u>



21. RETIREMENT BENEFITS OBLIGATION (CONTD...)

21.2.1 Sensitivity Analysis

Variable changed (while all other assumptions remain unchanged)

Effect on Employee Benefits Obligation 2024/2025 Rs.	Effect on Employee Benefits Obligation 2023/2024 Rs.
---	---

One percentage point increase (+1%) in discount rate	56,540,352	49,271,537
One percentage point decrease (-1%) in discount rate	68,201,340	59,089,983
One percentage point increase (+1%) in salary escalation rate	68,504,318	59,349,566
One percentage point decrease (-1%) in salary escalation rate	56,196,785	48,976,944

21.3 An actuarial valuation for defined benefits obligation was carried out as at 31st March 2025 by Mr. M.Poopalanathan, of Messrs Actuarial and Management Consultants (Private) Limited, an independent 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.

	2024/2025	2023/2024
Discount rate	11%	12%
Salary escalation rate	10%	11%
Retirement age	60 years	60 years
No. of employees	714	713
Weighted average duration of defined benefits obligation	9.3 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 rates have 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 benefits obligation as per LKAS 19.

	2024/2025 Rs.	2023/2024 Rs.
22. TRADE PAYABLES		
Trade payables	181,216,680	322,936,609
	<u>181,216,680</u>	<u>322,936,609</u>
23. OTHER PAYABLES		
Other creditors and accrued expenses	319,326,744	522,563,191
Provision for bonus	370,506,980	324,857,608
	<u>689,833,724</u>	<u>847,420,799</u>



	2024/2025 Rs.	2023/2024 Rs.
24. INCOME TAX PAYABLE		
Balance at the beginning of the year	167,004,977	352,714,665
Provision for the year	900,746,298	896,087,711
Over-provision of previous year	(18,763,573)	(219,797,286)
Taxes paid/set off with tax credits	(653,598,945)	(862,000,113)
Balance at the end of the year	<u>395,388,757</u>	<u>167,004,977</u>

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

26.1 Capital commitments

No material capital commitments as at 31st March 2025.

26.2 Guarantees

Bank	Purpose	Period	2024/2025 Rs.	2023/2024 Rs.
Bank of Ceylon	Agreement - AASL (Restaurant)	From 12/04/2023 to 31/08/2025	27,456,987	27,456,987
Nations Trust Bank	Tax Appeal Commission for Case No. TAC/VAT/066/2024	From 08/11/2024 to 08/08/2025	925,020	Nil
			USD	USD
Hatton National Bank	Agreement - AASL (Transits Hotel)	From 19/09/2024 to 30/09/2026	113,768	95,077

The above mentioned 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 than the following pending Labour Tribunal cases that will have an impact on the Company.

Labour Tribunal cases pending:	Name of Party
LT case No. SC /HC/ LA/ 87 / 2020	K.D.L.J. Kamalpem
LT case No. CA/ WRT/0451/2024	W. K. Athaudarachchi

A sum of Rs. 2,004,940/- has been deposited for the above appealed cases.

27.2 Contingent Assets

There are no contingent assets as at reporting date.

28. EVENTS AFTER THE REPORTING DATE

There have been no material events occurring after the reporting date that require adjustment or disclosure in the Financial Statements.





SRILANKAN CATERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Page 37

29. RELATED PARTY TRANSACTIONS

29.1 Parent and ultimate controlling party

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

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 the ultimate Parent and their Close family members.

	2024/2025 Rs.	2023/2024 Rs.
Salaries and other short-term benefits	67,050,363	93,216,257

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	2024/2025 Rs.	2023/2024 Rs.
SriLankan Airlines Limited	Parent company	Sales	6,836,575,350	7,526,634,774
		Freight service	397,703,430	268,515,284
		Other services	282,598,479	198,056,419
		Dividend-ordinary shares	-	-
		Receivable balance	20,062,408,772	15,399,319,119
Airport & Aviation Services (Sri Lanka) (Pvt) Limited	Owner related company	Rent and others	1,151,665,761	1,157,441,748
		Receivable balance	196,159,517	162,337,846
Ceylon Electricity Board	Government owned	Electricity expenses	303,684,498	473,989,008
Sri Lankan Telecom PLC	Government owned	Telephone expenses	1,798,484	1,786,936
		Payable balance	-	(156,135)
Ceylon Petroleum	Government owned	Diesel	352,229,404	441,783,940
		Receivable balance	8,887,836	46,166,376
Inland Revenue Department	Government owned	Tax	780,442,057	1,005,398,732
		Payable balance	(408,055,676)	(177,000,627)
State Pharmaceuticals Corporation	Government owned	Medicine	-	320,405

- (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

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
• Bank loans	Interest rate risk/ liquidity risk
• Amounts due from/to related parties	Credit risk

31.2 Liquidity risk

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

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

	Carrying amount Rs.	Less than 01 year Rs.	More than 01 year Rs.
As at 31st March 2025			
Non-derivative financial liabilities			
Trade payables	181,216,680	181,216,680	-
Other payables	689,833,724	689,833,724	-
Loans and borrowings	557,384,232	154,617,174	402,767,058
	<u>1,428,434,636</u>	<u>1,025,667,578</u>	<u>402,767,058</u>
As at 31st March 2024			
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
	<u>1,935,816,647</u>	<u>1,359,932,629</u>	<u>575,884,018</u>



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 2025 (Figures indicated in LKR)

	LKR	USD	SGD	Others	Total
Trade receivables	27,398,522	21,557,984,270	-	-	21,585,382,792
Trade payables	139,264,187	41,952,493	-	-	181,216,680

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

	LKR	USD	SGD	Others	Total
Trade receivables	27,991,736	16,483,918,722	-	-	16,511,910,458
Trade payables	248,113,313	50,815,214	21,990,074	2,018,008	322,936,609

The following significant exchange rates were applied during the year.

	Average rate	
	2024/2025	2023/2024
USD	298.71	318.00
GBP	382.44	399.78
SGD	223.52	236.48
EUR	320.14	345.00

	Reporting date spot rate	
	2024/2025	2023/2024
USD	296.25	300.50
GBP	382.84	379.49
SGD	220.74	223.11
EUR	319.96	323.43

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 represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2024/2025	2023/2024
	Rs.	Rs.
As at 31st March - Carrying amount		
Trade receivables	21,389,223,275	16,349,572,613
Other receivables	266,355,734	324,106,363
Due from related companies	196,159,517	162,337,846
Short-term investment	748,467,072	792,430,456
Cash and cash equivalents	23,907,695	375,093,359
	<u>22,624,113,293</u>	<u>18,003,540,637</u>



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:

	2024/2025 Rs.	2023/2024 Rs.
Domestic	20,360,568,076	15,628,558,913
Other foreign countries	1,342,253,897	998,198,264
	<u>21,702,821,973</u>	<u>16,626,757,177</u>
Less: Provision for impairment	(117,439,181)	(114,846,719)
	<u>21,585,382,792</u>	<u>16,511,910,458</u>

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

Airlines	21,306,526,007	16,253,755,602
Other(s)	396,295,966	373,001,575
	<u>21,702,821,973</u>	<u>16,626,757,177</u>
Less: Provision for impairment	(117,439,181)	(114,846,719)
	<u>21,585,382,792</u>	<u>16,511,910,458</u>
Impairment losses		

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

	Gross amount 2024/2025 Rs.	Impairment 2024/2025 Rs.	Gross amount 2023/2024 Rs.	Impairment 2023/2024 Rs.
Neither past due nor impaired	2,681,651,655	-	1,614,091,140	-
Past due 31-90 days	2,366,682,456	-	1,607,995,805	-
Past due 91-365 days	1,177,971,353	-	1,574,272,950	-
Past due over 365 days	15,476,516,509	117,439,181	11,830,397,282	114,846,719
	<u>21,702,821,973</u>	<u>117,439,181</u>	<u>16,626,757,177</u>	<u>114,846,719</u>

Further, the age analysis for the amount receivable from Srilankan Airlines Limited from the date of the invoices is 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	20,062,408,772	1,317,776,342	1,336,875,954	2,067,035,280	4,111,908,517	11,228,812,679

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

	2024/2025 Rs.	2023/2024 Rs.
Balance at 01st April	114,846,719	168,380,432
Written off during the year	-	(46,375,664)
Provision provided	2,592,462	(7,158,049)
Balance at 31st March	<u>117,439,181</u>	<u>114,846,719</u>

The Company believes that the unimpaired amounts due are still collectible, based on historical payment behaviour 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 is as follows:

Company	2024/2025	2023/2024
	USD	USD
Cash at Bank and in Hand	1,379,497	2,272,620
Trade receivables	73,165,573	55,831,322
Advance to Trade Creditors	384,432	-
Trade Payables	(99,970)	(560,210)
Interest bearing Loans and Borrowings payable in USD	(926,115)	(1,818,212)
Net Aggregate Carrying Value in respective currencies	73,903,417	55,725,520
Net aggregate carrying value in LKR	21,893,887,288	16,745,518,760

Foreign Currency Sensitivity

The following table demonstrate 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 31.03.2025	Effect on Profit Before Tax 31.03.2024	Effect on Profit Before Tax 31.03.2025	Effect on Profit Before Tax 31.03.2024
		Rs.	Rs.	Rs.	Rs.
Change in USD Rate	(+10%)	(30,397,768)	(71,471,581)	2,219,786,497	1,746,023,457
Change in USD Rate	(-10%)	30,397,768	71,471,581	(2,219,786,497)	(1,746,023,457)
Change in USD Rate	(+20%)	(60,795,536)	(142,943,162)	4,439,572,994	3,492,046,914
Change in USD Rate	(-20%)	60,795,536	142,943,162	(4,439,572,994)	(3,492,046,914)

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.



32. SEGMENTAL ANALYSIS

Note	Flight Kitchen			BIA Restaurant			Other Segments			Total	
	2024/2025			2023/2024			2024/2025			2023/2024	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3	10,388,869,865 (2,090,951,947)	10,272,966,744 (2,147,378,417)	2,371,791,802 (858,473,160)	2,205,315,952 (834,692,289)	1,344,101,586 (319,847,920)	1,492,488,722 (388,495,318)	14,104,763,253 (3,269,273,027)	13,970,771,417 (3,370,566,024)			
	8,297,917,918	8,125,588,327	1,513,318,642	1,370,623,663	1,024,253,666	1,103,993,404	10,835,490,226	10,600,205,393			
4	(2,379,736,997)	(2,206,366,204)	(315,854,350)	(291,156,178)	(299,567,681)	(255,249,948)	(2,995,159,028)	(2,752,772,329)			
5	(1,332,363,981)	(1,507,125,480)	(293,572,551)	(302,934,220)	(263,872,288)	(250,032,296)	(1,889,808,820)	(2,060,091,994)			
	4,585,816,940	4,412,096,643	903,891,741	776,533,265	460,813,697	598,711,160	5,950,522,378	5,787,341,070			
6	62,386,425	112,159,738	-	-	-	-	62,386,426	112,159,738			
6	(41,329,797)	(38,838,219)	(8,276,692)	(15,961,570)	(16,441,795)	(20,578,568)	(66,048,284)	(75,378,357)			
6	(232,949,405)	(1,277,947,225)	(19,945,091)	(6,960,339)	11,633,268	(3,366,445)	(241,261,228)	(1,288,274,009)			
	(211,892,777)	(1,204,625,706)	(28,221,783)	(22,921,909)	(4,808,527)	(23,945,013)	(244,923,086)	(1,251,492,628)			
	4,373,924,163	3,207,470,937	875,669,958	753,611,356	456,005,171	574,766,148	5,705,599,292	4,535,848,441			
7	(597,404,197)	(322,189,250)	(142,120,004)	(105,742,160)	(106,346,084)	(53,678,905)	(845,870,285)	(481,610,316)			
	3,776,519,966	2,885,281,687	733,549,954	647,869,196	349,659,087	521,087,243	4,859,729,007	4,054,238,125			

Other comprehensive income:

Actuarial (loss)/ gain on defined benefit plan	(28,555,976)	44,094,772	-	-	-	-	(28,555,976)	44,094,772
Deferred tax on actuarial gain/(loss) on defined benefit plan	8,566,793	(13,228,432)	-	-	-	-	8,566,793	(13,228,432)
Actuarial (loss) on leave encashment	(5,951,216)	(3,425,715)	-	-	-	-	(5,951,216)	(3,425,715)
Deferred tax on actuarial loss on leave encashment	1,785,365	1,027,715	-	-	-	-	1,785,365	1,027,714
Adjustment to revaluation surplus on property, plant and equipment	-	(23,539,344)	-	-	-	-	-	(23,539,344)
Deferred tax on revaluation gain on property, plant and equipment	6,770,827	7,061,803	-	-	-	-	6,770,827	7,061,803
Other comprehensive income for the year	(17,384,207)	11,990,799	-	-	-	-	(17,384,207)	11,990,800

Total comprehensive income for the year	3,759,135,759	2,897,272,486	733,549,954	647,869,196	349,659,087	521,087,243	4,842,344,800	4,066,228,925
---	---------------	---------------	-------------	-------------	-------------	-------------	---------------	---------------

Segment Assets	26,345,158,651	21,648,349,921	546,122,328	581,229,180	457,129,181	602,472,245	27,348,410,160	22,832,051,347
----------------	----------------	----------------	-------------	-------------	-------------	-------------	----------------	----------------

Segment Liabilities	3,325,855,401	2,826,754,371	278,553,182	272,589,098	48,431,821	879,482,920	3,652,840,403	3,978,826,391
---------------------	---------------	---------------	-------------	-------------	------------	-------------	---------------	---------------

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.



SRILANKAN CATERING LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2025

	Statement	2024/2025 Rs.	2023/2024 Rs.
Revenue	1	14,104,763,253	13,970,771,417
Cost of sales		(3,269,273,027)	(3,370,566,024)
Gross profit		10,835,490,226	10,600,205,393
Administrative expenses	2	(2,995,159,028)	(2,752,772,329)
Other operational expenses	3	(1,889,808,820)	(2,060,091,994)
Profit from operations		5,950,522,378	5,787,341,070
Finance income	4	62,386,426	112,159,738
Finance expenses	5	(66,048,284)	(75,378,357)
Exchange Gain/(Loss)	6	(241,261,228)	(1,288,274,009)
Net profit from operations		5,705,599,292	4,535,848,442



SRILANKAN CATERING LIMITED
FOR THE YEAR ENDED 31ST MARCH 2025

	2024/2025	2023/2024
	Rs.	Rs.
REVENUE		Statement 1
Flight kitchen	10,379,423,649	10,264,333,215
Flight kitchen - local	881,849	411,721
Vannila pod café	32,996,133	33,668,469
Serenediva transit hotel	240,070,884	332,007,162
Emirates lounge	195,855,253	224,264,206
Laundry sale	380,693,699	362,522,018
Public restaurant	254,326,990	258,077,464
Transit restaurant	2,117,464,812	1,947,238,488
MRIA restaurant	300,445,112	339,725,464
Frozen meals - local	2,970,453	17,090,298
Frozen meals - foreign	-	426,294
Rathmalana airport restaurant	8,266,123	13,442,163
Staff canteens - SLA	182,803,930	169,566,261
Disposal of garbage	8,563,866	7,998,194
Sundry income	500	-
Total sales	14,104,763,253	13,970,771,417

Revenue		Statement 1.1
Meals	10,992,144,820	10,858,719,156
Handling charges	1,498,074,777	1,498,074,777
Miscellaneous	864,217,116	864,217,116
Other sales	750,326,540	749,760,368
	14,104,763,253	13,970,771,417

ADMINISTRATION EXPENSES		Statement 2
Depreciation of property, plant and equipment	229,667,728	217,917,101
Depreciation of right-of-use assets	62,384,965	47,920,758
Amortisation of intangible assets	2,779,072	2,952,103
Director fees	1,842,125	1,045,424
Auditors fees	3,112,230	932,300
Consultants fees	24,213,029	10,913,307
Lawyer's fees	8,393,595	2,561,554
Secretarial fees	1,127,500	1,250,486
Subscription fees	1,657,091	2,012,673
Business promotion	763,122	1,704,579
Entertainment	927,871	560,039
Advertising	4,139,653	2,292,938
Staff cost	2,639,361,374	2,416,187,349
Others	14,789,673	44,521,718
	2,995,159,028	2,752,772,329

Statement 2.1



SRILANKAN CATERING LIMITED
FOR THE YEAR ENDED 31ST MARCH 2025

2024/2025
Rs.

2023/2024
Rs.

ADMINISTRATION EXPENSES (Contd...)

Statement 2.1

Personnel expenses		
Staff salaries	1,168,982,584	955,754,930
Contributions to Employees' Provident Fund	131,563,167	115,787,654
Contributions to Employees' Trust Fund	31,245,502	26,793,102
Overtime	308,296,731	361,703,728
Staff welfare	465,945,913	440,666,256
Staff insurance	20,155,402	12,335,040
Staff training	4,419,003	5,156,024
Provision for bonus	357,801,300	309,925,264
Uniforms	19,823,430	19,766,755
Provision for Retirement benefits obligation	124,668,792	160,123,125
Provision for leave encashment	6,459,550	8,175,471
	<u>2,639,361,374</u>	<u>2,416,187,349</u>

OTHER OPERATIONAL EXPENSES

Statement 3

Loss on disposal of property, plant and equipment	497,899	557,525
Cleaning material	115,443,948	127,372,374
Fuel and gas	352,229,404	441,783,940
Repairs and maintenance	375,059,066	397,347,577
Travelling	14,431,215	12,752,833
Casual labour	227,178,229	163,143,347
Garbage disposal	9,757,866	11,730,303
Sundries	8,574,928	26,718,899
Other operating costs - expired stock and damages	3,388,648	3,595,819
Rent	6,565,422	5,415,773
Licence fees	422,479	389,164
Electricity	303,684,498	473,989,008
Water	28,541,295	23,220,600
Security	115,703,532	85,764,034
Storage	2,748,220	2,494,668
Insurance	23,695,822	26,838,295
Postage / stamps	272,925	208,979
Telephone	8,451,933	6,883,128
Bank charges	21,600,346	22,567,597
Rates and Taxes	2,975,494	2,975,494
Marketing - frozen	132,406	137,337
Disallowable Tax - SSCL and VAT	25,788,284	14,706,164
Provisions - for expected credit loss from trade receivables	2,592,462	(7,158,047)
Provision for slow moving stock	(695,996)	(3,265,562)
AASL - Concession fees	226,041,886	206,268,752
Taxes - SSCL	14,726,609	13,653,993
	<u>1,889,808,820</u>	<u>2,060,091,994</u>



SRILANKAN CATERING LIMITED
FOR THE YEAR ENDED 31ST MARCH 2025

	2024/2025 Rs.	2023/2024 Rs.
FINANCE INCOME		Statement 4
Interest income	(62,386,426)	(112,159,738)
	<u>(62,386,426)</u>	<u>(112,159,738)</u>
FINANCE EXPENSES		Statement 5
Lease Interest	66,048,284	75,378,357
	<u>66,048,284</u>	<u>75,378,357</u>
EXCHANGE GAIN		Statement 6
Realised exchange loss	102,856,368	72,649,846
Unrealised exchange loss	138,404,860	1,215,624,163
Exchange loss	<u>241,261,228</u>	<u>1,288,274,009</u>
Net finance income	<u>244,923,086</u>	<u>1,251,492,628</u>

