

THE POWER OF PERSEVERANCE



The Kingsbury PLC | Annual Report 2021/22

THE POWER OF PERSEVERANCE

Over the years, our strength of will has always helped us to rise from times of turbulence. As we face unprecedented challenges, we remain positive and optimistic. We know that our vision for the future will help us to build on our strong foundations.

Proving our true worth today, we seek even greater value creation for our loyal stakeholders, thus renewing the way they experience the unique hospitality of our nation. As we go forward, we are confident of being on the right track for lasting success. While continuing to set the benchmark for hospitable service, we remain strong and resourceful, standing out in the crowd with the power of perseverance.

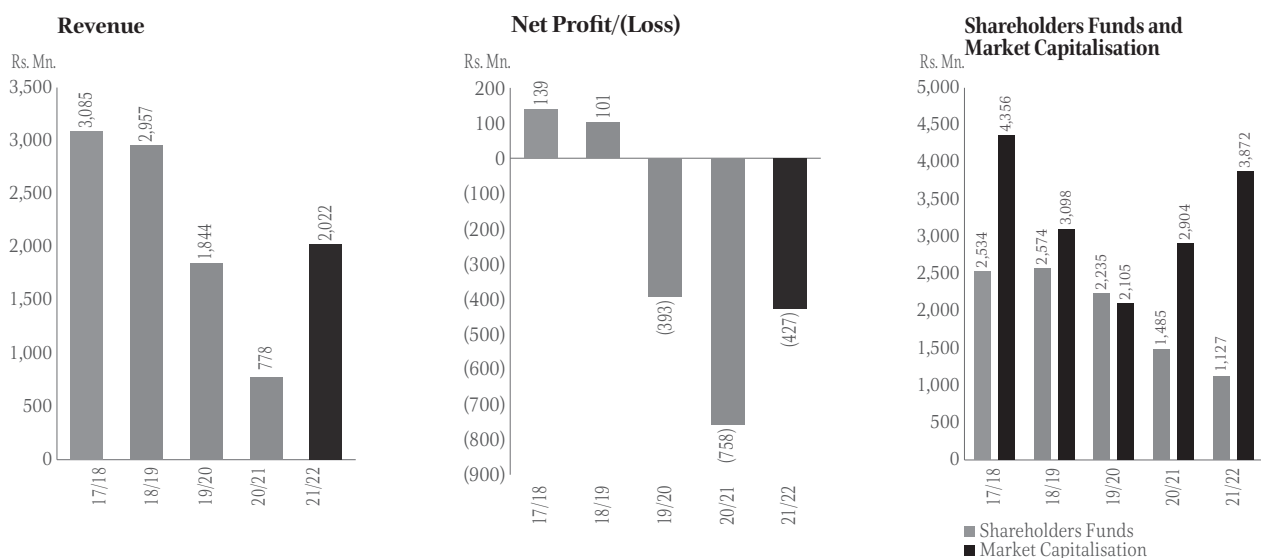
CONTENTS

Financial Highlights	3	Statement of Directors' Responsibilities	23
Operational Highlights.....	3	Related Party Transactions Review Committee Report	24
Chairman's Review	4	Audit Committee Report	25
Managing Director's Review	5	Financial Statements.....	26
Board of Directors	6	Information to Shareholders	71
Corporate Governance	8	Ten Year Financial Summary.....	73
Risk Management	18	Notice of Meeting.....	78
Annual Report of the Board of Directors on the Affairs of the Company.....	20	Form of Proxy	79
		Corporate Structure.....	81

FINANCIAL HIGHLIGHTS

Year ended 31st March		2021/22	2020/21
Earnings Highlights and Ratios			
Revenue	(Rs'000)	2,021,665	777,923
Earnings Before Interest & Tax (EBIT)	(Rs'000)	(346,421)	(799,278)
Profit/(Loss) Before Tax (PBT)	(Rs'000)	(456,538)	(881,394)
Profit/(Loss) After Tax (PAT)	(Rs'000)	(426,835)	(758,194)
Earnings Per Share (Basic)	(Rs.)	(0.88)	(1.57)
Return on Capital Employed	%	(8.05)	(19.42)
Return on Assets	%	(10.61)	(21.41)
Gross Profit Margin	%	23.60	(10.92)
Financial Position Highlights and Ratios			
Shareholders Fund	(Rs'000)	1,127,101	1,484,931
Total Assets	(Rs'000)	4,304,326	4,116,182
Total Debt	(Rs'000)	2,011,883	1,651,173
Return on Equity	%	(32.68)	(40.76)
Gearing	%	64.09	52.65
Debt/Equity	%	178.50	111.20
Net Assets Per Share	(Rs.)	2.33	3.07
Quick Asset Ratio	No: of Times	0.21	0.12
Equity Asset Ratio	No: of Times	0.26	0.36
Current Ratio	No: of Times	0.27	0.17
Market/Shareholder Information			
Market Price Per Share	(Rs.)	8.00	6.00
Market Capitalisation	(Rs'000)	3,872,000	2,904,000
Price Earnings Ratio	No: of Times	(9.07)	(3.83)

OPERATIONAL HIGHLIGHTS



CHAIRMAN'S REVIEW

DEAR SHAREHOLDER

It gives me great pleasure to place before you the Annual Report and the Audited Financial Statements of The Kingsbury PLC for the year ended 31st March 2022. Although your Company was poised for a more favourable outlook for the tourism industry, the resurgence of COVID-19 and resultant lockdowns dashed hopes for a strong revival in the industry. Nevertheless, I am proud of the spirit of togetherness, unity and compassion practised by the entire team of The Kingsbury in 2021/22.

OPERATING ENVIRONMENT

The spectre of the global pandemic continued to linger well into the year under review as the global travel and tourism industry continued to fight for survival.

By mid-2021 it was evident that although the pandemic controls were relaxed globally and Sri Lanka was opening up to receive tourists, the nation's economy was in a downward spiral. The lack of dollars in the system coupled with shortages of fuel and cooking gas and negative reports in the global press painted a bleak picture that would deter any substantial recovery in the tourism industry during the year.

OVERALL PERFORMANCE

The Kingsbury PLC too felt the adverse impact of lower room occupancy and reduced patronage of its F&B outlets, but on a much lesser scale than tourist resorts. As a city business hotel with a loyal customer base of local clients and corporates, coupled with our status as a preferred hotel for banquets, The Kingsbury PLC managed to sustain a reasonable flow of guests into the hotel. A series of measures were taken to control costs and optimise resources through the lean periods. Following the subdued

nature of the industry and the wider economy, Your Company ended the year under review reporting an overall loss of Rs. 427 Mn. on revenues of Rs. 2,022 Mn.

The Hotel's banqueting operations is well reputed as one of the best in the country and the staff ensured that the same standards were maintained while adhering to the latest health protocols. Staff motivation initiatives and close consultations between management and the rest of the team led to a mood of confidence and stoicism, while remaining optimistic for a better tomorrow.

As seen around the world, there is pent-up demand for global travel and we are hopeful that Sri Lanka will attract a large chunk of the market for travellers who seek value for money, considering the ongoing devaluation of the rupee against the US dollar. There is a distinct trend towards wellness tourism and Sri Lanka is particularly well placed to offer a soothing wellness stay with abundant nature, culture and Ayurveda spa experiences.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Being part of the Hayleys Group, widely known for its sustainable approach to business, The Kingsbury too has absorbed a similar ethos when it comes to focusing on reducing its carbon footprint by controlling consumption of natural resources. Your Company operates under governance guidelines as mandated by the Colombo Stock Exchange and the Securities Exchange Commission, apart from upholding the benchmarks in sustainability set by the parent group.

LOOKING AHEAD

The repercussion of the last few years from the time of the 2019 Easter attacks, through the global pandemic in 2020 and

2021, and the economic crisis onwards from 2021 that has beset the country - all factors which will have a prolonged adverse impact on the tourism industry.

Nevertheless, I am hopeful that we have weathered the worst of the storm and that by the latter half of the 2022/23 the prospects for the tourism industry will become positive once again. I have the utmost confidence in the team at The Kingsbury - as they soldier on and overcome obstacles to maintain the status of the property as a luxury hotel that offers the most memorable customer experience.

The backing of Sri Lanka's largest conglomerate, Hayleys PLC, provides a strong financial foundation and a first mover advantage when opportunities arise. Based on the latest available data, global international tourist arrivals more than doubled in January 2022 in comparison to 2021 - the 18 million more visitors recorded worldwide in the first month of this year equals the total increase for the whole of 2021. Therefore, I believe we have much to be hopeful about.

ACKNOWLEDGEMENTS

I would like to thank my colleagues on the board and our valued shareholders for placing their faith in the Hotel. The Managing Director, Hayleys Leisure Sector, Mr. Rohan Karr, and the entire team extended their valuable support through the challenging year. Our customers and guests continue to inspire us to innovate and to delight them at every stage of the life cycle of our brand experience as we look ahead with optimism.



A. M. Pandithage
Executive Chairman

05th May 2022

MANAGING DIRECTOR'S REVIEW

Reflecting on the year gone by, while the obstacles may have seemed insurmountable, I am proud of the manner in which the entire team at The Kingsbury rose to the challenge and managed to retain its exuberant spirit to serve stakeholders with its signature service.

EXTERNAL ENVIRONMENT

Despite the entire tourism industry hoping for a reversal in fortunes in 2021/22, the period under review proved to be the third consecutive year of a negative run for the tourism industry. The official tourist numbers of below 200,000 for the 2021 calendar speak for themselves, with the bulk of tourists being recorded only in the November and December months. Although the numbers gained further traction in the last quarter of 2021/22, hopes for a steady resurgence seem bleak given the deep economic crisis Sri Lanka finds itself in. This dismal backdrop to 2021/22 reflects the steep losses experienced by the industry as a whole.

The hotel performed strongly in the last quarter of the financial year, although since then the acute dollar shortage; lack of fuel, cooking gas, electricity and medicines; and prevailing energy crisis made global headlines, resulting in mass cancellations for the summer period and travel warnings by several countries for its nationals planning to holiday in Sri Lanka. Although the period under consideration saw tourists trickling into Sri Lanka, only 194,495 were recorded for the 2021 calendar year as opposed to 285,334 within the first quarter of 2022. The industry remains hopeful that it will be able to see a tourist influx in the winter 2022/23 season.

COMPANY PERFORMANCE

Amidst this challenging operating environment, The Kingsbury was quick to seize opportunities wherever and whenever possible, even recording profitability during the year-end festive season.

In keeping with the new normal of home delivery for guests who avoided dining out due to COVID-19, The Kingsbury's home delivery channel, 'Indulgence', performed well, eventually becoming one of the most popular home delivery channels amongst the city's five-star properties, with a steady cash flow.

Dining at The Kingsbury is a regal event and we are confident that our customers are yearning to enjoy the impeccable service and cuisine they enjoy under our roof. The hotel's numerous restaurants, bars and lounges are favoured by the city's corporate elite and other guests. During the year, we welcomed a new globally experienced Culinary Director from Indonesia and the first female Executive Chef in a local hotel, who has infused freshness and novel culinary delights in our eclectic menus.

The Kingsbury will continue to be on the lookout for emerging opportunities to leverage its offerings, while continuing to serve its internal and external stakeholders with passion and commitment. The health and safety of both staff and guests remains a foremost priority and the hotel continues to follow stringent hygiene and safety measures. The well-being of staff during the pandemic was a key concern for the Company at all times.

FUTURE OUTLOOK

As a luxury hotel, we offer an elevated product to our valued guests and strive to ensure that we continue to offer them the superior experience they are accustomed to when they walk through our doors. However, the restrictions on imports of luxury foods might prove a challenge for the leisure industry. We are hoping that this ban will be reversed considering the need for boosting tourism by offering tourists and banquet clients the service they seek.

Looking for a silver lining, the depreciation against the dollar offers a lucrative opportunity for tourists to have an affordable holiday in Sri Lanka. I am hopeful that soon enough Sri Lanka will be in the news for all the right reasons - as an irresistible holiday destination for tourists from around the globe.

APPRECIATION

I consider myself fortunate to be spearheading this unique property, strongly backed by the parent group, Hayleys PLC. I would like to thank the Chairman and the Directors for their continued trust in my leadership and commend my entire team for their dedication to sustain our highest standards of excellence at all times. I would also like to thank our valued stakeholders for their unstinted support.



Rohan Karr
Managing Director

05th May 2022

BOARD OF DIRECTORS

MR. A. M. PANDITHAGE

Chairman

Joined the Hayleys Group in 1969. Appointed to the Board of Hayleys PLC in 1998 and as the Chairman and Chief Executive of Hayleys PLC in July 2009.

Appointed to the Board of The Kingsbury PLC in 2010.

Fellow of the Chartered Institute of Logistics and Transport (UK). Serves as Honorary Consul of the United Mexican States (Mexico) to Sri Lanka. Council Member of the Employers' Federation of Ceylon. Member of the Advisory Council of the Ceylon Association of Shipping Agents (CASA).

Leadership Excellence Recognition by the Institute of Chartered Accountants of Sri Lanka. Recipient of the 'Best Shipping Personality' Award by the Institute of Chartered Shipbrokers. Honoured with a Lifetime Achievement Award by Seatrade - Sri Lanka Ports, Trade and Logistics (SLPTL) and the first-ever Sri Lanka Pinnacle Lifetime Award by the Chartered Institute of Logistics and Transport (CILT). Inducted as Legend of Logistics by the Sri Lanka Logistics and Freight Forwarding Association in recognition of services rendered to Sri Lanka's logistics industry.

MR. DHAMMIKA PERERA*

Co-Chairman

Mr. Dhammika Perera is a quintessential strategist and a business leader with interests in a variety of key industries including manufacturing, banking and finance, leisure, plantations, and hydropower generation. He has over 30 years of experience in building formidable businesses through unmatched strategic foresight and extensive governance experience gained through membership of the Boards of quoted and unquoted companies.

Mr Perera is the Chairman of Vallibel One PLC, Royal Ceramics Lanka PLC, Lanka Tiles PLC, Lanka Walltiles PLC, The Fortress Resort PLC, Vallibel Power Erathna PLC, Greener Water Ltd, Delmege Limited, and LB Microfinance Myanmar Company Limited. He is the Co-Chairman of Hayleys PLC and Singer (Sri Lanka) PLC.

Executive Deputy Chairman of L B Finance PLC, Deputy Chairman of Horana Plantations PLC. He is also an Executive Director of Vallibel Finance PLC and serves on the Boards of Hayleys Leisure PLC, Haycarb PLC, Hayleys Fabric PLC and Dipped Products PLC. He is also a Director of Dhammika and Priscilla Perera Foundation.

MR. ROHAN J. KARUNARAJAH (ROHAN KARR)

Managing Director

Joined as Executive Director of the board of Hayleys PLC in June 2019. He also serves as Managing Director of the Hayleys Leisure sector which includes The Kingsbury PLC, Hayleys Leisure PLC and its subsidiaries Amaya Resorts & Spas. Mr. Karr holds a Masters in Hospitality and Business Studies from the UK and is a veteran in the hospitality industry with nearly 40 years' experience. He has held senior positions such as Executive Vice President / Sector Head / General Manager at leading hotels in both Sri Lanka and in UK. He has also served as Regional Director - Revenue Management of Marriott Hotels for Whitbread Hotel Company - UK, as General Manager of Bristol Marriott Hotel - UK and Marriott Marble Arch - London UK before his return to Sri Lanka. He was instrumental in revitalising standards for the entire domestic hospitality sector through his groundbreaking work as Executive Vice President of John Keells Holdings, overlooking the Cinnamon City Hotels and Resorts chain and as Head of Brand Development for Cinnamon.

MR. N. J. DE S. DEVA ADITYA**

Mr. N. J. De Silva Deva Aditya (Nirj Deva) DL FRSA, MP (1992-1997) and MEP (1999-2019) was the first post-war Asian born Conservative Member of the British House of Commons and served in Government as the Parliamentary Private Secretary to the Scottish Office. He was elected as the first Asian-born British Member of the European Parliament, representing over 08 million British people in Berkshire, Hampshire, Buckinghamshire, Oxfordshire, Surrey, Sussex and Kent for 20 years. He has served for 35 years as Her Majesty's Deputy Lieutenant for the Lord Lieutenancy of London representing The Queen. He was the Vice President of the

International Development Committee for 15 years overseeing the Euro 25 billion European Aid Budget.

He was the Chairman of the EU Korean Peninsula Delegation working towards a lasting peace with North Korea, Chairman of the EU China, EU Bangladesh, EU Indonesia, EU Myanmar and EU India Friendship Groups in The EU Parliament and was nominated by his political group ECR to be the President of the European Parliament and was the Chairman of the EU Delegation to the UN General Assembly.

For his Tsunami Relief work, he was made a Chevalier of the Catholic Church and Vishwa Keerthi Sri Lanka Abhimani by the Buddhist Clergy of Sri Lanka.

MR. S. C. GANEGODA*

Mr. Ganegoda rejoined Hayleys in March 2007. Appointed to the Group Management Committee in July 2007. Appointed to the Board in April 2010. 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. Worked for Hayleys Group between 1987 and 2002, ultimately as an Executive Director. Subsequently, held several senior management positions in large private sector entities in Sri Lanka and overseas. Has responsibility for the Strategic Business Development Unit, Group Information Technology of Hayleys PLC and appointed as the 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, Regnis (Lanka) PLC, Singer (Sri Lanka) PLC, Singer Industries (Ceylon) PLC, Horana Plantations PLC and Hayleys Leisure PLC.

MR. S. J. WIJESINGHE*

Mr. Wijesinghe was employed at Hayleys PLC from 2008 to 2019, during which time he served as a member of the Group Management Committee and as the Managing Director of Hayleys Aviation & Projects (Private) Limited, as well as of Unisyst Engineering PLC.

He currently serves as a Non-Executive Director on the Boards of Hayleys Aviation

& Projects (Private) Limited, Unisyst Engineering PLC, Hayleys Leisure PLC, S&T Interiors (Private) Limited, Summer Seasons Limited and Greener Water (Private) Limited.

Mr. Wijesinghe formerly served as a Non-Executive Director on the Board of Sri Lankan Airlines Limited, as well as on the Board of Sri Lankan Catering Limited. Prior to joining Hayleys, Mr. Wijesinghe held several senior positions at Sri Lankan Airlines, including management positions in Europe, the Middle East, the Far East, as well as in the Head Office in Colombo, Sri Lanka. During his tenure at the airline, Mr. Wijesinghe was a member of its Group Senior Management Team. He also served as a Committee Member on the Pacific Asia Travel Association's (PATA) Education Authority. Overall, Mr. Wijesinghe holds over 35 years of experience in the aviation industry.

Mr. Wijesinghe holds an MBA from the University of Leicester (UK) and is a Member of the Chartered Institute of Marketing (UK).

Additionally, Mr. Wijesinghe has served as the Chairman of Litro Gas Lanka Limited. He also has in excess of 5 years of senior management experience in the hospitality industry.

MR. L. N. DE S. WIJEYERATNE **

Mr. Wijeyeratne is a Fellow of The Institute of Chartered Accountants in Sri Lanka and counts over thirty-five years of experience in Finance and general management the former Group Finance Director of Richard Pieris PLC and also held senior management positions at Aitken Spence & Company, Brooke Bonds Ceylon Ltd and Zambia Consolidated Copper Mines Limited. Mr. Wijeyeratne is a former member of the Quality Assurance Board and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka and of the Sri Lanka Accounting Standards Monitoring Board.

He is presently an Independent Director and Audit Committee Chairman of several listed entities.

MS. R. N. PONNAMBALAM **

Ms. Ponnambalam has held several senior management positions in large private sector entities.

Ms. Ponnambalam has served as a Director of McLaren Holdings Limited & GAC Shipping Limited. She currently serves as Director of Hayleys Leisure PLC, Macbertan Holdings (Pvt) Ltd, Mbolon Polymer(Pvt) Ltd, and Pidilite Lanka (Pvt) Ltd.

Ms. Ponnambalam is presently the Managing Director of Macbertan (Pvt) Ltd. She has also been in roles of international and local business development and negotiation.

Ms. Ponnambalam was appointed as a Founder Member of the Commonwealth Business Women's Leadership Group (Sri Lanka) on 13th November 2013. She also currently serves as 1st Vice Chairperson of the Women's Chamber of Industry & Commerce.

MR. J. P. VAN TWEST **

Mr. Van Twest currently serves as the Director/General Manager of The Fortress PLC. He counts over 40 years' experience in the hospitality industry in senior management positions in Sri Lanka, Europe, Australasia and the South Pacific. Mr. Van Twest graduated from the Ceylon Hotel School, Sri Lanka in Hotel & Catering Operations and Advanced Hotel and Catering Operations from the Carl Duisburg Centre in Munich, Germany.

He is a Certified Hotel Trainer with the Chamber of Commerce for Munich and Upper Bavaria and also a graduate of the Technical University of Munich.

He is also a Director of Summer Seasons PLC.

MS. I. JAMALDEEN **

Ms. Jamaldeen has extensive experience in the hospitality industry, previously leading all corporate events for Bloomberg in London. Her main focus was the planning and execution of high profile events for leaders in politics and finance. Prior to Bloomberg, Ms. Jamaldeen worked as an events manager for Mint, one of London's most renowned events and catering businesses, focusing on high-profile events in and around London. Furthermore, Ms. Jamaldeen has a track record of working in various departments of leading hotels throughout Europe. There she developed extensive knowledge of the overall operational aspects of the hotel business.

Ms. Jamaldeen is the founder of Gem Atelier London, an online jewellery business that mainly sells to the European market. She has also developed an exclusive jewellery business focusing on bespoke pieces for high profile clients. Ms. Jamaldeen is the Managing Director of W15, a collection of high-end boutique hotels around the island. W15 is represented in beautiful locations, with its newly opened flagship property in Hanthana close to Kandy, Weligama and Ahangama in the southern part of Sri Lanka, as well as a city property in Colombo.

Ms. Jamaldeen has a very strong background in the hospitality industry with a Diploma in Hotel Operations and Management from Glion Hotel School in Switzerland. She holds a Bachelor of Business from Victoria University of Technology in Melbourne, Australia as well as an MBA from the International University of Applied Sciences in Bad Honnef, Germany.

MS. A. A. K. AMARASINGHE

*Alternate Director to Mr. Dhammika Perera**

Ms. Amarasinghe currently serves as Group Director, International Business Development and CSR at Vallibel One PLC. Prior to joining Vallibel One, she served as an intern at Strategic Policy Division at Department of Community Safety in Brisbane, Australia.

Ms. Amarasinghe earned a bachelor's degree in International Studies from the University of Queensland in Brisbane Australia, followed by a specialisation in French Studies at the University of Lausanne, Switzerland.

She completed her Certificate in Management Acceleration at INSEAD Business School in Fontainebleau, France and holds a Certificate in Hotel Revenue Management from Cornell University, USA.

* Non-Executive Director

** Independent Non-Executive Director

CORPORATE GOVERNANCE

The Company believes Corporate Governance is an essential part of a culture that enables us to meet our short-term objectives while striving to realise the long-term vision of the hotel and the Hayleys Group. Good Corporate Governance ensures that the Company is run as efficiently as possible in the interests of its stakeholders. This in turn promotes greater confidence within the company as well as amongst the public at large.

Our goal has therefore been to foster a culture of good governance, recognising that it is the key to sustainability and integrity of the hotel and central to the health of our economies and their stability.

THE CONSTITUENTS OF OUR GOVERNANCE PRACTICE

Enterprise Governance constitutes the entire accountability framework of our organisation through the two dimensions of conformance and performance that are in balance. Whilst conformance covers issues such as Board structures and roles and Executive Remuneration, the performance dimension focuses on strategy and value creation. The focus is on helping the Board to make strategic decisions and understanding the gamut of risk and the key drivers of performance. Recognising that performance does not

lend itself easily to a regime of standards and audit, we have developed a range of best practice tools and techniques that can be applied intelligently within different areas of the organisation.

We account the successful infusion of conformance and performance measures to a conscious decision to take good Governance seriously, recognising it as imperative as opposed to requirements of formal codes of practice. Conformance and performance measures are not merely viewed as “policing” tools but as an avenue for us as a corporate to work better and yield better.

THE FOUNDATION OF OUR GOVERNANCE PRACTICE

The Kingsbury PLC is committed to the highest level of Governance and makes every effort to cultivate a culture that values and rewards exemplary ethical standards, personal and corporate integrity and respect for others.

The very premise of our Governance practice, the foundation upon which it is based and nurtured, is by way of our commitment to the corporate values and the Code of Conduct prevalent within our holding company, the Hayleys Group. As with our holding company,

The Kingsbury PLC has a firm commitment to transparency and integrity in our Corporate Governance practices.

As such, The Board of Directors, Senior Management and Employees are expected to strictly adhere and follow in performing official duties, ensuring that the Group image remains at the highest levels.

The Corporate Governance practice adopted by the Company is in line with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and Listing Rules of the Colombo Stock Exchange issued by the Securities & Exchange Commission of Sri Lanka. The Corporate Governance Principles, along with the Charters of each of the Board Committees and the by-laws of the Board provide the framework for Corporate Governance at The Kingsbury PLC.

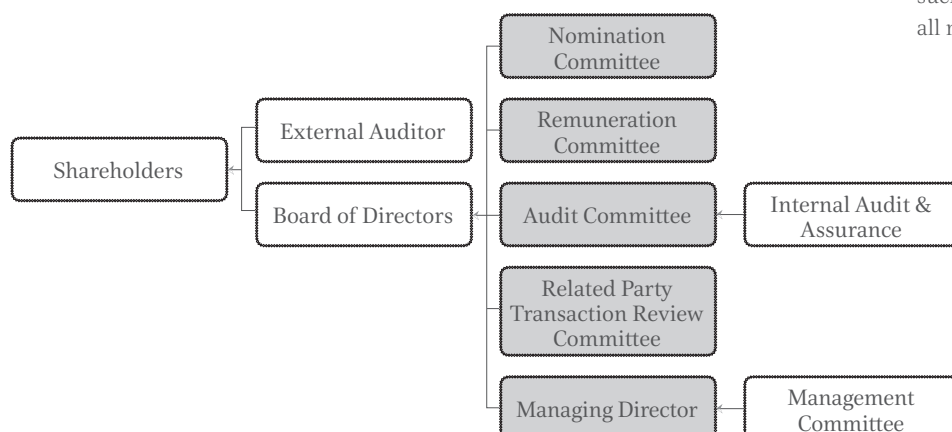
CODE OF BEST PRACTICES ON CORPORATE GOVERNANCE

A. DIRECTORS

A.1 Board of Directors:

The Board is responsible to the Company’s shareholders for the success of the entity and for its overall Strategic Direction, Values and Governance. The Board is responsible for the overall system of internal control for the Company and its subsidiaries and for reviewing the effectiveness of the system. It carries out such a review at least annually, covering all material controls including financial,

Governance Structure



operational and compliance controls and risk management systems, reporting to shareholders that it has done so.

A balance of Executive and Non-Executive member representation on the Board ensures impartiality.

The Board of The Kingsbury PLC comprises of ten Directors, an Executive Chairman, a Non-Executive Co-Chairman,

one Executive Director and seven Non-Executive Directors of which five are Independent. The names of the Directors and their profiles are available on pages 06 and 07 of this report.

A.1.1 Board Meetings:

All meetings of the Board and its subcommittees were well attended during the year. All Board members have specific responsibilities in controlling and setting

direction through the various Board Committees.

The Board meets quarterly as a practice and ad hoc meetings are held whenever necessary. During the financial year under review, the Board met on 04 occasions.

The attendance of these meetings is given below:

Name of Director	Executive / Non-Executive / Independent Non-Executive	Attendance
Mr. A. M. Pandithage - Chairman	Executive	04/04
Mr. Dhammika Perera * - Co-Chairman	Non-Executive	Please refer the note below
Mr. Rohan J. Karunarahaj - Managing Director	Executive	04/04
Mr. N. J. De S. Deva Aditya **	Independent Non-Executive	03/04
Mr. S. C. Ganegoda *	Non-Executive	04/04
Mr. S. J. Wijesinghe *	Non-Executive	04/04
Mr. L. N. De S. Wijeyeratne **	Independent Non-Executive	04/04
Ms. R. N. Ponnambalam **	Independent Non-Executive	04/04
Mr. J. P. Van Twest **	Independent Non-Executive	04/04
Ms. I. Jamaldeen **	Independent Non-Executive	03/04
Ms. A. A. K. Amarasinghe* (Alternate Director to Mr. Dhammika Perera)	Non-Executive	04/04

Note: Mr. Dhammika Perera was represented by his Alternate Director Ms. A. A. K. Amarasinghe in 04 Board Meetings

The following information was reported and discussed at length at the Board meetings held during the year.

- Finances & Operational results, Monthly & Quarterly against the previous year results.
- Budgets & Targets for the coming Month and Quarter.
- Internal Control breaches or frauds during the period and actions taken.

A.1.2 The Board responsibilities can be broadly listed as follows:

- Enhancing shareholder value, formulating, communicating, implementing and monitoring of business policies and strategies.

- Ensuring due compliance with applicable legal, ethical, health, environment and safety standards and regulations.
- Ensuring that due attention is given to appropriate accounting policies and practices and to setting priorities and communicating values and ethical standards for management.
- Ensuring that appropriate systems of internal controls are in place to safeguard the assets of the Company.
- Reviewing and approving annual budgets and periodic monitoring of performance against the budgets.
- Approving of major investments on business proposals and adopting annual

and interim Financial Statements prior to publication.

- Evaluating and monitoring the performance of the Company on a regular basis and initiating remedial action where necessary.
- Adopting annual and interim accounts and recommending dividend for approval by the shareholders.

The ultimate responsibility of the Company's financial performance lies with its Board of Directors and is in control of the Company's affairs and conscious of its obligation to all stakeholders.

A.1.3 Act in Accordance with Laws:

The Board has set in place a framework of policies, procedures and a risk management framework to ensure compliance with relevant laws and

CORPORATE GOVERNANCE

international best practice with regards to the operations of the Company. Directors have the power to obtain independent professional advice as deemed necessary and these functions are co-ordinated by the Group Legal Department or Group Finance, as and when it is necessary.

A.1.4 Company Secretary:

The service and advice of the Company Secretaries, Hayleys Group Services (Pvt) Ltd are made available to Directors as necessary. The Company Secretaries keep the Board informed of new laws, regulations and requirements coming into effect, which are relevant to them as individual Directors and collectively to the Board. Hayleys Group Services (Pvt) Ltd consists of competent qualified professionals who are registered as Company Secretaries.

The Company has obtained appropriate insurance covers and it is further detailed in page 21 under “Annual Report of the Directors on the Affairs of The Company”.

A.1.5 Independent Judgment:

The Board determines the degree of independence of each member, based on criteria such as independence of character and judgment and assessment of relationships or circumstances that affect or are likely to affect the Director’s judgment. Independent Directors are free of any business or other relationship with the Company that can materially affect their performance on the Board towards this effect; Independent Board members make an annual determination of their independence through a signed and dated declaration to that effect.

The Governance approach towards the appointment of Alternate Directors stipulates that any Alternate Director appointed by a Non-Executive Director should not be an Executive of the Company and an Alternate Director appointed by an Independent Director should meet the criteria of Independence

laid out above. The Board gives direction to the long term strategy, seeking and contributing views and opinions on strategic options proposed by the Executive Management. All members of the Board have fiduciary duty and statutory liability, regardless of whether they are Executive or Non-Executive.

A.1.6 Dedicate Adequate Time and Effort to Matters of the Board and Company;

Directors are provided with minutes, the agenda and the board papers giving them adequate time to study the contents prior to meetings.

A.1.7 Calling for a Resolution:

One third of the directors can call for a resolution to be presented to the board where they feel it is in the best interest to the company to do.

A.1.8 Training for Directors:

The Board regularly reviews and agrees on the training and development needs of the Board members, to ensure Directors are fully able to make appropriate decisions with regard to the current and future performance of the business.

A.2 Division of Responsibilities Between the Chairman and CEO:

The positions of Chairman and Managing Director are kept separate in line with good Governance practices.

A.3 The Chairman’s Role:

Board meetings and ensures effective participation of both Executive and Non-Executive Directors. It is also the responsibility of the Chairman to ensure that views of Directors on issues under consideration are ascertained; and that the board is in complete control of the Company’s affairs and alert to its obligations to all shareholders and other stakeholders. The Chairman maintains close contact with all Directors and, where

necessary, holds meetings with Non-Executive Directors without Executive Directors being present.

A.4 Financial Acumen:

The Board includes two senior Chartered Accountants who possess the necessary knowledge and competence to offer the Board guidance on matters of finance.

A.5 Board Balance:

The composition of the Executive and Non-Executive Directors (the latter are over one third of the total number of Directors) satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange.

The balance of Executive and Non-Executive Directors on the Board are essential in ensuring that decision making is transparent and not dominated by any individual or small group.

As at 31st March 2022, the Board consisted of 10 Directors comprising of:

- 2 Executive Directors (ED)
- 3 Non-Executive Directors (NED)
- 5 Non-Executive Independent Directors (NED/ID)

The Board profiles reflect the calibre of members and the weight their views carry in Board deliberations. The Board seeks individuals with independence based on their proven capabilities and their potential to contribute to the company. Non-Executive Board members perform an important role in providing an external perspective to the business. The Independent Non-Executive Directors are free from any relationship that can interfere with the affairs of the Company.

The Board has determined that the Directors: Mr. N. J. De S. Deva Aditya, Ms. R. N. Ponnambalam, Mr. L. N. De S. Wijeyeratne, Mr. J. P. Van Twest and Ms. I. Jamaldeen satisfy the criteria for

'independence' set out in the Listing Rules. The Board further believes the independence of Mr. L. N. De S. Wijeyeratne, Mr. N. J. De S. Deva Aditya and Ms. R. N. Ponnambalam are not compromised by being Board members for more than nine years and spouse of Ms. I. Jamaldeen being a Director of the Parent Company as they conduct themselves in an impartial manner on matters deliberated by the Board.

The Chairman of The Kingsbury PLC is also the Chairman of Hayleys PLC. Co-Chairman (Non-Executive) is also the Co-Chairman (Non-Executive) of Hayleys PLC. Chief Executive authority is vested in the Managing Director of the Company and the distinction between the Chairman and Officers wielding executive powers in the Company ensures the balance of power and authority.

A.6 Supply of Information:

Directors are provided with quarterly reports on performance and appropriate documentation in advance of each Board meeting for individual directors to study matters under discussion.

A.7 Appointments to the Board:

The Board as a whole decides on the appointment of Directors in accordance with the Articles of Association of the Company.

A.8 Re-election of Directors:

The provisions of the Company's Articles require a Director appointed by the Board to hold office until the next Annual General Meeting and seek re-appointment by the shareholders at that meeting.

The Articles call for one third of the Directors in office to retire at each Annual General Meeting. The Directors who retire are those who have served for the longest period after their appointment/re-appointment. Retiring Directors are generally eligible for re-election. The Managing Director does not retire by rotation.

A.9 Appraisal of Board Performances:

The Chairman and Remuneration Committee are responsible for evaluating the performance of the Executive Directors. The Board undertakes an annual self-evaluation of its own performance and of its Committees and the responses are collated by the Board Secretary who compiles a report which is submitted to the Chairman and discussed at a Board Meeting.

A.10 Disclosure of Information in Respect of Directors:

Information specified in the Code with regards to Directors are disclosed within this Annual Report as follows:

- Name, qualifications, expertise, material business interests and brief profiles on pages 06 to 07.
- Related party transactions on pages 63 to 64.
- Membership of sub-committees and attendance at Board Meetings and Sub-Committee meetings on pages 09, 24 and 25.

A.11 Appraisal of Chief Executive Officer:

Prior to the commencement of each financial year, the Board in consultation with the Chief Executive, set reasonable financial and non-financial targets which are in line with short, medium and long term objectives of The Kingsbury PLC, achievement of which should be ensured by the Chief Executive. A monthly performance evaluation is performed at which actual performance is compared to the budget. The Chief Executive is responsible to provide the Board with explanations for any adverse variances together with actions to be taken.

B. DIRECTORS' REMUNERATION

B.1 Directors' Remuneration Procedure:

The Remuneration Committee determines the framework and policy in terms of engagement and remuneration of the Chairman, the Board of Directors, the Executive Management and all compensation structures.

The Remuneration Committee of Hayleys PLC, the holding company of The Kingsbury PLC is responsible for laying down guidelines and parameters for the compensation structures of all management staff within the Group.

The Remuneration Committee comprises the following Non-Executive Directors and the Chairman of this committee is appointed by the Board of Hayleys PLC.

Dr. H. Cabral, PC (Chairman)

Mr. Dhammika Perera (Non-Executive Director)

Mr. M. Y. A. Perera (Independent Non-Executive Director)

Mr. M. H. Jamaldeen (Independent Non-Executive Director)

B.2 Level and Make Up of Remuneration:

The Kingsbury PLC is guided to work within the given parameters and design compensation levels appropriate for the Company within the Group and commensurate with each employee's level of expertise and contributions, bearing in mind the business's performance and shareholder returns.

B.3 Disclosure of Remuneration:

Hayleys PLC, the parent company's Remuneration Committee function as the Remuneration Committee of the Company and recommends the remuneration payable to the Managing Director and Executive Director(s) and sets guidelines for the remuneration of management

CORPORATE GOVERNANCE

staff within the Company. The total value of Directors' remuneration is reported in Note 30.8 to the Financial Statements.

C. RELATIONS WITH SHAREHOLDERS

C.1 Constructive Use of the Annual General Meeting (AGM) and Conduct of General Meetings:

The Annual General Meeting is considered by the Board of Directors as a means of continuing effective dialogue with shareholders and encourages their active participation. The Board offers clarifications and responds to concerns shareholders have over the content of the Annual Report as well as other matters, which are important to them.

The adoption of the Annual Report of the Board of Directors and the Financial Statements is considered as a separate resolution.

A copy of the Annual Report including Financial Statements, Notice of the Meeting and the Form of Proxy are sent to shareholders 15 days prior to the date of the AGM as required by the Statute in order to provide the opportunity to all the shareholders to attend the AGM.

A summary of the procedures governing voting at Annual General Meeting is circulated to shareholders with every notice of the Annual General Meeting.

C.2 Communication with Shareholders:

Shareholders are provided with the Annual Report and also with Quarterly Financial Statements via the Colombo Stock Exchange website, which the company considers as its principal forum for communication with stakeholders.

Shareholders may voice concern or raise queries with the Chairman, Directors or the Company Secretary as appropriate. The Company maintains an appropriate

dialogue and provides feedback and interaction.

C.3 Disclosure of Major and Material Transactions:

Transactions, if any, which materially affect the net asset base of The Kingsbury PLC, will be disclosed in the Quarterly / Annual Financial Statements. During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007 which materially affect the net asset base of The Kingsbury PLC.

D. ACCOUNTABILITY AND AUDIT

D.1 Financial Reporting (The Annual Report):

Emphasis on complete disclosure of financial and non-financial information within the bounds of commercial reality and on the adoption of sound reporting practices. Financial information is disclosed in accordance with the Sri Lanka Accounting Standards. Revisions to existing Accounting Standards and adoption of new standards are carefully monitored.

The Kingsbury PLC has complied with the reporting requirements prescribed by the Colombo Stock Exchange.

The following specialised information requirements are also included in this Annual Report:

- The Annual Report of the Board of Directors on the Affairs of the Company given on pages 20 to 22 cover all areas of this section.
- The "Statement of Directors' Responsibilities" is given on page 23.
- The Directors' Statement on Internal Controls is given on page 12.
- The "Independent Auditors Report" is given on pages 27 to 29 for the Auditor's responsibility.

D.2 Internal Controls:

The Board is responsible for the Company's internal controls and its effectiveness.

Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It is important to state that any system can ensure only reasonable and not absolute assurance that errors and irregularities are prevented or detected within a reasonable time.

Holding company resources by way of the Hayleys Group's Management Audit & System Review Department are utilised in assessing the effectiveness and successful implementation of the existing controls and strengthening these and establishing new controls where necessary.

The Board has reviewed the effectiveness of the System of financial controls for the period, up till the date of signing the Financials.

D.3 Audit Committee:

The Audit Committee is chaired by Mr. L. N. De. S. Wijeyeratne, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka. The Managing Director, General Manager and the Head of Finance attend the meetings of the Audit Committee by invitation. The Audit Committee has written terms of reference and is empowered to examine any matters relating to the financial affairs of the Company and its Internal and External Audits.

It helps the Company to strike the proper balance between conformance and performance.

Its key role, therefore, is to monitor the integrity of the Financial Statements of the Company and review the same and where appropriate make representations to the Board on business risks, internal controls and compliance. The Committee is

also responsible for the assessment of the External Auditors, their independence and quality of work. Interacting with external and internal auditors, the Committee ensures that audits are carried out with independence, integrity and objectivity. Close monitoring and control of type and value of non-audit work is carried out to preserve the independence of the external auditors.

The composition of the Audit Committee is as follows:

Mr. L. N. De S. Wijeyeratne (Chairman) - Independent Non-Executive Director

Ms. R. N. Ponnambalam - Independent Non-Executive Director

Mr. J. P. Van Twest - Independent Non-Executive Director

The Audit Committee Report appears on page 25 of this report.

D.4 Related Party Transactions Review Committee:

The Related Party Transactions Review Committee of the parent company Hayleys PLC acts on behalf of the Company. The report of the Related Party Transactions Review Committee is given in page 24 of this report.

D.5 Code of Governance and Business Conduct:

Operating under the guidance of the Hayley's Group Code of Conduct, the Company has been practicing an exemplary standard of business conduct. Clearly communicated to employees across the organisation, in a relevant and consistent manner, the Code of Conduct together with a Code of Ethics has been embedded in the daily functioning of the organisation. Addressing issues such as bribery and corruption, charitable contributions, conflict of interest, entertainment and gifts, insider dealing, inside information and corporate opportunity, political contribution, money

laundering and whistleblowing, the Code demands compliance at all levels through formal commitment from each and every employee.

The Code of Ethics defines the ethical expectations from the team and most importantly, constant and consistent reference to the Code inculcates these practices and principles continuously. A reward and recognition scheme in place serves as the main catalyst in perpetuating the service values and the Code of Ethics. This programme recognises the achievements and dedication of the team made towards the realisation of service excellence.

D.6 Corporate Governance Disclosures:

The Corporate Governance Report set out on pages 08 to 17 (of which this paragraph is part of) describes the extent to which The Kingsbury PLC adheres to established principles and practices of good Corporate Governance.

E1 & 2: INSTITUTIONAL INVESTORS

The Company conducts regular discussions with Institutional Investors. Existing and prospective investors are given a balanced report that enables them to make well-informed decisions in their dealings with the Company. Shareholders are provided an opportunity to comment, discuss and seek clarifications on any relevant issues with the Chairman and the Board of Directors at the Annual General Meeting. Further, shareholders are free to informally meet with the Directors at the conclusion of general meetings.

The Institutional Investors are encouraged to give due weight on matters relating to the Board structure and composition to Board structure. The Annual Report gives the shareholders sufficient information on such related matters which allows them to evaluate same.

F1 & 2: OTHER INVESTORS

Individual investors are encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions. They are also encouraged to participate in General Meetings of companies and exercise their voting rights. Information is disseminated to all shareholders as specified in the Stakeholder Engagement section on page 72.

G. INTERNET OF THINGS & CYBER SECURITY

The Company has implemented a property management and financial information system which has increased the effectiveness and efficiency in the provision of management information and has implemented a comprehensive IT policy which strengthens controls of the organisation's IT System and ensures unauthorised access and data loss is prevented.

Hayleys Group's Disaster Recovery Policy ensures that daily backups are taken in a timely manner and stored in remote locations ensuring reduction of downtime and continuity of operations during a disaster.

H. ENVIRONMENT, SOCIETY AND GOVERNANCE (ESG)

ESG policies and practices implemented to develop long term sustainability of Company are discussed by the management of the Company at regular intervals. On a quarterly basis the information is gathered and presented to the Group for inclusion in the Sustainability Report of the parent company Hayleys PLC.

Levels of compliance with the CSE's Listing Rules - Section 7.10, Rules on Corporate Governance as at 31st March 2022 are given in the table that follows.

CORPORATE GOVERNANCE

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
7.10.1(a)	Non-Executive Directors	At least one third of the total number of Directors should be Non-Executive Directors.	Compliant	Eight out of the ten Directors are Non-Executive Directors.
7.10.2 (a)	Independent Directors	Two or one third of Non-Executive Directors, whichever is higher should be Independent.	Compliant	Five out of the eight Non-Executive Directors are Independent Directors.
7.10.2 (b)	Independent Directors	Each Non-Executive Director should submit a declaration of Independence/non-independence in the prescribed format.	Compliant	Non-Executive Directors have submitted the declarations as at 31st March 2022.
7.10.3 (a)	Disclosure relating to Directors	The Board shall annually make a determination as to the independence or otherwise of the Non-Executive Directors and names of Independent Directors should be disclosed in the Annual Report.	Compliant	Please refer 'Board of Directors' on pages 06 to 07.
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board to determine a Director is Independent when the criteria specified for independence is not met.	Compliant	Please refer page 10 under the heading Board Balance.
7.10.3 (c)	Disclosure relating to Directors	A brief resume of each Director should be included in the Annual Report including areas of expertise.	Compliant	Please refer 'Board of Directors' on pages 06 to 07.
7.10.3 (d)	Disclosure relating to Directors	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the Exchange.	Compliant	A brief resume provided to the Exchange at the time of appointment is available on pages 06 to 07.
7.10.5	Remuneration Committee	A listed company shall have a Remuneration Committee.	Compliant	Names of the members of the Remuneration Committee are stated on page 11.
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of minimum of two Independent Non-Executive Directors or of Non-Executive Directors a majority of whom shall be Independent.	Compliant	The Committee of the Parent Company Hayleys PLC functions as the committee of the Company. Please refer page 11.
7.10.5 (b)	Remuneration Committee Functions	The Remuneration Committee shall recommend the remuneration of the Chief Executive Officer and Executive Directors.	Compliant	Please refer remuneration procedure on page 11 of this Report.
7.10.5 (c)	Disclosure in the Annual Report relating to Remuneration Committee	Names of Directors comprising the Remuneration Committee.	Compliant	Please refer page 11.
		Statement of remuneration policy.		Please refer page 11.
		Aggregated remuneration paid to Executive and Non-Executive Directors.		Please refer page 64.

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
7.10.6	Audit Committee	The company shall have an Audit Committee.	Compliant	Names of the members of the Audit Committee are stated on page 25.
7.10.6 (a)	Composition of Audit Committee	Shall comprise of Non-Executive Directors a majority of whom will be Independent.	Compliant	Audit Committee consists of Three Independent Non-Executive Directors. Please refer page 25.
7.10.6 (b)	Audit Committee Functions	A Non-Executive Director shall be appointed as the Chairman of the Committee.	Compliant	Chairman of the Audit Committee is an Independent Non-Executive Director.
		Chief Executive Officer and Chief Financial Officer should attend Audit Committee meetings.	Compliant	Managing Director and Head of Finance of the Company have attended Audit Committee meetings.
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Compliant	Chairman of the Audit Committee is a Senior Chartered Accountant.
		Functions shall include:		
		Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards.	Compliant	
		Overseeing the compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.	Compliant	
		Overseeing processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards.	Compliant	The terms of reference of the Audit Committee have been agreed upon by the Board.
		Assessment of the independence and performance of the External Auditors.	Compliant	
7.10.6 (c)	Disclosure in the Annual Report relating to Audit Committee	Make recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors and approve the remuneration and terms of engagement of the External Auditors.	Compliant	
		Names of Directors comprising the Audit Committee.	Compliant	Please refer page 25.
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Compliant	Please refer Audit Committee Report on page 25.
		The Annual Report shall contain a Report of the Audit Committee setting out of the manner of compliance with their functions.	Compliant	Please refer Audit Committee Report on page 25.

CORPORATE GOVERNANCE

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
9.2	Related Party Transactions Review Committee Functions	Functions shall include:		
		Review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.	Compliant	
		Seek any information the Committee requires from management, employees or external parties with regard to any transaction entered into with a related party.	Compliant	
		Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.	Compliant	
		Recommend where necessary to the Board and obtain their approval prior to the execution of any related party transaction.	Compliant	The Committee of the Parent Company Hayleys PLC functions as the committee of the Company. Please refer page 24.
		Monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.	Compliant	
		Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.	Compliant	
		Review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.	Compliant	
		Review the economic and commercial substance of both recurrent/non recurrent related party transactions.	Compliant	
Monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining 'competent independent advice' from independent professional experts with regard to the value of the substantial asset of the related party transaction.	Compliant			

Rule No.	Subject	Applicable Requirement	Compliance Status	Details
9.2.2	Composition	Two Independent Non-Executive Directors and one Executive Director.	Compliant	The Committee of the Parent Company Hayleys PLC functions as the committee of the Company. Please refer page 24.
9.2.3	Related Party Transactions Committee	If the parent company and the subsidiary Company both are listed entities, the related Party Transactions Review Committee of the parent company may be permitted to function as such Committee of the subsidiary.	Compliant	The Committee of the Parent Company Hayleys PLC functions as the committee of the Company. Please refer page 24.
9.2.4	Related Party Transactions Committee	Shall meet once a calendar quarter.	Compliant	Committee met 04 times during the financial year. Please refer page 24.
9.3.2	Related Party Transactions Review Committee Disclosure in the Annual Report	Report by the related party transactions review committee.	Compliant	Please refer page 24.
		A declaration by the Board of Directors.	Compliant	Please refer page 24.

RISK MANAGEMENT

The Financial year under review was yet another challenging period which was impacted by the COVID-19 Global Pandemic and the local economic crisis, and with this report we aim to highlight the risks involved and the mitigations taken to lessen the impact of the risks whilst staying true to the core business acumen.

RISK GOVERNANCE

The risk function comes under the overall supervision of The Kingsbury PLC's Board of Directors, who recognise that they are responsible for providing return to shareholders, which is consistent with the responsible assessment and mitigation of risk. The Board is aware that any internal control systems contains inherent limitations and therefore, the Board takes appropriate action to minimise such situations.

The Company under the guidance of the Hayleys Group's Management Audit & System Review Department (MASRD) maintains a comprehensive system to identify, measure and mitigate risks. Both risk and internal control function work in sync to ensure that the risks are identified timely and necessary mitigatory steps are taken immediately.

The three main objectives of Internal Controls of the Company are,

1. Ensuring the reliability of Financial Reporting.
2. Improving the effectiveness and the efficiency of Hotel Operations.
3. Compliance with the Laws and Regulations.

Management, with the oversight of the Board, has created and maintained a "culture of honesty" and promotes ethical behavior, which provides the foundation for the other components of the Internal Control system. Increasing competition for skilled labour has compelled the Company to seek ways of enhancing the productivity and efficiency of our employees in order to ensure superior service quality for our customers. Inadequacies in operational efficiency can potentially affect overall profitability while below par service quality will have a direct impact on guest satisfaction, competitiveness and market share.

We ensure continued compliance to several national and international accreditations and certifications, thereby compelling our properties to maintain the highest standards in quality and efficiency. Meanwhile, implementation of a robust Property Management System has facilitated the tracking and analysis of each aspect of our hotel operations and allows us to benchmark our operational efficiency against global best practices. Strategic emphasis has also been placed on continually investing in training and developing our people

MANAGING RISKS IN AN EVER CHANGING ENVIRONMENT

Today's businesses work in an increasing dynamic yet challenging environment and are influenced by many external factors, some of which are not controllable. These different spheres include governmental, financial, social, technological, industrial, legal and environmental etc. The following aspects are perceived as the most dynamic risks and therefore, proactively managed and monitored by the senior management.

Risk factor and risk rating	Potential impact	Mitigate Strategies
Macro-Economic and political environment		
Current local political and economic instability which has resulted in civil unrest.	Disruption to the entire operating eco system.	Established a Business Continuity Plan to operate under such circumstances.
Risk assessment		Strengthened the supply chain management process.
Severity	High	
Probability of Occurrence	High	
Risk level	High	
Geo-Political Developments		
Adverse Impact due to the Russia & Ukraine dispute.	Drop in arrivals from the Commonwealth of Independent States (CIS).	Focus has been given on the other feeder markets.
Risk assessment		
Severity	High	
Probability of Occurrence	High	
Risk level	High	
Risk of Exchange Rate Fluctuation		
Risk assessment		Matching the foreign currency earning against the payment to hedge the exposure . Focus on local produces.
Severity	High	
Probability of Occurrence	High	
Risk level	High	

Risk factor and risk rating	Potential impact	Mitigate Strategies	
Risk of Inflation			
Risk assessment	Inflationary pressure affects to the entire business environment.	Building up stocks. Applying cost saving initiatives. Continues review and revision of selling prices. Sum insured of properties was increased significantly due to the current economic conditions .	
Severity			High
Probability of Occurrence			High
Risk level			High
Liquidity Risk			
Risk assessment	Post COVID-19 impact continues to affect the liquidity of the company.	Pursuing long term funding strategies. Extended credit period on payables.	
Severity			High
Probability of Occurrence			High
Risk level			High
Credit Risk			
Risk assessment	Risk of defaulting on customers' settlements.	Encouraging cash business. Continues follow up on debtors. Regular review on credit worthiness.	
Severity			High
Probability of Occurrence			High
Risk level			High
Retention and attraction of talent			
Risk assessment	It is an ongoing challenge to retain or attract talent due to the current economic condition and opening up of international opportunities post COVID-19.	Ongoing training & development programs. Continues benefits benchmarking against market.	
Severity			High
Probability of Occurrence			High
Risk level			High
Health & Safety Risk			
Risk assessment	Health & Safety is an integral part of the business continuation.	COVID-19 vaccination drive for employees. COVID-19 safety guidelines implemented across the company. Continuous awareness session on Health & Safety protocols.	
Severity			High
Probability of Occurrence			High
Risk level			High
Technology & Data protection			
Risk assessment	Threat of compromising guests' information and infrastructure security.	Awareness programs among the users to avoid possible threats. Continuous Auditing and monitoring mechanism of networks and related infrastructure.	
Severity			High
Probability of Occurrence			Moderate
Risk level			High

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

The Board of Directors is pleased to present their Report and the Audited Financial Statements of the Company for the year ended 31st March 2022.

The details set out herein provide pertinent information required by the Companies Act No. 07 of 2007 (the Companies Act) and the Colombo Stock Exchange (CSE) Listing rules and are guided by recommended best accounting practices. The Financial Statements were reviewed and approved by the Board on 05th May 2022.

REVIEW OF THE YEAR

The Chairman's Review describes the Company's affairs and mentions important events of the year.

PRINCIPAL ACTIVITY

The Principal Activity of the Company is hoteliering and the Company owns The Kingsbury Hotel, Colombo.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given in pages 30 to 34.

AUDITORS' REPORT

The Auditor's Report on the Financial Statements is given on pages 27 to 29.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of Financial Statements are given on pages 35 to 44.

Changes made to the Accounting Policies during the accounting period are described under Note 2.3.19 of the Financial Statements.

INTEREST REGISTER

The Company, in compliance with the Companies Act, maintains an Interest Register. Particulars of the entries in the Register are detailed as follows;

Directors' Interests in Shares

Directors' Interests in shares are given later in this Report.

Directors' Interests in Transactions

The Directors of the Company have made the general disclosure as per section 192 (2) of the Companies Act No. 07 of 2007. Note 30 to the Financial Statements dealing with related party disclosure includes details of their interests in transactions.

DIRECTORS EMOLUMENTS AND OTHER BENEFITS

Directors' emoluments in respect of the Company for the financial year ended 31st March 2022 is given in Note 30.8 to the Financial Statements.

Executive Directors' remuneration is established within an established framework. The total remuneration of Executive Directors for the year ended 31st March 2022 is Rs. 30,708,594/-. The total remuneration of Non-Executive Directors for the year ended 31st March 2022 is Rs. 4,158,000/- determined according to scales of payment decided upon by the Board. The Board is satisfied that the payment of this remuneration is fair to the company.

REMUNERATION COMMITTEE

Remuneration Committee of the Parent Company Hayleys PLC functions as the Remuneration Committee of the Company and conforms to the requirements of the Listing Rules of the CSE.

RELATED PARTY TRANSACTIONS

The Board of Directors have given the following statement in respect of the Related Party Transactions.

The related party transactions of the Company during the financial year have been reviewed by the Related Party Transactions Review Committee of Hayleys PLC, the Parent Company and are

in compliance with Section 09 of the CSE Listing Rules.

The names of the members of the Committee and their attendance at the Meetings are given on the Related Party Transaction Review Committee report on page 24.

Related Party Transaction Review Committee met 04 times during the financial year 2021/22. Related party transactions are given in Note 30.4 in the notes to the Financial Statements.

BOARD NOMINATION COMMITTEE

Nominations Committee of the Parent Company Hayleys PLC functions as the Nominations Committee of the Company and conforms to the requirements of the Listing Rules of the CSE.

CORPORATE DONATIONS

Donations made during the year were Nil.

The amount of Rs. 50,000/- was approved by the shareholders for the financial year 2021/22.

DIRECTORS OF THE COMPANY AS AT 31ST MARCH 2022

The names of the Directors who served during the year are given below and their brief profiles appear on pages 06 and 07 of the Report.

EXECUTIVE DIRECTORS

Mr. A. M. Pandithage - Executive Chairman

Mr. Rohan J. Karunarajah - Managing Director

NON EXECUTIVE DIRECTORS

Mr. Dhammika Perera - Co-Chairman

Mr. S. C. Ganegoda

Mr. S. J. Wijesinghe

Ms. A. A. K. Amarasinghe (Alternate Director to Mr. Dhammika Perera)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. N. J. De S. Deva Aditya

Mr. L. N. De S. Wijeyeratne

Ms. R. N. Ponnambalam

Mr. J. P. Van Twest

Ms. I. Jamaldeen

In terms of the Article No. 87 of the Articles of Association of the Company Ms. R. N. Ponnambalam and Mr. J. P. Van Twest retire by rotation and being eligible offer themselves for re-election at the Annual General Meeting.

Notice has been given of the intention to propose ordinary resolutions in terms of Section 211 of the Companies Act for the re-appointment of Mr. A. M. Pandithage who has attained 71 years of age and Mr. N. J. De S. Deva Aditya who has attained the age of 74 years, resolving that the age limit of 70 years stipulated in Section 210 of the Companies Act shall not apply to the aforesaid directors.

Mr. L. N. De S. Wijeyeratne, who is over 70 years of age has by notice in writing informed the Board that he shall retire at the Annual General Meeting and shall not offer himself for re-appointment.

DIRECTORS' SHAREHOLDINGS

The shareholdings of the Directors as at 31st March 2022 were as follows;

No. of Shares	As at	
	31.03.2022	01.04.2021
Mr. S. C. Ganegoda	125,000	111,426
Mr. Dhammika Perera	6,432,292	6,432,292

Mr. Dhammika Perera holds 51.01% directly and indirectly of the total issued shares of Hayleys PLC which holds 174,614,114 shares in the Company.

During the financial year 3,564 shares were disposed and 17,138 shares were purchased by Mr. S. C. Ganegoda.

INSURANCE AND INDEMNITY

The ultimate parent of the Company, Hayleys PLC has obtained a Directors' and Officers' Liability insurance from a reputed insurance company in Sri Lanka providing worldwide cover to indemnify all past, present and future Directors and Officers of the Group.

EMPLOYMENT

No. of persons employed by the Company was 718.

INTERNAL CONTROLS

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

GOING CONCERN

The Directors, after making necessary inquiries and reviews including the reviews of the Company's budget for the ensuing year, capital expenditure requirement, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future.

Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

AUDITORS

The Auditors of the Company during the year, Messrs. Ernst & Young, Chartered Accountants, were paid Rs. 825,174/- (2021 - Rs. 743,400/-) as audit fees by the Company. In addition, they were paid Rs. 235,600/- (2021 - Rs. 230,647/-) by the Company for non-audit related work.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an Auditor) with the Company other than those disclosed above. The Auditors also do not have any interest with the Company.

Messrs Ernst & Young, have expressed their willingness to continue in office and in accordance with the Companies Act a resolution proposing the re-appointment of Messrs Ernst & Young, Chartered Accountants, as Auditors and to authorise the directors to determine their remuneration is being proposed at the Annual General Meeting.

INVESTMENTS (SHORT TERM DEPOSITS)

Details of the investments held by the Company are disclosed in Note 18 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

An analysis of the property, plant and equipment of the Company, additions and disposals made during the year and depreciation charged during the year are set out in Note 12 to the Financial Statements.

CAPITAL COMMITMENTS

Details of the capital commitments of the Company as at 31st March 2022 are disclosed in Note 26 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company is Rs. 836,000,000/- comprising 484,000,000 ordinary shares.

RESERVES

Total Company reserves as at 31st March 2022 amounts to Rs. 291,101,684/- (2021 - Rs. 648,930,837/-) Movements are shown in the Statement of Changes in Equity in the Financial Statements.

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

TAXATION

The tax position of the Company is given in Notes 10 and 21 to the Financial Statements.

EMPLOYEES AND INDUSTRIAL RELATIONS

There have been no material issues pertaining to employees and industrial relations of the Company during the Financial Year.

SHAREHOLDING

The number of registered shareholders of the Company as at 31st March 2022 was 4,723.

Disclosure as per Colombo Stock Exchange Rule No.7.6.xi

	2022	2021
Closing price per share as at 31st March	8.00	6.00
Highest share price during the year (05th January 2022)	12.00	15.50
Lowest share price during the year (28th April 2021)	5.60	5.00
No. of share transactions	18,377	4,311
No. of shares traded	74,284,971	5,724,613
Value of shares traded	Rs. 694,872,320	Rs. 62,683,485
Net Asset per share	Rs. 2.33	Rs. 3.07
Ordinary shares in issue	484,000,000	484,000,000

MAJOR SHAREHOLDER

The twenty largest Shareholders of the Company as at 31st March 2022, together with an analysis are given on page 72 of the Annual Report.

PUBLIC SHAREHOLDING

As at 31st March 2022, 39.17% of the issued capital of the Company was held by the public comprising 4,723 shareholders.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been made and provided.

CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at 31st March 2022 other than that described in Note 25 of the Financial Statements.

POST BALANCE SHEET EVENTS

Subsequent to the date of the Balance Sheet no circumstances have arisen which would require adjustments to the accounts. Significant post balance sheet events which in the opinion of the Directors require disclosure are described in Note 35 to the Financial Statements.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Hayleys Conference Room, No. 400, Deans Road, Colombo 10, and via an online meeting platform at 10.00 a.m. on 30th June 2022. The Notice of the Annual General Meeting appears on page 78 of the Annual Report.

For and on behalf of the Board
The Kingsbury PLC



A. M. Pandithage
Executive Chairman



Rohan Karr
Managing Director



Hayleys Group Services (Pvt) Ltd
Company Secretaries

05th May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS).

The Financial Statements provide the information required by the Companies Act and the listing rules of the Colombo Stock Exchange.

The Directors have taken reasonable measures to safeguard the assets of the Company and, in that context, have instituted appropriate systems of internal control in order to prevent and detect fraud and other irregularities.

The External Auditors, Messrs. Ernst & Young, Chartered Accountants, were deemed re-appointed in terms of section 158 of the Companies Act No. 07 of 2007 and were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 27 to 29 sets out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the Balance Sheet date have been paid or where relevant, provided for

By Order of the Board
The Kingsbury PLC



Hayleys Group Services (Pvt) Ltd
Company Secretaries

05th May 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transaction Review Committee (RPTRC) of Hayleys PLC, the parent Company functions as the RPTRC Committee of the Company in terms of Section 9 of the Listing Rules of the Colombo Stock Exchange.

COMPOSITION OF THE COMMITTEE

The Related Party Transactions Review Committee comprises two Independent Non-Executive Directors and one Executive Director and the members are as follow.

Dr. H. Cabral**, PC - Chairman

Mr. M. Y. A. Perera**

Mr. S. C. Ganegoda*

** *Independent Non-Executive*

* *Executive*

ATTENDANCE

Committee met four (04) times in the Financial Year 2021/22.

Meetings were held on 17th May 2021, 10th August 2021, 09th November 2021 and 11th February 2022.

	Meetings
Dr. H. Cabral, PC	4/4
Mr. M. Y. A. Perera	4/4
Mr. S. C. Ganegoda	4/4

THE DUTIES OF THE COMMITTEE

- To review in advance all proposed related party transactions of the group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Seek any information the Committee requires from management, employees or external parties to with regard to any transaction entered into with a related party.

- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- Meet with the management, Internal Auditors/External Auditors as necessary to carry out the assigned duties.
- To review the transfer of resources, services or obligations between related parties regardless of whether a price is charged.
- To review the economic and commercial substance of both recurrent/non recurrent related party transactions.
- To monitor and recommend the acquisition or disposal of substantial assets between related parties, including obtaining competent independent advice from independent professional experts with regard to the value of the substantial asset of the related party transaction.

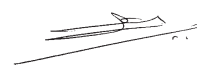
TASK OF THE COMMITTEE

The Committee reviewed the related party transactions and their compliances of The Kingsbury PLC and communicated the same to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the management.

The Committee reviewed the related party transactions and their compliances of The Kingsbury PLC and communicated the same to the Board.

The Committee in its review process recognised the adequacy of the content and quality of the information forwarded to its members by the management.



Dr. Harsha Cabral, PC.

Chairman

*Related Party Transactions Review
Committee of Hayleys PLC*

17th May 2022

AUDIT COMMITTEE REPORT

The Audit Committee comprises three Independent Non-Executive Directors.

The Chairman of the Audit Committee is Mr. L. N. De S. Wijeyeratne, a Fellow member of the Institute of Chartered Accountants of Sri Lanka. The names of the members are given in this report and a brief profile of each member is given on pages 06 to 07.

The Committee met formally four (04) times during the financial year ended 31st March 2022. The attendance of the members at these meetings were as follows:

Independent Non-Executive Director	10th May 2021	03rd August 2021	02nd November 2021	03rd February 2022	Total
Mr. L. N. De S. Wijeyeratne	Present	Present	Present	Present	4/4
Ms. R. N. Ponnambalam	Present	Present	Present	Present	4/4
Mr. J. P. Van Twest	Present	Present	Present	Present	4/4

The Managing Director, Head of Finance, Financial Controller, Manager Finance and the Group Chief Financial Officer (CFO) of Hayleys PLC and the Head of Internal Audit of the Group Management Audit and Systems Review Department of Hayleys PLC attend the meetings of the Audit Committee by invitation. The Chairman of the Company and other Directors attend the meetings as required.

Hayleys Group Services (Private) Limited, Company Secretaries act as the secretary of the Committee.

The Committee functions within the Terms of Reference approved by the Board of Directors. In addition it reviews and monitors the financial reporting process of the Company, so as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review.

During the period under review the Committee,

- Reviewed the quarterly financial information of the Company to monitor the integrity of the financial statements and the significant financial reporting judgements.
- Recommended the year-end financial statements to the Board for its approval and publication.
- Noted the weak financial position of the company due to the losses incurred during the past three years. The company's gearing ratio has

increased to 64.09% while its current liabilities exceeded its current assets by Rs. 1,433 Mn. The interest bearing liabilities to be settled in the ensuing financial year amounted to Rs. 61 Mn. The Management informed the Committee that they have commenced discussions with the company's bankers for the rescheduling of its debt. In addition the parent company has agreed to provide a letter of comfort confirming that they will extend their support in the event of a need. The parent company has also agreed to avoid calling on the settlement of its out standings until the financial position improves.

- Reviewed the processes in place to assess the effectiveness of the Internal Financial Controls that are in place to provide reasonable assurance that assets are safeguarded and that the financial reporting system can be relied upon in preparation and presentation of Financial Statements.
- Recommended to the Board, the re-appointment of external auditors for a further period of one year subject to approval by the shareholders.
- Noted that the External Auditors M/s Ernst & Young were independent and objective in performing the year-end audit and had no relationship nor interest in the Company in terms of the Companies Act No. 07 of 2007

and that the audit was being carried out in accordance with the Sri Lanka Accounting Standards and other statutory and regulatory requirements.

- The audit results were presented to the Audit Committee on completion of the year end audit. The committee reviewed the audit observations in relation to the Group's accounting policies, judgments and accounting estimates adopted, with particular reference to the Going Concern and Impairment of Assets assessments carried out by the Management and noted that there were no significant issues reported.
- Reviewed the management letter issued by the external auditors.
- Discussed and finalised the nature and scope of audit with the external auditors for the ensuing year.
- Reviewed the scope, functions and resources of the internal audit department of Hayleys PLC's Group Management Audit and Systems Review Department which acts as the Internal Auditor of the Company, and was satisfied that the internal audit function was independent of the activities it audited and that it performed with impartiality, proficiency and due professional care.
- Discussed and approved the Internal Audit Plan for the ensuing year.

It also reviewed the reports of the internal auditors covering, all sectors of the hotel and considered the major findings of internal investigations and management's responses thereto.

Minutes of the Audit Committee meetings are approved by the Committee Chairman at the following meeting and are tabled at Board meetings to ensure that all Directors are kept informed of its activities.



L. N. De S. Wijeyeratne
Chairman
Audit Committee

05th May 2022

FINANCIAL STATEMENTS

Independent Auditors' Report.....	27
Statement of Profit or Loss.....	30
Statement of Comprehensive Income.....	31
Statement of Financial Position.....	32
Statement of Changes in Equity.....	33
Statement of Cash Flow.....	34
Notes to the Financial Statements.....	35 to 70

FINANCIAL CALENDER

Interim Financial Statement - 01st Quarter.....	03rd August 2021
Interim Financial Statement - 02nd Quarter.....	02nd November 2021
Interim Financial Statement - 03rd Quarter.....	03rd February 2022
Interim Financial Statement - 04th Quarter.....	05th May 2022
Annual General Meeting.....	30th June 2022

INDEPENDENT AUDITOR'S REPORT



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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE KINGSBURY PLC Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Kingsbury PLC (“the Company”), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Code of

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

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p>Interest Bearing Borrowings:</p> <p>As of the reporting date, the Company reported total interest bearing borrowings of Rs. 1,634 Mn, of which Rs.598 Mn is reported as current liabilities and the balance Rs. 1,036 Mn as non-current liabilities.</p> <p>Interest bearing borrowings was a key audit matter due to:</p> <ul style="list-style-type: none">• the magnitude of the interest bearing borrowings and its significance to the overall financial statements;• existence of numerous financial and non-financial covenants; and <p>Appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the notes to the financial statements.</p>	<p>Our audit procedures included amongst others, the following;</p> <ul style="list-style-type: none">• We obtained an understanding of the terms and conditions attached to external borrowings, by perusing the loan agreements,• We validated the entity’s compliance with long term loan covenants, factoring in available moratoriums facilities and revisions to financing arrangements made during the year,• We obtained management’s assessment of future cash flows and its plans to meet debt service obligations as per existing contractual arrangements.• We assessed the maturity profile of the Company’s interest-bearing borrowings focusing on the management’s plans to meet the debt obligations maturing within the next twelve months and working capital requirements.• We also, assessed the adequacy of the disclosures made in Notes 19 and 33.3 to the Financial Statements relating to the interest-bearing borrowings and liquidity risk aspects.

INDEPENDENT AUDITOR'S REPORT

Key audit matter

Valuation of Building and Building Integrals

Property, Plant and Equipment include buildings and building integrals carried at fair value. The fair values of buildings and building integrals were determined by an external valuer engaged by the Company

This was a key audit matter due to:

- Materiality of the reported Buildings and Building integral balances which amounted to LKR 3,210 Mn and represent 75% of the total asset.
- The degree of assumptions, judgements and estimates associated with valuation of Buildings and Building integrals amplified by the current economic conditions prevailing in the country. The potential impact of the current economic conditions prevailing in the country has increased the level of management judgement and the uncertainty in the assumptions used in determining the fair value.

Key areas of significant judgments, estimates and assumptions used in the valuation of the buildings and building integrals included the following:

- Estimate of the per square foot value of the buildings

How our audit addressed the key audit matter

Our audit procedures included amongst others, the following:

- We assessed the competency, capability and objectivity of the external valuer engaged by the Company.
- We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation.
- We assessed the reasonableness of the significant judgements made by the valuer and valuation techniques, value per square foot used by the valuer in the valuation.

We have also assessed the adequacy of the disclosures made in Note 12 to the financial statements relating to the significant judgements, valuation techniques and estimates used by the external valuer.

Other information included in the Company's 2022 Annual Report

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

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

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

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation

of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements in accordance with the Code of Ethic regarding independence, and

to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1884.



Ernst & Young

20 May 2022
Colombo

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

Principals: G B Goudian ACMA, Ms P S Paranavitane ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

STATEMENT OF PROFIT OR LOSS

Year ended 31st March	Notes	2022 Rs '000	2021 Rs '000
Revenue	4	2,021,666	777,923
Cost of sales		(1,544,454)	(862,849)
Gross Profit/(Loss)		477,212	(84,926)
Other income and expenses	5	25,406	33,405
Administrative expenses		(801,228)	(702,414)
Marketing expenses		(47,811)	(45,343)
Finance income	8	25,633	652
Finance expense	9	(135,750)	(82,768)
Profit/(Loss) before tax		(456,538)	(881,394)
Income tax (expense)/reversal	10	29,702	123,200
Net Profit/(Loss) after tax		(426,836)	(758,194)
Basic earnings per share (Rs.)	11	(0.88)	(1.57)

The Accounting Policies and Notes on pages 35 through 70 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31st March	Notes	2022 Rs '000	2021 Rs '000
Profit/(Loss) for the year		(426,836)	(758,194)
Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods			
Revaluation of buildings and building integrals	28	82,116	-
Deferred tax effect on building and building integrals	28	(11,496)	-
Re-measurement Gain/(Loss) on defined benefit plans	20	(5,103)	6,062
Deferred tax effect on defined benefit plans	21	714	(849)
Other Comprehensive income for the year, net of tax		66,231	5,213
Total Comprehensive Income for the year, net of tax		(360,605)	(752,981)

The Accounting Policies and Notes on pages 35 through 70 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2022	Notes	2022 Rs '000	2021 Rs '000
ASSETS			
Non-current assets			
Property, plant and equipment	12	3,751,326	3,856,101
Intangible assets	13	5,952	7,250
Right to use asset	14	11,674	11,921
		3,768,952	3,875,272
Current assets			
Inventories	15	114,117	71,931
Trade and other receivables	16	178,357	29,572
Other non financial assets	17	122,202	117,405
Income tax receivable		8,431	8,431
Cash and cash equivalents	18	112,265	13,571
		535,372	240,910
Total assets		4,304,324	4,116,182
EQUITY AND LIABILITIES			
Equity			
Stated capital	27	836,000	836,000
Reserves	28	870,444	816,874
Retained earnings		(579,342)	(167,943)
		1,127,102	1,484,931
Non-current liabilities			
Interest-bearing borrowings	19	1,036,859	1,049,209
Post employment benefit obligation	20	67,659	66,458
Deferred tax liability	21	83,219	104,915
Lease Liability	22	19,044	19,050
Other non- current liabilities		1,820	4,150
		1,208,601	1,243,782
Current liabilities			
Trade and other payables	23	864,440	667,110
Interest-bearing borrowings	19	975,024	601,964
Other non financial liabilities	24	129,157	118,395
		1,968,621	1,387,469
Total equity and liabilities		4,304,324	4,116,182

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Ravindra Dissanayake
Head of Finance

The Board of Directors is responsible for these Financial Statements. These Financial Statements were authorised for issue by the Board of Directors on 05th May 2022.



Rohan Karr
Managing Director



A. M. Pandithage
Executive Chairman

The Accounting Policies and Notes on pages 35 through 70 form an integral part of the Financial Statements.

05th May 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

	Notes	Ordinary share capital Rs '000	Revaluation reserve Rs '000	Retained earnings Rs '000	Total Rs '000
Balance at 01st April 2020		836,000	833,924	565,212	2,235,136
Net Profit/(Loss) for the period		-	-	(758,194)	(758,194)
Other comprehensive income		-	-	5,213	5,213
Total comprehensive income		-	-	(752,981)	(752,981)
Transfer to retained earnings from Revaluation reserve	28	-	(19,826)	19,826	-
Deferred tax on transfer	28	-	2,776	-	2,776
Balance at 31st March 2021		836,000	816,874	(167,943)	1,484,931
Net Profit/(Loss) for the period		-	-	(426,836)	(426,836)
Revaluation of buildings and building integrals	28	-	82,116	-	82,116
Deferred tax effect on building and building integrals	28	-	(11,496)	-	(11,496)
Other comprehensive income		-	-	(4,389)	(4,389)
Total comprehensive income		-	70,620	(431,225)	(360,605)
Transfer to retained earnings from Revaluation reserve	28	-	(19,826)	19,826	-
Deferred tax on transfer	28	-	2,776	-	2,776
Balance at 31st March 2022		836,000	870,444	(579,342)	1,127,102

The Accounting Policies and Notes on pages 35 through 70 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOW

Year ended 31st March	Notes	2022 Rs '000	2021 Rs '000
Operating activities			
Cash generated from operations	29	(68,444)	(293,154)
Interest received	10	668	601
Interest paid		(37,886)	(59,570)
Lease Interest paid		(2,388)	(2,388)
Employee benefit obligations	20	(16,854)	(13,716)
Net cash generated from operating activities		(124,904)	(368,227)
Investing activities			
Capital work in progress	12	-	10,991
Purchases of property, plant and equipment	12	(69,163)	(48,159)
Purchases of intangible assets	13	(882)	(37)
Proceeds from disposal of property, plant and equipment		3,370	-
Net cash generated from/(used in) investing activities		(66,675)	(37,205)
Financing activities			
Proceeds from interest-bearing borrowings	29.2	343,001	563,072
Payments on interest-bearing borrowings	29.2	(101,694)	(316,532)
Payments on lease rent - capital portion		(7)	(6)
Net cash generated from financing activities		241,300	246,534
Effect of exchange rate changes on cash & cash equivalents		24,965	-
Net increase/(decrease) in cash and cash equivalents		74,686	(158,898)
Movement in cash and cash equivalents			
At the beginning of year		(339,910)	(181,012)
Net increase/(decrease)		74,686	(158,898)
At end of year	18	(265,224)	(339,910)

The Accounting Policies and Notes on pages 35 through 70 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

1.1 Reporting Entity

The Kingsbury PLC (“Company”) is a limited liability company incorporated in Sri Lanka and listed on the Colombo Stock Exchange Sri Lanka. The address of its registered office and principal place of business is No. 48, Janadhipathi Mawatha, Colombo 1.

1.2 Principal Activity and Nature of Operations

During the year, the principal activities of the Company were the provision of Hospitality & Leisure Services.

1.3 Parent Entity and Ultimate Parent Entity

The Company’s parent entity is Hayleys PLC. In the opinion of the directors, the Company’s ultimate parent undertaking and controlling party is Hayleys PLC, which is incorporated in Sri Lanka.

1.4 Date of Authorisation for Issue

The Financial Statements of The Kingsbury PLC, for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 05th May 2022.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

2.1.1 Basis of Measurement

The Financial Statements have been prepared on a historical cost basis, except for buildings and building integrals of property, plant, and equipment which were subsequently measured at fair value. The Financial Statements are presented in Sri Lankan Rupees Thousands, except when otherwise indicated. The preparation and presentation of these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

2.1.2 Statement of Compliance

The Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Other Comprehensive Income, and Statement of Changes in Equity, Statement of Cash Flows and Significant Accounting Policies and Notes have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS).

2.1.3 Comparative Information

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. In addition, the Company presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of Financial Statements in conformity with SLFRS/LKAS’s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgements and estimates.

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

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes.

a. Going Concern

The Company’s management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis. Refer Note 31.

b. Revaluation of Property, Plant and Equipment

The Company measures buildings and building integrals at revalued amounts with gains in fair value being recognised in equity (Revaluation Reserve). The Company usually engages an external, independent and qualified valuer to determine the fair values. When current market prices of

NOTES TO THE FINANCIAL STATEMENTS

similar assets are available, such evidences are considered in estimating fair values of these assets. In the absence of such information the Company determines within reasonable fair value estimates, amounts that can be attributed as fair values, with the assistance of an independent professional valuer. Further details are given in Note 12.2.

c. Components of Buildings and Useful Life

In determining the depreciation expense, the Company with the assistance of an independent professional valuer determined the components of buildings that have varying useful lives. Approximation techniques and appropriate groupings were used in such determination as well as in the assessment of the useful lives of each component. Further details are given in Note 12.4.

d. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the CGU, are discount rate and terminal growth rate, 15% and 3% respectively.

e. Deferred Tax Assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details are given in Note 21.

f. Post-Employment Benefit Obligation

The post-employment benefit obligation; gratuity, is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and staff turnover. Due to the complexity of the valuation; the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details are given in Note 20.

g. Determining the lease term of contracts with renewal and termination options

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to eliminate the lease, if it is reasonably certain not to be exercised. Refers to Note 22 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Foreign Currencies

(a) Functional and Presentation Currency

Items included in the Financial Statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss.

2.3.2 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective

asset. All other borrowing costs are expensed in the period in which they occur.

2.3.3 Property, Plant and Equipment

a. At Initial Recognition

All property, plant and equipment are initially stated at cost net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects 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. Likewise, when a major refurbishment 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 repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred.

b. At Subsequent Measurement

Property, plant and equipment other than building and building integrals is 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 is met.

Building and building integrals are subsequently measured at fair value less accumulated depreciation and such valuations are carried out by external independent valuers. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in Other Comprehensive Income and credited to the revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the Statement of Profit or Loss, in which case the increase is recognised in the Statement of Profit or Loss. A revaluation deficit is recognised in Profit or Loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. Upon disposal or de-recognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost.

c. Depreciation

Depreciation is calculated on a straight-line basis over the useful life of assets or components. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

	2022	2021
Buildings and building integrals	15 - 50 years	15 - 50 years
Plant, machinery and equipment	08 years	08 years
Furniture and fittings	10 years	10 years
Motor vehicles	05 years	05 years
Linen, cutlery, crockery and glassware	3 - 10 years	3 - 10 years

d. Subsequent Costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred.

e. De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 Profit or Loss when the asset is de-recognised. The revaluation surplus included in the equity in respect of an item of property, plant and equipment is transferred directly to equity when the assets are de-recognised.

2.3.4 Lease

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTES TO THE FINANCIAL STATEMENTS

2.3.4.1 Right-of-use Assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date 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 lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

2.3.4.2 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. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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.

The Company lease liabilities are included in Note 22 to the Financial Statements.

2.3.5 Intangible Assets

The Company's intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software	08 years
-------------------	----------

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset.

2.3.6 Financial Instruments

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

a) Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through Other Comprehensive Income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables do not contain a significant financing component.

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

business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent Measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is de-recognised, modified or impaired

The Company's financial assets at amortised cost includes trade and other receivables, short term deposits, cash and bank balances and other financial assets..

c) De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired;

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment of Financial Assets

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

Trade Receivables:

For trade receivables, the Company applies a simplified approach in calculating Expected Credit Losses (ECL).

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

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

2.3.7 Other Non-Financial Assets

All other non-financial assets are valued net of specific provision, where necessary, so as to reduce the carrying value of such assets to their estimated realisable value.

2.3.8 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the Income Statement 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, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of 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 Income Statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.9 Fair Value Measurement

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

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

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

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of property, plant and equipment. Involvement of external valuers is decided by the management after discussion with and approval by

the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

2.3.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of the inventory comprises purchase price, taxes (other than those subsequently recoverable by the Company from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods. It excludes the borrowing costs, trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.3.11 Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with maturity of three months or less. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash and short term deposits as defined above, net of outstanding bank overdrafts.

2.3.12 Financial Liabilities

a) Initial Recognition and Measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payable, bank overdrafts and interest bearing loans and borrowings.

b) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings (Financial liabilities at amortised cost)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in

profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

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

This category generally applies to interest-bearing loans and borrowings

c) De-recognition

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

2.3.13 Other Non-Financial Liabilities

Other non-financial liabilities are recognised at their monetary amount.

2.3.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.3.15 Employee Benefits

a) Defined Contribution Plans

All employees of the Company are members of the Employees' Provident Fund and the Employees' Trust Fund, to which the Company contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary and cost of living and all other allowances.

The Company's contributions to the defined contribution plans are charged to the Statement of Profit or Loss in the year to which they relate.

b) Defined Benefit Plan

The liability recognised in the Statement of Financial Position in respect of defined benefit plans is the present

NOTES TO THE FINANCIAL STATEMENTS

value of the defined benefit obligation at the reporting date together with past service cost. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of treasury bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to the Statement of Other Comprehensive Income.

2.3.16 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Financial Statements in the period in which the dividends are approved by the Company's shareholders.

2.3.17 Taxation

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

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

Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

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

Turnover Based Taxes

Turnover based taxes include Value Added Tax, Nations Building Tax and Tourism Development Levy. Company pays such taxes in accordance with the respective statutes.

2.3.19 Revenue Recognition

2.3.19.1 Revenue from contracts with Customers

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

The Company's gross turnover comprises proceeds from provision of food, beverage, lodging and other hospitality industry related activities. The net Company's turnover excludes turnover taxes and trade discounts.

The specific recognition criteria described below must also be met before revenue is recognised.

- a) Room revenue is recognised on the rooms occupied on daily basis.
- b) Food and Beverage revenue is recognised at the time of sales.
- c) Other Hotel Related Revenue is accounted when such service is rendered.

2.3.19.2 Revenue from other income sources

- d) Interest income is accrued on a time basis with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts

estimates future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- e) Other income is recognised on an accrual basis. Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment has been accounted for in the Statement of Profit or Loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expense

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

- f) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The Company recognises advanced received for future reservations as contract liabilities.

The Company recognises advanced received for future reservations as contract liabilities.

2.3.19 Changes in accounting policies

The accounting policies adopted by the Company are consistent with those of the previous financial year except for the following;

2.3.19.1 New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1st April 2021. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.3.19.2 Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30th June 2021

In 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent

concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification

2.3.19.3 Standards Issued but not yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.3.19.4 Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Costs of Fulfilling a Contract

In 25th March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1st January 2022. Earlier application is permitted.

2.3.19.5 Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

In 25th March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

The amendment is effective for annual reporting periods beginning on or after 1st January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

2.3.19.6 SLFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1st January 2022 with earlier adoption permitted.

4. REVENUE

The Company classifies its revenue streams according to business units based on the nature of services, for easy of understanding. Namely; Room Revenue, Food and Beverage Revenue and Other Hotel Related Revenue. The Board monitors the operating results for the purpose of performance assessment. Assets and Liabilities are managed on a collective basis and are not allocated to operating segments.

4.1 Summary

Year ended 31st March	2022 Rs '000	2021 Rs '000
Gross revenue	2,021,666	777,923
Less: Tourism development levy	(20,640)	(7,889)
Net revenue	2,001,026	770,034

4.2 Segmentation of the revenue

Year ended 31st March	2022 Rs '000	2021 Rs '000
Room revenue	390,002	44,751
Food & beverage revenue	1,531,936	702,899
Other hotel related revenue	79,088	22,384
Total revenue	2,001,026	770,034

5. OTHER INCOME AND EXPENSES

Year ended 31st March	2022 Rs '000	2021 Rs '000
Loss on disposal of property, plant and equipment	(1,052)	(2)
Sundry income	26,458	33,407
Other income and expenses	25,406	33,405

NOTES TO THE FINANCIAL STATEMENTS

6. PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at profit before tax:

Year ended 31st March		2022 Rs '000	2021 Rs '000
Directors' emoluments		4,158	4,422
Auditors remuneration - audit fees		825	743
- non audit fees		236	230
Depreciation on property, plant and equipment	Note 12	246,007	272,130
Amortisation of intangible assets	Note 13	2,180	4,161
Amortisation of right to use assets	Note 14	247	247
Impairment allowance for trade receivables	Note 33	(798)	(582)
Repair and maintenance expenditure		45,243	38,784
Lease rentals on property		2,382	2,382
Staff costs	Note 7	494,369	427,784
Power and energy expenditure		139,842	110,044
Loss on disposal of property, plant & equipment		8,197	4,288
Management fee on revenue		60,031	23,101

7. STAFF COSTS

Year ended 31st March		2022 Rs '000	2021 Rs '000
Wages and salaries		364,374	320,106
Cost of meals		61,361	43,070
Defined contribution plans		55,684	48,150
Post employment benefit obligation	Note 20.2	12,950	16,458
Staff costs		494,369	427,784

8. FINANCE INCOME

Year ended 31st March		2022 Rs '000	2021 Rs '000
Interest income		668	601
Foreign exchange gain		24,965	51
		25,633	652

9. FINANCE EXPENSES

Year ended 31st March		2022 Rs '000	2021 Rs '000
Interest expenses		135,750	82,768
		135,750	82,768
Net Finance Income/Expenses		110,117	82,116

10. TAXATION

Year ended 31st March	2022 Rs '000	2021 Rs '000
10.1 Current income tax	-	-
Deferred tax	Note 21.1 (29,702)	(123,200)
Income Tax Expense	(29,702)	(123,200)

10.2 Reconciliation of accounting profit to income tax expense

Year ended 31st March	2022 Rs '000	2021 Rs '000
Profit/(Loss) before tax	(456,538)	(881,394)
Disallowable expenses	272,856	296,608
Allowable expenses	(391,904)	(384,443)
Business loss during the year	(576,254)	(968,627)
Interest income	668	601
Taxable income	-	-

11. BASIC EARNINGS/(LOSS) PER SHARE

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

Year ended 31st March	2022	2021
Net profit attributable to shareholders (Rs'000)	(426,836)	(758,194)
Weighted average number of ordinary shares in issue ('000)	484,000	484,000
Basic earnings per share (Rs.)	(0.88)	(1.57)

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

12.1

12.1.1

As at 31st March 2021

	Buildings and building integrals Rs '000	Plant, machinery & equipment Rs '000	Furniture & fittings Rs '000	Motor vehicles Rs '000	Linen, cutlery, crockery & glassware Rs '000	Total Rs '000
Cost/valuation						
Balance as at 01st April 2020	3,491,286	899,247	409,569	10,043	265,028	5,075,173
Additions	12,584	23,682	19	7,260	4,614	48,159
Disposals /breakages, losses & discarded	-	-	(11)	-	(8,108)	(8,119)
Balance as at 31st March 2021	3,503,870	922,929	409,577	17,303	261,534	5,115,213
Depreciation						
Balance as at 01st April 2020	215,778	437,491	181,856	7,243	148,445	990,813
Depreciation charge	86,228	98,768	41,712	965	44,457	272,130
Disposals/breakages, losses & discarded	-	-	(9)	-	(3,822)	(3,831)
Balance as at 31st March 2021	302,006	536,259	223,559	8,208	189,080	1,259,112
Net book value as at 31st March 2021	3,201,864	386,670	186,018	9,095	72,454	3,856,101
Capital work in progress						
Balance as at 01st April 2020						10,991
Amount transferred to property, plant and equipment						(10,991)
Balance as at 31st March 2021						-
Total net book value as at 31st March 2021	3,201,864	386,670	186,018	9,095	72,454	3,856,101

12.1. 2

As at 31st March 2022

	Buildings and building integrals Rs '000	Plant, machinery & equipment Rs '000	Furniture & fittings Rs '000	Motor vehicles Rs '000	Linen, cutlery, crocery & glassware Rs '000	Total Rs '000
Cost/valuation						
Balance as at 01st April 2021	3,503,870	922,929	409,577	17,303	261,534	5,115,213
Additions	13,291	28,047	3,832	-	23,993	69,163
Disposals/breakages, losses & discarded	-	(54,812)	(4,167)	-	(25,584)	(84,563)
Revaluation during the year	82,116	-	-	-	-	82,116
Adjustment on Revaluation	(388,841)	-	-	-	-	(388,841)
Balance as at 31st March 2022	3,210,436	896,164	409,242	17,303	259,943	4,793,088
Depreciation						
Balance as at 01st April 2021	302,006	536,259	223,559	8,208	189,080	1,259,112
Depreciation charge	86,835	83,192	40,839	1,452	33,689	246,007
Disposals/breakages, losses & discarded	-	(53,366)	(2,412)	-	(18,738)	(74,516)
Adjustment on Revaluation	(388,841)	-	-	-	-	(388,841)
Balance as at 31st March 2022	-	566,085	261,986	9,660	204,031	1,041,762
Net book value as at 31st March 2022	3,210,436	330,079	147,256	7,643	55,912	3,751,326

NOTES TO THE FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

12.2 Fair Valuation Process and Key Valuation Assumptions

The Company measures Buildings and building integrals at revalued amounts. The Company usually engages an external qualified valuer on a regular basis to determine the fair values.

The latest revaluation has been carried out by Mr. P B Kalugalagedera (F.I.V Sri Lanka) a chartered independent valuer as at 31st March 2022, which resulted in a revaluation gain of Rs. 82.1Mn. The valuation of the buildings and integrals located at principal place of business, No. 48, Janadhipathi Mawatha, Colombo 1 have been determined using direct capital comparison method by using level 3 of the fair value measurement hierarchy. Approximate price per sq.ft is Rs.11,000/- to Rs.19,500/- (2021 -Rs.15,000/-to Rs.19,500/-). Significant increase or decrease in estimated price per square foot in isolation would result in a significantly higher or lower fair value measurement.

12.3 If the Buildings and building integrals were stated at historical cost, the carrying amounts would be as follows:

Asset category	Cost	Accumulated depreciation	Net book value
	Rs '000	Rs '000	Rs '000
Buildings and building integrals	2,474,845	655,763	1,819,082
	2,474,845	655,763	1,819,082

12.4 The Company regularly review the useful life of each significant component of buildings and in the review process, the Company obtains the assistance of an independent professional valuer. Accordingly, depreciation is calculated for the year using a straight line method for each individual significant component of building.

Components included in buildings and building integrals and their useful lives are as follows:

- Buildings superstructure	48 to 50 years
- Bathrooms	15 years
- Ballroom finishes	20 years
- Elevators	25 years
- Mechanical and engineering	25 years

12.5 The gross carrying amount of any fully depreciated property, plant & equipment that is still in use as at 31st March 2022 is Rs.410,364,042/- (2021: Rs.384,879,804/-).

13. INTANGIBLE ASSETS

As at 31st March	2022 Rs '000	2021 Rs '000
Cost		
Balance as at 01st April	45,517	45,480
Additions during the year	882	37
Impairment	(6,408)	-
Balance as at 31st March	39,991	45,517
Amortisation		
Balance as at 01st April	38,267	34,106
Amortisation during the year	2,180	4,161
Impairment	(6,408)	-
Balance as at 31st March	34,039	38,267
Net Book Value	5,952	7,250

The intangible assets consist of computer software

14. RIGHT OF USE ASSETS

As at 31st March	2022 Rs '000	2021 Rs '000
Cost		
Balance as at 01st April	12,415	12,415
Balance as at 31st March	12,415	12,415
Amortisation		
Balance as at 01st of April	494	247
Amortisation for the period	247	247
Balance as at 31st March	741	494
Net book value of right of use assets	11,674	11,921

The Hotel building is constructed on land obtained from the Ceylon Tourist Board on a 99 years lease commencing from 09th May 1970, for which the Company pays a sum of Rs 2.5 Mn. annually as operating lease rental. Remaining lease period is 47 years.

NOTES TO THE FINANCIAL STATEMENTS

15. INVENTORIES

As at 31st March	2022 Rs '000	2021 Rs '000
Food, Beverages and Tobacco	88,828	50,350
Consumables	25,289	21,581
Inventories	114,117	71,931

16. TRADE AND OTHER RECEIVABLES

As at 31st March	2022 Rs '000	2021 Rs '000
Trade receivables	161,276	17,095
Less: Impairment Allowances	Note 33.2.c (445)	(1,243)
	160,831	15,852
Intercompany receivables	Note 30.5 17,526	13,720
Trade and other receivables	178,357	29,572

17. OTHER NON FINANCIAL ASSETS

As at 31st March	2022 Rs '000	2021 Rs '000
Prepayments	16,899	14,903
Advances Paid	5,576	3,232
VAT receivable	64,580	74,131
Security deposits	17,200	19,743
Other receivables	17,947	5,396
Other non-financial assets	122,202	117,405

18. CASH AND CASH EQUIVALENTS

As at 31st March	2022 Rs '000	2021 Rs '000
18.1 Cash at bank and in hand	112,265	13,571
Cash at bank and in hand	112,265	13,571

18.2 For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

As at 31st March	2022 Rs '000	2021 Rs '000
Cash and short term deposits	112,265	13,571
Bank overdraft	(377,489)	(353,481)
Cash and Cash equivalents at the end of the period	(265,224)	(339,910)

19. INTEREST-BEARING BORROWINGS

19.1 Borrowings

As at 31st March	2022 Rs '000	2021 Rs '000
Current liabilities		
Bank overdraft	377,489	353,481
Borrowings from Banks / Financial Institutions	597,535	248,483
	975,024	601,964
Non-current liabilities		
Borrowings from Banks / Financial Institutions	1,036,859	1,049,209
	1,036,859	1,049,209
Total borrowings	2,011,883	1,651,173

19.2 Details of Loan - Terms and conditions

Loan Amount	Bank/Financial Institution										
	BOC										
	350Mn	500Mn	29Mn	250Mn	250Mn	25Mn	25Mn	31Mn	162Mn	156Mn	300Mn
Commencement date	Jul 2018	Dec 2019	Jul 2020	Dec 2019	Sep 2020	Jun 2020	Aug 2020	Apr 2021	Oct 2020	Apr 2021	Dec 2021
Instalment amount Rs.000	9,722	7,576	1,379	10,417	5,208	1,736	1,786	1,480	8,979	6,509	6,250
Interest rate	AWPLR + Premium	AWPLR + Premium	TB rate +Premium	6M AWPLR + Premium	AWPLR + Premium	Fixed	Fixed	Fixed	Fixed	Fixed	AWPLR + Premium
Term	68 Months	87 Months	24 Months	30 Months	60 Months	36 Months	36 Months	24 Months	30 Months	30 Months	60 Months

19.3 Existing mortgage bond No. 364 over lease hold right of the hotel property and bond Nos. 1416 dated 27th July 2001 for Rs. 100 Mn. and 166 dated 9th May 2013 for Rs. 1,335 Mn. over lease hold rights of the property situated at the junction of Janadhipathi Mawatha and Chaithya Road adjoining the Central Bank.

NOTES TO THE FINANCIAL STATEMENTS

20. POST EMPLOYMENT BENEFIT OBLIGATION (GRATUITY)

20.1 Summary

Year ended 31st March	2022 Rs '000	2021 Rs '000
As at 1st April	66,458	69,778
Charge for the year	18,055	10,396
Benefits paid	(16,854)	(13,716)
As at 31st March	67,659	66,458

20.2 Charge for the year

Year ended 31st March	2022 Rs '000	2021 Rs '000
Reported in Income Statement		
Current service cost	9,803	6,324
Past service cost	(1,661)	-
Interest cost	4,809	10,134
Service Cost	12,951	16,458
Reported in Other Comprehensive Income		
Net actuarial (Gain)/Loss recognised immediately to Other Comprehensive Income	5,103	(6,062)
Charge for the year	18,055	10,396

20.3 The Company obtained an actuarial valuation from an independent professional actuary, Messrs Actuarial and Management Consultants (Pvt) Ltd, in March 2022, to ascertain the post employment benefit obligation arising in respect of Gratuity.

The principal actuarial assumptions used in determining the liability were:

Year ended 31st March	2022	2021
Discount rate (per annum)	15%	08%
Future salary increase (per annum)	13.50%	07%
Retiring age	60 years	55 years

Average future working life of an employee is 7.60 years (2021: 5.72 years).

20.4 Sensitivity of assumptions employed in actuary valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the post employment benefit liability measurement.

31st March 2022

Increase/(decrease) in discount rate	Increase/(decrease) in salary increment	Effect on comprehensive income increase/ (decrease) in results for the year Rs '000	Effect on post employment benefit obligation increase/(decrease) in the liability Rs '000
01%	-	4,277	(4,277)
01%	-	(4,775)	4,775
-	01%	(5,108)	5,108
-	01%	4,642	(4,642)

31st March 2021

Increase/(decrease) in discount rate	Increase/(decrease) in salary increment	Effect on Comprehensive Income Increase/ (decrease) In Results for the year Rs '000	Effect on post employment benefit obligation increase/(decrease) in the liability Rs '000
01%	-	3,253	(3,253)
01%	-	(3,587)	3,587
-	01%	(3,887)	3,887
-	01%	3,585	(3,585)

20.5 Distribution of Post Employment Benefit Obligation Over Future Lifetime

The following table demonstrates distribution of the future working lifetime of the Post Employment Benefit Obligation as at the reporting period.

As at 31st March	2022 Rs '000	2021 Rs '000
Less than or equal 1 year	3,858	9,559
Over 1 year and less than or equal 5 years	27,124	32,208
Over 5 year and less than or equal 10 years	19,628	16,214
Beyond 10 years	17,049	8,477
Total	67,659	66,458

20.6 The Retirement benefit Plan of the Bank was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No: 28 of 2021.

As on 17th November 2021, employees who have attained the age of	Retirement age
Less than 52 years	60 years
53 years	59 years
54 years	58 years
55 years	57 years

The resulting change in the present value of defined benefit obligation was recognised in profit or loss as past service income of Rs.1,660,562/- (2021: Nil)

NOTES TO THE FINANCIAL STATEMENTS

21. DEFERRED TAX LIABILITY

21.1

Year ended 31st March	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2022	2021	2022	2021	2022	2021
	Rs '000	Rs '000			Rs '000	Rs '000
Deferred Tax Liability						
Capital allowance for tax purpose	428,208	398,262	21,226	9,630	8,720	(2,776)
	428,208	398,262				
Deferred Tax Assets						
Defined benefit plans	9,472	9,304	546	(384)	(714)	849
Net lease liability	1,033	999	(34)	(34)		
Bad debt provision	62	174	112	1,046		
Un-used tax losses	334,422	282,870	(51,552)	(133,458)		
	344,989	293,347				
Net Deferred Tax Liability	83,219	104,915				
Net Deferred Tax Expense/(Reversal)			(29,702)	(123,200)	8,006	(1,927)

21.2 The movement on the deferred income tax account is as follows:

As at 31st March	2022	2021
	Rs '000	Rs '000
Deferred tax assets		
As at 01st April	293,347	161,366
Amount charged to Income Statement	50,928	132,830
Tax income recognised in Other Comprehensive Income	714	(849)
As at 31st March	344,989	293,347
Deferred Tax Liabilities		
As at 01st April	398,262	391,408
Income statement charge	21,226	9,630
	419,488	401,038
Deferred tax on revaluation gain	11,496	-
Deferred tax on amount transferred from revaluation reserve	(2,776)	(2,776)
As at 31st March	428,208	398,262
Deferred Tax Liabilities (net)	83,219	104,915

- 21.3** The unused tax losses amounted to Rs. 2,598,874,115/- out of which Rs. 2,388,726,250/- has been recognised for deferred tax based on the 5 years taxable profit forecast (2021: Rs. 2,022,619,275/-). The unused tax losses shall expire during the year of assessment as follows;

Description	Year of Assessment	Amount Rs. Mn	Expiry by (Year of Assessment)
Brought forward losses from	2018/19	625	2023/24
Losses during the year	2019/20	420	2024/25
Losses during the year	2020/21	977	2025/26
Losses during the year	2021/22	576	2026/27

Deferred tax assets and liabilities as at reporting date, deferred tax charge/(release) in the income statement and deferred tax charge/(credit) in equity, are attributable to provision for retirement benefit obligations, accelerated tax depreciation, tax losses carried forward and asset revaluation. The deferred tax on amount transferred from revaluation reserve to retained earnings represents the deferred tax on the difference between the depreciation on revalued property, plant and equipment and the equivalent depreciation based on the historical cost of property, plant and equipment.

21.4 Sensitivity of assumptions in key revenue variable

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions of revenue variables (Occupancy / ARR / No of covers) with all other variables held constant to assess the recoverability of tax brought forward losses within the next five years.

	Rs '000
Brought Forward tax loss as at 31st March 2021	(2,022,619)
Actual tax Loss for the year	(576,254)
Carried Forward tax loss as at 31st March 2022	(2,598,873)
Forecasted Taxable Income against which tax loss is recovered	2,388,726

	Increase/(decrease)	Sensitivity Effect on taxable income increase/(decrease) Rs '000
Occupancy Rate	5%	138,115
	(5%)	(348,437)
Average Room Rate	5%	90,794
	(5%)	(201,377)
Number of covers	5%	16,699
	(5%)	(5,164)

NOTES TO THE FINANCIAL STATEMENTS

22. LEASE LIABILITY

22.1 Movement of Lease Liabilities

As at 31st March	2022 Rs '000	2021 Rs '000
Balance as at 01st April	19,055	19,061
Accretion of Interest	2,383	2,382
Payment to lease creditor	(2,388)	(2,388)
Balance as at 31st March	19,050	19,055
Non Current	19,044	19,050
Current	6	5
	19,050	19,055

22.2 The following are the amounts recognised in the profit or loss:

As at 31st March	2022 Rs '000	2021 Rs '000
Depreciation expenses of right of use assets	247	247
Interest expenses on lease liability	2,382	2,382
Total Amount recognised in profit and loss	2,629	2,629

22.4 The table below summaries the maturity profile of the Company's financial liabilities based on contractual unaccounted payments

		0 to 03 Months	03 to 12 Months	01 to 05 Years	05 Years and above
Lease Liability	Rs '000	597	1,791	9,552	100,296

23. TRADE AND OTHER PAYABLES

As at 31st March		2022 Rs '000	2021 Rs '000
Trade payables		274,125	205,838
Intercompany payables	Note 30.6	367,292	251,361
Accrued expenses		160,312	146,761
Other payables		62,711	58,211
Payables to contractors		-	4,939
Trade and other payables		864,440	667,110

24. OTHER NON FINANCIAL LIABILITIES

As at 31st March		2022 Rs '000	2021 Rs '000
Advances received for reservations*		117,899	107,340
Reserve for Breakages		1,459	-
Other payables		9,793	11,050
Current portion of lease liability	Note 22.1	6	5
Other non financial liabilities		129,157	118,395

* The Company recognises advanced received for future reservations as contract liabilities

NOTES TO THE FINANCIAL STATEMENTS

25. CONTINGENCIES

Contingent liabilities

There were no contingent liabilities at the reporting date, except for pending litigation in relation to;

- (a) The application filed by legal counsel on behalf of the Company objecting the order made by the Learned Magistrate of Maligakanda Magistrate Court for the Company to pay 1% of the turnover of the Hotel as license fees to the Colombo Municipal Council (CMC). The Company filed a petition of appeal on 27th January 2011 in the court of appeal. The Court of appeal has abated the matter pending the decision of the court in the writ Application filed challenging the levying of 1% of Turnover as License Duty.
- (b) There are ten cases filed by the Colombo Municipal Council at the Maligakanda Magistrate Court for operating a restaurant without obtaining a requisite license in the years 2009 (13219/M), 2010 (14158/M), 2011 (15464/R), 2013 (28930/14), 2014 (16397/15), 2015 (15580/16), 2016 (15689/17), 2017 (16909/18), 2018 (16251/19), 2019 (4689/20) and 2020 (7579/21).

The above cases have concluded in the Magistrate's Court with the Hon. Magistrate holding against the Company and fining the Company LKR 100/-, for each case, which fine has been paid, as of date. There are no appeals pending as of date for the above Maligakanda Magistrate's Court cases.

- (c) The writ application (766/2010) filed by the company challenging, inter alia, the decision taken by Colombo Municipal Council to levy license fees equivalent to 1% of the total annual turnover as a pre-condition to the issue of the Annual Trade License for the years 2008, 2009 and 2010 in respect of the restaurant operated at hotel premises. Judgment was delivered on 19th September 2019, and their Lordships of the Court of Appeal dismissed the application and ordered costs. Costs have not been determined as of date. The case was appealed to the Supreme Court, however, the appeal has yet to be supported.

26. COMMITMENTS

(a) Capital Commitments

The Company has no capital commitments as at the reporting date.

(b) Tax Assessments

The Company is in the view that the above assessment will not have any material impact on the financial statements.

27. STATED CAPITAL

As at 31st March	2022		2021	
	Nos. '000	Rs '000	Nos. '000	Rs '000
Balance at beginning of the year	484,000	836,000	484,000	836,000
Balance at end of the year	484,000	836,000	484,000	836,000

28. RESERVES

As at 31st March		2022 Rs '000	2021 Rs '000
Revaluation reserve	Note 28.1	870,444	816,874
Total		870,444	816,874

28.1 Revaluation Reserve

The movement in the revaluation reserve is as follows:

As at 31st March		2022 Rs '000	2021 Rs '000
At beginning of year		816,874	833,924
Revaluation gain during the year		82,116	-
Deferred tax on revaluation gain		(11,496)	-
Transfer to retained earnings*		(19,826)	(19,826)
Deferred tax on transfers to retained earnings		2,776	2,776
		870,444	816,874

*The amount transfer to retained earnings represents current year revaluation gain and the depreciation effect of the revaluation gain of previous years and the revaluation gain of those assets which were disposed or de-recognised during the year.

NOTES TO THE FINANCIAL STATEMENTS

29. CASH GENERATED FROM OPERATIONS

29.1 Reconciliation of Profit/(Loss) Before Tax to Cash Generated From Operations:

Year ended 31st March	2022 Rs '000	2021 Rs '000
Profit before tax	(456,538)	(881,393)
Adjustments for:		
Depreciation on property, plant and equipment	246,007	272,130
Amortisation on right to use assets	247	247
Amortisation of intangible assets	2,180	4,161
Provision for bad and doubtful debts	(798)	(582)
Interest income	(668)	(601)
Interest expense	135,750	88,975
Foreign exchange (Gain)/Loss	(24,965)	(6,258)
Loss on disposal of property, plant and equipment	8,197	4,288
Post employment benefit plans	12,951	16,458
Changes in working capital:		
- Receivable and prepayments	(154,378)	159,075
- Inventories	(42,186)	12,948
- Payables	205,757	37,398
Net cash generated from/(used in) operations	(68,444)	(293,154)

29.2 Changes in Liabilities Arising from Financing Activities

	Balance as at 01st April 2021 Rs '000	Interest converted to loan Rs '000	Cash inflows Rs '000	Cash outflows Rs '000	Exchange differences and other non cash adjustments Rs '000	Balance as at 31st March 2022 Rs '000
Interest bearing Loans and Borrowings	1,297,692	60,591	343,001	(101,694)	34,804	1,634,394
Total Liabilities from Financing activities	1,297,692	60,591	343,001	(101,694)	34,804	1,634,394
	Balance as at 01st April 2020 Rs '000	Interest converted to loan Rs '000	Cash inflows Rs '000	Cash outflows Rs '000	Exchange differences and other non cash adjustments Rs '000	Balance as at 31st March 2021 Rs '000
Interest bearing Loans and Borrowings	1,030,395	-	532,000	(316,532)	51,829	1,297,692
Total Liabilities from Financing activities	1,030,395	-	532,000	(316,532)	51,829	1,297,692

*This balance includes the movement of accrued interest

30. RELATED PARTY DISCLOSURE

30.1 Non-recurrent related party transactions:

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity of 5% of the total assets whichever is lower of the company as per 31st March 2022 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

30.2 Recurrent related party transactions:

There were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the company as per 31st March 2022 audited financial statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under section 13(c) of the Security Exchange Commission Act.

30.3 Parent and Ultimate Controlling Party

Hayleys PLC holds controlling interest of The Kingsbury PLC.

30.4 Transactions with the Related Parties During the Year were as follows:

Year ended 31st March Nature of Transaction	Parent**		Transactions with companies under common control of Hayleys PLC		Entities controlled by key management personnel (KMP)		Total	
	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
Rooms and banquet sales	29,999	26,396	32,662	16,238	18,856	5,848	81,517	48,482
Purchase of goods / services	6,609	18,289	20,698	59,466	1,445	375	28,752	78,130
Marketing and promotional fees	5,298	12,712	59,780	12,249	-	-	65,078	24,961
Sectorial and group services	135,932	86,393	78,844	57,561	-	-	214,776	143,954

**The Board of Directors of its Parent has affirmed its intention and ability, by way of letter dated 09th May 2022, to provide its support to the Company to secure funding to fulfil its obligations where necessary, if the Company is not able to do so on its own accord.

30.5 Outstanding Receivable Balances Arising From The Above Transactions:

As at 31st March	2022 Rs '000	2021 Rs '000
Parent	3,575	9,650
Fellow Companies under common control of Hayleys PLC	13,951	4,070
Intercompany receivable	Note 16	17,526
Entities controlled by KMP	1,984	3,030

NOTES TO THE FINANCIAL STATEMENTS

30.6 Outstanding payable balance arising from the above transactions:

As at 31st March	2022 Rs '000	2021 Rs '000
Parent	291,967	204,771
Fellow Companies under common control of Hayleys PLC	75,325	46,590
Intercompany payable	367,292	251,361
Entities controlled by KMP	951	1,861

30.7 Key Management Compensation

The key management personnel (KMP) of the Company are the members of its Board of Directors and that of its parent.

30.8 Terms and Conditions of Transactions with Related Parties and KMP:

The Sales to and purchase from related parties and KMP are made of terms equivalent to those that prevail in arm length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Year ended 31st March	2022 Rs '000	2021 Rs '000
a. Key Management Personnel Compensation		
Short-term employee benefits	30,709	31,134
Directors employments	4,158	4,422
	34,867	35,556
b. Transactions, with KMP and their close family members		
- Rooms and banquet sales	39,662	26,097
c. Outstanding receivable balance arising from above transactions:	7,215	3,030

31. GOING CONCERN

The Kingsbury PLC, being a leading hotel in the city of Colombo experienced a considerable drop of tourism arrivals during the financial years ended 31 March 2021 and 31 March 2022 firstly on account of the impacts arising from Covid 19 and thereon due to economic and social conditions in the country which continue to date. Despite the Company's revenue increasing significantly owing to the efforts taken by the management, the Company continued to incur a loss before income tax of Rs. 456Mn (2021 - Rs. 881Mn) during the year.

In determining the basis of preparing the Financial Statements for the year ended 31st March 2022, based on available information, the management has assessed the prevailing and anticipated effects of the current economic conditions and the appropriateness of the use of the going concern basis. It is the view of the management that there are no material uncertainties that may cast significant doubt on the Company's ability to continue operating as a going concern, despite the ongoing economic conditions affecting the country and on account of the operationalisation of risk mitigation initiatives and continuous monitoring of business continuity and response plans at each business unit along with the financial strength of the Company.

The management has formed judgement that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these Financial Statements. The Company continued to place emphasis on ensuring that the undrawn committed facilities and the ultimate parent company's affirmation (refer Note 30.4) on its intention and ability to secure funding, sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities. Having anticipated the financial impact and relatable adverse effects, the Company undertook rigorous cost management measures and alternate revenue generating avenues were also introduced to ensure business continuity. Furthermore, the Company has proactively approached Financial Instructions to negotiate and enable funding mechanisms to counter upcoming funding requirements. Having considered possible scenarios, the Board of Directors is satisfied that the company has sufficient capital to continue in operational existence for the foreseeable future and confident that there are no material uncertainties relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

32. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Financial instruments of the Company comprise financial assets and financial liabilities. Fair value is the amount at which the financial assets could be exchanged or a financial liability transferred, between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents the determination of fair values as at the reporting date.

32.1 Financial Instruments carried at Fair Value

The Company does not have any financial instruments that are carried at Fair value as at the reporting date.

32.2 Financial Instruments not carried at Fair Value

Given below is a comparison, by class, of the carrying amounts and fair values of the company's financial instruments that are not carried at fair value in the Financial Statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

As at 31st March	2022		2021	
	Carrying Value Rs '000	Fair Value Rs '000	Carrying Value Rs '000	Fair Value Rs '000
Financial assets				
Cash and bank	112,265	112,265	13,571	13,571
Trade and other receivables	178,357	178,357	29,572	29,572
	290,622	290,622	43,143	43,143
Financial liabilities				
Trade and other payables	864,440	864,440	667,110	667,110
Interest-bearing loans and borrowings	2,011,883	2,011,883	1,651,173	1,651,173
	2,876,323	2,876,323	2,318,283	2,318,283

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not recorded at fair value in the Financial statements:

Other current financial assets, trade and other receivables and trade and other payables

For the above, instruments with maturities of less than 12 months, the carrying value closely approximates with its fair values.

Trade and other payables

For the above, instruments with maturities of less than 12 months, the carrying value is reasonably estimate of its fair values.

Interest-bearing loans and borrowings

All the borrowings are obtained at variable interest rates. Hence the carrying value closely approximates with its fair values.

NOTES TO THE FINANCIAL STATEMENTS

33. RISK MANAGEMENT

33.1 Introduction

The Company was exposed to the following risks from its financial instruments;

1. Credit Risk
2. Liquidity Risk
3. Market Risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework, which includes developing and monitoring the Company's risk management policies.

The Audit Committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by it. The Audit Committee is assisted in its oversight role by the Management Audit System Review Department (MASRD) of Hayleys PLC. MASRD undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

33.2 Credit Risk

Introduction

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework, which includes developing and monitoring the Company's risk management policies.

The Audit Committee oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by it. The Audit Committee is assisted in its oversight role by the Management Audit System Review Department (MASRD) of Hayleys PLC. MASRD undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the reporting date.

The maximum exposure to credit risk at the reporting date

As at 31st March		2022 Rs '000	2021 Rs '000
Trade and other receivables	Note 16	178,357	29,572

The ageing of the trade receivable at the reporting date

As at 31st March	Gross Receivable		Impairment Allowance*		Carrying Value	
	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000	2022 Rs '000	2021 Rs '000
Not due 0 - 30 days	109,523	13,547	-	-	109,523	13,547
Past due:						
Past due 31 - 60 days	36,989	6,606	-	-	36,989	6,606
Past due 61 - 90 days	16,947	4,038	-	-	16,947	4,038
Past due 90 - 120 days	6,638	426	-	-	6,638	426
Past due 120 - 180 days	5,641	4,526	-	-	5,641	4,526
More than 180 days	3,064	1,672	445	1,243	2,619	429
Total	178,802	30,815	445	1,243	178,357	29,572

*Movement in the Impairment Allowance

Year ended 31st March	2022 Rs '000	2021 Rs '000
Balance at 1st April	1,243	8,724
Written-off/reversal	(798)	(7,481)
Balance at 31st March	445	1,243

NOTES TO THE FINANCIAL STATEMENTS

33.3 Liquidity Risk

Introduction

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. 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 liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach.

The business units attempt to match cash outflows in each time bucket against the combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement, or other secured borrowings.

The Company continued to place emphasis on ensuring that undrawn committed facilities and the ultimate parent company's affirmation (refer Note 30.4) on its intention and ability to secure funding are sufficient to meet the short, medium and long-term funding requirements, unforeseen obligations as well as unanticipated opportunities.

Further the Company is in constant dialogue with banks regarding financing requirement including re-scheduling loan arrangements to overcome the liquidity concerns associated to the tourism industry. The Company continues to differ its essential expenditure to maintain a better cash position.

The daily cash management processes at the business units include active cash flow forecasts and matching the duration and profiles of assets and liabilities, thereby ensuring a prudent balance between liquidity and earnings.

The Company has taken precautionary measures including re scheduling of non essential expenditure and looking in to long term funding mechanisms and extended credit periods on payables.

The following are the contractual maturities of financial liabilities at its carrying value:

31st March 2022	Carrying amount Rs '000	Contractual maturities of financial liabilities		
		Up to 3 Months	3 to 12 Months	1 to 5 Years
		Rs '000	Rs '000	Rs '000
Trade and other payables	864,440	251,752	22,373	590,315
Interest-bearing borrowings	2,011,882	524,496	450,527	1,036,859
	2,876,322	776,248	472,900	1,627,174

As at 31st March 2021	Carrying amount Rs '000	Contractual maturities of financial liabilities		
		Up to 3 Months	3 to 12 Months	1 to 5 Years
		Rs '000	Rs '000	Rs '000
Trade and other payables	667,110	237,932	78,141	351,037
Interest-bearing borrowings	1,651,173	388,689	213,275	1,049,209
	2,318,283	626,621	291,416	1,400,246

If interest rate increased or decreased by 01% the effect of the same to the interest expenses and liability would be:

Year ended 31st March 2022

Increase / (decrease) in interest rate	Sensitivity Effect on Comprehensive Income increase /(decrease) in results for the year Rs '000	Sensitivity Effect on borrowings liability increase/(decrease) in the Liability Rs '000
01%	(9,369)	9,369
01%	9,369	(9,369)

Year ended 31st March 2021

Increase/(decrease) in interest rate	Sensitivity Effect on Comprehensive Income increase /(decrease) in results for the year Rs '000	Sensitivity Effect on borrowings liability increase/(decrease) in the Liability Rs '000
01%	(9,815)	9,815
01%	9,815	(9,815)

33.4 Market Risk

Introduction

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to the changes in market prices. Mainly the changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments.

In ensuring continuity of business in these challenging times, continuous review and revision of selling prices our carried out and cost saving initiatives are taken.

Foreign Currency Risk

The Company is exposed to foreign currency risk on revenue, purchases, borrowings and cash deposits denominated in currencies other than the functional currency of the Company. The currencies giving rise to this risk are primarily US dollars, Sterling pounds, Euro and Japanese yen.

The Sri Lankan Rupee is depreciating against the US Dollar, these adverse fluctuations of exchange rate results in increase of operating costs.

NOTES TO THE FINANCIAL STATEMENTS

33. RISK MANAGEMENT (CONTD.)

If market rate appreciate or depreciate by 1% the effect of the same to the exchange gain/(loss) would be:

Year ended 31st March 2022	Increase/(decrease) in market rate	Sensitivity effect on comprehensive income increase/(decrease) in results for the year Rs '000
	01%	(245)
	01%	247

Year ended 31st March 2021	Increase/(decrease) in market rate	Sensitivity effect on comprehensive income increase/(decrease) in results for the year Rs '000
	01%	(62)
	01%	63

34. CAPITAL MANAGEMENT

The Company's capital structure consists of debt, which includes the loans and borrowings disclosed in Note 19 cash and cash equivalents disclosed in Note 18 and the equity, comprising share capital, reserves and retained earnings, as disclosed in the statement of changes in equity. The Company seeks to maintain a balance between the higher returns that might be possible with reasonable levels of borrowings obtained to fund its long term projects as the hotel underwent upgrading.

35. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no significant events subsequent to the balance sheet date which require to be disclosed in the Financial Statements.

INFORMATION TO SHAREHOLDERS

Ordinary Shareholders as at 31st March 2022

No. of Shares Held	Residents			Non Residents			Total		
	No. of Shareholders	No. of Shareholders	%	No. of Shareholders	No. of Shareholders	%	No. of Shareholders	No. of Shareholders	%
01 - 1,000	2,451	841,095	0.17	8	4,200	-	2,459	845,295	0.18
1,001 - 10,000	1,634	6,206,233	1.28	21	99,155	-	1,655	6,305,388	1.30
10,001 - 100,000	508	15,379,498	3.18	6	234,800	0.05	514	15,614,298	3.23
100,001 - 1,000,000	70	17,255,838	3.57	1	140,000	0.03	71	17,395,838	3.60
Over 1,000,000	24	443,839,181	91.70	-	-	-	24	443,839,181	91.70
	4,687	483,521,845	99.90	36	478,155	0.10	4,723	484,000,000	100.00
Category									
Individuals	4,509	75,536,338	15.62	36	478,155	0.10	4,545	76,014,493	15.70
Institutions	178	407,985,507	84.28	-	-	-	178	407,985,507	84.28
	4,687	483,521,845	99.90	36	478,155	0.10	4,723	484,000,000	100.00

Percentage of Public Shareholding	39.17%
Total No. of Shareholders Represent in the Public Holding	4,719
Float Adjusted Market Capitalisation	Rs. 1,516,662,400

Option 5 of Section 7.13.1(a) of the listing rules requires to maintain 20% of minimum public holding of the Company if the float adjusted market capitalisation is less than Rs 2.5 Bn.

The Company is in compliance.

INFORMATION TO SHAREHOLDERS

First Twenty Shareholders (Descending Order)

	Name of Shareholder	No. of Shares as at 31.03.2022	% of Holding	No. of Shares as at 31.03.2021	% of Holding
1	Hayleys PLC No 3 Share Investment Account	174,614,114	36.08	174,614,114	36.08
2	Carbotels (Pvt) Limited	113,250,000	23.40	113,250,000	23.40
3	Employee's Provident Fund	51,119,894	10.56	51,119,894	10.56
4	Mr. Gamini Weerathna	14,308,550	2.96	14,308,550	2.96
5	Mr. Kulappuarachchige Don Anurada Perera	13,346,626	2.76	13,346,626	2.76
6	Bank of Ceylon A/C Ceybank Unit Trust	10,979,473	2.27	16,794,100	3.47
7	Bank of Ceylon No 2 A/C (BoC PTF)	10,860,351	2.24	15,667,000	3.24
8	Mr. Kulappuarachchige Don Harindra Perera	7,331,839	1.51	2,907,134	0.60
9	Mr. Kulappuarachchige Don Dammika Perera	6,432,292	1.33	6,432,292	1.33
10	Renuka Hotels PLC	4,742,600	0.98	4,742,600	0.98
11	Associated Electrical Corporation Ltd	4,738,326	0.98	4,342,800	0.90
12	Renuka City Hotels PLC	4,520,600	0.93	4,520,600	0.93
13	Merchant Bank of Sri Lanka & Finance PLC A/C 01	3,875,454	0.80	3,875,454	0.80
14	Renuka Consultants & Services Limited.	3,670,200	0.76	3,670,200	0.76
15	National Savings Bank	3,669,712	0.76	5,743,332	1.19
16	Mr. Shiran Harsha Amarasekera	2,476,000	0.51	-	-
17	People's Leasing & Finance PLC/L. P. Hapangama	2,455,400	0.51	2,455,400	0.51
18	Mr. Addara Pathirana Somasiri	2,200,000	0.45	2,200,000	0.45
19	Cargo Boat Development Company PLC	2,020,200	0.42	2,020,200	0.42
20	Sampath Bank PLC/Mrs. Priyani Dharshini Ratnagopal	1,850,000	0.38	2,000,000	0.41
		438,461,631	90.59	444,010,296	91.74

TEN YEAR FINANCIAL SUMMARY

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
OPERATING RESULTS										
Revenue	2,021,666	777,923	1,843,754	2,956,631	3,085,143	3,061,048	2,702,581	2,412,816	2,213,935	202,316
Cost of sales	(1,544,454)	(862,849)	(1,222,437)	(1,526,383)	(1,630,688)	(1,469,351)	(1,264,925)	(1,155,415)	(1,099,942)	(275,923)
Gross Profit/(Loss)	477,212	(84,926)	621,317	1,430,248	1,454,455	1,591,697	1,437,656	1,257,401	1,113,993	(73,607)
Other income and expenses	25,406	33,405	85,644	(28,985)	12,541	(4,503)	2,919	(3,810)	2,157	(41,264)
Administrative expenses	(801,228)	(702,414)	(883,719)	(1,020,714)	(1,060,184)	(919,108)	(790,370)	(737,602)	(711,723)	(263,328)
Marketing expenses	(47,811)	(45,343)	(112,583)	(150,783)	(137,734)	(129,346)	(122,454)	(86,274)	(101,512)	(40,783)
Finance income	25,633	652	6,309	9,281	8,765	20,905	18,393	16,192	12,711	648
Finance expense	(135,750)	(82,768)	(122,101)	(66,259)	(89,914)	(134,629)	(188,283)	(145,786)	(281,896)	(84,283)
Profit/(Loss) before tax	(456,538)	(881,394)	(405,133)	172,788	187,929	425,016	357,860	300,121	33,730	(502,617)
Income tax expense	29,702	123,200	12,284	(72,011)	(48,775)	(44,670)	(64,493)	(8,698)	(1,009)	52,642
Net Profit/(Loss) after tax	(426,836)	(758,194)	(392,849)	100,777	139,154	380,346	293,367	291,423	32,721	(449,975)
ASSETS EMPLOYED										
Non-current assets										
Property, plant and equipment	3,751,326	3,856,101	4,095,352	3,690,668	3,898,611	3,860,890	3,791,472	3,836,936	3,796,076	3,799,845
Intangible assets	5,952	7,250	11,374	17,128	21,214	25,517	24,110	24,517	23,536	26,316
Right of use asset	11,674	11,921	12,168	-	-	-	-	-	-	-
	3,768,952	3,875,272	4,118,894	3,707,796	3,919,825	3,886,407	3,815,582	3,861,453	3,819,612	3,826,161
Current assets										
Cash and cash equivalents	112,265	13,571	63,947	253,156	294,984	496,742	517,047	396,550	312,120	52,478
Current assets other than cash and cash equivalents	423,107	227,339	398,780	351,538	321,658	327,552	307,795	310,939	361,040	322,105
	535,372	240,910	462,727	604,694	616,642	824,294	824,842	707,489	673,160	374,583
Total assets	4,304,324	4,116,182	4,581,621	4,312,490	4,536,467	4,710,701	4,640,424	4,568,942	4,492,772	4,200,744
SHAREHOLDER'S FUND										
Stated capital	836,000	836,000	836,000	836,000	836,000	836,000	836,000	836,000	836,000	176,000
Reserves	870,444	816,874	833,924	826,093	904,808	940,907	905,830	930,576	952,128	975,334
Retained earnings	(579,342)	(167,943)	565,212	911,606	793,072	613,646	440,154	196,636	(117,414)	(171,068)
	1,127,102	1,484,931	2,235,136	2,573,699	2,533,880	2,390,553	2,181,984	1,963,212	1,670,714	980,266

TEN YEAR FINANCIAL SUMMARY

	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
LIABILITIES											
Non-current liabilities											
Non-current liabilities other than borrowings	171,742	194,573	318,876	335,880	282,418	246,327	164,366	126,412	113,635	114,091	
Borrowings	1,036,859	1,049,209	574,469	550,610	510,618	942,101	1,380,820	1,702,610	2,118,411	1,200,000	
	1,208,601	1,243,782	893,345	886,490	793,036	1,188,428	1,545,186	1,829,022	2,232,046	1,314,091	
Current liabilities											
Current liabilities other than borrowings and overdraft	993,597	785,505	752,255	388,855	462,197	562,965	386,163	275,357	308,807	485,210	
Current portion of borrowings and bank overdraft	975,024	601,964	700,885	463,446	747,354	568,755	527,091	501,351	281,205	1,421,177	
	1,968,621	1,387,469	1,453,140	852,301	1,209,551	1,131,720	913,254	776,708	590,012	1,906,387	
Total equity and liabilities	4,304,324	4,116,182	4,581,621	4,312,490	4,536,467	4,710,701	4,640,424	4,568,942	4,492,772	4,200,744	
KEY INDICATORS											
Current ratio	No of Times	0.27	0.17	0.32	0.71	0.51	0.73	0.90	0.91	1.14	0.20
Net assets per share	(Rs)	2.33	3.07	4.62	10.64	10.47	9.88	9.02	8.11	6.90	5.57
Market price per share	(Rs)	8.00	6.00	8.70	12.80	18.00	15.50	15.00	16.00	12.80	13.40
Earnings per share	(Rs)	(0.88)	(1.57)	(0.81)	0.42	0.58	1.57	1.21	1.20	0.14	(2.56)
Price earnings ratio	No of Times	(9.07)	(3.83)	(5.36)	30.74	31.03	9.86	12.37	13.33	91.42	(5.24)
Gearing	%	64.12	49.68	35.93	27.48	32.70	37.81	46.21	53.51	62.56	96.14

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE FIFTY THIRD ANNUAL GENERAL MEETING OF THE KINGSBURY PLC will be held on Thursday, 30th June 2022 at 10.00 a.m. via online meeting platform for the following purposes:

AGENDA

1. To consider and adopt the Annual Report of the Board of Directors and the Statements of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director Ms. R. N. Ponnambalam, who retires by rotation at the Annual General Meeting in terms of Article 86 of the Articles of Association of the Company.
3. To re-elect as a Director Mr. J. P. Van Twest, who retires by rotation at the Annual General Meeting in terms of Article 86 of the Articles of Association of the Company.
4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr. A. M. Pandithage, in terms of Section 211 of the Companies Act No. 07 of 2007, who retires having attained the age of seventy one years.

ORDINARY RESOLUTION

‘That Mr. Abeyakumar Mohan Pandithage, who has attained the age of seventy one years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director’

- 5) To propose the following resolution as an ordinary resolution for the re-appointment of Mr. N. J. De S. Deva Aditya, in terms of Section 211 of the Companies Act No. 07 of 2007, who retires having attained the age of seventy four years.

ORDINARY RESOLUTION

‘That Mr. Nirnanjan Joseph De Silva Deva Aditya, who has attained the age of seventy three years be and is hereby re-appointed a Director for a further period of one year and it is hereby declared that the age limit of seventy years referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to the appointment of the said Director.

7. To authorise the directors to determine donations and contributions to charities for the ensuing year.
8. To re-appoint Messrs Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 and to authorise the Directors to determine their remuneration.
9. To consider any other business of which due notice has been given.

By Order of the Board
THE KINGSBURY PLC



Hayleys Group Services (Private) Limited
Company Secretaries

01st June 2022

NOTES :

1. The Annual Report of the Company for 2021/22 is available on the corporate website - www.thekingsburyhotel.com and on the Colombo Stock Exchange website - www.cse.lk
2. In the interest of protecting public health the Annual General Meeting of the Company will be held as a virtual meeting via an online meeting platform. Details are given in the Circular to Shareholders.
3. A Shareholder is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a Shareholder of the Company. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to kingsagm@secretarial.hayleys.com not less than forty eight (48) hours before the time fixed for the Meeting.

FORM OF PROXY

I/We*
 (Full Name of Shareholder, NIC No./Reg. No.**) of

..... being a Shareholder/Shareholders* of The Kingsbury PLC hereby appoint:

1. (Full Name of Proxyholder and NIC No.***) of
 or failing him/her/they,*

2. ABEYAKUMAR MOHAN PANDITHAGE (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company as my/our* proxy to attend, speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Fifty Third Annual General Meeting of the Company to be held on 30th June 2022 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof:

	For	Against
1. To adopt the Annual Report of the Directors and the Statements of Accounts for the year ended 31st March 2022 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect, Ms. R. N. Ponnambalam a who retires by rotation at the Annual General Meeting, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect, Mr. J. P. Van Twest who retires by rotation at the Annual General Meeting, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Mr. A. M. Pandithage, who retires having attained the age of Seventy one, a Director by passing the Ordinary Resolution set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. N. J. De S. Deva Adithya, who retires having attained the age of Seventy four, a Director by passing the Ordinary Resolution set out in the Notice.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine contributions to charities for the financial year 2022/23.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint Messrs. Ernst & Young, Chartered Accountants as the Auditors of the Company for the year 2022/23 to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

(***) The proxy may vote as he/she* thinks fit on any other resolution brought before the Meeting of which due Notice has been given.

As witness my/our* hands this day of 2022.

.....
 Signature of Shareholder

Witness Signature :

Name :

Address :

NIC No. :

Notes:

- (a) * Please delete the inappropriate words.
- (b) A shareholder entitled to attend and vote at the Annual General meeting of the Company, is entitled to appoint a proxy to attend and vote instead of him/her and the proxy need not be a shareholder of the Company.
 ** Full name of shareholder/proxy holder and their NIC No's and Witness are mandatory. Your Proxy Form will be rejected if these details are not completed.
- (c) A shareholder is not entitled to appoint more than one proxy to attend on the same occasion.
- (d) Instructions are noted on the reverse hereof.
- (e) This Form of Proxy is in terms of the Articles of Association of the Company.
- (f) Please refer the 'Circular to Shareholders' dated 01st June 2022 and follow the instructions to join the meeting virtually.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Hayleys Group Services (Pvt) Ltd at No. 400, Deans Road, Colombo 10, Sri Lanka or must be emailed to kingsagm@secretarial.hayleys.com not less than forty eight (48) hours before the start of the Meeting.
2. In perfecting the Form of Proxy, please ensure that all requested details are filled in legibly including mandatory details. Kindly Sign and fill in the date of signing.
3. If you wish to appoint a person other than the Chairman of the Company (or failing him, one of the Directors) as your proxy, please insert the relevant details at (1) overleaf. The proxy need not be a member of the Company.
4. Please indicate with an X in the space provided how your proxy is to vote on the resolutions. If no indication is given, the proxy in his/her discretion will vote as he/she thinks fit. Please also delete (***) if you do not wish your Proxy to vote as he/she thinks fit on any other resolution brought before the meeting.
5. In the case of a Company / Corporation the proxy must be under its common seal which should be affixed and attested in the manner prescribed by its Articles of Association.

In the case of the individual shareholders, the signature of the shareholder should be witnessed by any person over 18 years of age.

6. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company along with the Form of Proxy.
7. In case of Marginal Trading Accounts (slash accounts), the form of Proxy should be signed by the respective authorised Fund Manager/ Banker with whom the account is maintained.

CORPORATE STRUCTURE

COMPANY NAME

The Kingsbury PLC

LEGAL FORM

A Public Limited Company

Incorporated in Sri Lanka on 04th May 1969

COMPANY NUMBER

PQ 203

DIRECTORS

Mr. A. M. Pandithage - Executive Chairman

Mr. Dhammika Perera - Co-Chairman - Non-Executive

Mr. Rohan J. Karunaratna - Managing Director

Mr. N. J. De S. Deva Aditya

Mr. S. C. Ganegoda

Mr. S. J. Wijesinghe

Mr. L. N. De S. Wijeyeratne

Ms. R. N. Ponnambalam

Mr. J. P. Van Twest

Ms. I. Jamaldeen

Ms. A. A. K. Amarasinghe

(Alternate Director to Mr. Dhammika Perera)

AUDIT COMMITTEE

Mr. L. N. De S. Wijeyeratne - Chairman

Ms. R. N. Ponnambalam

Mr. J. P. Van Twest

SECRETARIES

Hayleys Group Services (Private) Limited
No. 400, Deans Road, Colombo 10,
Sri Lanka.

Telephone +94 112 627 650 - 3 (4 Lines)

Fax +94 112 627 645, +94 11 2627 655

AUDITORS

Ernst and Young Chartered Accountants
No. 201, De Saram Place, Colombo 10,
Sri Lanka.

STOCK EXCHANGE LISTING

The Ordinary shares of the Company are listed with the
Colombo Stock Exchange of Sri Lanka.

REGISTERED OFFICE

The Kingsbury PLC

No. 48, Janadhipathi Mawatha, Colombo 01,
Sri Lanka.



No. 48, Janadhipathi Mawatha, Colombo 01,
Sri Lanka.