SRILANKAN CATERING LIMITED
KATUNAYAKE

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST MARCH, 2019

SRILANKAN CATERING LIMITED
KATUNAYAKE

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST MARCH, 2019

BDO

CONTENTS

Corporate Information

NAME OF THE COMPANY

SriLankan Catering Limited

COMPANY REGISTRATION NUMBER

PV1418 PB

LEGAL FORM

Public Limited Liability Company

BOARD OF DIRECTORS

G.S. Withanage /Chairman

S. Katugampola

S. G. Senarathne

Johann Wijesinghe

Vidya Jyothi Professor Arjuna De Silva

Air Chief Marshal (Rtd.) Kapila Jayampathy (Resigned w.e.f. 22nd August 2019)

AUDIT COMMITTEE

S. G. Senaratne (Chairman)
Director

Air Chief Marshal (Rtd.) Kapila Jayampathy (Member) Director
(Resigned w.e.f. 22nd August 2019)

S. Katugampola (Member)
Director

Vidya Jyothi Professor Arjuna De Silva (Member)
Director

HUMAN RESOURCES & REMUNERATION COMMITTEE

Air Chief Marshal (Rtd.) Kapila Jayampathy (Chairman) (Resigned w.e.f. 22nd August 2019)

S. Katugampola (Member)
Director

Vidya Jyothi Professor Arjuna De Silva (Member) Director

SECRETARIES
AirLanka (Pvt) Limited

BANKERS

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

AUDITORS

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

REGISTERED OFFICE

SriLankan Catering Limited
Airline Centre
Bandaranaike International Airport
Katunayake
Sri Lanka

CORPORATE WEBSITE
www.srilankancatering.com

Profile of the Directors

G.S. Withanage

Mr. G.S. Withanage was appointed to the Board of SriLankan Airlines Limited on 13th November 2018 and subsequently appointed to the Board of SriLankan Catering Limited. He is an eminent officer of the Sri Lanka Administrative Service, who has obtained a B.Sc. Degree in Management from the University of Sri Jayawardenepura. He has obtained his Master of Business Administration Degree from the University of Colombo.

Joining the Sri Lanka Administrative Service in 1984, Mr. G.S. Withanage started his career as an Assistant Director in the Ministry of Public Administration. Later in 1990 he was appointed to the post of Deputy General Manager in the Sri Lanka Sugar Corporation and, subsequently took up the position of Assistant Secretary in the Ministry of Defence.

In 1995, Mr. Withanage was appointed as Assistant Secretary to the Ministry of Media, Tourism and Aviation and has been promoted to the position of Senior Assistant Secretary. In 2002 he has been appointed to hold the post of Additional Secretary in the Ministry of Transport, Highways and Civil Aviation and in 2004, he was appointed as the Additional Secretary of the Ministry of Civil Aviation. Having served in the said position until 2012, Mr. G.S. Withanage was promoted to take up duty as the Secretary to the Ministry of Rehabilitation and Prison Reforms. Subsequently in 2015, he was appointed as the Secretary to the Ministry of Foreign Employment and carried out duties in the position till he assumed duties as the Secretary to the Ministry of Transport and Civil Aviation in 2017 until his retirement in 20th December 2018.

While holding the above positions, Mr. Withanage was appointed to lead several delegations of the Sri Lankan government to foreign countries. He has been appointed as the Chairman of the SAARC Regional Multimodal Transport Seminar conducted in Colombo in May 2006. In addition, he has organized the 5th Ministerial Consultation of Colombo process (Regional Consultative Process among labour sending countries) in the 2016 and have earned Sri Lanka the Chairmanship for the second time since 2003. Further, Mr. Withanage has been involved in organizing the Fourth Ministerial Consultation of the Abu Dhabi Dialogue, convened in Colombo on 24th January 2017, and has secured the chairmanship for Sri Lanka.

Air Chief Marshal (Rtd.) Kapila Jayampathy - (Resigned w.e.f. 22nd August 2019)

Kapila Veediya Bandara Jayampathy joined the Sri Lanka Air Force as an Officer Cadet in the General Duties Pilot Branch in the 10th Officer Cadet intake on 05th March 1982. After completing his basic and advanced helicopter flying training, he became the youngest Qualified Helicopter Instructor (QHI) in the Air Force history. Rising through the ranks, he was able to recognize himself as one of the most instrumental figures during the battles to defeat the ruthless terrorist forces of the LTTE and is credit for introducing and establishing the Airbase Defence and Rescue Squadron of the Sri Lanka Air Force, which later became the Regiment Special Forces.

Air Marshal Jayampathy sustained injuries during combat in 1989 and became the first battle casualty of the Sri Lanka Air Force granting him the honour of wearing the 'Desha Putra Sammanaya' that acknowledges his bravery that safeguarded lives and assets. He is a decorated war hero who has been awarded the 'Rana Sura Paddakkama' in four occasions, the 'Rana Wickrama Padakkama' and 'Weera Wickrama Wibhushanaya' for displaying selfless gallantry in the face of the enemy.

With a military career extending over more than 37 years, he has commanded numerous flying formations, performed duties as a Staff Officer and held appointment as a Base Commander and as the Commandant of the Sri Lanka Air Force Academy, China Bay, Trincomalee. Furthermore, Air Marshal Kapila Jayampathy served in the Air Force Board of Management as the Director Logistics and later as the Director Air Operations, contributing immensely for the advancement and modernization of the Air Force. This confidence bestowed upon him by the Sri Lanka Air Force is a true testament of his command, leadership and faculty as a professional military officer of the Armed Forces.

He reached the zenith of his Air Force career when he was appointed to hold office as the Commander of the Air Force and being at the helm with the promotion to the rank of Air Marshal by His Excellency the President Maithripala Sirisena on 11th September 2016. As the incumbent Commander of the Air Force, Air Marshal Jayampathy has formulated the 'Vision 2025' as the way forward for the Sri Lanka Air Force, underpinned on its core competencies and guided through a doctrine, to become one of the most technologically advanced and modern Air Forces in Asia.

Recognizing his unblemished and distinguished service to the nation, he has been recognized with multitude of service medals together with the 'Uttama Seva Padakkama' and 'Vishishta Seva Vibushanaya' in 2018. On par with his military career Air Marshal Kapila Jayampathy is a well-read academic in defence and strategic studies, warfare and international relations, graduating with MSc in International Relations from Preston University in Pakistan and MMSc in Strategic Studies from National Defence University in China and becoming an alumnus of Harvard University and the National Defence College in USA. In recognition of his exemplary service to the nation and the commitment to uphold the national vision towards sustainable development, His Excellency the President appointed Air Marshal Kapila Jayampathy as a Member of the Board of Directors of Sri Lankan Air Lines Limited on 29th March 2018. He is an ardent golfer and is married with four children.

Johann Wijesinghe

Johann Wijesinghe was appointed to the board of SriLankan Airlines Limited on 8th May 2018, and was subsequently appointed to the board of SriLankan Catering Limited. Presently, Johann serves as the Chairman of Litro Gas Lanka Limited. He is a Director of 16 organisations belonging to the Hayleys Group and Vallibel One, including: Kingsbury PLC, Amaya Leisure PLC, Unisyst Engineering PLC and S&T Interiors (Pvt) Ltd.

Johann served as the Managing Director of Hayleys Aviation & Projects, as well as, Unisyst Engineering PLC and as an Executive Director of S&T Interiors (Pvt) Ltd, during a career spanning over 10 years with the Hayleys Group. He was also a member of the Hayleys Group Management Committee, holding responsibility for the aviation sector, hotel development, construction management, aluminium fabrication and interior fit out businesses of the group.

Prior to joining Hayleys, Johann held several senior positions at SriLankan Airlines, including management positions in the Far East, Europe, Middle East and the Head Office in Colombo, and was also a member of the Group Senior Management Team of the airline. Johann's affiliation with SriLankan Airlines dates back to June 1983, when he joined as a Trainee Marketing Executive of then AirLanka. Subsequently, his career with the airline progressed to senior positions during a period of 14 years. His second stint with SriLankan commenced in October 2003, and at the time of resigning five years later from SriLankan, he was the Head of Cargo.

Between his two stints at the Airline, Johann served as Director of Marketing and Sales at the Lanka Oberoi over a period of five years. Johann holds over 35 years experience in the Aviation and Hospitality industries. He holds an MBA from the University of Leicester (United Kingdom) and is a member of the Chartered Institute of Marketing, having won multiple awards in Sri Lanka from the institute for his academic achievements. Johann is also a former committee member of the PATA Education Council.

S. Katugampola

Don Susantha Katugampala was appointed to the Board of SriLankan Airlines Limited on 29th March 2018 and subsequently appointed to the Board of SriLankan Catering Limited.

He is the leading Lawyer in Australia of Sri Lankan origin, left Sri Lanka 29 years ago to Australia where he completed his Bachelor of Law LLB degree at prestigious Monash University in Melbourne. He was admitted to the Supreme Court of South Australia and Supreme Court of Victoria and practiced Law in both Adelaide and in Melbourne. In 1998 he started his practice in Immigration and Commercial Law at the renowned firm Knox and Hargrave Lawyers in Adelaide the oldest Law firm in South Australia established in 1838. In early stage of he engaged in commercial legal practice on behalf of Knox and Hargrave Lawyers in Adelaide and then established Fairfields Lawyers in Melbourne in 1999.

He is a Member of Law Council of Australia, Member of Law Institute of Victoria, Member of Law Asia and Member of International Section of American Bar Association (ABA). In 1999 He has established Fairfields Lawyers in Melbourne Australia that gained reputation nationally and internationally in Australian Immigration and Commercial legal advisory. He has advised many companies and investors from China, Japan, USA, UK, Singapore, Malaysia, India, Thailand, Indonesia, Dubai and Sri Lanka to establish company structures in Australia and secure investments in Australia including the services of joint venture agreements between Australian partners, Due-Diligence of companies, Australian Government approvals, Finance agreements with Australian Banks and Investor visa matters.

He has experience in dealing with International clients as an International lawyer in Australia of Sri Lankan origin. He has helped countless Sri Lankans to legally settle in Australia. As an expatriate Sri Lankan Lawyer in Australia, he has made significant contribution to advancement of ties between the two nations and has been well recognized and respected by the Australian public over many years. He was awarded the 'Best Lawyer Award' at the Serendib Sri Lankan Community Awards in Australia three years in a row. He continued to campaign to bring the Sri Lankan expats back and engage in the Sri Lanka's development.

S. G. Senarathne

S. G. Senarathna is the former Director General of Department of State Accounts- General Treasury, and now he is serving to the same department in the capacity of Consultant. He has devoted his full capacity to serve public sector for over 41 years with the extensive experience in accounting and reporting, financial management, project management and monitoring of public enterprises. Senarathna is a Chartered Public Finance Accountant, UK (CPFA). He is a fellow member of CA Sri Lanka (FCA), Institute of Certified Management Accountants of Sri Lanka (FCMA), Association of Public Finance Accountants of Sri Lanka (FPFA) and Association of Accounting Technicians of Sri Lanka (FMAAT).

He holds a B.com (Special) Degree from University of Sri Jayewardenepura, Higher National Diploma in Commerce from Poli Technical Institution, Diploma in Public Financial Management from Sri Lanka Institute of Development Administration (SLIDA) and Post Graduate Diploma in Business & Financial Administration from CA Sri Lanka.

Senarathna started his career as a teacher in Department of Education. By completing 7 years in teaching service, he joined to the Sri Lanka Accountant's Service and served for several departments, ministries, public enterprises and foreign funded projects in different capacities as an Accountant, Director, Chief Financial Officer (CFO), Director General and now serving as a Consultant. Not only that, during his career life, he serving as a visiting lecturer in several universities, SLIATE, banking institutions and public sector capacity building institutions.

Senarathna has extended his service by serving as a board member of the State Mortgage & Investment Bank, Puttalam Salt Ltd, Lanka Mineral Sands Ltd. Mantai Salt Ltd, Gal-oya Plantations Ltd, Agarapathana Plantations Ltd & Government Officers' Benefit Association, Association of Public Finance Accountants of Sri Lanka, Vehicular Emission Test Trust Fund, Judicial Infrastructure Maintenance Trust Fund and presently Sri Lankan Airlines Limited.

Vidya Jyothi Professor Arjuna De Silva

Vidya Jyothi Arjuna P. De Silva MBBS, MD, MSc(Oxon), FRCP(Lond), FCCP, AGAF, FNASSL Consultant Physician was appointed to the Board of SriLankan Airlines Limited on 21st May 2018 and subsequently appointed to the Board of SriLankan Catering Limited.

Currently he is attached to the Faculty of Medicine, University of Kelaniya as a Senior Professor and is a Consultant Physician at Nawaloka Hospital (Pvt) Ltd. He also serves as Chairman of Sri Lanka Anti-Doping Agency (SLADA) and Chairman of South Asian Regional Anti-doping Agency (SARADO). He was instrumental in establishing SLADA and introducing new legislation to criminalize trafficking in banned substances. He is also Commission Member of the National Science and Technology Commission, Board Member of Post Graduate Institute of Medicine Colombo, Associate Editor World Journal of Gastroenterology and a reviewer for many international journals. Most recently H.E. the President Maithripala Sirisena conferred the Vidya Jyothi Honours on Professor Arjuna de Silva.

He has held the positions of Head of Department, Faculty of Medicine University of Kelaniya, Chairman of Board of Study in Gastroenterology, Secretary of the Gastroenterology and Digestive Endoscopy Society of Sri Lanka, Director General of Sports Medicine, Chairman of George Steuart Finance Limited and Council Member of National Institute of Education, Team Physician for the London Olympics and was a member of the Medical panel for the National Cricket Team.

Educated at St Thomas College, Mount Lavinia he graduated with Bachelor of Medicine and Bachelor of Surgery degree from North Colombo Medical College and subsequently obtained a postgraduate Doctor of Medicine 1st in Order of Merit from the Postgraduate Institute of Medicine, University of Colombo. He has a MSc from University of Oxford and practiced as a Registrar in Gastroenterology and Research Fellow at Radcliffe Infirmary Oxford, UK. He was awarded MRCP from the Royal College of Physicians London. He is a Board Certified trainer in Gastroenterology and was awarded FCCP and became a Fellow of the Royal College of Physicians (FRCP, London). He is a fellow of the American Gastroenterological Association Fellow (AGAF) and fellow at the National Academy of Science in Sri Lanka (FNASSL). He has won many research awards including Presidential Research Awards 2001, 2006, 2008, 2010 2012 and 2013.

BOARD AUDIT COMMITTEE REPORT 2018/19

ROLE AND RESPONSIBITIES

The Board Audit Committee (BAC) of SriLankan Catering scope and responsibilities are governed by the Board Audit Committee Charter approved by the Board of Directors. The purpose of the Board Audit Committee is to assist the Board of Directors of SriLankan Catering Ltd. in fulfilling its responsibilities for the system of internal controls, the financial reporting process, the risk management process, the governance process, the audit process and the Company's process for monitoring compliance with laws and regulations and code of conduct.

COMMITTEE COMPOSITION

The Board members who served on the BAC during the year ended 31 March 2019 were Mr. M. Tittawella (Chairman, appointed 24 April 2018 and resigned 30 October 2018), Mr. S G Senarathna (Member, appointed 24 April 2018 and Chairman, appointed 24 January 2019), Dr. R. Perera (Member, appointed 24 April 2018 resigned 21 June 2019), Air Chief Marshal (Rtd.) K. Jayampathy (Member, appointed 24 April 2018), Mr. S. Katugampala (Member, appointed 24 January 2019) and Prof. A. De Silva (Member, appointed 02 January 2019).

Ms. A.D. Dilrukshi and Ms. P.G.I. Padmini from Auditor General's Department and Mr. K.A.C. Shamantha from the Ministry of Public Enterprises attended Audit Committee meetings as independent observers.

MEETINGS

The Board Audit Committee held three (3) meetings during the year ended 31 March 2019. The members of the management attend the meetings upon invitation to brief the Board Audit Committee on specific issues.

GROUP ASSURANCE AND ADVISORY SERVCIES DIVISION

The Group Assurance and Advisory Services (GAAS) Division of SriLankan Airlines conducts internal audits and reports directly to the BAC. The GAAS provides an independent and objective evaluation of adequacy, efficiency and effectiveness of the system of internal controls including IS/IT controls and facilitates the implementation of the Enterprise Risk Management (ERM) framework. GAAS also provides advisory services to the management on the Business Continuity Management System, Governance and Compliance processes.

KEY ACTIVITIES OF THE BAC DURING THE FINANCIAL YEAR

- Reviewed the internal audit reports on system of internal controls including IS/IT controls and ensured that follow-up action is taken by Heads of Departments in a timely manner.
- Reviewed the key corporate risks and departmental risks including procedures adopted by management to mitigate the effects of business risks.
- Reviewed the progress of the Business Continuity Plan to ensure a structured framework is established at SriLankan Catering in order to minimise the effects of risks from business interruptions/disasters.
- Reviewed the Company's quarterly compliance dashboards to determine all relevant laws and regulations are complied with.
- Reviewed the Internal Audit function, including the independence and authority of its reporting obligations and the internal audit plan.
- Reviewed the results of the External Auditor's report including Auditor General's Report and management responses to the issues highlighted.
- Reviewed the Year-end Audited Financial Statements and recommended for Board approval.
- Reviewed the Related Party Transaction details submitted on quarterly basis for the year ended 31 March 2019.

S G Senarathna

Chairman Board Audit Committee

26th August 2019

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

The Board of Directors of SriLankan Catering Limited has the pleasure in presenting the Audited Financial Statement of the Company for the year ended 31st March 2019.

1. PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal business activity of the Company is the provision of operating and maintaining the Flight Kitchen.

The Company also manages and operates four airport restaurants, a fast food snack bar cum lounge for transit passengers at the Bandaranaike International Airport and Mattala Rajapakse International Airport.

As part of its ancillary business activities the Company manages and operates the Serenediva Transit Hotel, an Industrial Laundry, the Vanilla Pod Boulangerie & Patisserie sales outlet and the Semondu Restaurant (Leased out w.e.f. 10th September 2019) at Old Dutch Hospital, Fort.

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

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

FINANCIAL STATEMENTS

A complete set of Financial Statements for the year ended 31st March 2019 duly signed by the Manager Finance and the Directors, and the Auditor's Report thereon for the year ended 31st March 2019 are attached to this Report.

ACCOUNTING POLICIES AND CHANGES DURING THE YEAR

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

REVENUE

Revenue generated by the Company amounted to Rs.9,749.65 Mn (2017/18 - Rs.8,597.52 Mn), a detailed analysis of turnover is given in Note 3 to the financial statements.

RESULTS AND DIVIDEND

Net results for the year are as follows,

	2018/2019 Rs. (Mn)	2017/2018 Rs. (Mn)
Net profit before tax	5,675.91	3,896.23
Taxation	(73.42)	(5,92)
Net profit after tax	5,602.49	3,890.31

DIVIDEND

Preferential Dividend - The Company paid out Rs.130.1 Mn on account of preference shares for the period ended 31st March 2019.

Ordinary Shares Dividend - A final dividend of Rs. 779.55 Mn for the financial year 2017/18 was paid on 29th March 2019 and interim dividend of Rs. 2,500.62 Mn for the financial year 2018/19 was paid on 29th March 2019.

PROPERTY, PLANT AND EQUIPMENT

The net book value of the Property, Plant and Equipment of the Company as at the Balance Sheet date amounted to Rs.2,667.89 Mn (2017/18: Rs. 2,121.29 Mn). Details of Property, Plant and Equipment and their movements are given in Note 10 to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company, consisting of 940,268,456 Ordinary Shares, amounts to Rs.1,000 Mn (2017/18: Rs. 1,000 Mn). Details of the share capital is given in Note No 20 of page 29.

RESERVES

Total Company reserves as at 31 March 2019 amount to Rs.8,486.73 Mn (2017/18: 5,655.67 Mn). This consists of Revenue Reserve (Accumulated Profit) of Rs.6,143.54 Mn (2017/18: Rs. 3,818.01 Mn) and Capital Reserve (Revaluation Surplus) of Rs. 2,343.19 Mn (2017/18: Rs. 1,837.66 Mn). Movements in these Reserves are shown in the Statement of Changes in Equity in the Financial Statements.

CORPORATE DONATIONS

The Company has made Rs. 219,179/- as donations during the year.

TAXATION

The Company enjoys a tax holiday up to 30th of May 2021 in terms of its agreement with the Board of Investment of Sri Lanka. The Company has been exempted from all taxes (except NBT) on the importation of goods for the purpose of providing international transportation with effect from 01st of January 2012.

At present, net profit derived from the Flight Kitchen, Transit Restaurant, Transit Hotel and airline laundry are exempted from Tax.

The net profit derived from the Public Restaurants, Vanilla Pod sales outlet, Semondu Restaurant (Rental income w.e.f.10th September 2019), local laundry sales and other business income are liable for income tax at the prevailing tax rate of 28%.

SHARE INFORMATION

Share information as at 31st March 2019 is as follows:

Ordinary Shares

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

Non-Voting Redeemable, Cumulative and Convertible Preference Shares (10 Year Term)

Share Ownership	No of Shares	% of Holding	Values (Rs.)
Employees Provident Fund	10,000,000	100%	1,000,000,000

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities as at 31st March 2019 are given in Note 30 to the Financial Statements. The commitments made on Capital Expenditure as at the balance sheet date are given in Note 29.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Balance Sheet date that would require adjustment or disclosure in financial statement.

EMPLOYMENT POLICIES

Employment policies of the Company respect the individual and offer equal career opportunities regardless of sex, race or religion. Occupational health and safety standards receive substantial attention. The number of persons employed by the Company at the year-end was 1,050 (2017/2018: 1,061).

STATUTORY PAYMENTS

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

ENVIRONMENTAL PROTECTION

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

CORPORATE GOVERNANCE / INTERNAL CONTROL

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

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

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

GOING CONCERN

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

DIRECTORATE - SRILANKAN CATERING LIMITED

The Directorate of SriLankan Catering Limited who served the Board as at 31st March 2019 is as follows:-

Mr. G. S. Withanage (Chairman)	Appointed with effect from 26th November 2018
Air Chief Marshal Kapila Jayampathy	Appointed w.e.f. 30th March 2018 and resigned w.e.f. 22nd August 2019
Mr. Susantha Katugampala	Appointed w.e.f. 30th March 2018
Mr. Johann Wijesinghe	Appointed w.e.f. 30th May 2018
Mr. S.G. Senarathna	Appointed w.e.f. 30th May 2018
(Treasury Representative)	
Vidya Jyothi Prof. Arjuna P De Silva	Appointed w.e.f. 24th January 2019
Dr. Mrs. Roshan Perera	Appointed w.e.f. 30th March 2018 and resigned w.e.f. 21st June 2019

Past Directors

The Following Directors were in office during the financial year commenced from 01st April 2018 until resignation from the Board on the following dates;

Mr. Ranjit Fernando	Appointed on 30th March 2018 and resigned w.e.f. 12th November 2018
Mr. M. Tittawella	Appointed on 30th March 2018 and resigned w.e.f. 30th October 2018
Mr. H. K. Balapatabendi	Appointed on 26th September 2017 and resigned w.e.f. 2nd April 2018

DIRECTORS' REMUNERATION

The Directors' remuneration paid for the financial year ended 31st March 2019 is disclosed in note no 32 on page no .33 under key management personnel disclosure.

DIRECTORS' INTERESTS IN CONTRACTS

The Directors' interest in Contracts of the Company are included in Note 32 to Financial Statements under related party transactions. The Directors have no direct or indirect interest in any other contracts or proposed contracts of the Company.

AUDITORS

Auditor General was appointed as the External Auditors in term of article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. Messrs BDO Partners has been appointed by the Auditor General as a qualified auditor to assist the Auditor General in the annual audit of the financial statement of the Company for the year ended 31st March 2019 in term of article 154 (4) of the Constitution of the Democratic Socialist Republic.

ANNUAL GENERAL MEETING

Annual General Meeting will be held in 25th September, 2019

By Order of the Board

Airlanka (Pvt) Limited
Secretaries

....
Director **Director**

26th August, 2019

Statement of Directors' Responsibilities

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

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

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

The Directors continue to adopt the going concern basis in preparing the Financial Statements. The Directors, after making enquiries and following a review of the company's Budget for the financial year ending 31st March 2019 including cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

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

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

By Order of the Board

Dalrene Thirukumar
Company Secretary
26th August, 2019

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. AVA/C/SLCL/06/18/102 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 06 September 2019

Chairman

Sri Lankan Catering Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lankan Catering Limited for the year ended 31 March 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Sri Lankan Catering Limited ("Company") for the year ended 31 March 2019 comprising the statement of financial position as at 31 March 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34 +94 11 2 88 72 23 ag@auditorgeneral.gov.lk www.naosl.gov.lk

the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

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

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

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

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

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

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

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

2. Report on Other Legal and Regulatory Requirements

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

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

- The financial statements of the Company comply with the requirement of section 151 of the Companies Act, No. 07 of 2007.

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

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

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

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

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

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

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

W.P.C. Wickramaratne
Auditor General

SRILANKAN CATERING LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH, 2019

	Note	2018/2019 Rs.	2017/2018 Rs.
Revenue from contracts with customers	3	9,749,651,133	8,597,515,248
Cost of sales		(2,026,416,836)	(1,973,230,190)
Gross profit		7,723,234,297	6,624,285,058
Other Income	4	9,626,853	8,391,638
		7,732,861,150	6,632,676,696
Administrative expenses	5	(1,812,537,055)	(1,640,675,095)
Other operational expenses	6	(1,216,801,482)	(1,182,490,165)
Profit from operations		4,703,522,613	3,809,511,436
Finance Income		1,111,661,132	221,329,406
Finance expenses		(139,270,352)	(134,612,494)
Net finance income	7	972,390,780	86,716,912
Net profit before taxation		5,675,913,393	3,896,228,348
Income tax expenses	8	(73,416,885)	(5,923,815)
Net profit for the year after taxation		5,602,496,508	3,890,304,533
Other comprehensive income			
Gain on revaluation of property, plant and equipment		602,820,380	-
Deffered tax provision on revaluation gain		(90,900,766)	
Actuarial gains/(loss) on defined benefit plan, net of taxes		(3,184,729)	11,910,095
Total other comprehensive income		508,734,885	11,910,095
Total comprehensive income		6,111,231,393	3,902,214,628
Basic earnings per share	9	5.96	4.14

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 38 form an integral part of these financial statements.

Colombo
26th August, 2019

BDO PARTNERS Chartered Accountants

SRILANKAN CATERING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH, 2019

	Note	2018/2019 Rs.	2017/2018 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	10	2,667,889,301	2,121,286,417
Capital work-in-progress	11	11,824,946	71,921,345
Intangible assets	12	32,464,801	42,126,586
Equity investments	13	-	-
Total non-current assets		2,712,179,048	2,235,334,348
Current assets			
Inventories	14	341,681,420	334,479,168
Amounts due from related companies	15	53,252,625	84,693,905
Trade receivables	16	8,315,892,221	5,976,925,456
Other receivables	17	315,670,872	268,990,772
Financial assets at amortized cost	18	320,000,000	152,000,000
Cash and cash equivalents	19	530,997,373	360,409,379
Total current assets		9,877,494,511	7,177,498,680
Total assets		12,589,673,559	9,412,833,028
EQUITY AND LIABILITIES			
Stated capital and reserves			
Stated capital	20	1,000,000,000	1,000,000,000
Retained earnings		6,143,540,662	3,818,014,596
Revaluation reserve		2,343,185,802	1,837,656,746
Shareholders' fund		9,486,726,464	6,655,671,342
Non-current liabilities			
Redeemable preference shares	21	1,000,000,000	1,000,000,000
Loans and borrowings - long-term	22	86,604,672	58,918,882
Deferred tax liability	23	215,800,419	77,134,354
Retirement benefit obligations	24	537,071,918	505,964,822
Total non-current liabilities		1,839,477,009	1,642,018,058
Current liabilities			
Loans and borrowings - short term	22	123,201,408	109,040,246
Amounts due to related companies	25	64,871,781	64,871,781
Trade payables		331,314,920	357,452,284
Other payables	26	718,285,930	567,546,766
Income tax payables	27	25,796,047	16,232,551
Total current liabilities		1,263,470,086	1,115,143,628
Total equity and liabilities		12,589,673,559	9,412,833,028

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 38 form an integral part of these financial statements.

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

Manager Finance

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

Approved and signed for and on behalf of the Board.

Director

Director

BDO PARTNERS Chartered Accountants

Colombo
26th August, 2019
HSR/cc

SRILANKAN CATERING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH, 2019

	Stated capital Rs.	Revaluation reserves Rs.	Retained earnings Rs.	Total Rs.
Balance as at 01st April 2017	1,000,000,000	1,837,973,259	5,229,586,537	8,067,559,796
Profit for the year	-	-	3,890,304,533	3,890,304,533
Other comprehensive income - Defined benefit plan actuarial gain	-	-	11,910,095	11,910,095
Ordinary Share Dividend - Final 2016/2017	-	-	(3,175,928,760)	(3,175,928,760)
Ordinary Share Dividend - Interim - 2017/2018	-	-	(2,138,174,322)	(2,138,174,322)
Surplus reversal on during the year disposals	-	(316,513)	316,513	-
Balance as at 31st March 2018	1,000,000,000	1,837,656,746	3,818,014,596	6,655,671,342
Profit for the year	-	-	5,602,496,508	5,602,496,508
Other comprehensive Income - Defined benefit plan actuarial gain	-	-	(3,184,729)	(3,184,729)
Ordinary Share Dividend - Final 2017/2018	-	-	(779,554,078)	(779,554,078)
Ordinary Share Dividend - Interim 2018/2019	-	-	(2,500,622,193)	(2,500,622,193)
Gain on revaluation of property, plant and equipment	-	602,820,380	-	602,820,380
Deferred Tax Liability		(90,900,766)		(90,900,766)
Surplus reversal on during the year disposals	-	(6,390,558)	6,390,558	-
Balance as at 31st March 2019	1,000,000,000	2,343,185,802	6,143,540,662	9,486,726,464

The accounting policies and notes on pages 05 to 38 form an integral part of these financial statements.

Colombo
26th August, 2019

BDO PARTNERS
Chartered Accountants

SRILANKAN CATERING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH, 2019

	2018/2019 Rs.	2017/2018 Rs.
Cash flow from operating activities		
Net profit before taxation	5,675,913,393	3,896,228,348
Adjustments for ;		
- Depreciation on property, plant and equipment	207,609,061	188,017,850
- Amortization of intangible assets	10,720,649	8,528,431
- Provision for bonus	232,908,045	203,888,942
- Provision for gratuity	84,062,487	88,351,806
- Provision for leave encashment	4,172,460	10,490,795
- Provision for bad and doubtful debtors	8,036,896	52,205,655
- Provision for slow-moving stock	(8,846,431)	-
- Provision for litigation	-	12,917,016
- Provision for impairment (Equipment MRIA F/kitchen)	6,397,406	11,241,785
- Preference share dividend	130,100,000	130,100,000
- Interest expenses	9,170,352	4,512,494
- Interest income	(38,885,766)	(19,629,610)
- Profit/(loss) on disposal of property, plant and equipment	1,118,736	269,146
	646,563,895	690,894,310
	6,322,477,288	4,587,122,658
Operating profit before working capital changes		
(Increase)/decrease in inventories	1,644,181	(47,367,435)
(Increase)/decrease in trade and other receivables	(2,376,185,971)	1,318,267,454
Increase/(decrease) in trade and other payables	79,435,379	4,798,355
	(2,295,106,411)	1,275,698,374
Cash generated from operations	4,027,370,877	5,862,821,032
Bonus paid	(191,914,084)	(170,504,979)
Payment of defined benefit plans	(56,140,120)	(52,940,127)
	(248,054,204)	(223,445,106)
Net cash flow from/(used in) operating activities	3,779,316,673	5,639,375,926
Cash flow from investing activities		
Acquisition of intangible assests	(1,058,864)	(22,945,047)
Acquisition of capital work-in-progress	(18,888,074)	(146,407,780)
Acquisition of property, plant and equipment	(81,798,841)	(125,373,193)
Interest received	37,078,749	18,465,864
Investments in short-term investments	(168,000,000)	(152,000,000)
Proceeds from disposal of property, plant and equipment	1,538,022	15,000
Net cash from/(used in) investing activities	(231,129,008)	(428,245,156)
Cash flow from financing activities		
Borrowings obtained	146,005,569	218,449,145
Repayment of borrowings	(104,158,617)	(50,490,017)
Interest paid	(9,170,352)	(4,512,494)
Dividend paid - ordinary shares	(3,280,176,271)	(5,314,103,082)
Dividend paid - preference shares	(130,100,000)	(130,100,000)
Net cash from/(used in) financing activities	(3,377,599,671)	(5,280,756,448)
Net increase in cash and cash equivalents	170,587,994	(69,625,678)
Cash and cash equivalents at the beginning of the year (Note A)	360,409,379	430,035,057
Cash and cash equivalents at the end of the year (Note B)	530,997,373	360,409,379
At the beginning of the year		Note A
Balances at banks	359,579,514	429,401,099
Petty cash in hand	829,865	633,958
	360,409,379	430,035,057
Bank overdrafts	-	-
	360,409,379	430,035,057
At the end of the year		Note B
Balances at banks	529,966,923	359,579,514
Petty cash in hand	1,030,450	829,865
	530,997,373	360,409,379
Bank overdrafts	-	-
	530,997,373	360,409,379

Figures in brackets indicate deductions.

The accounting policies and notes on pages 05 to 38 form an integral part of these financial statements.

Colombo
26th August, 2019

BDO PARTNERS
Chartered Accountants

1. CORPORATE INFORMATION

1.1 General

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

SriLankan Catering was converted to a limited liability company on 16th March, 2011.

1.2 Principal activities and nature of operations

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

1.3 Parent enterprise

The parent undertaking and ultimate parent is SriLankan Airlines Limited.

1.4 Date of authorization for issue

The financial statements for the year ended 31st March, 2019 were authorized for issue by the Board of Directors on 26th August 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 General accounting policies

2.1.1 Basis of preparation

The financial statements of the company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred to as "SLFRS"), issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.1.2 Basis of measurement

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

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

2.1.3 Presentation and functional currency

The financial statements are presented in Sri Lanka Rupees, which is the company's functional currency. All financial information presented in Sri Lanka Rupees have been rounded to the nearest rupees, unless it is stated otherwise.

BDO PARTNERS Chartered Accountants

2.1.4 Statement of compliance

The statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, together with accounting policies and notes ("financial statements") of the company as at 31st March, 2019 and for the year then ended have been prepared in compliance with the Sri Lanka Accounting Standards (LKAS and SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka.

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

2.1.5 Going concern

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

2.1.6 Comparative information

The accounting policies have been consistently applied by the company and are consistent with those of the previous year. The previous year's figures and phrases have been re-arranged wherever necessary to conform to the current year's presentation.

2.1.7 Discontinuing operations

A discontinuing operation is a clearly distinguishable component of the company's business that is abandoned or terminated pursuant to a single plan and which represents a separate major line of industry or geographical area of operations.

As at the date of financial position, the company does not have any discontinuing operations.

2.1.8 Foreign currency transaction

All foreign exchange transactions are converted to Sri Lanka Rupees, which is the reporting currency, at the rates of exchange prevailing at the time the transactions were effected.

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

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

2.1.9 Materiality and aggregation

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

2.1.10 Significant accounting judgements, estimates and assumptions

a) Judgements

In the process of applying the accounting policies, management has made judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

BDO PARTNERS Chartered Accountants

b) **Estimates and assumptions**

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

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

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

- Note 24 - Retirement benefit obligations
- Note 23 - Deferred tax assets and liabilities

2.1.11 Changes in Accounting Standards

The Company applied SLFRS 15 and SLFRS 9 for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

There are other amendments and interpretations applied for the first time in the 2018/2019 financial year, which do not have a significant impact on the financial statements of the Company. The Company has not adopted any standards, interpretations or amendments that have been issued but are not yet effective.

a) **SLFRS 15 Revenue from Contracts with Customers**

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted SLFRS 15 using the full retrospective method of adoption. Based on the impact assessment performed, the Company concluded that SLFRS 15 does not have a material impact on the Company's consolidated financial statements.

b) **SLFRS 9 Financial Instruments**

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of accounting for financial instruments which are classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Company applied prospectively, the Company has applied SLFRS 9 retrospectively, with the initial application date of 1 April 2018. The Company has taken an exception not to restate comparative information for prior periods with respect to classification and measurement requirements.

2.2 Assets and bases of their valuation

2.2.1 Property, plant and equipment

a) Cost

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

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

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

The property, plant and equipment of the company had been valued by an independent valuer as at 31st March, 2019 and the details are disclosed in note 10.1 to the financial statements.

An item of property, plant and equipment is de-recognized 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 comprehensive income in the year the asset is de-recognized.

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

Asset class	2018/19	After revaluation from 2019/20
Building improvements	20 years	20 years
Furniture	05 years	5 years
Plant and machinery	05 years	5 years

BDO PARTNERS Chartered Accountants

Asset class	2018/19	After revaluation from 2019/20
Electrical equipment	05 years	5 years
Motor vehicle	04 years	4 years
Computer equipment	05 years	5 years
MRIA Kitchen	05 years	-

b) **Useful lives of property, plant and equipment**
The company reviews the assets' residual values, useful lives and methods of depreciation at each reporting date. Judgement made by management based on the professional experts is exercised in the estimation of these values, rates and methods.

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

d) De-recognizing
An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognizing of the asset is calculated as the difference between the net disposal proceeds and the carrying amount.

2.2.2 Capital work-in-progress

Capital work-in-progress is transferred to the respective asset accounts at the time of the first utilization of the asset.

2.2.3 Assets held for sale

The company classifies a non-current asset (or disposal company) as held for sale of its carrying amount which will be recovered principally through a sale transaction rather than through continuing use in accordance with SLFRS 5 Non-current assets held for sale and discontinued operation.

2.2.4 Intangible assets

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

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

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

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

2.2.5 Fair value measurement

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

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

a) The particular asset or liability that is the subject of the measurement.

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

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

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

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

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

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

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

BDO PARTNERS Chartered Accountants

2.2.6 Determination of fair value

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

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

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

Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

2.2.7 Leases

a) **Finance leases**

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of a finance lease are measured at an amount equal to the lower of their fair value or the present value of minimum lease payments at the inception less accumulated depreciation and accumulated impairment losses.

The corresponding principal amount payable to the lessor is shown as a liability. The finance charges allocated to future periods are separately disclosed in the notes.

The interest element of the rental obligation applicable to each financial year is charged to the statement of comprehensive income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The cost of improvements to, or on leased property, is capitalized, and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

Any excess of sales proceeds over the carrying amount of assets in respect of a sale and leaseback transaction that result in a finance lease, is deferred and amortized over the lease term.

b) Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of an asset under the leased term, are classified as operating leases.

Lease payments (excluding cost of service such as insurance and maintenance) paid under operating leases are recognized as an expense in the statement of comprehensive income over the period of lease on a straight line basis.

BDO PARTNERS Chartered Accountants

c) Leasehold property

The initial cost of acquiring leasehold property is treated as an operating lease and is amortized over the period of the lease in accordance with the pattern of benefits expected to be derived from the lease. The carrying amount of leasehold property is tested for impairment annually.

2.2.8 Impairment of non-financial assets

The company assesses at each reporting date to ascertain whether there is an indication that an asset may be impaired. If 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 a company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset. These calculations are collaborated by valuation multiples, quoted share prices or other available fair value indicators.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

2.2.9 Financial assets

2.2.9.1 Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component

BDO PARTNERS Chartered Accountants

or for which the Company has applied the practical expedient they are measured at the transaction price.

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

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

2.2.9.2 Subsequent measurement

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

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

a) Financial assets at amortised cost

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

i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
ii) 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. The subsequent measurement of financial assets depends on their classification as described below:

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

The Company's financial assets at amortised cost include trade receivables and short-term investments.

b) Financial assets at fair value through OCI

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

i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

BDO PARTNERS Chartered Accountants

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

c) Equity instruments

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

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

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

d) Financial assets at fair value through profit or loss

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

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

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

2.2.9.3 Financial assets - derecognition

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

BDO PARTNERS Chartered Accountants

2.2.9.4 Impairment of financial assets

From 01st April 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.2.10 Financial liabilities

2.2.10.1 Initial recognition and measurement

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

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

2.2.10.2 Subsequent measurement

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

a) **Financial liabilities at fair value through profit or loss**

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

b) **Loans and borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized 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 amortization is included in finance costs in the statement of comprehensive income.

2.2.10.3 De-recognition

A financial liability is derecognized 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

BDO PARTNERS Chartered Accountants

substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

2.2.11 Offsetting of financial instruments

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

2.2.12 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models. An analysis of fair values of financial instruments and further details as to how they are measured are provided in the notes.

2.2.13 Cash and cash equivalents

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

2.2.14 Inventories

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

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

2.3 Share capital

2.3.1 Ordinary shares

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

2.3.2 Compounded financial instruments

Compounded financial instruments issued by the company comprise convertible / redeemable preference shares that can be converted to stated capital at the option of the holder and can be redeemed at the option of the Company on or after specified date or on maturity, where the number of shares to be issued is fixed.

BDO PARTNERS Chartered Accountants

The liability component of a compounded financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compounded financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of the compound financial instrument is not re-measured subsequent to the initial recognition. Interest related to the financial liabilities is recognised in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognised.

2.4 Liabilities and provisions

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

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

2.5 Employee benefits

2.5.1 Short-term employee benefits

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

2.5.2 Retirement benefit obligations

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation is performed every year by a qualified independent actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating the service by employees is recognised in profit or loss on a straight-line basis over the average period until the

BDO PARTNERS Chartered Accountants

2.6.1 Current tax

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

2.6.2 Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Thus the Company's deferred tax liability has been calculated based on future tax rates applicable for each segments which are at 15% and 28% .

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

2.7 Commitments and contingencies

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

2.8 Statement of comprehensive income

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

2.8.1 Revenue from contracts with customers

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

a) **Goods transferred at a point in time**

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

b) **Services transferred over time**

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

2.8.2 Expenditure recognition

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

BDO PARTNERS
Chartered Accountants

benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

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

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

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

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

This basis of payment will only be applicable for employees who have been in service on or before 01st April 2000, to employees who have joined the company after 01st April, 2000, the payment of gratuity will be made as per the provisions laid down in the Gratuity Act. The actuarial valuation was made on 31st March 2019.

The liability is not externally funded.

2.5.3 Defined contribution plans - Employees' Provident Fund and Employees' Trust fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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

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

2.6 Taxation

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

BDO PARTNERS Chartered Accountants

2.8.2.1 Operating lease

Leases where the company does not assume substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

2.8.2.2 Finance expense

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

2.9 Events after the reporting period

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

2.10 Related party transactions

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

2.11 Comparative figures

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

2.12 Statement of director's responsibility

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

2.13 Operating segments

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

- Flight kitchen- Processing and supply of meals and other catering services to international aircrafts.
- Airport restaurant (BIA) - Provision of restaurant services.

Other operations include the following segments, which do not meet the quantitative thresholds for determining reportable segments in 2019 and 2018.

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

BDO PARTNERS Chartered Accountants

- Semondu restaurant - Provision of restaurant services (Leased out w.e.f 10th September 2019)

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

2.14 Accounting standards issued but not yet effective

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRSs will have an effect on the accounting policies currently adopted by the company and may have an impact on the future financial statements.

Accounting standard	Requirement
IFRS 16 - 'Leases'	IFRS 16 eliminates the classification of leases as either operating or finance for lessees and instead, introduce a single lessee accounting model. This model reflects that leases result in a company obtaining the right to use an asset at the start of the lease and, because most lease payments are made over time, also obtaining financing. As a result, the new standard requires lessees to account for all of their leases in a manner similar to how finance leases were treated applying IAS 17. IFRS 16, supersedes the requirement in IAS 17 leases and becomes effective on 01st January, 2019.

The following new or amended standards are not expected to have an impact of the company's financial statements;

- SLFRS 14 Regulatory Deferral Accounts - effective from 01st January, 2016.
- Agriculture: Bearer Plants (Amendments to LKAS 16 and LKAS 41) - effective from 01st January, 2016.

2.15 Financial risk management

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

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

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

BDO PARTNERS Chartered Accountants

2.15.1 Risk management framework

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

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

a) Credit risk

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

Trade and other receivables

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

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

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

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

b) Liquidity risk

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

BDO PARTNERS Chartered Accountants

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

The company has obtained Rs.50 million overdraft facility from Commercial Bank of Ceylon PLC of which the interest would be payable at the rate of AWPLR + 1.5% p.a (2017/2018- AWPLR + 1.5% p.a). The company also has an overdraft facility of USD 350,000 from Commercial Bank of Ceylon PLC of which the interest would be payable at the rate of LIBOR (3 months) + 3.5% p.a. (2017/18 - LIBOR (3 months) + 4% p.a).

The company has obtained Rs. 50 million overdraft facility from Bank of Ceylon for which the interest would be payable at the race of AWPLR + 2% p.a (2017/18- AWPLR +2% p.a). The company also has overdraft facility of USD 400,000 of which the interest would be payable at the rate of LIBOR (3 months) + 3.5% p.a. (2017/18 - LIBOR (3 months) + 3.5% p.a).

Further, in the year 2017 the company has obtained a term loan of USD 3.5 Mn for which interest is payable at a rate of LIBOR (3 months) + 3.10% p.a and floor rate is 4.25%, of which USD 2,242,092 has been utilized as 31 March 2019.

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

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

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

e) Interest rate risk
The company adopts a policy of ensuring that its exposure to changes in interest rates on fixed term borrowings is on a fixed rate basis.

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

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

BDO PARTNERS Chartered Accountants

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

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

Risk mitigation, including insurance when this is effective.

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

2.16 Capital management

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

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

BDO PARTNERS Chartered Accountants

	2018/2019 Rs.	2017/2018 Rs.
3. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Flight kitchen	7,825,298,631	6,754,961,994
Vanilla pod café	31,877,009	25,168,922
Serenediva transit hotel	174,582,676	149,447,206
Semondu restaurant	38,603,093	90,810,735
Emirates lounge	140,227,853	133,529,119
Laundry sale (Note 3.1)	259,948,836	223,806,758
Public restaurant	73,556,116	67,420,880
Transit restaurant	1,192,756,613	1,142,918,898
Public restaurant - MRIA	4,477,460	4,806,538
Transit restaurant - MRIA	8,322,846	4,644,198
Revenue recognized at a point in time (Note 3.2)	9,749,651,133	8,597,515,248
3.1 Laundry sales - Local	47,900,529	47,638,300
- Airlines	249,811,426	213,129,190
	297,711,955	260,767,490
Inter department sales	(37,763,119)	(36,960,732)
	259,948,836	223,806,758
3.2 Revenue		
Meals	7,414,023,689	6,319,306,615
Handling chargers	985,800,315	660,665,782
Miscellaneous	937,777,669	1,265,007,192
Other sales	412,049,460	352,535,659
	9,749,651,133	8,597,515,248
4. OTHER INCOME		
Loss on disposal of fixed assets	(1,118,736)	(269,146)
Disposal of garbage	10,333,759	7,995,392
Sundry income	411,830	665,392
	9,626,853	8,391,638
5. ADMINISTRATION EXPENSES		
Donations	219,179	1,678,000
Depreciation of property, plant and equipment	207,609,062	188,017,851
Amortization of intangible assets	10,720,649	8,528,431
Fees and other charges	14,586,290	9,890,773
Audit fees	2,730,769	1,150,576
Staff cost (Note 5.1)	1,559,202,059	1,414,265,354
Other administration expenses	17,469,047	17,144,110
	1,812,537,055	1,640,675,095
5.1 Staff cost		
Expenses related to defined benefit plans	84,062,487	88,351,806
Salaries and wages	1,128,261,929	1,019,783,781
Contribution to Employee's Provident Fund	91,124,259	82,420,276
Contribution to Employee's Trust Fund	20,700,211	18,522,768
Provision for bonus	232,908,045	203,888,942
Prepaid staff cost	2,145,128	1,297,781
	1,559,202,059	1,414,265,354

BDO PARTNERS * Chartered Accountants *

10. PROPERTY, PLANT AND EQUIPMENT

Description of Assets	Cost/Valuation						Depreciation				Written down value	
	Balance as at 31.03.2018 Rs.	Additions Rs.	Transfers Rs.	Revaluation during the year Rs.	Disposals Rs.	Balance as at 31.03.2019 Rs.	Balance as at 31.03.2018 Rs.	Charge for the year Rs.	On revaluation during the year Rs.	On disposals Rs.	Balance as at 31.03.2019 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
Freehold													
Buildings	1,622,176,097	85,566,002	-	(142,252,099)	-	1,565,490,000	119,612,548	45,026,401	(164,638,949)	-	-	1,565,490,000	1,502,563,549
Machinery and equipment	956,604,331	70,503,806	-	(184,041,120)	(8,214,718)	834,852,299	526,122,762	107,869,891	(628,135,309)	(5,857,344)	-	834,852,299	430,481,569
Furniture and fittings	48,529,932	4,713,506	-	(14,632,987)	(340,148)	38,270,303	14,714,725	5,442,052	(18,515,212)	(168,265)	1,473,300	36,797,003	33,815,207
Motor vehicles	258,611,822	-	-	(27,275,087)	(586,736)	230,749,999	111,048,222	49,270,717	(159,732,203)	(586,736)	-	230,749,999	147,563,600
MRIA kitchen	37,638,251	-	(1,857,177)	-	-	35,781,074	30,775,759	6,491,056		(1,485,741)	35,781,074	-	6,862,492
	2,923,560,433	160,783,314	(1,857,177)	(368,201,293)	(9,141,602)	2,705,143,675	802,274,016	214,100,117	(971,021,673)	(8,098,086)	37,254,374	2,667,889,301	2,121,286,417

In compliance with the Accounting policy, the company revalued building, machinery and equipment, furniture and fittings and motor vehicles by an independent valuer Mr. G H A P K Fernando, incorporated valuer of the Institute of Valuers (Sri Lanka) as at 31st March, 2019.

10.1 Revaluation on Property, plant and equipment

Description	Method of Valuation	Date of Valuation	Valuation	Valuer
Building in Katunayake	Market Value	31-03-2019	1,565,490,000	Mr. G.H.A.P.K. Fernando
Machinery and equipment	Market Value	31-03-2019	834,852,299	Mr. G.H.A.P.K. Fernando
Motor vehicles	Market Value	31-03-2019	230,749,999	Mr. G.H.A.P.K. Fernando
Furniture and fittings	Market Value	31-03-2019	34,221,500	Mr. G.H.A.P.K. Fernando

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

	Cost Rs.	Accumulated depreciation as at 31st March, 2019 Rs.	Carrying value as at 31st March, 2019 Rs.
Building in Katunayake	1,762,558,965	1,033,401,719	729,157,246
Machinery and equipment	1,786,930,582	1,602,358,552	184,572,030
Furniture and fittings	63,135,793	57,869,212	5,266,581
Motor vehicles	424,184,238	349,513,480	74,670,757

10.3 The buildings have been constructed on the lands belonging to Airport & Aviation Services (Sri Lanka) Ltd at the Bandaranayake International Airport.

BDO PARTNERS
Chartered Accountants

	2018/2019 Rs.	2017/2018 Rs.
6. OTHER OPERATIONAL EXPENSES		
General operating expenses	635,445,522	574,483,707
Common expenses	486,985,183	458,913,636
Provision for impairment (Equipment MRIA F/kitchen)	6,397,406	11,241,785
Provision for bad and doubtful debts	8,036,896	52,205,655
Concession fees	88,782,906	85,645,382
Reversal of provision of slow moving inventory	(8,846,431)	-
	1,216,801,482	1,182,490,165

7. NET FINANCE INCOME

	2018/2019 Rs.	2017/2018 Rs.
Finance income		
Interest income	37,078,749	18,465,864
Interest income - staff loans	1,807,017	1,163,746
Exchange gain	1,072,775,366	201,699,796
	1,111,661,132	221,329,406
Finance expenses		
Bank interest	9,170,352	4,512,494
Preference share dividend	130,100,000	130,100,000
	139,270,352	134,612,494
Net finance income	972,390,780	86,716,912

8. INCOME TAX EXPENSES

	2018/2019 Rs.	2017/2018 Rs.
Current income tax (Note 8.1)	25,796,047	16,232,551
Under/(Over) provision in respect of previous years	(144,461)	(10,308,736)
Deferred tax expense	47,765,299	
	73,416,885	5,923,815

8.1 Reconciliation of income tax

	2018/2019 Rs.	2017/2018 Rs.
Profit before tax as per the statement of comprehensive income	5,675,913,393	3,896,228,348
Less: Profit exempt from income tax	(5,640,112,276)	(3,868,718,106)
Profit liable for income tax	35,801,117	27,510,242
Disallowable expenses	10,018,826	14,373,116
Allowable expenses	(1,515,543)	(9,356,506)
Other sources of income	47,824,338	25,446,545
Total statutory income	92,128,738	57,973,397
Less: Losses set off		
Taxable income	92,128,738	57,973,397
Income tax liability at 28%	25,796,047	16,232,551

9. BASIC EARNINGS PER SHARE

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

	2018/2019 Rs.	2017/2018 Rs.
Amounts used as numerator		
Profit attributable to ordinary shareholders	5,602,496,508	3,890,304,533
Number of ordinary shares used as the denominator		
Weighted average number of ordinary shares in issue	940,268,456	940,268,456
	5.96	4.14

BDO PARTNERS Chartered Accountants

11. CAPITAL WORK-IN-PROGRESS

	Balance as at 01.04.2018	Additions during the year	Capitalized during the year	Balance as at 31.03.2019
Enhancing security system				
- Security phase II	47,548,252	397,995	(47,946,247)	-
BIA Restaurant refurbishment	22,261,179	4,787,727	(26,888,906)	160,000
Chiller modification	2,111,914	-	(2,111,914)	-
4 Units of washrooms	-	2,964,173	-	2,964,173
Walkway - flight kitchen	-	2,037,406	(2,037,406)	-
Upgrading waste water system	-	3,262,800	-	3,262,800
Clarifier - wastewater	-	5,437,973	-	5,437,973
	71,921,345	18,888,074	(78,984,473)	11,824,946

		2018/2019 Rs.	2017/2018 Rs.
12. INTANGIBLE ASSETS			
Computer software			
Balance as at 01st April, 2018		84,752,309	61,807,262
Additions during the year		1,058,864	22,945,047
Balance as at 31st March, 2019		85,811,173	84,752,309
Accumulated amortization			
Balance as at 01st April, 2018		42,625,723	34,097,292
Amortization during the year		10,720,649	8,528,431
Balance as at 31st March, 2019		53,346,372	42,625,723
Carrying amount		32,464,801	42,126,586
13. EQUITY INVESTMENTS			
AirLanka (Pvt) Ltd		200,000	200,000
Less: Impairment		(200,000)	(200,000)
		-	-

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

		2018/2019 Rs.	2017/2018 Rs.
14. INVENTORIES			
Raw materials		193,697,982	206,662,160
Maintenance and miscellaneous		134,970,252	128,579,577
Equipment stocks		10,703,711	9,327,603
Inventoty held for sale		3,294,418	-
		342,666,363	344,569,340
Provision for slow moving stock		(9,381,817)	(18,228,248)
		333,284,546	326,341,092
Work-in-progress		8,396,874	8,138,076
		341,681,420	334,479,168
15. AMOUNTS DUE FROM RELATED COMPANIES			
Airport & Aviation Services (Sri Lanka) Limited		53,565,820	84,213,184
Mihin Lanka (Pvt) Ltd		60,138,380	53,174,497
		113,704,200	137,387,681
Provision for bad debts	15.1	(60,451,575)	(52,693,776)
		53,252,625	84,693,905
15.1 Provision for bad debts from related companies			
Provision as at 01st April, 2018		52,693,776	488,519
Provision for the year		7,757,799	52,494,275
Reversal of provision for the year		-	(289,018)
Provision as at 31st March, 2019		60,451,575	52,693,776

BDO PARTNERS Chartered Accountants

		2018/2019 Rs.	'2017/2018 Rs.
16. TRADE RECEIVABLES			
Airlines and others	16.1	8,316,560,706	5,977,314,844
Provision for bad debts	16.2	(668,485)	(389,388)
		8,315,892,221	5,976,925,456

16.1 The above receivable balance includes the following receivables which are due from related parties.

SriLankan Airlines Limited	7,627,316,883	5,362,156,319
Other trade receivable	689,243,823	615,158,525
	8,316,560,706	5,977,314,844

16.2 Provision for bad debts

Provision as at 01st April, 2018	389,388	389,388
Provision for the year	279,097	-
Provision as at 31st March, 2019	668,485	389,388

17. OTHER RECEIVABLES

Distress loans	23,468,886	19,019,499
Prepaid staff cost	2,317,032	838,461
Other staff advances	3,000,293	3,260,990
VAT Receivable	11,803,063	25,611,216
Advances to suppliers	122,279,938	91,401,718
Advances/deposits and sundry receivables	152,801,660	128,858,888
	315,670,872	268,990,772

18. FINANCIAL ASSETS AT AMORTIZED COST

Fixed deposit - BOC	320,000,000	152,000,000
	320,000,000	152,000,000

19. CASH AND CASH EQUIVALENTS

Cash in hand	1,030,450	829,865
Bank -Current accounts	369,409,620	22,432,755
Bank - FCBU accounts	132,779,919	311,562,131
Treasury bills	27,777,384	25,584,628
	530,997,373	360,409,379

20. STATED CAPITAL

	Nos.	Nos.
Ordinary shares	940,268,456	940,268,456
	Rs.	**Rs.**
Ordinary shares	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000

The company split its existing shares of Rs.100/- each into 100 Mn ordinary shares of Rs.1/- each on 30th September, 2009. Subsequently, 40 Mn ordinary shares were bought back from the Parent at a price of Rs.100/- each totaling to Rs.4 Bn. The ordinary shares of the company have been sub-divided as one ordinary share into fifteen ordinary voting shares increasing the number of ordinary voting shares outstanding from 60,000,000 shares to 900,000,000.

Retained earnings amounting to Rs. 900,000,000/- was capitalized in the books of the company for the issue of 40,268,456 new ordinary voting shares to the current shareholders at a consideration of Rs.22.35 per share to be ratified and in the opinion of the Board, the consideration is fair and reasonable to the company and the existing shareholders. The holders of ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the company.

BDO PARTNERS Chartered Accountants

	2018/2019 Rs.	2017/2018 Rs.
21. REDEEMABLE PREFERENCE SHARES		
Preference shares - 10 years redeemable, cumulative and convertible - EPF	1,000,000,000	1,000,000,000
	1,000,000,000	1,000,000,000

Preference shares - 10 years redeemable, cumulative and convertible - Employees' Provident Fund

Non voting redeemable cumulative convertible preference shares were convertible into ordinary shares on 16th May, 2015 at the option of the holder at agreed basis shall be a mandatory redemption on the date of maturity (16th May, 2020). However, the holder did not want to exercise the option. Dividend rate was 13.01% during the financial year as per the terms and conditions of the certificate. The holder is also entitled to a fixed preference dividend. Due to the favourable fixed preference dividend rate, this is classified along with liabilities.

	2018/2019 Rs.	2017/2018 Rs.
22. LOANS AND BORROWINGS		
Balance as at 01st April, 2018	167,959,128	-
Borrowed during the year	146,005,569	218,449,145
Repayment during the year	(117,319,591)	(53,762,073)
Exchange (Gain)/ loss	13,160,974	3,272,056
Balance as at 31st March, 2019	209,806,080	167,959,128
22.1 Amount payable within 12 months	123,201,408	109,040,246
Amount payable after 12 months	86,604,672	58,918,882
	209,806,080	167,959,128
23. DEFERRED TAX LIABILITY		
Balance as at 01st April, 2018	77,134,354	77,134,354
Provision for the year	47,765,299	-
Provision on revaluation gain for the year	90,900,766	-
Balance as at 31st March, 2019	215,800,419	77,134,354

Deferred tax liability has been calculated based on the future tax rates applicable for each segments which are 15% and 28%.

BDO PARTNERS Chartered Accountants

	2018/2019 Rs.	2017/2018 Rs.
24. RETIREMENT BENEFIT OBLIGATION		
Movement in the present value of the defined benefit obligations		
Balance as at 01st April, 2018	505,964,822	482,463,238
Current service costs	50,596,482	57,895,588
Interest cost	33,466,005	30,456,218
Actuarial (gain)/loss during the year	3,184,729	(11,910,095)
Benefits paid during the year	(56,140,120)	(52,940,127)
Balance as at 31st March, 2019	537,071,918	505,964,822
Expense recognized in comprehensive income		
Current service costs	50,596,482	57,895,588
Interest on obligation	33,466,005	30,456,218
	84,062,487	88,351,806
Expense recognized in other comprehensive income		
Actuarial (gain)/loss during the year	3,184,729	(11,910,095)
	3,184,729	(11,910,095)

The actuarial valuation was carried out by professionally qualified actuary, Messrs. Actuarial & Management Consultants (Pvt) Ltd for the year ended 31st March, 2019 based on the following assumptions:

Discount rate at 31st March	11%	10%
Salary escalation rate	11%	10%
Retirement age	55 years	55 years

Assumptions regarding future mortality are based on published statistics and mortality tables.

24.1 Sensitivity of assumptions employed in actuarial valuation

Variable changed (while all other assumptions remain unchanged)	Effect on Change to Statement of Comprehensive Income	Effect on Employee Benefit Obligation
One percentage point increase (+1%) in Discount Rate	(31,179,098)	(31,179,098)
One percentage point decrease (-1%) in Discount Rate	34,709,858	34,709,858
One percentage point increase (+1%) in Salary Escalation Rate	36,890,181	36,890,181
One percentage point decrease (-1%) in Salary Escalation Rate	(33,683,833)	(33,683,833)

		2018/2019 Rs.	2017/2018 Rs.
25. AMOUNTS DUE TO RELATED COMPANIES			
Employees' Provident Fund - Preference dividend payable		64,871,781	64,871,781
		64,871,781	64,871,781
26. OTHER PAYABLES			
Other creditors and accrued expenses		439,158,324	331,509,822
Provision - Leave encashment	Note 26.1	36,883,237	34,815,556
Provision for bonus		242,244,369	201,017,075
TDL Payable		-	204,313
		718,285,930	567,546,766

BDO PARTNERS Chartered Accountants

26. OTHER PAYABLES (CONTD...)

26.1 The future leave encashment liability of the company was valued by a professional actuary, Messrs Acturial & Management Consultants (Pvt) Ltd for the year ended 31st March, 2019 based on the following assumptions:

	2018/2019 Rs.	2017/2018 Rs.
Discount rate as at 31st March	11%	10%
Salary escalation rate	11%	10%
Retirement age	55 years	55 years

27. INCOME TAX PAYABLE

Balance as at 01st April, 2018	16,232,551	35,824,459
Provision for the year	25,796,047	16,232,551
Reversal of overprovision	(144,461)	(10,308,736)
Taxes paid/ Set off with tax credits	(16,088,090)	(25,515,723)
Balance as at 31st March, 2019	25,796,047	16,232,551

28. ASSETS PLEDGED AS COLLATERALS

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

29. CAPITAL COMMITMENTS

The following capital commitments which are now in working progress unless the agreement signed date is specified have been approved by the Board of Directors, but not provided for in the financial statements.

Guarantees	LKR	LKR
- Bank of Ceylon	19,544,250	19,544,250
- Hatton National Bank	600,000	600,000
	US$	US$
- Commercial Bank	83,870	83,870

Further, the company has entered into the following contracts which were in progress as at the date of the statement of financial position.

	Description	Total contract value Rs.	Completed value as at 31.03.2019 Rs.	Commitment as at 31.03.2019 Rs.
a)	BIA restaurant refurbishment (Architect Fee)	-	160,000	-
b)	Washroom 4 units (Flight Kitchen)	6,116,670	2,964,173	3,152,497
c)	Upgrading wastewater	3,542,000	3,262,800	279,200
d)	Clarifier - wastewater	6,042,192	5,437,973	604,219

In addition to above, the Company has purchased of 2 unit of hi-loaders during the year for a total consideration of Rs.68,049,563/- resulting a purchase commitment of Rs.47,634,694/- as at the reporting date.

Operating lease commitments
The company has constructed its building on a land owned by Airport & Aviation Services (Sri Lanka) Limited on an operating lease of 34 years.

The future minimum lease payments under the agreements are as follows:	2018/2019 Rs.	2017/2018 Rs.
Not later than one year	146,811,984	145,341,521
Later than one year and not later than five years	228,954,906	324,950,062
Later than five years	315,329,829	409,137,664
	691,096,719	879,429,247

BDO PARTNERS Chartered Accountants

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

30.1 Contingent Liabilities

In the opinion of the company's lawyers , there are no pending litigations against the company other than the following case that will have an impact on the reported financial results of the future operations of the company.

The Labour Tribunal Case (LT Case No.21/337/2015) - K.D.L.J. Kamalpem Vs SriLankan Catering Ltd is being heard. Further, there are 4 cases which had been appealed by the company as at the date of financial position. A deposit of Rs.5,276,653.16/- has been deposited for those appealed cases.

30.2 Contingent Assets

There are no contingent assets as at the date of the statement of financial position.

31. EVENTS AFTER THE REPORTING DATE

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

32. RELATED PARTY TRANSACTIONS

32.1 Parent and ultimate controlling party

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

32.2 Transactions with Key Management Personnel (KMP)

Related parties include KMPs defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Such KMPs include the Board of Directors, Chief Executive Officer.

	2018/2019 Rs.
Short-term benefits	250,000
Post employee benefits	-

The above includes Directors' fee paid during the year amounting to Rs. 250,000. No loans have been given to the directors of the company.

BDO PARTNERS
Chartered Accountants

32. RELATED PARTY TRANSACTIONS (CONTD....)

32.3 Transactions with related parties

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

Name of the company	Relationship	Nature of transactions	2018/2019 Rs.	2017/2018 Rs.
SriLankan Airlines Ltd	Parent company	Sales	5,831,761,782	5,265,231,273
		Freight service	25,475,042	13,994,970
		Other service	135,709,222	113,230,467
		Dividend-ordinary shares	3,280,176,271	5,314,103,082
Airport & Aviation Services (Sri Lanka) Limited	Owner related company	Rent and others	619,765,891	577,322,742
Employees' Provident Fund	Prefernce shareholder	Preference share dividend	130,100,000	130,100,000
Ceylon Electricity Board	Government owned	Electricity expenses	135,375,092	168,425,721
Sri Lankan Telecom Limited	Government owned	Telephone expenses	4,748,558	5,878,849
Ceylon Petroleum Corporation	Government owned	Diesel	123,939,335	106,840,669
IRD	Government owned	Tax	49,713,252	38,833,031
State Pharmaceuticals Corporation	Government owned	Medicine	687,287	285,503
Ministry of Foreign Affairs	Government owned	Sales	1,426,707	1,550,959
Ceylon Tourist Board	Government owned	License fees	507,821	1,486,445

(a) Sales made to SriLankan Airlines Limited is at discounted prices including a volume discount. Transactions with the other related parties took place at commercial terms.

BDO PARTNERS Chartered Accountants

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

34.1 Introduction

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

Risk management framework

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

Principal financial instruments

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

Instrument	Risk(s)
- Trade receivables	Credit risk
- Cash and cash equivalents	Liquidity risk
- Trade and other payables	Liquidity risk
- Bank loans	Interest rate risk/ Liquidity risk
- Amounts due from/to	Credit risk

34.2 Liquidity risk

The following are the contractual maturities of financial liabilities of the company

	Carrying amount	Contractual cash flows	Less than 01 year	More than 01 year
As at 31st March, 2019				
Non-derivative financial liabilities				
Trade payables	331,314,920	-	331,314,920	-
Due to related companies	64,871,781	-	64,871,781	-
Loans and borrowings	209,806,080	-	123,201,408	86,604,672
Other payables	718,285,930	-	718,285,930	-
	1,324,278,711	-	1,237,674,039	86,604,672

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

	Carrying amount	Contractual cash flows	Less than 01 year	More than 01 year
As at 31st March, 2018				
Non-derivative financial liabilities				
Trade payables	357,452,284	-	357,452,284	-
Due to related companies	64,871,781	-	64,871,781	-
Loans and borrowings	167,959,128	-	109,040,246	58,918,882
Other payables	567,546,766	-	567,546,766	-
	1,157,829,959	-	1,098,911,077	58,918,882

34.3 Currency risk

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

Exposure to currency risk

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

	As at 31 March 2019 (Figures indicate in LKR)					
	LKR	USD	GBP	SGD	Others	Total
Trade receivable	11,027,304	8,358,117,542				8,369,144,846
Trade payables	209,591,125	62,757,240	5,035,790	16,870,270	37,060,494	331,314,920
	As at 31 March 2018 (Figures indicate in LKR)					
	LKR	USD	GBP	SGD	Others	Total
Trade receivable	4,459,181	6,057,160,180	-	-	-	6,061,619,361
Trade payables	229,861,313	76,096,764	9,183,092	12,798,896	29,512,219	357,452,284

The following significant exchange rates were applied during the year.

	Average rate	
	2019	2018
USD	167.60	153.09
GBP	221.06	201.99
SGD	123.73	112.68
EUR	194.93	178.05

	Reporting date spot rate	
	2019	2018
USD	176.00	155.57
GBP	229.95	218.89
SGD	129.96	118.63
EUR	197.43	191.49

BDO PARTNERS Chartered Accountants

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

33.1 Fair value of the financial instrument carried at amortized cost

Set out 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 liabilities.

	Carrying amount				Fair value			
31st March, 2019	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity securities	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Short-term investments	320,000,000	-	-	320,000,000	320,000,000	-	-	320,000,000
Trade and other receivables	8,684,815,718	-	-	8,684,815,718	8,684,815,718	-	-	8,684,815,718
Cash and cash equivalents	530,997,373	-	-	530,997,373	530,997,373	-	-	530,997,373
	9,535,813,091	-	-	9,535,813,091	9,535,813,091	-	-	9,535,813,091
Financial liabilities not measured at fair value								
Redeemable preference shares	-	-	1,000,000,000	1,000,000,000	1,000,000,000	-	-	1,000,000,000
Finance lease liabilities	-	-	-	-	-	-	-	-
Dividends payable on redeemable shares	-	-	64,871,781	64,871,781	64,871,781	-	-	64,871,781
Trade creditors	-	-	331,314,920	331,314,920	331,314,920	-	-	331,314,920
	-	-	1,396,186,701	1,396,186,701	1,396,186,701	-	-	1,396,186,701

	Carrying amount				Fair value			
31st March, 2018	Loans and receivables	Available-for-sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Equity securities	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Financial assets not measured at fair value								
Short-term investments	152,000,000	-	-	152,000,000	152,000,000	-	-	152,000,000
Trade and other receivables	6,245,916,228	-	-	6,245,916,228	6,245,916,228	-	-	6,245,916,228
Cash and cash equivalents	360,409,380	-	-	360,409,380	360,409,380	-	-	360,409,380
	6,758,325,608	-	-	6,758,325,608	6,758,325,608	-	-	6,758,325,608
Financial liabilities not measured at fair value								
Redeemable preference shares	-	-	1,000,000,000	1,000,000,000	1,000,000,000	-	-	1,000,000,000
Finance lease liabilities	-	-	-	-	-	-	-	-
Dividends payable on redeemable shares	-	-	64,871,781	64,871,781	64,871,781	-	-	64,871,781
Trade creditors	-	-	357,452,284	357,452,284	357,452,284	-	-	357,452,284
	-	-	1,422,324,065	1,422,324,065	1,422,324,065	-	-	1,422,324,065

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

34.4 Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk mainly from its operating activities (primarily for trade receivables).

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

	2019 Rs.	2018 Rs.
As at 31st March Carrying amount		
Trade receivables	8,315,892,221	5,976,925,456
Due from related companies	53,252,625	84,693,905
Other receivables	315,670,872	268,990,772
Short-term investment	320,000,000	152,000,000
Cash and cash equivalents	530,997,373	360,409,379
	9,535,813,091	6,843,019,512

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

	2019 Rs.	2018 Rs.
Domestic	7,752,394,023	5,503,293,758
Other foreign countries	677,870,883	611,408,767
	8,430,264,906	6,114,702,525
Less; Provision for impairment of trade receivables and due from related parties	(61,120,058)	(53,083,164)
	8,369,144,848	6,061,619,361

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

Airlines	8,420,041,729	6,110,952,767
Other(s)	10,223,177	3,749,758
	8,430,264,906	6,114,702,525
Less: Provision for impairment of trade receivables and due from related parties	(61,120,058)	(53,083,164)
	8,369,144,848	6,061,619,361

Impairment losses
The impairment of trade receivables and due from related parties at the reporting date was:

	Gross amount 2019 Rs.	Impairement 2019 Rs.	Gross amount 2018 Rs.	Impairement 2018 Rs.
Neither past due nor impaired	8,042,819,571	-	5,908,244,257	-
Past due 31-90 days	279,915,511	-	83,807,501	-
Past due 91-365 days	46,375,088	-	77,615,434	-
Past due over 365 days	61,154,734	61,120,058	45,035,333	53,083,162
	8,430,264,904	61,120,058.00	6,114,702,525	53,083,162

Further, the age analysis for the amount receivable from Srilankan Airlines Ltd is as follows:

	Total Rs.	1-30 days Rs.	31-90 days Rs.	91-180 days Rs.	181-360 days Rs.	More than 360 days Rs.
Srilankan Airlines Ltd	7,627,316,883	453,753,596	916,505,596	1,336,557,524	3,340,447,495	1,580,052,672

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

	2019 Rs.	2018 Rs.
Balance at 01st April	53,083,162	877,905
Reversal of provision	-	(289,018)
Provision provided	8,036,896	52,494,275
Balance at 31st March	61,120,058	53,083,162

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

BDO PARTNERS Chartered Accountants

35. SEGMENTAL ANALYSIS

	Note	Flight Kitchen		BIA Restaurant		Other Segments		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	3	7,825,298,631	6,754,961,994	1,266,312,730	1,210,339,777	658,039,772	632,213,475	9,749,651,133	8,597,515,246
Cost of sales		(1,618,749,988)	(1,572,495,983)	(311,478,383)	(282,680,265)	(96,188,464)	(118,053,942)	(2,026,416,835)	(1,973,230,190)
Gross profit		6,206,548,643	5,182,466,011	954,834,347	927,659,512	561,851,308	514,159,533	7,723,234,298	6,624,285,056
Other income	4	9,626,853	8,391,637	-	-	-	-	9,626,853	8,391,637
Administration expenses		(1,487,259,588)	(1,341,794,255)	(191,916,527)	(168,463,327)	(133,360,940)	(130,417,512)	(1,812,537,055)	(1,640,675,094)
Other operational expenses	5	(820,085,046)	(793,618,659)	(224,465,049)	(213,721,640)	(172,251,388)	(175,149,866)	(1,216,801,483)	(1,182,490,165)
Results from operating activities	6	3,908,830,862	3,055,444,734	538,452,771	545,474,545	256,238,980	208,592,155	4,703,522,613	3,809,511,434
Finance income		1,086,685,537	214,571,626	20,394,147	6,054,308	4,581,448	703,473	1,111,661,132	221,329,407
Finance costs		(139,270,352)	(134,612,494)	-	-	-	-	(139,270,352)	(134,612,494)
Net finance (cost) / income		947,415,185	79,959,132	20,394,147	6,054,308	4,581,448	703,473	972,390,780	86,716,913
Profit before income tax		4,856,246,047	3,135,403,866	558,846,918	551,528,853	260,820,428	209,295,628	5,675,913,393	3,896,228,347
Income tax expenses	7	(56,257,914)	5,192,988	(13,087,992)	(7,520,558)	(4,070,979)	(3,596,244)	(73,416,885)	(5,923,814)
Profit for the year		4,799,988,133	3,140,596,854	545,758,926	544,008,295	256,749,449	205,699,384	5,602,496,508	3,890,304,533
Other comprehensive income:									
Revaluation of property, plant and equipment, net of tax		602,820,380	-	-	-	-	-	602,820,380	
Defined benefit plan actuarial gains (losses)	24	(3,184,729)	11,910,095	-	-	-	-	(3,184,729)	11,910,095
Revaluation of property, plant and equipment, net of tax		(90,900,766)						(90,900,766)	
Other comprehensive income for the year		508,734,884	11,910,095	-	-	-	-	508,734,884	11,910,095
Total comprehensive income for the year		5,308,723,017	3,152,506,949	545,758,926	544,008,295	256,749,449	205,699,384	6,111,231,393	3,902,214,628
Segment Assets		12,291,317,066	9,139,452,236	184,791,823	171,389,872	113,564,670	101,990,920	12,589,673,559	9,412,833,028
Segment Liabilities		3,088,577,833	2,738,553,668	6,737,874	6,994,679	7,631,388	11,613,339	3,102,947,095	2,757,161,686

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

BDO PARTNERS Chartered Accountants

SRILANKAN CATERING LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31ST MARCH, 2019

	Statement	2018/2019 Rs.	2017/2018 Rs.
Revenue	1	9,749,651,133	8,597,515,248
Cost of sales		(2,026,416,836)	(1,973,230,190)
Gross profit		7,723,234,297	6,624,285,058
Other income	2	9,626,853	8,391,638
		7,732,861,150	6,632,676,696
Administrative expenses	3	(1,812,537,055)	(1,640,675,095)
Other operational expenses	4	(1,216,801,482)	(1,182,490,165)
Profit from operations		4,703,522,613	3,809,511,436
Finance income	5	1,111,661,132	221,329,406
Finance expenses	6	(139,270,352)	(134,612,494)
Net profit before taxation		5,675,913,393	3,896,228,348

BDO PARTNERS
Chartered Accountants

SRILANKAN CATERING LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2019

		2018/2019 Rs.	2017/2018 Rs.
REVENUE			Statement 1
Flight kitchen		7,825,298,631	6,754,961,994
Vannila Pod Café		31,877,009	25,168,922
Serenediva transit hotel		174,582,676	149,447,206
Semondu restaurant		38,603,093	90,810,735
Emirates Lounge		140,227,853	133,529,119
Laundry sale		259,948,836	223,806,759
Public restaurant		73,556,116	67,420,880
Transit restaurant		1,192,756,613	1,142,918,898
MRIA restaurant		12,800,306	9,450,735
Total sales	Statement 1.1	9,749,651,133	8,597,515,248

		2018/2019 Rs.	2017/2018 Rs.
Revenue			Statement 1.1
Meals		7,414,023,689	6,319,306,615
Handling charges		985,800,315	660,665,782
Miscellaneous		937,777,669	1,265,007,192
Other sales		412,049,460	352,535,659
		9,749,651,133	8,597,515,248

		2018/2019 Rs.	2017/2018 Rs.
OTHER INCOME			Statement 2
Profit/(loss) on disposal of fixed assets		(1,118,736)	(269,146)
Disposal of of garbage		10,333,759	7,995,392
Sundry income		411,830	665,392
		9,626,853	8,391,638

		2018/2019 Rs.	2017/2018 Rs.
ADMINISTRATION EXPENSES			Statement 3
Donations		219,179	1,678,000
Depreciation of property, plant and equipment		207,609,062	188,017,851
Amortization of intangible assets		10,720,649	8,528,431
Auditors Fees		2,730,769	1,150,576
Consultants Fees		5,217,966	2,052,301
Lawyer's Fees		2,883,750	1,843,719
Secretarial Fees		360,000	388,632
Subscription Fees		1,676,471	1,056,345
Business Promotion		318,228	952,956
Director Fees		4,129,875	3,596,820
Entertainment		806,171	459,805
Advertising		1,837,017	1,840,087
Staff cost	Statement 3.1	1,559,202,059	1,414,265,354
Other administration expenses		14,825,859	14,844,218
		1,812,537,055	1,640,675,095

BDO PARTNERS Chartered Accountants

SRILANKAN CATERING LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2019

	2018/2019 Rs.	2017/2018 Rs.
ADMINISTRATION EXPENSES (CONTD....)		
Personal Expenses		Statement 3.1
Staff Salaries	729,381,621	644,256,976
Contributions to Employees' Provident Fund	91,124,259	82,420,276
Contributions to Employees' Trust Fund	20,700,211	18,522,768
Overtime	132,596,199	133,814,525
Staff Welfare	235,836,359	209,169,458
Staff Insurance	6,964,512	5,944,948
Staff Training	3,220,954	2,528,566
Bonus	232,908,045	203,888,942
Uniforms	16,089,824	13,578,513
Expenses related to defined benefit plans	84,062,487	88,351,806
Prepaid staff cost	2,145,128	1,297,781
Provision for leave enchashment	4,172,460	10,490,795
	1,559,202,059	1,414,265,354
OTHER OPERATIONAL EXPENSES		Statement 4
Cleaning Material	83,225,407	97,771,679
Fuel and gas	149,409,568	130,709,259
Repairs and Maintenance	173,608,394	148,637,014
Travelling	9,181,873	7,785,064
Laundry Expenses	-	-
Casual Labour	195,258,562	172,275,103
Garbage Disposal	22,911,544	14,824,236
Sundry Operational Expenses	1,850,174	2,481,352
Rent	162,465,457	141,202,599
Sales Discount	-	-
Licence Fees	934,869	1,486,445
Electricity	176,288,721	174,584,296
Water	23,832,098	17,433,204
Security	69,271,194	73,011,869
Storage	1,350,000	1,789,875
Insurance	11,819,817	12,373,505
Postage / Stamps	287,865	110,645
Telephone	8,241,864	8,393,899
Bank Charges	9,845,048	9,161,395
Rates and Taxes	1,983,490	1,983,850
Disallowble tax	5,943,508	4,465,038
Reversal of bad debt provision - Mihin Lanka	-	-
Provision for bad debt provision - Mihin Lanka	8,036,896	52,205,655
Provision for slow moving stock	(8,846,431)	-
Provision for Impairment (Equipment MRIA F/Kitchen)	6,397,406	11,241,785
Concession fees	88,782,906	85,645,382
Share of profit	-	-
Provision - Litigation	14,721,252	12,917,016
	1,216,801,482	1,182,490,165

BDO PARTNERS Chartered Accountants