

Finance Analysis and Management

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Question-1

ABC Hotels PLC

Here, the ABC Hotels PLC can be identified as a leading firm within the hospitality industry in Sri Lanka who has made appropriate investments while upgrading their portfolio according to the international standards as follows;

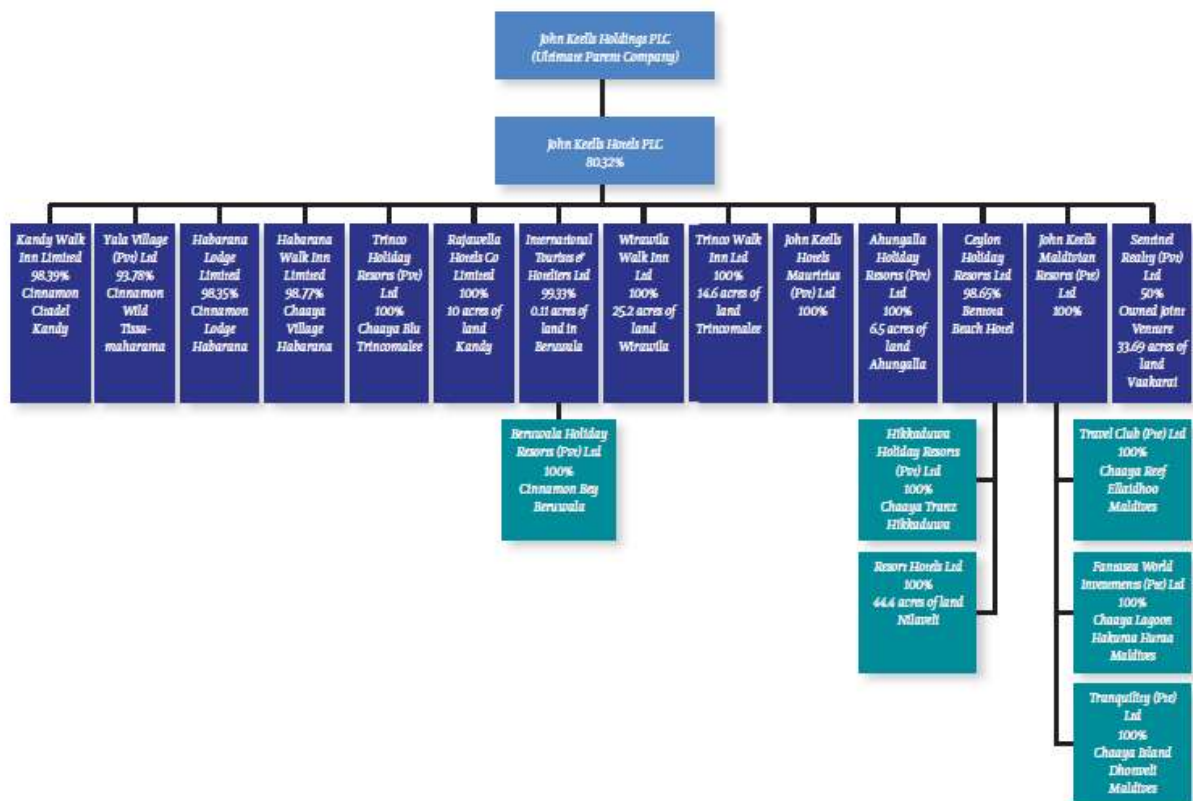


Figure 1 - Portfolio of the ABC Hotels PLC

Due to the favorable conditions of the Sri Lankan economy with having 7.3% of GDP growth in year 2013 and 7.8% in year 2014, the company has recognized there's a fast growing tourism industry. But it has recognized the need of highly trained staff with the improved standards related to the room capacity for both operations in Sri Lanka as well as Maldives. Furthermore SLTDA aims to increase the tourist visiting by 18% with the 1.2mn of tourist visiting in year 2013.

Financial Overview

EBIT

The group has acquired 33% of EBIT growth amounted Rs. 2427mn in year 2014 with comparing to the Rs.1820mn in year 2013.

Investment Activities

The company has gone for several kinds of new investments like enhancing the capacity of the Cinnamon Bey, accommodation for new staff in Cinnamon Citadel, room refurbishments in the Chaaya Island Dhoveli etc.

Cash Generation

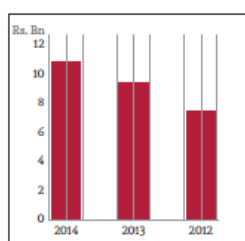
Here the company has increased their cash flows with 22% of growth rate to Rs. 3229 mn within the year of 2014.

Gearing

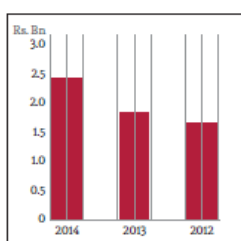
The company's gearing ratio has decreased from 38% in 2012/13 to 20% in 2013/14 financial year due to the enhancement of the shareholder funds with the profitability growth and debt retirement.

Revenue

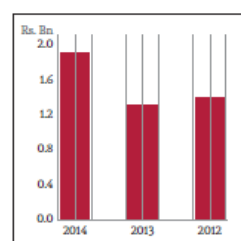
The group has recorded an aggressive revenue growth of 17% in year 2014 with Rs. 10.97 bn from Rs.9.34 bn on year 2013 as follows:



REVENUE



EARNINGS BEFORE INTEREST
AND TAX (EBIT)



PROFIT BEFORE TAX (PBT)

Aitken Spence Hotels PLC

Aitken Spence Hotels can be recognized as an illustrious brand within the tourism industry in Sri Lanka which has a great experience of more than four decades. So the organizational business activities has varied from the hotels of star class to inbound as well as outbound travel packages to the various kind of travelers around the world. Further the company has expanded their operations within the global tourism industry with the hot spots as well as luxury resorts in the Oman as well as India and Maldives.

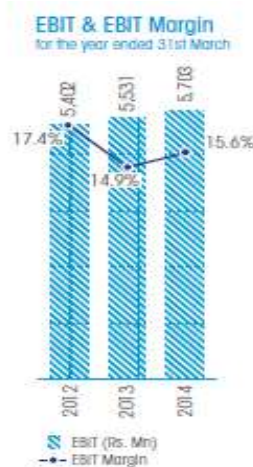
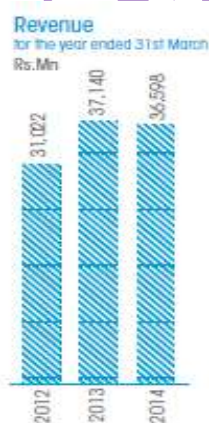
Financial Overview

Group Revenue

The group has faced with a decline trend of it's' revenue in year 2014 with a 1.5% decrement amounted Rs.36.6% with comparing to the previous year. Further the segment of strategic investments has dropped by 16.7% in terms of the generated revenues in year 2014.

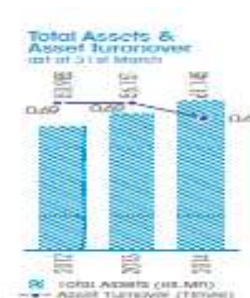
EBIT

The organizational EBIT has grown by 3.1% with Rs. 5.7bn and the PBT growth rate also has become 7.6% in year 2014 with an amount of Rs. 5.4 bn within the year of 2014, Further it has reached to the highest EPS within the industry with Rs. 9.04 the ROE of 12.2% at the end of the year.



Total Assets

The organizational total assets have reported as Rs. 61.1 bn which comprises with Rs. 35.3bn Noncurrent Assets as well as Rs. 25.7 bn of Current Assets.



Financial Leverage

The total assets of the organization have financed through the Rs. 38.8 bn and the group's financial leverage has held in a healthy condition of 1.62 times while allowing raising more debt for growing opportunities.



Working Capital

The organizational liquidity position remained strong with increasing cash and bank deposits by 52.8% with Rs.13.3 bn.



Investment Targets

Here, the company is expecting to add more 90 rooms for “The Sands” in Kalutara within next year. After that the company expects to increase its’ room inventory with 200 more rooms. Further there’s an ongoing construction for a luxury hotel with 150 rooms in Negombo. Further they are expecting to get the advantage of their position as a regional player within Sri Lanka as well as the Maldivese while developing four main luxury resorts in Negombo, Ahungalla as well as Galle and Nilaweli under the strategic partnership of RUI Hotels.

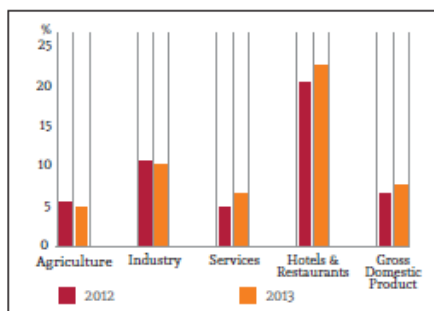
Question-2:

PESTEL Analysis - South Asia, South East Asia

Political Environment

Here it can be recognized that the political stability within the regions of South Asia as well as the South East Asia has highly contributed to the emerging tourism industry with the future growth potential itself. Therefore it can be recognized that the emerging growth of the industry within this area will be surrounded by the stable political environment as well.

Economic Environment



It can be identified that the global economy has been recovered in the period of 2013 with helping to the sustainable growth and the lower unemployment within the advanced economies. As per the researches of the UNWTO, the global tourism has reached to the record with tourist arrivals of 1087 mn in the year of 2013.

Further they have forecasted that the annual growth rate of the international tourism industry with 5% will totally depend upon the global economy and its' sustainability. Not only that but also it has found that this growth has driven by the emerging economies of South East Asia as well as Asia Pacific, Africa etc. furthermore several kinds of markets like Thailand, Myanmar as well as the Cambodia and Malaysia, Singapore etc has already created a newer travel growth frontier within the region of Asia.

Social and Cultural Environment

Here the entire hospitality industry should have to be concerned about the cultural and social changes with the increasing population growth within the Southeast Asia, the demographical changes which are powered through the rising of the middle class with strengthening to the inbound as well as the outbound travel. Further the companies within the industry should have to be conscious with dynamic needs of their guests related to the leisure activities with the adventures as well.

Technological Environment

Here the industry should have to deal with the sophisticated technological advancements related to the dynamic needs of the customers in terms of the quality of the service provided by the companies like the infrastructures related to the electronic payment systems among the different kinds of countries.

Environmental

Here it requires to get a better understand about the environmental impacts with executing the investment projects of the both companies given in the scenario in order to be survived or growth. However it has revealed that the Maldives is currently in a position of naturally hazardous with the increment of sea level due to the increasing global temperature. Therefore it should have to be taken into the mind of the investment analysts before going to invest on those projects in South Asia as well as South East Asia here.

Legal Environment

According to the legal requirements within the regions of South Asia as well as the South East Asia, the companies should have to fulfill several kinds of requirements related to the direct foreign investments, capital transferring, tax and other income obligations, protection of the local companies within the industry, traveler protection as well as the international tourism standards related to the room capacity, quality of the services provided, other amenities etc.

Question-3

Financial Ratios

Financial ratios can be identified as mathematical comparisons which are showing the relationship between two or more variables based upon the proportions as well. This can be further recognized as a common tool of analyzing the financial statements of the organizations in order to compare their performance with the competitors or the industry itself. However the ratios are not considered about the size of the company and the industry and therefore it will generate a huge issue with comparing the calculated ratios within different industries. So the financial ratio analysis is basically carried out under several kinds of basic categories such as profitability, as well as the liquidity and solvency, leverage as well as the efficiency and the market prospect etc.

- **Profitability**

Profitability ratios are basically aiming at explaining the way of achieving the profits by the organization such as Net Profit Margin, Gross Profit Margin, and Return on Invested Capital, Return on Assets and Return on Equity etc

1. Net Profit Margin

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

Here the net profit margin is mainly aiming at explaining the percentage of the net profit made through the sales of the organization.

2. Gross Profit Margin

$$\text{Gross Profit Margin} = \frac{\text{Gross profit}}{\text{Sales}}$$

This may basically indicate the profitability of the organization in selling their inventories or the merchandise.

ABC PLC

Rs '000'	2014	2013	change
Revenue	10,966,381.00	9,341,581.00	17%
Profit for the year	1,574,926.00	1,121,019.00	40%
Net profit Margin	14%	12%	20%
Gross Profit	7,375,467.00	6,337,157.00	16%
Gross Profit Margin	67%	68%	-1%
Operating Profit	2,273,311.00	1,781,133.00	28%
Operating Profit Margin	21%	19%	9%

Table 1 - Gross profit margins of ABC Plc

Gross profit margin has reduced by 1% in year 2014 from 68% in year 2013 to 67% in year 2014. Even though the gross profit margin has reduced in 2010, operating profit margin shows an increase of 9% with the Operating Profit Margin from 19% in year 2013 to 21% in year 2014. Further the Net Profit Margin has shown an increasing trend from 12% in year 2013 to 14% in year 2014 due to the revenue has grown by 17% itself. Therefore the trend of the those ratios can be illustrated as in below;

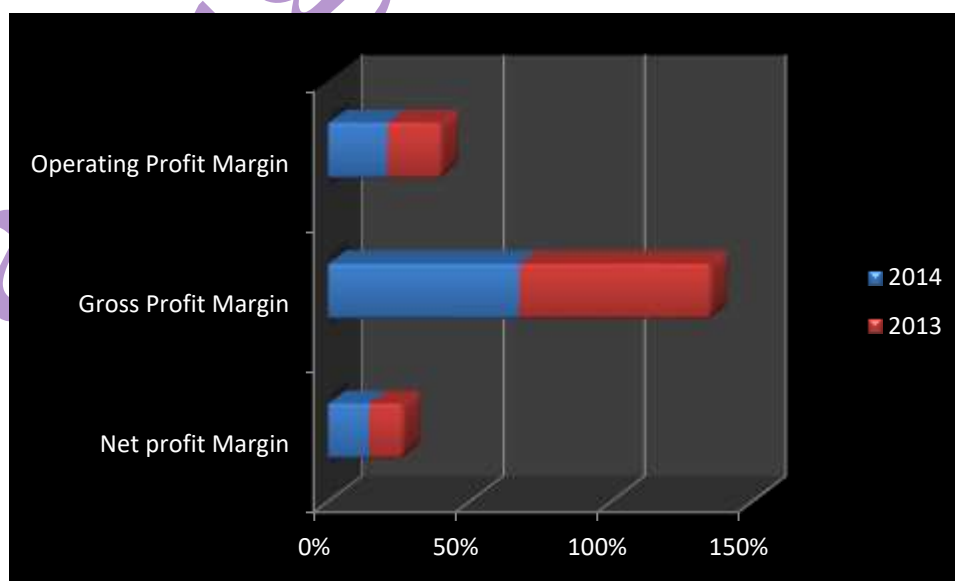


Figure 2 - Gross profit margins 2013 - 2014

Aitkin Spence PLC

Rs '000'	2014	2013	change
Revenue	612,246.00	535,500.00	14%
Profit for the year	409,423.00	556,146.00	-26%
Net profit Margin	67%	104%	-36%
Gross Profit	251,174.00	219,055.00	15%
Gross Profit Margin	41%	41%	0%
Operating Profit	321,624.00	430,155.00	-25%
Operating Profit Margin	53%	80%	-35%

Table 2 - Gross profit margins of Aitkin Spence PLC

According to the above calculations, it can be recognized that the Gross profit margin has remained stable at 41% in year 2014 as well as 2013. Furthermore the operating profit margin shows a significant reduction of 35% from 80% in year 2013 to 53% in year 2014. The Net Profit Margin has shown a significant decreasing trend from 104% in year 2013 to 67% in year 2014 due to the profit has reduced by 26% itself. Therefore the trend of the those ratios can be illustrated as in below;

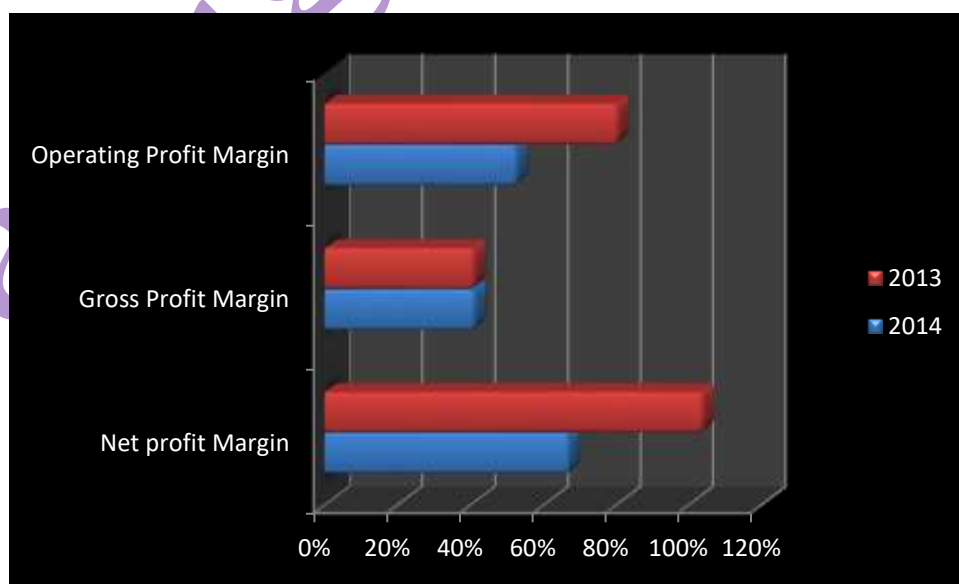


Figure 3- Gross profit margins of Aitkin Spence PLC

When it comes to compare the both companies separately, it can be identified that the profitability of the Aitken Spence is greater than the ABC PLC here. The Net profit margin of the Aitkin Spence is about 67% and meanwhile the ABC is having only 14%.

- **Liquidity**

Liquidity ratios are basically focused to measure the capability of meeting the obligations by the company in the basis of short term. Simply it indicates the ability of the company to pay off their short term liabilities through the liquid assets of the organization. There are several kinds of liquidity ratios like current ratio as well as the acid test ratio and the working capital ratio etc. Short term liquidity of a company can be measured mainly using the current and the quick ratios. Current ratio identifies the relationship between the current assets and the current liabilities. The acceptable current ratio for a company is considered to be 2:1.

Quick ratio identifies the real liquidity situation of a company as it exclude inventories which is considered to be less liquid compared to the other current assets. And the acceptable quick ration for a normal company is 1:1.

1. Current Ratio

This indicates the organizational ability of meeting the short term liabilities and it can be calculated as follows;

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2. Acid-Test Ratio

This ratio helps to determine the ability of covering the immediate liabilities of the company through its' short term assets without selling its' inventories. (Brewer, 2009) This can be calculated as follows; (Hornngren, 2010)

$$\text{Acid test Ratio} = \frac{\text{Current Assets} - \text{Inventories (Cash + Accounts Receivables + ST Investments)}}{\text{Current Liabilities}}$$

Current Liabilities

ABC PLC

Rs '000'	2014	2013
Current Assets	4,287,299.00	2,403,427.00
Current Liabilities	3,635,901.00	3,009,086.00
Current Ratio	1.179157243	0.798723267
Inventories	196,666.00	181,338.00
Quick Ratio	1.13	0.74

Table 3 - current and the acid ratios of ABC Plc

By year 2014 current and the acid ratios of the company have improved to 1.17 and 1.13 relatively. But in an overall view point the current ratio is in below the accepted levels of 2:1 but it has increased from 0.79:1 in year 2013 to 1.17:1 in year 2014. However it can be identified that the Quick Ratio has increased more than the accepted level of 1: 1 form 0.74:1 in year 2013 to 1.13:1 in year 2014. Therefore it can be said that the organizational liquidity position has upgraded to an accepted level.

Aitkin Spence PLC

Rs '000'	2014	2013
Current Assets	7,367,572.00	6,829,608.00
Current Liabilities	3,008,686.00	2,612,478.00
Current Ratio	2.45	2.61
Inventories	2,167.00	2,484.00
Quick Ratio	2.45	2.61

Table 4 - current and the acid ratios of ABC Plc

By year 2014 current and the acid ratios of the company have reduced to 2.45 in year 2014 from 2.61 in year 2013 relatively. But in an overall view point the current ratio as well as the quick ratio is in the accepted levels of 2:1 in both years 2013 as well as the 2014. Therefore it can be said that the organizational liquidity position has already fulfilled the accepted level here.

When it comes to compare the liquidity of the both companies, it can be recognized that the liquidity of the Aitkin Spence PLC is greater than the ABC PLC as well.

- **Efficiency**

- 1. Asset Turnover**

Asset turnover could be identified as a ratio which assesses the efficiency of usage of assets of the company in producing sales and thus achieving growth in sales over the years.

In other words, the asset turnover ratio tries to measure the asset intensity in generating revenue to achieve a sufficient profitability level in the company.

$$\text{Asset Turnover} = \frac{\text{Net sales}}{\text{Average Total Assets}}$$

ABC PLC

Rs '000'	2014	2013
Average Total Assets	25,866,035.00	25,264,138.00
Asset Turnover	0.423968382	0.36975657

It can be recognized that a higher ratio indicates the higher level of efficiency with generating sales from the assets of the organization. Therefore high rate is more favorable. But the lower

ratios are indicating the management issues as well as the production issues inside of the organization. So this should have to be compared with the benchmarks of the industry and according to the above calculations, it can be said that the overall efficiency of the asset utilization in ABC has increased from 0.36 in year 2013 to 0.42 in year 2014. This indicates the company is generated only 0.42 from 1 rupee invested in assets. Therefore this cannot be identified as acceptable position or better position with utilizing the assets of the company.

Aitkin Spence PLC

Rs '000'	2014	2013
Average Total Assets	18906458	18362020
Asset Turnover	2.169	2.227

According to the above calculations, it can be said that the overall efficiency of the asset utilization in Aitken Spence has reduced from 2.22 in year 2013 to 2.16 in year 2014.

Therefore it can be said that the Aitken Spence is in better position of asset utilization than the ABC PLC with comparing 2.169 and 0.42 respectively.

2. Inventory Turnover

This measures the efficiency of managing the inventories of the company with comparing its' cost of goods sold within a period of time. So this has measured the number of times the average inventories are "turned" into sales during the period. This is important since the total turnover is depending on the two major performance components like stock purchasing and holding with the storage costs etc. so this can be calculated as follows;

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

ABC PLC

Rs '000'	2014	2013
Cost of Goods Sold	3590914	3004424
Average Inventories	189002	181338
Inventory Turnover	18.99934392	16.56808832

Inventory turnover in ABC has increased to 19 days in 2014 from 16 days in 2013 indicating favorable conditions. This shows that company is maintaining a strong inventory management policy. Though inventories are being kept in the stock for a relatively smaller period, the amount is still significant. Hence the impact on current assets is high. But with this policy in the place, it can expect some favorable results with regard to the short term liquidity of the company as well.

When assessing the individual components it is apparent that sales to inventory ratio as well as the sales to short term liability ratio have shown a significant increase over the year. The Inventory level of the company has declined by approximately 70% over 2014 which has directly contributed to the increase in the sales to inventory ratio.

The company is showing a declining trend in ending inventory which is recorded in the statement of financial position which indicates that the management is constantly reducing the inventory levels which they hold. When analyzing the components of the ending inventory, it can be seen that the management has reduced the raw material inventory levels by nearly 50% in order to achieve the reduced levels of ending inventories as well.

Aitkin Spence PLC

Rs '000'	2014	2013
Cost of Goods Sold	11,519.00	9,960.00
Average Inventories	2,325.50	2,484.00
Inventory Turnover	4.953343367	4.009661836

Inventory turnover in Aitken Spence has increased to 5 days in 2014 from 4 days in 2013 indicating favorable conditions related to their inventory management policy.

When it comes to compare the both companies separately, it can be identified that the inventory turnover in ABC is greater than in the Aitken Spence PLC here.

- **Investor**

- 1. Earnings per share**

This is highly useful to the investors with their investment decision making due to the awareness of the per share earnings of the company in order to compare it with the industry benchmarks and the peer companies.

$$\text{Earnings per Share} = \frac{\text{Profit Attributable For Equity Holders}}{\text{Weighted Average Number of Ordinary Shares}}$$

- 2. Price
/Earnings Ratio**

This can be identified as one of best investment valuation measures the profit or the earnings for the per shareholder of the company which has often become an optimistic figure within the bull markets and pessimism within the bear markets as follows;

$$\text{Price/ Earnings Ratio} = \frac{\text{Stock Price per share}}{\text{Earnings per Share}}$$

- 2. Dividend Per Share**

This is highly important to know the dividend paid per share by the company for their equity owners.

$$\text{DPS} = \frac{\text{Final Dividend}}{\text{Weighted Average Number of Ordinary Shares}}$$

ABC PLC

	2014	2013
Profit Attributable For Equity Holders	1,565,846.00	1,116,779.00
Weighted Average Number Of Ordinary Shares	1,456,147.00	1,456,147.00
Basic Earnings Per Share	1.08	0.77
Final Dividend		436,844.00
Weighted Average Number Of Ordinary Shares	1,456,147.00	1,456,147.00
DPS		0.30

Table 5 - the EPS of the company

Here it can be identified that the EPS of the company has increased from 0.77 in year 2013 to 1.08 in year 2014 with the 20% increment of net profit of the organization.

	2014	2013
Stock Price per share	208.00	206.00
EPS	1080	770
P/E	0.19	0.27

NOTE: Stock Prices have taken from the CSE web site

So here it can be said that the investors would be paying 0.19 for each rupee of earnings of the company, further it can be identified that the P/E ratio has decreased from .27 in year 2013 to 0.19 in year 2014.

Aitkin Spence PLC

	2014	2013
Profit Attributable For Equity Holders	409,422,660.00	556,146,451.00
Weighted Average Number Of Ordinary Shares	405,996,045.00	405,996,045.00
Basic Earnings Per Share	1.01	1.37
Final Dividend	811,992.00	608,994.00
Weighted Average Number Of Ordinary Shares	405,996,045.00	405,996,045.00
DPS	2.0	1.5

	2014	2013
Stock Price per share	100.40	75.90
EPS	1,008.44	1,369.83
P/E	0.10	0.06

Table 6 - The EPS of the company

Here it can be identified that the EPS of the company has decreased from 1.37 in year 2013 to 1.01 in year 2014 with the increment of DPS from 1.5 in year 2013 to 2 per share in 2014.

Here it can be recognized that the Aitken Spence PLC is having a better condition for the investors since the EPS as well as the DPS of the company is greater than in ABC PLC. However it can be identified that the stock price in Aitken Spence is lower than ABC PLC and it results to reduce the P/E ratio as well.

- Gearing**

The capital structure is how a firm finances its overall operations and growth by using different sources of funds. A company's proportion of short and long-term debt is considered

when analyzing capital structure. When people refer to capital structure they are most likely referring to a firm's debt-to-equity ratio, which provides insight into how financially risky a company is.

1. Debt to Equity Ratio

This is used for measuring the riskiness associated with the organizational financial structure can be calculated as follows;

$$\text{Debt to Equity Ratio} = \frac{\text{Long-term debt} + \text{Short-term debt} + \text{Leases}}{\text{Equity}}$$

ABC PLC

	2014	2013
Non -current Liabilities	4,635,775.00	5,868,241.00
Current Liabilities	3,635,901.00	3,009,086.00
Total Equity	18,196,256.00	16,386,811.00
D/E	0.45	0.54

Here it can be recognized that the D/E has deduced or the firm's gearing has reduced from 0.54 in 2013 to 0.45 in year 2014 due to the increase in equity base with following findings;

- Both earnings to fixed charges and cash flow to fixed charges ratios are increasing yearly. This indicates the company's ability of meeting finance cost using its earnings and cash flows with ease.
- Ratio between fixed assets & owners' equity has been gradually decreased over the considered time period. The main reason is equity has increased at a higher rate than fixed assets.
- As of 2014 total equity represents 69% of the total capital whereas debt represents only 31% of the total capital. Current capital structure is shown in the below chart.

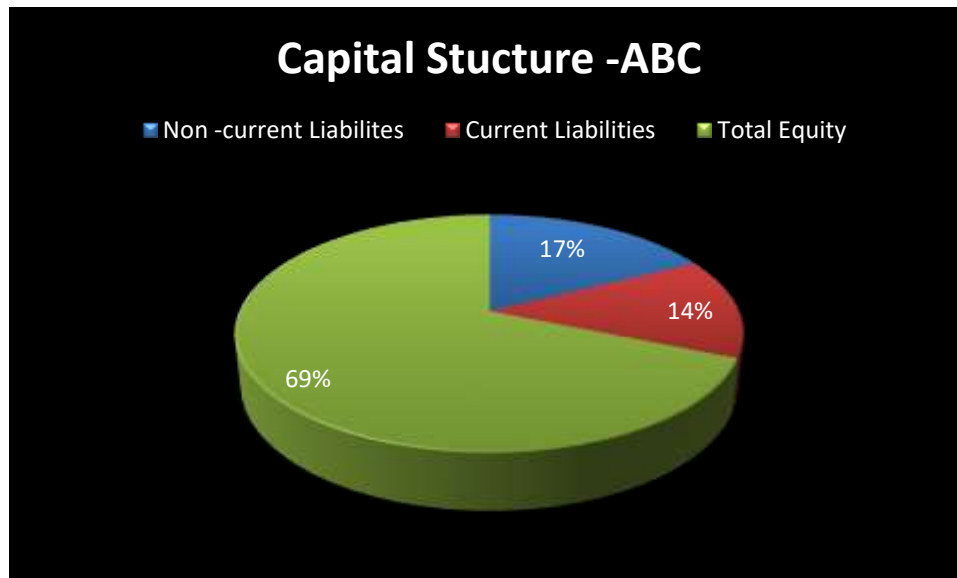


Figure 4 - Capital Structure -ABC

According to the calculations; it can be said that the company leverage has come down drastically from 2013 to 2014. Currently they are experiencing less financial leverage in the company and equity holders get positive return for their equity as well.

2. Debt to Assets Ratio

This is an indicator related to the proportion organizational assets which were financed through debt other than the equity. A ratio which is greater than 1 implies that significant of asset proportion has being funded through debt and vice versa. This further indicates the organizational financial risk as well.

$$\text{Debt to Assets Ratio} = \frac{\text{Total Liabilities}}{\text{Total Assets}}$$

ABC PLC

	2014	2013
Total Liabilities	8,271,676.00	8,877,327.00
Total Assets	26,467,932.00	25,264,138.00
D/A	0.31	0.35

Here it can be identified that the debt to assets ratio of the company has reduced from 0.35 in year 2013 to 0.31 in year 2014 due to the reduction of debt portion within the capital structure of the company and the most of the assets are financed through the equity capital here.

Aitkin Spence PLC

	2014	2013
Non -current Liabilities	3,512,820.00	2,615,905.00
Current Liabilities	3,008,686.00	2,612,478.00
Total Equity	12,929,390.00	13,133,637.00
D/E	0.50	0.40

According to the calculations; it can be said that the company leverage has increased as half of debt and half of equity while enhancing their financial leverage than the ABC PLC here.

	2014	2013
Total Liabilities	6,521,506.00	5,228,383.00
Total Assets	19,450,896.00	18,362,020.00
D/A	0.34	0.28

Here it can be identified that the debt to assets ratio of the company has increased with the increasing financial leverage of the company from 0.28 in year 2013 to 0.34 in year 2014 as follows;

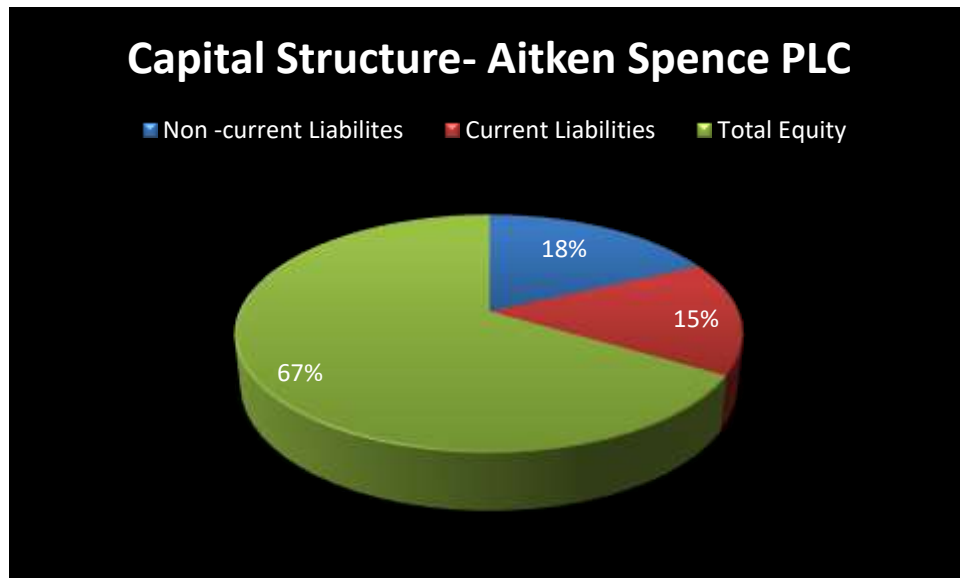


Figure 5 -Capital Structure- Aitken Spence PLC

When it comes to compare the gearing of the both companies, it can be identified that the Aitken Spence has a higher level of financial leverage than in the ABC PLC.

Question-4:

Absorption Cost vs. Marginal Cost

Here it can be identified that the marginal costing which is used in the CVP Analysis as an assistance of management control system. So under this costing method, the production cost of a particular product will be consisted only with the variable costs and all the inventories like unsold, work in progress or closing stocks will be measured through depending on the variable costs. Therefore it can be recognized several kinds of advantages of using marginal costing such as ensuring the consistency of the decision making, convenience with identifying the distinction between the variable costs and the fixed costs, the highlight of the contribution will lead to concern about the sales volume of the organization rather than the production volume, convenience with operating while taking the material costs, direct labor cost etc. Then the absorption costing indicates that the whole manufacturing costs will be absorbed by the number of units produced. So here the total production cost will be

comprised with the direct materials, direct labor as well as the fixed overhead of manufacturing. Therefore the marginal costing method will be appropriate to set the price for the hotel rooms than the absorption costing method due to the convenience with decision making as well as getting the competitive advantages while trying to covering the initial variable cost firstly.

Question-5:

CVP analysis

CVP or the Cost-Volume-Profit Analysis can be identified as an effective managerial technique which may concern about the sales volume as well as the product costs with the operating costs of the organization. So this will measure the extent of impact on the operating profit by the dynamics of the variable costs as well as the fixed costs and the selling price per unit under the different sales mixes with more than two products. So this relationship can be shown as follows;

$$Px = Vx + FC + \text{Profit}$$

P = Selling Price per Unit

V = Variable Cost per Unit

X = Total Number of Units Produced

FC = Fixed Cost

Therefore this can be identified as an important managerial tool with deciding the required sales volume (Room Utility) and the variable cost, fixed costs etc. in order to achieve an expected level of profit for the organization in the hospitality industry here.

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Appendices

AITKEN SPENCE-FINACIAL STATEMENTS

INCOME STATEMENTS

		GROUP		COMPANY	
For the year ended 31st March		2014	2013	2014	2013
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	7	36,598,095	37,139,927	612,246	535,500
Revenue taxes		(489,725)	(533,641)	(11,519)	(9,960)
Net revenue		36,108,370	36,606,286	600,727	525,540
Other operating income	8	455,093	12,508	650,785	557,466
Changes in inventories of finished goods and work-in-progress		57,895	(11,487)	-	-
Raw materials and consumables used		(10,435,289)	(12,913,768)	-	-
Employee benefits expense		(4,381,840)	(3,969,275)	(375,091)	(326,984)
Depreciation, amortisation and impairment of property, plant and equipment and goodwill	9	(1,499,420)	(1,428,073)	(63,540)	(59,881)
Other operating expenses - direct	10	(9,152,620)	(8,398,247)	-	-
Other operating expenses - indirect		(5,449,197)	(4,367,202)	(491,257)	(265,986)
Profit from operations		5,702,992	5,530,742	321,624	430,155
Finance income	11	800,721	760,887	620,066	694,908
Finance expenses	11	(1,250,669)	(1,443,964)	(518,614)	(557,435)
Net finance income / (expense)		(449,948)	(683,077)	101,452	137,473
Share of profit of equity-accounted investees (net of tax)	22	156,067	177,816	-	-
Profit before tax	9	5,409,111	5,025,481	423,076	567,628
Income tax expense	12	(900,476)	(749,970)	(13,653)	(11,482)
Profit for the year		4,508,635	4,275,511	409,423	556,146
Attributable to:					
Equity holders of the company		3,671,870	3,287,607	409,423	556,146
Non-controlling interests		836,765	987,904	-	-
Profit for the year		4,508,635	4,275,511	409,423	556,146
Earnings per share - Basic/Diluted (Rs.)	13	9.04	8.10	1.01	1.37
Dividends per share (Rs.)	14	2.00	1.50	2.00	1.50

STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31st March	GROUP		COMPANY	
	2014	2013	2014	2013
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Profit for the year	4,508,635	4,275,511	409,423	556,146
Other comprehensive income				
Revaluation of property, plant and equipment	1,160,838	280,247	-	-
Actuarial gains / (losses) on defined benefit obligations	(56,676)	(27,904)	(2,200)	(9,758)
Exchange differences on translation of foreign operations	183,091	(51,107)	-	-
Net change in fair value of available-for-sale financial assets	(24,397)	36,961	(2,476)	3,238
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	1,817	(2,403)	-	(1,014)
Share of other comprehensive income of equity-accounted investees (net of tax)	12,885	3,685	-	-
Income tax on other comprehensive income (note 12.5)	8,724	2,794	-	-
Other comprehensive income for the year, net of tax	1,286,282	242,273	(4,676)	(7,534)
Total comprehensive income for the year	5,794,917	4,517,784	404,747	548,612
Attributable to:				
Equity holders of the parent	4,797,863	3,476,149	404,747	548,612
Non-controlling interests	997,054	1,041,635	-	-
Total comprehensive income for the year	5,794,917	4,517,784	404,747	548,612

The notes on pages 132 through 189 form an integral part of these financial statements.

Figures in brackets indicate deductions.

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STATEMENTS OF FINANCIAL POSITION

As at	Notes	GROUP		COMPANY	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		Ru'000	Ru'000	Ru'000	Ru'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	25,220,920	24,041,780	143,967	141,046
Investment property	16	1,737,576	1,661,596	3,439,945	3,456,995
Intangible assets	17	902,600	654,056	53,059	76,037
Leasehold property	18	1,461,100	1,463,930	-	-
Pre-paid operating leases	19	1,010,249	980,731	-	-
Finance lease receivables	20	2,345,854	2,325,191	-	-
Investments in subsidiaries and joint ventures - unquoted	21	-	-	5,563,951	4,946,407
Investments in subsidiaries - quoted	21	-	-	2,458,287	2,458,287
Investments in equity accounted investees	22	2,094,496	1,931,205	166,000	166,000
Deferred tax assets	23	250,021	222,147	-	-
Other financial assets	24	367,248	462,117	181,838	239,403
		35,280,193	33,742,653	12,255,087	11,476,175
Current Assets					
Inventories	25	1,639,400	1,834,723	2,167	2,484
Finance lease receivables	20	146,948	168,964	-	-
Trade and other receivables	26	9,312,667	9,972,627	2,768,751	3,315,508
Current tax receivable	-	241,230	180,918	216,560	168,596
Deposits and prepayments	-	1,069,688	1,129,843	44,151	53,075
Other financial assets	24	10,667,572	6,764,163	4,274,439	3,227,060
Cash and short-term deposits	-	2,728,514	2,217,994	62,304	62,885
		25,716,019	22,350,732	7,367,572	6,829,608
Assets classified as held for sale	27	149,135	149,125	57,237	57,237
Total Assets		61,145,237	56,151,010	19,450,896	18,362,020
EQUITY AND LIABILITIES					
Equity					
Share capital	28	2,136,140	2,136,140	2,136,140	2,136,140
Reserves	29	13,884,656	12,690,793	6,367,104	6,328,970
Retained earnings	-	16,208,762	13,222,304	4,437,146	4,689,527
Total equity attributable to equity holders of the company		32,258,558	28,053,257	12,929,390	13,133,637
Non-controlling interests	-	4,519,706	5,449,444	-	-
Total Equity		36,778,264	33,502,701	12,929,390	13,133,637
Non-Current Liabilities					
Interest-bearing liabilities	29	7,304,466	6,745,351	3,426,394	2,947,500
Deferred tax liabilities	30	639,486	954,743	-	-
Employee benefits	31	576,416	447,390	86,426	73,405
		8,520,368	7,197,484	3,512,820	2,613,905
Current Liabilities					
Interest-bearing liabilities	29	1,622,421	1,370,093	371,837	157,500
Provisions	32	462,771	277,103	-	-
Trade and other payables	33	6,576,453	7,713,638	2,324,438	2,356,097
Current tax payable	-	697,793	901,238	-	-
Bank overdrafts and other short-term borrowings	-	4,557,167	3,588,753	312,410	99,581
		13,816,605	15,450,825	3,008,685	2,612,478
Total Equity and Liabilities		61,145,237	56,151,010	19,450,896	18,362,020

The above statements of financial position are to be read in conjunction with the notes to the financial statements on pages 132 to 189.

I certify that the financial statements for the year ended 31st March 2014 are in compliance with the requirements of the Companies Act No. 7 of 2007.

N. Sivaprasam
Ms. N. Sivaprasam
Chief Financial Officer

The Board of Directors is responsible for preparation and presentation of these financial statements.
 For and on behalf of the Board:

D.H.S. Jayawardana
D.H.S. Jayawardana
Chairman
 27th May 2014,
 Colombo, Sri Lanka

J.M.S. Brito
J.M.S. Brito
Managing and Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2014	Attributable to equity holders of the company							Total non-controlling interests	Total equity
	Share capital	Reserves	Other capital reserves	General reserves	Exchange fluctuations reserve	Available for sale reserve	Retained earnings		
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 01st April 2012	2,135,140	5,269,327	127,121	6,377,782	743,671	(13,627)	10,364,696	25,104,527	49,063,327
Profit for the period	-	-	-	-	-	-	3,287,607	3,287,607	4,275,611
Other comprehensive income for the period	-	306,757	-	-	(36,407)	37,161	(20,769)	196,542	53,731
Total comprehensive income for the period	-	306,757	-	-	(36,407)	37,161	3,266,838	3,476,149	4,517,794
Share of net assets of equity-accounted investees	-	-	-	-	-	-	419	419	187
Direct costs on share issues by subsidiary companies	-	-	-	-	-	(8,231)	(8,231)	(2,859)	(11,090)
Effect of acquisitions, disposals and change in percentage holdings in subsidiaries	-	-	-	-	-	(1,208)	(1,208)	4,496	3,288
Transfer to general reserve	-	-	-	31,798	-	-	(31,798)	-	-
Dividends for 2012/2013 (note 14)	-	-	-	-	-	-	(568,394)	(568,394)	(568,394)
Dividends paid to shareholders with non-controlling interest	-	-	-	-	-	-	-	(302,815)	(302,815)
Total contributions and distributions, recognised directly in equity	-	-	-	31,798	-	-	(899,212)	(577,414)	(300,991)
Balance as at 31st March 2013	2,135,140	5,475,994	127,121	6,399,580	707,064	21,534	13,222,324	28,033,257	54,481,644
Profit for the period	-	-	-	-	-	-	3,671,870	3,671,870	4,908,626
Other comprehensive income for the period	-	1,063,170	-	-	111,818	(14,740)	(22,240)	1,135,998	1,266,282
Total comprehensive income for the period	-	1,063,170	-	-	111,818	(14,740)	3,649,630	4,797,863	6,174,908
Share of net assets of equity-accounted investees	-	-	-	-	-	-	10,388	10,388	(239)
Effect of acquisitions, disposals and change in percentage holdings in subsidiaries	-	-	-	-	-	-	6,047	6,047	439,321
Transfer to general reserve	-	-	-	30,610	-	-	(30,610)	-	-
Dividends for 2013/2014 (note 14)	-	-	-	-	-	-	(608,994)	(608,994)	(608,994)
Dividends paid to shareholders with non-controlling interest	-	-	-	-	-	-	-	-	(366,078)
Total contributions and distributions, recognised directly in equity	-	-	-	30,610	-	-	(639,604)	(608,994)	(608,994)
Balance as at 31st March 2014	2,135,140	6,541,569	127,121	6,399,190	818,882	6,794	16,208,767	32,218,558	58,775,264

The notes on pages 132 through 189 form an integral part of these financial statements.

Figures in brackets indicate deductions.

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2014	Share capital	General reserves	Available for sale reserves	Retained earnings	Total
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Balance as at 01st April 2012	2,135,140	6,301,070	(6,122)	4,723,331	13,153,419
Profit for the period	-	-	-	356,146	356,146
Other comprehensive income for the period	-	-	2,224	(9,756)	(7,532)
Total comprehensive income for the period	-	-	2,224	346,390	348,614
Transfer to general reserve	-	31,798	-	(31,798)	-
Dividends for 2012/2013 (note 14)	-	-	-	(568,394)	(568,394)
Total contributions and distributions, recognised directly in equity	-	31,798	-	(600,192)	(568,394)
Balance as at 31st March 2013	2,135,140	6,332,868	(3,898)	4,669,237	13,133,637
Profit for the period	-	-	-	409,423	409,423
Other comprehensive income for the period	-	-	(2,476)	(2,200)	(4,676)
Total comprehensive income for the period	-	-	(2,476)	407,223	404,747
Transfer to general reserve	-	30,610	-	(30,610)	-
Dividends for 2013/2014 (note 14)	-	-	-	(608,994)	(608,994)
Total contributions and distributions, recognised directly in equity	-	30,610	-	(639,604)	(608,994)
Balance as at 31st March 2014	2,135,140	6,363,478	(6,374)	4,432,146	12,929,390

The notes on pages 132 through 189 form an integral part of these financial statements.

Figures in brackets indicate deductions.

CASH FLOW STATEMENTS

For the year ended 31st March	GROUP		COMPANY	
	2014	2013	2014	2013
	Rs '000	Rs '000	Rs '000	Rs '000
Cash flows from operating activities				
Profit before tax	5,409,111	5,095,481	423,076	567,628
Adjustments for:				
Depreciation and amortisation	1,449,420	1,349,568	63,540	99,861
Impairment of property, plant and equipment and goodwill	50,000	70,905	-	-
Finance expense	1,146,194	1,327,591	509,732	553,204
(Gain) / loss on disposal of property, plant and equipment	95,728	(28,737)	(5,688)	(8)
Loss on disposal of group investments	12,543	-	12,543	-
Gain on disposal of equity securities classified as available-for-sale financial assets	(16,540)	(11,999)	-	(6,217)
Finance income	(800,721)	(760,867)	(620,046)	(694,900)
Share of profit of equity accounted investees (net of tax)	(154,067)	(177,816)	-	-
Impairment of investments in subsidiaries	-	-	159,198	-
Impairment of inventories	133,177	2,749	-	-
Impairment losses / (reversals) and write offs of trade & other receivables	427,285	47,554	26,981	(6)
Net unrealised foreign exchange (gain) / loss	(77,393)	(31,036)	(17,949)	4,772
Provision for retirement benefit obligations	105,319	86,657	17,222	13,742
	2,354,818	1,891,582	145,293	(69,533)
Operating profit before working capital changes	7,763,929	6,917,063	568,669	498,095
(Increase)/decrease in trade and other receivables	361,028	(1,146,278)	510,876	295,950
(Increase)/decrease in inventories	69,192	(44,193)	317	(833)
(Increase)/decrease in deposits and prepayments	131,887	(375,406)	8,924	7,101
(Increase)/decrease in trade and other payables	(1,437,801)	1,060,075	(32,891)	25,742
(Increase)/decrease in provisions	185,668	(213,505)	-	-
	(500,025)	(775,304)	497,024	330,960
Cash generated from operations	7,263,904	6,141,759	1,065,693	829,055
Interest paid	(1,138,136)	(1,327,591)	(567,744)	(563,706)
Income tax paid	(777,154)	(492,804)	(60,618)	(39,549)
Retirement benefit obligations paid	(54,922)	(39,250)	(6,401)	(6,489)
	(1,970,212)	(1,859,645)	(634,763)	(599,744)
Net cash generated from/(used in) operating activities	5,293,692	4,282,114	430,930	229,311
Cash flows from investing activities				
Interest received from deposits	788,137	692,338	606,918	682,907
Investment in subsidiaries, joint ventures and equity-accounted investees - (note A)	(169,192)	(4,595)	(796,742)	(107,530)
Purchase of equity and debt securities	-	(88,950)	-	(88,950)
Purchase of property, plant and equipment	(1,353,715)	(2,386,307)	(40,291)	(19,230)
Purchase of intangible assets	(6,834)	(76,156)	(1,531)	(48,461)
Proceeds from disposal of property, plant and equipment	407,044	83,295	7,635	15
Proceeds from disposal of intangible assets	-	73	-	-
Refund of pre-paid lease rentals	-	38,067	-	-
Receipts on finance lease receivables	176,776	92,314	-	-
Proceeds from sale of equity and debt securities	331,096	23,449	47,708	15,930
Proceeds / (purchase) of other financial assets and liabilities (net)	(4,063,090)	(2,101,040)	(1,033,890)	(736,497)
Dividends paid to shareholders with non-controlling interest	(366,878)	(302,815)	-	-
Dividends received from equity-accounted investees	15,807	75,615	-	-
Net cash generated from/(used in) investing activities	(4,340,047)	(4,256,798)	(1,310,293)	(302,063)

(continued from next page)

For the year ended 31st March	GROUP		COMPANY	
	2014	2013	2014	2013
	Rs '000	Rs '000	Rs '000	Rs '000
Cash flows from financing activities				
Proceeds from interest-bearing liabilities	2,469,427	3,366,073	1,265,363	600,000
Repayment of interest-bearing liabilities	(1,474,327)	(3,614,550)	(172,500)	(544,000)
Direct and on share issue by a subsidiary company	-	(1,090)	-	-
Dividends paid to equity holders of the parent	(657,561)	(567,039)	(657,561)	(567,039)
Net cash generated from / (used in) financing activities	407,539	(816,606)	435,302	(511,039)
Net increase in cash and cash equivalents	1,465,149	(715,316)	(228,279)	(83,334)
Cash and cash equivalents at the beginning of the year	(3,293,822)	(2,578,506)	(21,627)	561,707
Cash and cash equivalents at the end of the year (note B)	(1,828,673)	(3,293,822)	(249,929)	(21,627)

Notes to the Cash Flow Statements

A. Acquisition of subsidiary

During the period under review the Group acquired 51% stake in Parls Limited, a company incorporated in the Republic of Ireland through a public-private partnership and took over the managerial and operational responsibilities of the company. The fair values of assets and liabilities acquired in respect of this investment are included below:

	Rs '000
Property, plant and equipment	(475,512)
Intangible assets:	(314)
Inventories	(7,647)
Trade and other receivables	(208,352)
Deposits and prepayments	(61,722)
Deferred taxation	47,358
Income tax receivable	(2,332)
Interest-bearing liabilities	220,219
Employee benefits	21,721
Trade and other payables	599,164
Cash and cash equivalents	(500,000)
Total identifiable net assets acquired at fair value	(867,063)
Non-controlling interest measured at fair value	445,590
Goodwill on acquisition	(227,749)
Purchase consideration transferred	(749,242)
Cash and cash equivalents acquired	500,000
Net cash outflow on acquisition of the company	(169,192)

B. Cash and cash equivalents at the end of the year

For the year ended 31st March	GROUP		COMPANY	
	2014	2013	2014	2013
	Rs '000	Rs '000	Rs '000	Rs '000
Cash at bank and in hand	2,227,589	1,204,674	67,564	63,885
Short term deposits	905,925	1,013,320	-	-
Short term bank borrowings	(4,557,167)	(5,585,753)	(312,410)	(99,881)
Cash and cash equivalents as previously reported	(1,828,653)	(3,370,759)	(249,906)	(36,996)
Effect of exchange rate changes	-	76,937	-	13,369
Cash and cash equivalents as restated	(1,828,653)	(3,293,822)	(249,906)	(21,627)

The notes on pages 132 through 189 form an integral part of these financial statements. Figures in brackets indicate deductions.

ABC HOTELS PLC

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INCOME STATEMENT

For the year ended 31st March

In Rs. '000s

	Note	Group		Company	
		2014	2013	2014	2013
Revenue	3	10,966,381	9,341,581	-	-
Cost of sales		(3,590,914)	(3,004,424)	-	-
Gross profit		7,375,467	6,337,157	-	-
Dividend income	4	-	-	382,781	34,937
Other operating income	5	156,013	143,319	13,699	7,478
Administrative expenses		(3,428,468)	(3,123,523)	(24,971)	(30,159)
Distribution expenses		(326,174)	(307,668)	-	-
Other operating expenses	6	(1,503,527)	(1,268,152)	(205)	(489)
Results from operating activities		2,273,311	1,781,133	371,304	11,767
Finance expenses	7.2	(533,877)	(537,096)	(12,728)	(7,186)
Finance income	7.1	153,805	38,859	29,401	70,374
Net finance income / (expense)		(380,072)	(498,237)	16,673	63,188
Profit before tax	8	1,893,239	1,282,896	387,977	74,955
Tax expense	9	(118,313)	(161,877)	(12,069)	(12,839)
Profit for the year		1,574,926	1,121,019	375,909	62,116
Attributable to:					
Equity holders of the parent		1,565,846	1,116,779	-	-
Non-controlling interests		9,080	4,240	-	-
		1,574,926	1,121,019	-	-

		Rs.	Rs.
Earnings per share	10	1.08	0.77
Dividends per share	11	-	0.30

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 157 to 209 form an integral part of these financial statements.

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STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000s	Group		Company	
	2014	2013	2014	2013
Profit for the year	1,574,926	1,121,019	375,909	62,116
Other comprehensive income				
Revaluation of land and buildings	-	2,018,498	-	-
Income tax on other comprehensive income	-	(58,087)	-	-
Exchange differences on translation of foreign operations	253,902	(101,851)	-	-
Fair value loss on available for sale assets	-	(5)	-	(5)
Actuarial gain / (Loss) on employee benefit plan	(11,487)	4,212	-	-
Other comprehensive income for the year, net of tax	242,415	1,862,767	-	(5)
Total comprehensive income for the year, net of tax	1,817,341	2,983,786	375,909	62,111
Attributable to:				
Equity holders of the parent	1,808,261	2,958,362	-	-
Non-controlling interests	9,080	25,424	-	-
	1,817,341	2,983,786	-	-

Note: All values are in rupees thousands, unless otherwise stated.
Figures in brackets indicate deductions.

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STATEMENT OF FINANCIAL POSITION

As at 31st March

In £s. '000s

	Note	Group 2014	2013	Company 2014	2013
ASSETS					
Non-Current Assets					
Property, plant and equipment	14	13,213,160	13,471,801	-	-
Lease rentals paid in advance	15	8,235,508	8,639,214	-	-
Intangible assets	16	670,407	670,407	-	-
Investments in subsidiaries and joint ventures	17	-	-	10,398,901	9,456,741
Other non current financial assets	17	22,570	25,058	8	8
Deferred tax assets	18	38,368	54,231	-	-
Other non-current assets	19	620	-	-	-
		22,180,633	22,860,711	10,398,909	9,456,749
Current Assets					
Inventories	20	196,666	181,338	-	-
Trade and other receivables	21	909,040	740,558	-	-
Other current assets	22	313,941	402,412	2,794	1,411
Amounts due from related parties	36	138,215	168,994	5,513	10,561
Loans given to related parties	23	-	-	-	356,400
Other investments - deposits	25	1,985,510	321,731	32,530	60,000
Cash in hand and at bank	24	743,027	588,394	2,648	46,897
		4,287,299	2,403,427	43,485	475,269
Total Assets		26,467,932	25,264,138	10,442,394	9,932,018
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	26	9,500,247	9,500,247	9,500,247	9,500,247
Other components of equity	27	3,886,925	3,628,684	(5)	(5)
Revenue reserves		4,708,642	3,165,257	788,107	412,199
		18,095,814	16,294,188	10,288,349	9,912,441
Non-controlling interests		100,442	92,623	-	-
Total Equity		18,196,256	16,386,811	10,288,349	9,912,441

assignment

As at 31st March			Group	Company
In Rs '000s	Note	2014	2013	2014 2013
Non-Current Liabilities				
Interest bearing borrowings	28	4,245,400	5,571,060	33,441 -
Deferred tax liabilities	29	144,361	114,422	- -
Employee benefit liabilities	30	113,836	89,346	- -
Other deferred liabilities	31	68,426	34,160	- -
Other non-current financial liabilities	32	61,752	59,253	- -
		4,633,775	5,868,241	33,441 -
Current Liabilities				
Trade and other payable	33	858,347	992,007	13,664 11,302
Other current liabilities	35	258,340	104,846	- -
Amounts due to related parties	36	110,892	125,783	702 782
Income tax liabilities	34	292,091	240,374	5,278 7,493
Current portion of interest bearing borrowings	28	1,840,626	1,325,111	100,000 -
Bank overdrafts	24	274,795	220,965	960 -
		3,635,901	3,069,086	120,604 19,577
Total Equity and Liabilities		26,467,932	25,264,138	10,442,394 9,932,018

I certify that the financial statements comply with the requirements of the Companies Act, No. 7 of 2007.



D.A.R.C. Perera
Chief Financial Officer

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

Signed for and on behalf of the Board by,



S.C. Ratnayake
Chairman



J.R.F. Peiris
Director

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 157 to 209 form an integral part of these financial statements.
29 May 2014

assigned

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Equity Holders of the Parent						Non-controlling Interest	Total Equity
	Stated Capital	Revaluation Reserve	Exchange Equalisation Reserve	Revenue Reserve	Available for sale Reserve	ESOP Reserve		
In Rs '000s								
Balance as at 01st April 2012	9,500,247	675,688	1,115,625	2,482,461	-	-	13,774,021	67,725
Profit for the year	-	-	-	1,116,779	-	-	1,116,779	4,240
Other comprehensive Income / (loss)	-	1,939,227	(101,851)	4,212	(5)	-	1,841,583	21,184
Total comprehensive Income / (loss)	-	1,939,227	(101,851)	1,120,991	(5)	-	2,958,362	25,424
Dividend paid 2011/12	-	-	-	(436,844)	-	-	(436,844)	-
Direct cost on share issue	-	-	-	(1,351)	-	-	(1,351)	(9)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(517)
Balance as at 31st March 2013	9,500,247	2,614,915	1,013,774	3,165,257	(5)	-	16,294,188	92,623
Profit for the year	-	-	-	1,565,846	-	-	1,565,846	9,080
Other comprehensive Income	-	-	253,902	(11,487)	-	-	242,415	-
Total comprehensive Income	-	-	253,902	1,554,359	-	-	1,808,261	9,080
Share based payment	-	-	-	-	-	4,339	4,339	-
Group affect of acquisition of right issue of a Subsidiary	-	-	-	373	-	-	373	-
Acquisitions and changes in effective holding	-	-	-	-	-	-	-	53
Direct cost on share issue	-	-	-	(11,347)	-	-	(11,347)	(82)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	(1,233)
Balance as at 31st March 2014	9,500,247	2,614,915	1,267,676	4,708,642	(5)	4,339	18,095,814	100,442

COMPANY	Stated Capital	Available for sale Reserve	Revenue Reserve	Total Equity
In Rs '000s				
Balance as at 01st April 2012	9,500,247	-	786,926	10,287,173
Profit for the year	-	-	62,116	62,116
Other comprehensive Income / (loss)	-	(5)	-	(5)
Total comprehensive Income / (loss)	-	(5)	62,116	62,111
Final dividend paid - 2011/12	-	-	(436,844)	(436,844)
Balance as at 31st March 2013	9,500,247	(5)	412,198	9,912,440
Profit for the year	-	-	375,909	375,909
Other comprehensive Income	-	-	-	-
Total comprehensive Income	-	-	375,909	375,909
Balance as at 31st March 2014	9,500,247	(5)	788,107	10,288,249

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 157 to 209 form an integral part of these financial statements.

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STATEMENT OF CASH FLOWS

For the year ended 31st March

In Rs. '000s

	Note	Group 2014	2013	Company 2014	2013
Cash flows From Operating Activities					
Net profit before taxation		1,893,239	1,282,896	387,977	74,955
Adjustments for:					
Depreciation		819,189	651,010	-	-
Provision for employee benefit costs	30	21,010	18,821	-	-
Share based payment expense		4,339	-	-	-
Amortisation of prepaid lease rentals	15	666,663	718,345	-	-
Interest expense	7	533,877	537,096	12,728	7,186
Charge / (reversal) of impairment		6,653	-	-	3,832
Amortisation of grant received	31	(325)	(325)	-	-
Dividend received		-	-	(382,781)	(34,937)
Interest income	7	(153,805)	(38,859)	(29,401)	(70,374)
Loss on revaluation of property, plant and equipment		-	8,229	-	-
Loss on disposal of property, plant and equipment		(4,201)	28,659	-	-
Provision for slow moving inventories		2,515	2,274	-	-
Provision for deferred liabilities		39,090	34,423	-	-
Operating profit/(loss) before working capital changes		3,828,244	3,262,569	(11,477)	(19,338)
(Increase)/decrease in inventories		(17,843)	(12,131)	-	-
(Increase)/decrease in trade and other receivables		(111,171)	(100,531)	-	-
(Increase)/decrease in other current assets		88,470	176,305	(1,608)	295
(Increase)/decrease in amounts due from related parties		30,779	30,876	5,274	(1,814)
Increase/(decrease) in amounts due to related parties		(14,891)	5,061	(80)	(967)
Increase/(decrease) in other current liabilities		153,493	(194,426)	-	-
Increase/(decrease) in trade and other payable		(133,662)	165,287	2,360	1,583
Cash Generated from/(used in) Operations		3,823,419	3,333,010	(5,531)	(20,241)
Interest paid		(533,877)	(537,096)	(12,728)	(7,186)
Income tax paid		(205,866)	(184,158)	(14,283)	(9,509)
Interest received		153,805	38,859	29,401	70,374
Dividend received		-	-	382,781	34,937
Employee benefit costs transferred	30	2,490	(3,268)	-	-
Gratuity paid	30	(10,497)	(6,672)	-	-
Net Cash from/(used in) Operating Activities		3,229,474	2,640,675	379,640	68,375

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STATEMENT OF CASH FLOWS CONTD.

For the year ended 31st March

In Rs. '000s

	Note	Group		Company	
		2014	2013	2014	2013
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(610,037)	(2,440,341)	-	-
Proceeds from disposal of property, plant and equipment		89,071	153,277	-	-
Investments in short term deposits		(385,441)	(42,093)	-	-
Staff vehicle loan given		(4,165)	-	-	-
Loans given to related parties		-	-	356,400	103,100
Investments in subsidiaries and joint ventures		-	-	(942,160)	(132,000)
Net Cash used in Investing Activities		(910,612)	(2,329,157)	(585,760)	(28,900)
Cash Flows from Financing Activities					
Direct cost on share issue		(11,428)	(1,360)	-	-
Proceeds from minority on issue of rights in subsidiaries		425	-	-	-
Dividend paid to equity holders of parent		-	(436,844)	-	(436,844)
Net repayment of short term borrowings		-	(82,500)	-	-
Repayments of long term borrowings		(2,615,131)	(1,048,839)	-	-
Proceeds long term borrowings		1,688,637	1,231,283	133,441	-
Dividend paid to minority shareholders		(1,233)	(517)	-	-
Net Cash Flows from/(used in) Financing Activities		(938,730)	(338,777)	133,441	(436,844)
Net Increase/(decrease) in Cash and Cash Equivalents		1,380,132	(27,259)	(72,679)	(397,369)
Cash and Cash Equivalents at the beginning of the Year		647,067	674,326	106,897	504,266
Cash and Cash Equivalents at the End of the Year	24	2,027,199	647,067	34,218	106,897
Analysis of Cash and Cash Equivalents					
Other Investments		1,557,977	279,638	32,530	60,000
Cash in hand and at bank		743,927	588,394	2,648	46,897
Bank overdrafts		(274,705)	(220,965)	(960)	-
Cash and Cash Equivalents at the End of the Year	24	2,027,199	647,067	34,218	106,897

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 157 to 209 form an integral part of these financial statements.

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