

**Colombo Swimming Club**  
**Annual General Meeting – 25th March 2023**

**1. Agenda Item 1 & 2**

The President Mr. Kishan Karunaratne informed that the quorum is established and called the meeting to order at 11.00 am and informed that the Notice convening of meeting may be taken as read.

Regrets;

Mrs. Betty Lousachitty Chitty - 7420  
Mr. Jayampathie Sirimevan Gunasekara - 6378

**2. Agenda Item 3 & 4 - Obituaries & Adoption of Minutes of AGM held on 26<sup>th</sup> March 2022**

We had some members who passed away during the last year. Please excuse us if we have missed any names, because we have only the names of members that have been notified to us. I will read out the names and we will observe a minute of silence thereafter.

Mr. Manoranjan Rajaratnam - 9749  
Mr. R. Seevaratnam - 9185  
Mr. Dinesh Shafter - 10813  
Mr. Onesh Subasinghe - 9437  
Mr. Lakshman Hulugalle - 248  
Mr. Dick Siebel - 9989

Let's rise up for a minute of silence.

Next Item in the Agenda is to adopt the Minutes of the AGM held on 26<sup>th</sup> March 2022.

President – Mr. Kishan Karunaratne – 9716

Now we need to adopt the Minutes of the AGM held on 26<sup>th</sup> March 2022.

Then the Minutes of the AGM held on 26<sup>th</sup> March 2022 were adopted.

Proposed By – Mr. Suren Kundanmal -8352  
Seconded By – Mr. Tony De Livera –8155

**3. Agenda Item 5 - President's Report**

President – Mr. Kishan Karunaratne – 9716

It is with great pleasure that I bring to you my report for the financial year 2022. I present my final report as the president of your club. It has been both pleasure, privilege and an honor to have serve both serve on the committee and as the General Secretary and as the president. I take that as a great honor & a privilege.

In the last two years we faced many challenges. If you take the history of this club in terms of challenge, it would be challenge to name two years consecutively which had such enormous implications for an institution such as this. We had both the Covid & then the economic crisis. But I am proud to say that together we weathered it. I am proud to say that the club did not close even for one day apart from if there was any regulatory reason/ government sanctioned closure. We did not have to deprive members of F&B Services, nor did we did have to do away with any services all through that period especially last year, where there was a lot of challenges.

But it is with great sadness that I must say that certain members have decided to make the club the playground to settle their personal goals. This should never be the case. There is no room for anonymous messages whatsoever. There are laid down procedures in the constitution and in our processes to address your issues. Every member has a right to question. Every member has a right to give feedback. Every member even has a right to throw brickbat's at the management and make complaints. But there is a way of doing it. It is not to write anonymous letters. It is not to write/originate anonymous messages and bring the club to disrepute. This is not about me. This is not about the committee. This is about basic human decency. And it is sad that at a club such as this, which prides itself on being one of the most prestigious clubs to join and be a member of that the President of the club has to get up here and say this. Attacking individual committee members through anonymous messages, is not the way go about it. Attacking me personally, is not the way to go about it. Attack me to my face. Attack me by taking ownership of what you saying. But don't do this. And you went further. You attacked and vilified my wife. My wife has nothing to do with running of this club. If you ask anyone who runs the management, she hardly even comes here. You cast aspersions on my children. They just come & use the facilities & we pay the bills. They don't come here only to take showers & go home. They use the facilities & I pay the bills. Why attack my children? And, spreading stories about religious myths and things that have never happened, religion has never come to play any role in this club – all this is total out of line.

I believe the membership must take a stand against this. Eight years ago, we had a similar problem. Eight years ago a president of this club was attacked personally. There were anonymous letters & scurrilous things sent out and the house that day took a decision to take disciplinary action against the people who originated this & to make sure that it will not happen in the future. I will read out that the resolution.

It is the fourth resolution of the 2017 AGM. Proposed by Mr. Stephen Labroy - 9754 & seconded by Mr. Sujeeva Jayamanne – 10255. “We request the following resolution at the forthcoming AGM to be held on the 25th of March 2017”. They mentioned about the scurrilous messages. And they are go on to say “ I therefore wish to propose a resolution that is immediately taken up by the committee to investigate the originate & perpetrate aforesaid commission, to take stringent disciplinary action in accordance with the terms of the constitution against such persons to ensure that there will be no repetition of such conduct by any member in future”. That day the house endorsed that unanimously. I hope the house takes a similar decision today.

I hope the house agrees that members who are calling for good governance and transparency anonymously, and who see no problem in sending out wishes, personal attacks against committee members & their families are acting against the best interests of the club and have brought disrepute to the club. This is not about me. This is not about other committee members. This is about the future of the club. Unless & otherwise action is taken and members completely reject this kind of behavior, us saying that this is a prestigious club, us saying that this is the best club in the country, is of no use. These scurrilous messages was unfortunately shared in school groups, nothing to do with members. So, it has gone all over. Thankfully for me and other committee members, they have friends, they have people to know them who know that that is not their kind of behavior. But that is not the way to handle these. So I say that this must end. This is not the way to solve problems in a club. There are laid down procedures in the club. Stick to that and then we can all enjoy this Club as it should be.

Anyway, I am not going to talk any further on that. But I am going to address some of those issues, because they have been circulated. Because members are asking me to reply these. I will reply these. First, were these claims about capital expenditure. First, certain people were saying that the committee has spent 300 million rupees on CAPEX. Then 200 then 175 and so on and so forth. This is before even the president of the club got into his hands the final accounts. Members asking me how these people are quoting figures when even you don't seem to know the final figures because the auditors hadn't confirmed them to you. So these were not based on any fact. But a attempt to muckrake, to create doubts, to create problems, to settle personal agendas without addressing the issues directly.

Then there was a story that these expenses had been done without AGM approval. Again, I am sad to say that the people who asking for good governance, again anonymously, don't even seem to know the constitution. They don't seem to know what the constitution provides for and does not provide. At the end of the day we stick to the constitution. If you don't like what is in the constitution, please by all means change it. If you don't like the processes and procedures, please bring resolutions & change it. But, as far as we are running the club we run it by the procedure laid down, the rules of the club and the practices of this club which have been endorsed year on year, and have been in the annual accounts of the club. Now let me explain to people who genuinely want to know. The capital expenses of the club can be broken into three categories. One is a entirely new project which requires AGM approval, General Committee approval limit of Rs.1Mn, repairs, replacements & maintenance of buildings, plant & equipment is the rest. So that is as per the rules of the club. And I have got a written opinion

from the club lawyer regarding this matter and which I will distribute subsequently because there are several matters addressed in it. But I shall read the relevant portion. There is an averment in the letter as per the club's constitution, the CAPEX in excess of rupees 10 million requires approval of the house. This is incorrect. Article "9F" states capital expenditure in excess of Rs.1 Mn for any one new entire project has to be approved by the members at a general committee meeting of the membership. This excludes maintenance, normal wear & tare of buildings, pool, machinery & equipment. So this year, we have CAPEX expenses of 135 million into 3 categories. The AGM approved limits of 38.67 which we have expended. Repairs, replacements and maintenance amounting to 74.84 million and general committee approved projects the amounting to 9.15 million and 12.9 million coming over from expenses from approvals of projects started in the previous years. I will come to the breakdown of these things in a little while. But for the moment let me first explain how expenses have done in 2022 and how it has been done in the previous years. To show you very clearly that we have been practicing what has been the practice of previous committees and those are not to say that those were wrong but to show you, the members that what we have been doing is the practice of the club, plus it is in accordance with the constitution of the club. Now in this document circulated among you, I have compiled the capital expenses and capital expenditure from 2015 to 2022. A period of 8 years period, in which the president in 2015 and 2016 was Mr. Huzaifa Abdulhusein, 2017 & 2018 was Mr. Tony De Livera, 2019 & 2020 was Mr. Jehan Rajapaksa and 2021/2022 was my self. We are not going to share it on OHP, but because it's not very clear that's why I gave the printout. In the year 2015, there is AGM approved capital expenses of 17 million. If you look at 2022, there is AGM approved capital expenses of 38.69 million. So, out of that 135, 38.69 million is for AGM approved projects of the previous years' which are continued and I will give details of that later. Look at 2015, there is additional work done of 6.4 million, No AGM approval. In 2022, we have no such expenses. Repairs & replacements construction based 12.13 million we have expended 34 million & I will explain why the increase is. Then GCM approved is clear. Then equipment replacements in 2015, 58.4 million. None of these were done with AGM approval because it is not required. And I am comparing these figures with 2015 against 2022 because 2015 and 2016 Mr. Huzaifa Abdulhusein was the president. When it comes to numbers & when it comes to accounts, he is very punctilious. He will go through all the details. I am sure he would not have allowed any expenses which were unconstitutional to happen in 2015 or 2016 when he was the president. So that is why I am particularly looking at this because that will show that previous presidents followed the same practice. Unless of course you question the credibility of each president before none has been done wrong before. And this is exactly the same practice followed in 2022. And this is within the constitution of the club.

Nothing out of the previous practice. Nothing out of the ordinary has happened. Look at some averages because this is interesting. If you take 3 years for instance 2015, 2016 and 2017, And if you go to the total building related expenses, for those three years on average Rs.49.3 Mn. In the years 2020 to 2022 the average per year is Rs.44 Mn. Why is it very high in 2022? Remember 2019. Remember 2020 & remember 2021. 2019 and 2020 virtually impossible to do any construction. We have to delay a lot of maintenance projects and keep it to go later. Again claims that we have made absurd expenses does not hold water with the facts. If you take the total, if you go to the bottom of this page, you will see in 2015 AGM approved projects are 17 million. Non-AGM Approved CAPEX expenses was Rs.51 Mn in 2015. In 2022, AGM Approved is Rs.38 & Non-AGM approved is Rs.96 Mn. But that is because 2022 had to bare lot of the expenses for previous years. Things we haven't done because of difficulties in getting things and getting things done. So please, when you cast stones hiding behind the wall into a premises on the other side, please be careful because you don't know who those stones will hit and hurt. I am going on facts, I am going on the audited accounts of every year. I will be bringing this up later & will tell you how this will be dealt with going forward. So, CAPEX expenses in 2022 were high. But remember, we had a depreciation of almost 100%. Anyone who has done construction would realize themselves would realize that the construction cost themselves have doubled. Anyone who has imported an AC in 2020 or 2021 and who bought an AC 2022 or 2023 will tell you how much an AC has gone up by. So, increase in expense is there. No one tried to hide it. But there are explanations & are reasons why capital expenditures have gone up. But if you compare it in real terms, I challenge anyone to tell me or the committee that we have spent in real terms more than any other committee has spent. We have in fact spent less in real terms. Then there was a talk about the inventories that we have built up inventories unnecessarily. Now, the people who saw the accounts called me & asked why and I gave them the explanation and they were satisfied. I shall tell you what the explanation was. In the beginning of 2022, any person who had even a basic knowledge of economics would have realized that we were heading for a massive foreign exchange crisis and a shortage of forex. We are a country which is dependent on imports whether we like it or not. Taking all those matters into consideration, the committee decided that we will accumulate stock. Also remember interest rates also were very low in February & March. We decided to accumulate stocks of foreign liquor & food items specially dry food items so that the club's operation would not be hindered in any way. Our target was that we will be able to satisfy the normal demand of the club at least until January or February of 2023. That was our target & that was what we planned. And we decided to buy. Now again these scurrilous claims that we have bought forty or fifty million worth of alcohol in one go. Nothing but a pack of lies. The facts

are different. I will share that with you. I am sorry that I have to share & burden you with lot of these details because I think these need to be said, since unnecessary claims had been made. Liquor purchases, in February we purchased Rs.7.4 Mn worth of Liquor, our usual would have been Rs. 1.5 Mn to Rs. 2 Mn. In March we purchased Rs.10.5 Mn. These are from various vendors. Basically, what we were doing was we were calling the vendors and saying “what do you have available of the items that are selling at our club, will take it”. In April we purchased for Rs.8.7 Mn. Then May, June , August we just only purchased whatever we have consumed or normal purchases as during those months stocks were not available with the vendors. Again, we were buying whatever was available. Then in September again we were bought a larger stock of Rs.7.2 Mn & in October Rs. 9.9 Mn. So, there was never a purchase of Rs.40 Mn or Rs.50 Mn in one go. And the accumulation of inventory was not for any insidious reasons other than to have ample stocks. And again, I am proud that this committee made that decision. And I stand by that decision. Why is that ? Prices have gone up by nearly 80%. Our average cost of carrying stock is very lower. A president of another club told me that if he had the cash, he would have a done the same. I don't want to compare with other clubs, but this year I thought, let me look at the inventories of the Royal Colombo Golf Club, I am a member there. Anyone who is a member please go and look at the inventories there. It has gone up again by Rs.40 million. That is because the committees decided to proactively act on your behalf. Last week a friend of mine was telling me she went to the Galadari hotel and after a meeting to have a meal & ordered a red wine. And the answer, “sorry madam, we don't have red wine”. I challenge anyone at this club to say that during this time we were unable to give red wine or white wine or whatever you have. We had never came across such a situation. Some members who found fault with us building inventories of foreign liquor told us to tell members “sorry we don't have foreign alcohol & to drink local alcohol” instead of accumulating stock. No!!! I strongly disagree... why should we tell that? who am I to force the members to drink what I want them to drink. 75% of our sales in volumes before the crisis was foreign alcohol. After the crisis still its 65% in volume for foreign alcohol. So, are we serving our serving our members by being proactive and accumulating fast depleting stocks - Yes. I am not going to make decisions based on one person saying to tell everyone to drink local alcohol. What kind of arrogant attitude is that ? We have the cash. The returns on those are easily over 60% to 70%. So people claiming that we could have put these funds in a fixed deposit instead are dead wrong. Even if we got 30% for FD's we would still be down on the deal. And that is purely on cost. When we include the margin, we would have made much better. So the accumulation of inventories was not only prudent but financially rewarding. Inventories. Those who spread rumors and sent scurrilous messages are people who have a vested interest. Their blind pursuit of personal interests made them use this to be a whipping stick. However the facts have proved otherwise - again. I am being very honest here. I am tired of this kind of nonsense happening in this club. There are many people who have come & told me issues. There were issues which I can solve, maybe some I made the wrong decision, but I will listen. I will maybe tell no I can't do it but what you can do is that you can write to the club. Lot of members have written to the club regarding various matters. We have met them, as long as it is based on certain accepted norms. So, please don't bring the club down to this level with this kind of nonsense.

Then the other thing, about staff meal cost and salaries. I am ashamed again. I am ashamed again about some of these members who are asking why we are feeding the staff. No, I am proud that this club is feeding its staff. This is a practice that has been happening before. Again, other clubs are not. But that is not the Swimming Club. We have looked after our staff. And I cannot come and have Hot butter Cuttlefish, Fried Rice & fillet mignon and not even afford a basic lunch for the staff. And this staff meal outlay has been something which has been going on all along. I haven't been taking away any staff meals. I do eat staff meals once in a way, that is to make sure that the quality of the staff meal is up to a certain standard. Some days when I have found the food not upto the mark I have pulled up the Chef & told do not give food like this to our staff. And why has the cost gone up? Go back to 2021, it was work from home environment. Most people, virtually whole of our administrative staff worked from home. We were working with a minimal staff here because of the covid issue. Although we never retrenched one staff member, whoever resigned and whoever left, we didn't replace. So, our staff cadre also dropped. And the amount of staff coming to work dropped and we didn't have a need to feed them. Then 2022 what happened? Remember, go back to 2022. From March-April transportation was becoming virtually impossible. Staff couldn't come to work. There were mass shortages. Members were coming to the club to eat because they had gas shortages & power cuts at home and they had other issues. We didn't find a huge drop in turnover in those months either. So what did we have to do? We have to house the staff here. We housed a vast majority staff, even people like Namal, senior staff they have stayed here, because they couldn't go home every day. We have to even convert some of our guest rooms because those were not been sold anyway, because no tourists were coming. Staff were staying in those. When they stay here what happens? You have to feed them. You can't get them to stay here & not give them to eat. Because they can't go in to shops even because there was no

food. That's number one. That was the level of things going on in the background which lot of people don't know of and I am not coming here to get garlanded or cheered about that. I am just explaining how the club was run. Go back and think did you come here one day & was not be able to get food ? Did the F&B operation stop even for one day. That is because we kept staff here, they worked and they worked hard and I appreciate the staff. I value them. And whatever we can give them within our means I will stand for giving them. That is not something that can be compared to other clubs or that they are not giving. That is not our business. Our club is run a little differently. We have been able to reduce cost since October because obviously people have been going back home. In fact, we had a few staff who left us because we told them you can no longer stay. Namal will vouch to that. To a certain extent it has reduced from October because of the people have been able to go up and down without too much of a problem. Also everyone is forgetting what has happened to the cost of food in the meantime from 2021 to 2022. People who are asking questions about the staff meal costs going up, can you give the same lunch packet at 2021 prices today? No...again, don't be unreasonable. Think of your own home situation & what the costs are. Costs have doubled. In addition to that we had gas shortages. We cooked meals inhouse but because we want to conserve gas to provide for the members, we started getting packets from outside. GM at that time I think called around and found suppliers from outside, but obviously the cost was much higher than what we incurred when we did so inhouse. There was also questions about staff salaries going up. Yes it has because we did not give any increments since 2019. A detailed reevaluation of all salaries was carried out by the General Secretary Hariskesha Wijesekera. We implemented the revised salaries from January 2022 so that their salaries were brought in line with market rates.

I believe that an area that can be improved is the way the accounts are presented so that members who have a genuine interest in details of how the club is administered can easily observe the same. I spent a lot of time analyzing the accounts in preparation for this meeting and I realized that there needs more transparency and clarity in the way that accounts are presented. As a part of good governance if you look at the way accounts are presented, I believe that there can be improvements to this. I believe that we can change this for the better in the way whole accounts are presented. The format in the way the accounts are presented is the same almost for 10-15 years with little changes. Fundamental change is needed in the way the accounts are presented. I feel that we can add more levels of transparency and incorporate other checks and balances. These are ongoing improvements that the club can make from time to time. The committee has also decided to propose a constitutional amendment, and this has also been discussed with the additional trustees. We are proposing the establishment of a permanent audit committee set up by the constitution. I think that is part of good governance practices and will come in this year. The committee will provide all the necessary details and breakdown of expenses and accounts to the audit committee and Audit committee can look into those matters report on those matters going forward. That is the only way that we can handle this in a structured manner, the only way we can handle this in a professional manner, and only way we can handle this in terms of good governance. I will bring the proposal at later during this meeting. I have shared the proposed amendments with the additional of trustees and sort legal opinion on it and I shall be presenting that today.

Another issue that has caused some heartache is food prices in the club. Some members have spoken to the committee at various stages, some have written some have arranged to meet and we have listened to this taken cognizance of this we have made some changes which I will announce. Again I think one mistake we made and that mistake was that we changed the menu concept and pricing simultaneously. This resulted in also some problems and also we delayed the increase in the prices. We took a very conservative approach when deciding on the pricing. If you see the accounts of last year and the year before I think turnover was something like 90 million, and room revenue paltry. The club lives on room revenues. We felts that room revenue contribution will continue to be poor this year due to the economic crisis, protests etc. We therefore had to look at contributions from the food to sustain the club. However we overestimated the need for that which put much pressure on the on food & beverage prices. So we did a study and we have already made some changes. Historically very heavy margins have been maintained on local alcohol now we have changed that completely and we have brought it back to the normal levels of margins that we apply with foreign liquor as well and that has been introduced we have looked at some other largest selling items, the big selling items, input costs and we shall adjust prices accordingly. Various suggestions were made by people including to increase subscriptions. I don't think this is a time to tax members unduly. Please remember that we are probably the lowest subscription charging club in the country per single person is about 30,000 I think the Golf Club is

around 75,000, Rowing club around 25,000 but the committee is also not in favour of increasing the subs. It's not a way we can subsidize food and Food prices sustainably.

You can see that this club serves an enormous area, you can have f&b service from the edge of the wall near the American Embassy to anywhere in this side of the club. So, what are we trying to achieve here? We trying to maintain the services & we are not compromising on the quality and service of the club. We don't want to reduce the service times. Our kitchens are open from 6:30 in the morning to 11:30 in the night. Now, this requires additional staff, overtime and so on and so forth because of additional shifts. Our menu size is about 200 in the menu. Some are suggesting reduce it. But I don't agree and a vast majority of the members don't want it changed.

So, what we looked at was actually traditionally the club has been subsidized a lot from room revenues. And we were pleasantly surprised by the performance of the room revenues last year. Last 4 months we had a huge increase which we didn't expect and we hit 28 million in revenue, and its contribution of 16 million from the rooms. This year up to now we have reached about 13 million in turnover which is over 40% of the room sales of last year. So, we believe that we will make massive contribution from the rooms this year. So we have decided that part of the contribution that the food was going to give to the club's operation will come from room revenue. We will subsidize the fall in the contribution because of the reduction in price with the room revenues and we are confident that this can be maintained and, I believe this will be the practice of the club going forward. The general committee also have endorsed this and will be the practice and they will evaluate every three months and see how pricing can be adjusted.

One huge issue the club has is our overheads. I will be truthfully saying that our overheads are very high and in fact anyone looking at it will say that it is too high. One big problem is the building and where it situated. Is the nature of the beast. It is a very old building. It requires constant work. It is very close to the sea which requires even more attention. When we brought a structural consultant professor Dias from the Moratuwa University I believe, his recommendation was bring the building down. Because he said you will be accumulating huge maintenance and structural cost in just merely maintaining this place. It requires constant maintenance. Some people ask me why the club is like a constant construction site permanently. My answer is - it is the nature of the Beast. You do it in and in a few years again it needs to be done again. Not only the Building... Equipment, Air Conditioners which last much longer elsewhere don't last that long here. Other equipment, laptops. You put a laptop here for the POS, that has to be replaced more often. Anything that is here is decaying at a much faster rate. And again if you look at records of the club in the last 10 years the average maintenance expenses has not changed much. In fact I think we have done well considering the depreciation. And considering the fact that for three years we didn't do anything. Another huge cost is obviously the staff meals. But that is something the club has been doing and will be doing and as long as I was the president I will not encourage anyone to make any other change on it.

Then the electricity cost. It has gone up to 4 million rupees now. We will cover Rs. 1 million with solar. Still Rs. 3 million gap exists. At the start of the solar project, our electricity cost was 1.4 or 1.5 million. Now these are huge overheads we have to struggle with.

Another problem is we are top heavy again because of the nature of the services we are offering. We are offering a multitude of services and we require much more staff and that staff can obviously too much more but then our turnover does not warrant that. But we need to have those people. And of course, another problem we are always going to have is the huge increase in the imported material cost. Because we are a consumer of a lot of imported stuff including material for building, etc. I dealt with the subscription & I am not going to deal with it again. We have had major milestones and now I have explained most of these issues which were rankling. We have refurbished the sundowner. I think it's a beautiful place for members to enjoy and now it is open for members to enjoy during the week too. We have the Loft which we got because the building had to be raised to accommodate solar panels. So we got a space in between which was going to be wasted. We had a need for a space for this age group. This age group, the teenagers didn't really have a place of their own to hang out and this club is a family club. We need the club to continue to have the members and their children being members and it's important to engage with teenagers in the club. Then we have the children's play area

for small children. We were able to replace a lot of the gym equipment which was aging, and which is again an issue.

As is the tradition of the club in the recent past, I am stepping down as President after serving 2 terms but there are some issues for the future that the membership needs to consider.

One is the parking issue. The parking issue obviously impacts everyone. It is very inconvenient. But please consider the practicalities. We have about 65 to 70 parking slots. On an average day about 50 guests come in – this is from our records of guest fees paid. If those guests bring their cars and if the 50 guests come you can rest assured that there must be at least 75 to 80 members. This is on average. This is not talking about peak days. If we allow guests to park there won't be parking for members. Now we can guarantee parking for members. What will happen if we open it out and if car parking full and a few members can't get their parking space? I feel sorry for the committee, the security & management who has to deal with that issue. So, think very carefully about this parking issue. We can all want it relaxed but if you do so there is a very real likelihood that members will come to the club & not find parking. You might have a situation where you have to call the club in advance & find out whether there are any parking slots and then come to the swimming club. Today we can guarantee all members parking. So please consider that. Because on most days and problem with swimming club again is that it's difficult even to predict the peak day. Sometimes even a Monday can be a peak. So, you can't have Peak days & Off peak days. So, we have relaxed it till 3 p.m. Maybe that can be extended. That is for the committee to decide. But please bare in mind that opening out the car park to non-members will only result in parking issues for members.

Another huge issue is staff retention. Staff are going overseas. We must think about that. We have to think how we retain our staff? How do we get new staff? The challenge is our service charge is nowhere near hotels. We are competing with hotels. So, again be mindful of this. Again when some make baseless claims that we are overpaying our staff bare in mind who we are competing with.

And other issue which I have personally become unpopular is membership expansion. Again, think carefully. Can our club afford to go on adding more and more members? We have close to 500 on the waiting list. Not all those will get but if we take excessive numbers every year, we will have a problem. I think we took about 45 last year. So, again it is for the membership to decide. Because at the end of the day it's a member's club & membership can decide. But these are things to keep in your mind as I step down.

Finally, none of these would have been possible if not for the contributions of many. First let me start with the committee. Sanjeev Jayasinghe. He has served for 10 years and under 4 or 5 presidents. And been responsible largely for the makeover of this club. I am thankful for him and what he has done for the club. Amalee Perera, very thankful to her for the contribution she has made in the F&B. Jit Warnakulasuriya, who plays a enormous role in our club behind the scenes although he is hardly ever at a meeting, but he does the job, he has been a huge support and strength. Suren De Silva again in the committee for a long time and he was the club Captain and played many roles and he will be taking over as the General Secretary. Thank you Suren for all your contributions. Harikesha Wijesekara who was also on the committee who do a lot in terms of the pricing policies and in the staff salary restructuring. Thank you to him but he made a career change so therefore he had to go overseas. Then we have Amar Raj Singh who has played a big role in giving us a lot of Technical advice and Technical know-how on running f&b operations. We are very thankful to him because there are some things, we learnt which we had no clue about. With his Pizza Hut experience, he brings a lot to the table. We have Jehan Rajapaksa who is stepping down as the outgoing immediate past president, thank you for all the service and finally Malik Wikramanayake who has joined the committee and we wish him good luck with the future and he is really waded into the job. Was worried he might even step down with the work he has been loaded. But thankfully he has waded in enthusiastically.

I must take this opportunity to thank the staff. I have worked with them for 10 years and then as General Secretary. I have been dealing with most of the staff related matters. I must say that we have about 80 or 90 staff who are not going anywhere. They are ours. They have been very loyal & they have been worked with

us & I am very thankful for them. And I will always we appreciate team of the cooperation they gave, the effort they put in and everything they have done for the club. We don't realize when sometimes we are a bit rude to them and we shout at them that they put in long hard hours of work here. They are committed. If I tell you some of the things that our staff have done on behalf of the club, you will be shocked. We have our chef and we have some people from the procurement department who are going at three o'clock in the morning to the Peliyagoda fish market & Manning market to bring produce here, so that they can save on the margin of the wholesaler. And they are not paid anything for doing so. This is the type of silent work they do. I mention the Chef but there are so many others go with them to go to carry the stuff, to weigh the stuff. When gas canisters were not there some of them, we sent to Kalpitiya to bring the gas cylinders. This is the type of staff we have here. When there was no food packets they used to go and bring food packets from elsewhere. When we wanted them to stay here & work they did it. So, I want to acknowledge the staff. I will not call out the names of the Heads and forget about others. But with the Heads also the arms and legs and the fingers and all the others who make a contribution. Everyone is not here today because they work on a roster system. I want the members to realize, there is so much behind the scenes. You see your regulars like Aruna, Clement, Saman, Murali etc, sorry I would have not mentioned all the names. So we will acknowledge them today. I am thankful. I may have been hard on some of them. But at the end of the day it was for the best interest of the club nothing else. So, let me call out some people.

First and foremost Andrew and his team and please come up with your team today. Andrew has brought in lot of experience. He is a very courteous, friendly & polite. Sometime may be hanging around a little too much with some of the members and talking. But still that has added a new flavor in terms of member relations to the club. Our Sales Manager Hasnika who has made a huge contribution towards the room sales and our front office staff who again are doing a thankless job, but they have served us well. Thank you.

Namal and your team please, accounts staff and anyone from the Admin team please come here. Namal has been with us for over 10 years, Chamila also a similar time & they are the ones who doing stuff in the background and we decided this time that we will internally promote. So, Namal is now the Head of Operations of the club. So, he has taken on a new role. He is learning things. And their team some of them you may not see some of them may be the people at the back of the phone when you call about your problems with your bills or write and they are the ones who are running the club on the background. Thank you very much.

Then our Chef Priyadarshana and kitchen staff. Darshana has been a long-standing staff member, much loved by members and his team. We are into diversity, we are having a female Chef as well. And the staff who are doing the cleaning the washing all of them play a big role. They are loyal members of this club. They continue to be of service to our club. Thank you very much.

Then Ruwan & his team. They are the ones who have to carry the weight of all the complaints. Sometimes when we have our F&B meetings, the kitchen makes the fault but these guys take the fall. You all know them. Thank You very much. We have some girls also who are making good contribution. We have baristas among them. They have been trained in coffee making & now they are making excellent coffees. And our restaurant staff starting with Clements. Even when I was a teenager he was here. So you can guess his age. We have other staff, all of them long-standing. Then we have new people who have made a big contribution. Then Emerson & then Ruwan of course who leads the team. Thank You very much.

Then we have our executive housekeeper Suranga. I have always said he runs one of the best departments in the club which is very efficient. Very organized. I tell all the other heads of department follow some of his practices. I think probably you don't know him. They keep your club nice & clean. Thank You very much.

Then we have our gym staff. I don't make use of the services but a lot of you may do & very happy with them. They do their work silently. Thank you very much.

Then we have our house and work staff. They are the guys who keep everything running. These are the guys you don't see sometimes. They play a huge role in keeping this club going. The gardeners and then the



swimming pool guys. They are very good again & contributed to the overall experience of the club. They are doing all the background work. Thank you & thank you very much on behalf of the club.

And finally, none of these is possible without you the members. Thank you very much for your patronage. Thank you very much for your brickbats. Thank you very much for your adverse comments. Thank you very much for any actions which you all have taken in the right way to address issues. Thank you for your patronage. Thank you for being loyal to this club. Thank you for using this club even when the prices were high. Thank you for having the interest of the club. That is what really matters. Not to bring the club down but to take the club up. Not to destroy but to build up. Not to ruin but to develop. I thank you members. I thank you from the bottom of my heart. I want to conclude by urging every one of you to think - this is our club. We come here some members who spoke to me about the pricing said even when it is expensive we are coming here that is because they love the Club. They love to be here. Don't or let's not go back to what it was. If there are issues, sort it out. There are mechanisms, constitutional procedures. Let's sort it out. Every year I don't know whether you know nominations are called. There is enough time and notice given. If you want to come on to the committee, you are most welcome to put in your nomination, no one does. Sometimes we have to beg and convince people to join the committee. If you don't like the way the committee is run, if you don't like the way something is happening, if you don't like the president and if you don't like the general secretary if you don't like whoever, contest, defeat & take over. But let's not allow anyone to sabotage the process. There is a mechanism for change. That could have even been done this time. Let no one try to sabotage the process and bring the club down. Because I hope the silent majority of the club sees through this. If you don't like the club the way it is run, if you disagree with the way someone is running the club, if you disagree with who is coming forward, please come forward. That is the way to do it. Nothing else. So, as I step down I will not be playing an executive role. I am just earnestly asking every one of you. Don't allow a handful of deceitful troublemakers to bring the club. That's all. You have to call it by what it is. Writing anonymous letters and crafting them and sending them and passing fibs is deceitful. Don't allow anonymous slanderers and anonymous people who want to bring the club down to drag the club down. I wish you all the best and I wish the best for this club. I wish the best to whoever leads this club – because this is my club and it's the place I love coming to. Thank you very much.

#### **4. Agenda Item 6–Discuss & Adopt the Annual Report**

President – Mr. Kishan Karunaratne – 9716

If there is no questions on the president's report we can proceed by someone proposing and someone seconding.

Proposed By – Mr. Ravin Basnayake - 9697

Seconded By – Mr. Vasantha Kumara – 7989

#### **5. Agenda Item 7 – Discuss and adopt Audited Financial Statement and Balance Sheet ending Dec 31, 2022**

A letter was received by the club from two members Mr Nirupan Vijeyanathan (10558) and Mr Peter Jasinghe (9727). In order to be absolutely certain of what how we deal with this letter, we gave it to to the club lawyer Mr Adamaly who have given a written opinion on it. I will not read the whole thing and I will distribute the opinion in a little while. But I will just share with you regarding some matters. Number 4 in the letter is a request not to pass accounts at the Annual General Meeting. This request is misconceived as the constitution of the club does not require the accounts to be passed at all. It only requires accounts to be tendered at the Annual General Meeting. The specific provision in article 28(a)(i) of the Constitution states “the Annual General Meeting of the club shall be held within 90 days of the close of each financial year. 50 voting members presence shall form a quorum. The committee shall submit their report and accounts of the previous year’s working and office bearers, committee members and auditors (see rule 7, 9, 10 and 14) shall be elected at this meeting.

I will distribute the rest of the opinion when time comes for the business to be undertaken regarding this letter, at the moment I open out the house for questions about the accounts.

Mr. Reshan Kurukulasuriya - 9236

There was a simple question we asked. You gave a various breakdown.

President – Mr. Kishan Karunaratne – 9716

Who asked the question please?

Mr. Reshan Kurukulasuriya - 9236

In this letter....

President – Mr. Kishan Karunaratne – 9716

Which letter are you referring to. You didn't sign the letter that I am referring to, so I am not aware what letter you are referring to. When you say “we” you are associating yourself with some letter so what letter are you referring to. If you are referring to the letter I just quoted, the you are neither the proposer or seconder.

Mr. Reshan Kurukulasuriya - 9236

I ask that question as a member. We just wanted a break down of how it was Hundred thirty thousand million and just be wanted a breakdown & we did not want anything else. Whether you got house approval, that’s all.

President – Mr. Kishan Karunaratne – 9716

I was not aware that you sign the letter. So, I don't know when you say we asked, because you did not sign that letter & hence I was bit confused when you say we asked. Or you mean that you drafted it and someone else signed it or what ?

Mr. Reshan Kurukulasuriya - 9236

Please it does not matter. Don’t deviate...

President – Mr. Kishan Karunaratne – 9716

It does matter. This is an AGM and questions must be properly addressed if they are to be properly answered.No I am not.

Because it is important letter sent by someone else they refer to it and you refer to matters concerning someone else's letter. When you say “we” wanted to know, you are claiming to be a part of that letter. You are not a part of that. Please let me clarify.

Asking for transparency and asking for good governance is very good and I appreciate that. But when you also do it please do try to learn of the rules of the house and of the Constitution. Try to follow the rules and procedures. Four years ago, you tried to bring a resolution to sack a member – if I recall Mr. Zarook Marikkar. I refused that resolution as it was unconstitutional and against the rules of the club. You were angry with me about that. Again, don't bring unnecessary matters here if someone has put the resolution, they can bring it up. When you say “we” wanted to know you couldn't be referring to the letter I quoted as you are not a signatory. That’s why I wanted to know what letter you were referring to because as far as I am aware, we had not received a letter from you. So, that is the simple answer.

Mr. Peter Jasinghe – 9727

Thank You Kishan.

Simple question. Has it been approved and that's it ? We have been very clear there is no personal vendetta here.

President – Mr. Kishan Karunaratne – 9716

Thank you Peter.

Short answer to your question is that it has been approved by the house for 38 million. By the general committee is for what they are allowed to do. And other CAPEX expenses have been done under the provisions of the Constitution where replacements and maintenance has been done. Like I told you and I appreciate the way you structure that question we will provide all the break down to the new audit committee which will be established by the constitution at the end of this.

Mr. Reshan Kurukulasuriya - 9236

There was never anything by me about Mr. Marikkar or whatever. This is the first I am hearing it.

President – Mr. Kishan Karunaratne – 9716

I will send you a copy of it with a copy to Mr. Marikkar.

Mr. Reshan Kurukulasuriya - 9236

Was it passed?

President – Mr. Kishan Karunaratne – 9716

It was not even brought to the house because it was an unconstitutional request.

Mr. Reshan Kurukulasuriya - 9236

Which I never did.

President – Mr. Kishan Karunaratne – 9716

Ok I will send you a copy.

Mr. Saifudeen Jeevunjee - 8526

Was the 38 million passed by the house?

President – Mr. Kishan Karunaratne – 9716

It was approved in an AGM. In the year of 2020 & 2021.

Mr. Rifky Noordeen - 6950

Kishan you said in your president's report which I read online that auditors EY had insisted that we pay tax on the funds received from the RDA. And that we had to use a Tax consultant to negotiate with the Inland revenue department in order to make sure that this was a capital gains and not taxable. What I can't understand is that EY is a very famous audit firm. But should we not change the auditors in light of this mistake? Because

from the time I remember any payments that have been made from the RDA and I myself have been a personal recipient of it has always been treated as capital gains. You said that auditors insisted that it has to be treated as income rather than capital gains.

President – Mr. Kishan Karunaratne – 9716

That was in the year 2018 not under these Financial Statement.

Mr. Rifky Noordeen - 6950

No, I understand that and also that money we have received in 2018 is on a previous valuation. All payments are made in terms of the date of section 7 that is on the date of the acquisition. So, that must have been in which is why they pay interest on it thereafter. Now but I can't understand is why did the auditors EY insist on it being treated as income rather than capital gains.

EY Auditors

Actually, we didn't insist because we were not the tax consultant. So, tax consultants gave that opinion. We just review.

President – Mr. Kishan Karunaratne – 9716

I think I remember I was not involved in the finance at that time but if I recall correct, I remember the president at the time told, they had a meeting with you and you have told that, no, this has to be treated in this way.

EY Auditors

That is not for the tax but for the receivable amount. Because we discuss with the president at the time and because it's known as it was long outstanding amount.

President – Mr. Kishan Karunaratne – 9716

Since this is a matter from 2018, and it requires a detailed explanation from the auditors, which the representations from EY may not have prepared for, let us get an explanation from EY and give a detailed explanation to the membership subsequently.

Mr. Rifky Noordeen - 6950

What I'm saying is that you know the money was appeared in terms of land acquisition effectively it is a sale of land from time immemorial from what I can remember money is received on that has been to me and I have three or four lines of mine acquired some of them which were on the Marine Drive itself understand how they could have treated as income and then forced the club to get and pay for tax consultancy & get a tax consultant and then negotiate with the inland revenue department and then make it the capital gains. EY is a reputed firm. I can't understand in the first instance why this came up in the first place as being treated as income rather than capital gains.

President – Mr. Kishan Karunaratne – 9716

I understand that the problem, but it is about the financial statements of 2018. So, what I will do is, we will make a note of this and we will ask for an explanation from them plus the former president may be able to also give an input and then we will write to the membership and inform about what happened in there. Because I think even the auditor at the moment, they may not be fully aware of matters of four years ago.

Mr. Rifky Noordeen - 6950

And I also want to congratulate Kishan personally on the excellent job and not only you but also previous presidents on the excellent job that you have done. Very well done.

Ms. Leonie Solomons-10248

I just want to say this. As the President it's a little bit difficult at the moment when the gentleman at the back and you to handle all this. People are asking a question and then you choose to dispose of it. We need somebody else right. You can't play both the kind of the judge and the person being questions it is difficult. So, for fairness I think we should, doesn't matter procedure that we can do it today. But you should have another person who can then mediate & facilitate such a thing.

President – Mr. Kishan Karunaratne – 9716

AGMs are chaired by the President and that is the practice and tradition not only at CSC but other clubs. We will stick to the procedure as it is and if I came across as being dismissive, I am sorry. I just had to clarify that everything needs to be done according to the constitution and the procedure laid down.

Ms. Leonie Solomons-10248

I take your find that in the future just be a little bit understanding other people might have a different point of view & let's entertain it. As members we would like to. I understand you are in the hot seat.

Mr. Reshan Kurukulasuriya - 9236

364 Days of The Year you run the club. Today we ask questions. We are not here to scuttle. This is our second home. We want the best for the club. That's all nothing else, thank you thank you. You don't have to get worked up. Thank You.

President – Mr. Kishan Karunaratne – 9716

Thank You. I am sorry, if I had seemed worked up to you.

Mr. Mohan Wijesinghe - 9383

I just have a very simple question because I understand our Auditors are here, whether they can put this entire thing to rest by confirming that the Rs.135 Mn CAPEX we are arguing here has been spent according to the requirements of the rule book. Can I just ask them to confirm that, please.

EY Auditors

We have checked whatever the approvals granted by the Club. Also the supporting documents and everything we have checked. So the cash outflows also have checked and we are comfortable on that.

Mr. Mohan Wijesinghe - 9383

My understanding, I don't know I am lawyer & I am not accountant. So, I stand corrected in whatever I say the little I know about audit. It is not what the club, it is your response what is given is there investigated to find out whether it is keeping up with requirements of the rule book and if not there is nothing you can do but to qualified accounts. So, I am not challenging anything. I am asking you, can't you madam what you have to say whether what has been given to you has been done in a procedural manner as required under the Constitution. That is my question. Thank you.

EY Auditors

So, whatever the capital expenditure incurred by the club we have verified on sample basis that is what the scope of the auditors. So, under the scope, everything is according to us is true and fair, whatever the documents we have checked.

Mr. Mohan Wijesinghe - 9383

So, are we to take that you are confirming irrespective of what has been given to you that we can now go home happy that all actions of the committee in the capital expenses have been recorded in accordance with the rule book? a simple yes or no would suffice. Thank you.

EY Auditors

Yes

President – Mr. Kishan Karunaratne – 9716

Mr. Jeevunjee If I can clarify your question before you question the one you asked earlier, the AGM approvals in 2021, Rs.35 million for install the solar power system and 2022, Rs. 10 million to refurbished and upgrade former library building.

Mr. Saifudeen Jeevunjee – 8526

Which was approved by the house?

President – Mr. Kishan Karunaratne – 9716

Yes.

Mr. Saifudeen Jeevunjee – 8526

May I just request the house with so many questions that we are all having, we differ the passing of these accounts until an audit, a special audit is done by the additional trustees and once that is done and everybody is happy at the next SGM which can be called after those accounts are done to pass it.

President – Mr. Kishan Karunaratne – 9716

There is no procedure like that. But like I have told you, we will establish the audit committee which will be provided the information but your request is not according to the procedure of how the club was run and I am sorry that this cannot be entertained.

Mr. Saifudeen Jeevunjee – 8526

In most public companies if and accounts are brought up and they are not in tune with how it should be, it is not passed even if there is a single question that is made. I know it's not a public company. Whether it is a private or public company there should be standards of accounts that should be maintained.

President – Mr. Kishan Karunaratne – 9716

I agree with you that public companies may have a different procedure. The club has laid out procedures in the constitution. We will stick to that. If there is a need to change the constitution in a future date, I am more

than happy to entertain that. Even the future committee will be more than happy to entertain that. But at this moment there is no provision like that in the constitution and that will not be allowed.

Mr. Saifudeen Jeevunjee – 8526

Where does it say in the Constitution that you have to pass it at the AGM?

President – Mr. Kishan Karunaratne – 9716

Actually, in the constitution it does not say that it has to be passed.

Mr. Saifudeen Jeevunjee – 8526

Then why are we passing it?

We are saying we shouldn't pass it right now since there is anomalies.

President – Mr. Kishan Karunaratne – 9716

If there are anomalies, auditors should have been qualifying the accounts.

Mr. Saifudeen Jeevunjee – 8526

That is why I am saying that we shouldn't pass it now.

President – Mr. Kishan Karunaratne – 9716

Auditors have not qualified the accounts and according to the procedure your request cannot be allowed.

Mr. Saifudeen Jeevunjee – 8526

Then you should take a vote.

President – Mr. Kishan Karunaratne – 9716

No, there is no procedure for a vote.

Mr. Saifudeen Jeevunjee – 8526

What is this thing about bringing procedures? There is no procedure.

President – Mr. Kishan Karunaratne – 9716

We can't do that & we go by the rules of the constitution.

Mr. Saifudeen Jeevunjee – 8526

So where are those rules, it says that this should be passed in an AGM?

President – Mr. Kishan Karunaratne – 9716

There has nothing to say that it should be passed.

Mr. Saifudeen Jeevunjee – 8526

Then don't pass it.

President – Mr. Kishan Karunaratne – 9716

It doesn't say that it has to be passed. It has to be presented. There is no question of passing accounts according to the constitution.

Mr. Saifudeen Jeevunjee – 8526

Then don't let anyone to propose & second it then.

President – Mr. Kishan Karunaratne – 9716

Any other questions?

Mr. Saifudeen Jeevunjee – 8526

You are missing the point. you are just going to another point by overriding this.

Ms. Leonie Solomons-10248

Let's be fair. Mr. President you can't both bring about to say that there is no rule or there is rule. Hand this over to somebody else right. Then you can present your point of view as a president. They can present their a point to view and the membership can decide. I don't think what you are doing is correct. I know your passionate, very true and its correct. But don't you know just walked over them it has been incorrect.

President – Mr. Kishan Karunaratne – 9716

I think the person who can answer this question best is the club's lawyer. So, I will summon him now. With all due respect during course of the Annual General Meeting, procedures which are laid down and established cannot be changed. If a procedure needs to be changed there is a need to do that there is a process to do that and please with all due respect I listen to you & I hear you but any process that need to be changed needs to be changed at the next AGM not now.

Ms. Leonie Solomons-10248

Listen, I think we can be a bit adult about this because there is a question about the procedure. You can't take this terse attitude amongst us at least not all let's be a little bit of their community and the what is that gentleman is suggested, I don't know him, but it seems fair there is a question about the procedure. Please be a little bit cool.

President – Mr. Kishan Karunaratne – 9716

There no question about the procedure and it is very clear. The process is very clear.

Ms. Leonie Solomons-10248

The process is clear that you present the accounts the process is not clear as to whether it needs to be passed. That is the question at the moment. It doesn't come up as to whether it needs to be passed or not. Ok. I need my clarity.



President – Mr. Kishan Karunaratne – 9716

The process is clear. It needs to be presented. There is no need for a vote or for it to be passed.

Mr Carl Fernando - 9367

Mr. President, I am under the impression that the house is supreme. Take a vote.

Mr. Nirupan Vijeyanathan - 10558

We looked at the agendas before 2 years & total expense was approved for 55 million. 35 for solar and 17 million. So when we got to know that there is hundred and thirty five million has been spent that is a reason and we have to write to you 20 days before. The accounts come out about 15 days before. So we have to write to you before to find out what this was. So, you have also explain to us the house is still not willing to accept it but as you said you can have a audit committee look at it and put it forward to us. But my other question is administrative expenses has gone up by 43.22% .

President – Mr. Kishan Karunaratne – 9716

Nirupan if you don't mind we have our lawyer so he can just explain the matter. Adam the question was whether the accounts need to be passed by the house and whether it can be differed, and some felt that my opinion was not adequate. It was better to get an independent opinion. So, you are the lawyer of the club.

Mr. Mohan Wijesinghe – 9383

Mr. Adamaly, the question is twofold. The first one is, does the accounts have to be approved by the house, number 1 and if it is not then why are we put into the house to be ratified. So, if it is not what the house is saying no point of putting it to the house.

Mr. Adamaly – Club Lawyer

I am guided only by the constitution on this because there is a constitution and a set of bye laws. The constitution requires the committee to present the accounts to the house. What the constitution says and I will read it you in fact there is there the practices the club has adopted over the years of having a proposer and a seconder is also not is more connected with an approval process this is not set out in the constitution of the club. This goes back a long time which has been amended along time ago and to understand having a look at some of the previous drafts of the Constitution. At article 28 (a)(i). The Annual General Meeting of the club shall be held within 90 days of the close of each financial year. 50 voting members present shall form a quorum. The committee shall submit their report and accounts for the previous years workings and office bearers committee members and auditors shall be elected at this meeting. You see that the report and the accounts attended together then it is what is required for the committee to submit. If one is to interpret implied requirement for approval of accounts then the report also would need to be approved which doesn't make much sense because the report is a report of the committee.

Constitution goes on to say, about the matters prior to the Annual General Meeting at 28(iii) at least 14 days prior to the Annual General Meeting the business to be transacted there at shall be posted in the club house and a copy their off be sent to every member. The report balance sheet and statement of accounts shall be placed in the principal club rooms at least 14 days prior to the Annual General Meeting. So the entire top of the Constitution requires is for there to be a disclosure of what the accounts are to the members not really for an adoption of the account because it probably presumed the days I am going back to the original constitution here presume that members would not really be in a position to adopt them because they probably would not have gone into the material and would not be aware of the transactions. So, the requirement for auditing has been brought in by the committee is themselves some years back where a professional group of auditors would look at the accounts and audit it. Unlike in companies where there is a requirement for accounts to be tabled and adopted by the membership here there is no such requirement. Even the case of companies the accounts

are considered final once the directors sign off on the auditors present them to the board the audit committee public listed companies would recommend that they are adopted by the board. The board will then go on to recommendations which is one of the audit committee and then approve the account and once those accounts approved those accounts are final table that the Annual General Meeting for any queries to be raised and those accounts are not really challengeable even at the AGM of a company.

So, I presume keeping that in mind, and the fact that an approval is not even required at this level the constitution has been drafted in that way. There is no requirement even for an audit in the constitution per say although that has been a practice. Now by practice I am instructed although I haven't been to your AGM before because I am instructed that the AGM there is a process of formally having someone propose and seconded that the accounts are in order. That's also not a requirement in the Constitution that has been adopted practice. So, once practices are established to continue and become part of tradition become part of expectation of members and so one can continue with that practice. If there are any queries on accounts right to decide on how those accounts will be queried or looked at and that right is there amongst the membership itself.

When the president asked me whether that is something that is desirable to have some process I said well in the thinking of good governance today, the concept of an audit committee which used to be only the prerogative of the responsibility of public listed companies in the past is today something that's being adopted by other public non listed companies and by private companies as well. So, it is a good practice both for internal management to identify whether there has been any you know fraud or anything at employee level and also for proper management of the accounts and proper controls being established. And I suggested well perhaps clubs also should start looking at those processes although not aware of many clubs in the country that have them.

Mr. Mohan Wijesinghe - 9383

You are right, you just readout the constitution and the AGM is constituted according to the requirements of the rulebook. We can't go by practices. If that is the case with many practices that you are not aware of and hence it will not be fair view to comment on any practices so we have to go absolutely on the requirement that rule book and the accounts does not have to be approved by the house what required no approval no vote which means the minute cannot say that the accounts were approved by the house. The minute would only say that accounts were presented and these queries were made. Thank you very much.

Mr. Rohan Abheykoon - 8948

Kishan I think we have corresponded over a certain different matters. So, I want to discuss that maybe under any other business. But to play The Devil's Advocate, I have been a member here for 25 years and I think after about 20 years I am coming for an AGM. And I have heard both sides of the house. The president said that three forms of capital expenditure in this club. what is approved by the house GCM Approved limit of 1 million and one that is non AGM approved which doesn't seems to have a limit. Am I correct in thinking that?

President – Mr. Kishan Karunaratne – 9716

Yes.

Mr. Rohan Abheykoon - 8948

I would suggest then because that is where the contentious issue arises. Because this unlimited limit given to the committee to make non AGM approved expenditure should be passed a resolution and limited.

Mr. Adamaly – Club Lawyer

May I just want to clarify the working on the three capital expenditure one is capital expenditure below 1 million which the committee can take capital expenditure and capital expenditure for any new project over 1 million which has to be approved by the house and capital expenditure only for maintenance work repairs and

replacements which the committee can make without house approval over the limit of 1 million or below. So 3rd one is limitless.

President – Mr. Kishan Karunaratne – 9716

I think that is something we should consider. But again it to has be drafted in a way which is practical plus looks after the interest of good governance. That may be one of the things that we can assign the new audit committee.

Mr. Reshan Kurukulasuriya - 9236

You all have given 14 days to answer for the 135 million right why can't you answer how you spend that you are given 14 days according to the rule book.

President – Mr. Kishan Karunaratne – 9716

I have answered the question and I think Peter drafted the question and I answered him. Maybe we can take Nirupans question now.

Mr. Nirupan Vijeyanathan - 10558

Question was the administrative expenses. It has gone up by 43.22% close to 47 millionn in that you all have on the breakdown others it staff cost is increased by 48.3 %. What see in the accounts under expenses of bar & other cost centers, you also show a cost what is that staff cost there are also?

President – Mr. Kishan Karunaratne – 9716

That is actually the departmental wise staff costs and administrative staff cost.

Mr. Nirupan Vijeyanathan - 10558

So, you mean to say 50 million increase in administrative staff cost mean your office staff, right?

President – Mr. Kishan Karunaratne – 9716

There are profit Centres F&B and whatever the revenue earning ones. Then all the non-revenue generating including the pool and whatever other areas like house and , security, administration all those will fall under administration. That is why I am saying that I am the first to admit that the way accounts are presented is not the best. I think that will be one of the responsibilities of the audit committee to make it a much more user friendly & where the presentation is better.

Mr. Nirupan Vijeyanathan - 10558

Point No.30. Untill 2021, you are showing P&L of every cost centre but then for this you are have amalgamated everything. We membership do not know like each division the cost Centre but actually are they making money or not. Why was this? because I just got to know that accounts does not need to be passed. Do you need to get approval for this from the house or auditors or you can decide that you want amalgamated and you can just do it?

President – Mr. Kishan Karunaratne – 9716

I think in terms of amalgamating there is no need to get approval. That is why I am saying that going forward this audit committee should put together the way the accounts are presented in a more acceptable way so that everyone can understand. Then on the issue of amalgamating F&B, what we found was there is a lot of shared stuff in the F&B. Like bar will overlap the restaurant overlaps the kitchen the kitchen overlaps the sundowner,

and the Sundowner overlaps the pastry. So it was actually when we were looking at it was not really giving an accurate picture of our F&B position. So that is why we decided to bring it together. It was not an attempt to hide anything because within that we can give you details if you want.

Mr. Rohan Paulus - 10457

This is just a suggestion. I am guilty of not having read the rule book and all that. What I find is that the committee at the swimming club has Supreme Power or authority to make decisions right and I think it is in the interest of good governance that the additional trustees of people of that stature are in a position to review any issues that come out. For example, at this stage some of the members were not happy with what happened and they wrote to the committee and the committee then wrote back and whatever and then where is the end result was that it is being shared in the public domain. I would strongly suggest to look at a level where by this committee which has Supreme Power the moment they are held accountable if the issues with another body or a trustee were already there. Trustees are already on board. That means it is issued a member has and does not get a satisfactory response they can appeal to the trustees who can then intervene and get a resolution and if that doesn't work then it's at the AGM, obviously. I just think about it I think the audit committee is an excellent idea. I hope there is a clear timeliness as to when that's going to be implemented, I think it's I think it has got to be done its excellent Idea and in the club is looking fantastic and well done to the committee. Thank you.

President – Mr. Kishan Karunaratne – 9716

I think it's a good suggestion. But also I think it will require a fundamental change in the constitution of the club. Because primarily when we talk about the trustees, President and Vice President are the Trustees. now that is not because Kishan Karunaratne inserted that in the Constitution that has been the case since year dot. And the additional trustees have a very special limited requirement in the absence of both trustees, President and Vice President. So, I think I agree with your suggestion. I think we should seriously look at the constitution, where we can be made and, but I think Rohan I don't think that can be done today.

Mr. Rohan Paulus - 10457

I think it is a fundamental issue. In the other way the club has been structure that means that should be looked at very seriously to avoid all of what we have seen today. You have done a great work but also has some fundamental questions and I hopefully we'll try and minimize that risk.

Mr. Saifuddin Jeevunjee – 8526

I will ask you one thing you've mentioned a few minutes ago that you were not happy with the presentation of the accounts. President & Vice president signed the accounts am I right? So I don't know how you did it you have qualified any of the presentations.

President – Mr. Kishan Karunaratne – 9716

What I meant was a genuine observation that the accounts could be presented better. That's not to say that there are issues with the account. In terms of accounts presentation, it's not that there were problems. I signed on the basis that there is no issue with accounts. I don't try to sit here and say that the presentation of a accounts are not something that can be improved.

Mr. Saifudeen Jeevunjee – 8526

You don't need to get back to me. You should have mentioned that you are not happy with the presentation by mentioning that in the accounts. Because you mentioned it in front of the house, now.

President – Mr. Kishan Karunaratne – 9716

Point taken.

Mr. Tony De Livera - 8155

I think we all listened and understood that there are some issues that need to be addressed with regard to the accounting presentation which you have rightly accepted and said that you will be handing it over to the audit committee for them to follow up. I don't think we need to really go on asking this question is over and over again. And some of the questions that keep coming at some of the people from some other people it just seems to be like they just want to ruffle a few feathers and make things a little un-pleasant for the people at this meeting. Who have come here in good faith to keep the club in best deed and we need the people of this club to support every single committee that has done a marvelous job and don't just come here and accuse people for nothing? Thank you.

President – Mr. Kishan Karunaratne – 9716

If no further questions as per tradition practice, if someone would like to propose and second the Audited Financial Statements.

Proposed By – Mr. Mihuru Perera –10428

Seconded By – Mr. Chella Kundanmal – 6831

Mr. Reshan Kurukulasuriya - 9236

I oppose this.

President – Mr. Kishan Karunaratne – 9716

Yes, that is that can be recorded.

## **7. Agenda Item 8 - Appointment of Auditors**

General Secretary – Mr.Kishan Karunaratne – 9716

This year also we have proposed to appoint Ernest & Young Chartered Accountants as our auditors. We seek the approval of the House.

Mr. Jeyakumar Lakshmanan – 10310

Adam, does the auditor have to be appointed at the AGM ?

Mr. Adamaly – Club Lawyer

Yes, it should be appointed like that & if there is a dispute on the auditor then there would be vote.

Mr. Jeyakumar Lakshmanan – 10310

I advised that considering the things had transpired and in fact I'm a little disappointed that EY had said we just followed the line of a tax consultant and just you know went down in that what you were not there Adam, at that time. Sorry for that but we have to appoint an auditor. It maybe/can be put to a vote but I also think that whatever the opinion that was given a was blindly follow. it may be at some point when the opinion is made available to everyone make the house needs to be convenient to see whether we were in fact need to continue with EY or somebody else needs to be taken up. Thank you.

President – Mr. Kishan Karunaratne – 9716

If we can have a show of hand at to who is objecting, please.

16 are objecting.

And those for...

58. Then that is passed.

## **8. Agenda Item 9–Resolutions for which notice has been given as per Club Rules**

President – Mr. Kishan Karunaratne – 9716

The general committee proposes that permanent audit committee be established by constitutional amendment. We have consulted the additional trustees plus our lawyers and this has been drafted. So I think it has been done both the composition of the audit committee plus the scope. Maybe it will have to be at the legal jargon may be slightly different, but we will present it in the AGM minutes. If you can just look through this and I will read out.

Composition of permanent “Audit Committee” of the Club

1. Shall be a 5 member Committee comprised of the following persons –

a) The 3 additional trustees;

b) 2 members of the club with suitable experience / expertise, of whom at least

one shall be a qualified Accountant, and who shall be nominated by the

Additional Trustees.

2. The 2 members so nominated shall be confirmed by the General Committee (GC).

3. The 2 members shall serve for a period of two years (which is the same as the period of office of an Additional Trustee). Any vacancy shall be filled by the Additional Trustees, with confirmation by the GC, for the balance period of office.

4. The Chairman of the Audit Committee shall be appointed by the Additional Trustees from amongst themselves.

5. The quorum for meetings shall be 3 including a minimum of 2 additional trustees.

6. The Audit Committee shall meet atleast every quarterly and shall decide the procedure for the convening and conduct of such meetings.

Scope of the Audit Committee

1. Meet with independent auditor to identify the scope of work on the year-end financial audit.
2. Independent review and discussion with the Auditors regarding the draft Auditor's Report and making observations to the Committee on the audit findings, prior to finalization of the Audited Final Accounts.
3. Recommending the Final Audited Accounts for adoption by the General Committee and presentation to the Membership.
4. Periodical review of Accounting practices of the Club, and recommending internal audit assignments as and when deemed necessary.
5. Make recommendations as regards the presentation of final accounts, to improve transparency and good governance.
6. Make recommendations to general committee on improving internal controls and is empowered to engage an audit company (other than the external auditor) to examine internal controls as and when deemed necessary. Following such examination make recommendations to the General Committee on strengthening internal controls.
7. Make recommendations to the general committee on investment policy.
8. Provide advice or recommendations on any audit or finance related matter as referred by the GC.
9. Recommend auditor for appointment at AGM

Mr. Jeyakumar Lakshmanan – 10310

Just an observation. I think that the confirmation by the general committee I think is counterproductive because if you want an audit committee to in fact do its job it shouldn't be holden to the general committee. I would suggest that the house in fact nominate & select the people who form the audit committee.

President – Mr.Kishan Karunaratne – 9716

I think that will require just lead to lots of division.

Mr. Jeyakumar Lakshmanan – 10310

I think in the spirit of transparency and good governance I think that is how it should have a say in the audit committee is nomination and confirmation by the general committee I think is counterproductive that is one.

Secondly, the scope says that it involves deals with the adoption of the accounts by the house which if you know going by Adam's advice it really doesn't happen. So maybe we should in fact look at an amendment to the constitution where the account itself presented to the house for adoption in a formal sense.

President – Mr. Kishan Karunaratne – 9716

I here that. This resolution is to do with only the establishment of an audit committee. But we can re-word that additional trustees will inform the membership of who they have appointed.

On the matter of confirmation of the accounts that will require a separate resolution at a later date.

Mr. Jeyakumar Lakshmanan – 10310

And the general committee should not have any say in there.

Mr. Rohan Abheykoon - 8948

Since we are doing an amendment to this proposal whether the audit committee can also be consulted and maybe approval from them for any capital expenses that is non-AGM approved.

President – Mr. Kishan Karunaratne – 9716

That is not the function of audit committee. But I grant that I think if that is needed.

Mr. Adamaly – Club Lawyer

If I just make a suggestion based on I see your point about independence of the audit committee. I feel it takes a parallel from a fair public listed company mandatory requirement for independent directors have to form the audit committee. If you were to look at a parallel structure, one would think that the independent directors are the additional trustees because the trustees is our President and Vice President and they obviously not independent their part of the executive management of the club. Independent party is appointed by the house are the additional trustees. So, initially when the proposal came to me, my thinking was to simply follow the rules that I had opted for listing by rules adopted by the central bank of Sri Lanka for finance related companies which are the three independent additional trustees form the audit committee when was opinion to me saying that it might be useful to have two people outside of even those three independent people from the house were in that committee and that the additional trust is being independent and being elected by the house. Anyway, that they be given that function to select whoever they think will be competent and suitable so that there wouldn't be any kind of division, no issues coming here. That was my thinking. In my agreeing to that proposal my original suggestion to them to have three additional trustees is because that would be in line with the company is that the CSC rules and the central bank of Sri Lanka rules as well which apply to corporate entities.

Mrs. Anoushka Wilson-8485

Aren't you the auditor, why are you talking?

Mr. Adamaly – Club Lawyer

Let me clarify. I am sorry I'm sorry ma'am let me clarify I have been counsel for this club for 15 plus years and in fact I didn't apply for membership because I thought that would affect my position as an independent counsel. I have seen many committees go past. I am here purely on invitation to comment on what the constitution might say or not and how we can perhaps look at improving financial controls within the framework of the Constitution I was consulted for that purpose and I suggested that an independent audit committee along the lines of the corporate sector we adopted in the club as I have done with another club also reputed in this country. You have the advantage of three additional trustees who stand above the committee in an honorary capacity who are independently elected, and they would make the ideal candidates. But there



is a possibility that the three additional trustees may not within themselves have a person of financial background. That is a possibility and like in the case of the independent directors who appointed and in public companies they would select a person with that background. Here there is a possibility for instance if you have three medical professionals you know mix of non-Accountants in the additional trustees, they would then not be able to function properly as an audit committee. And so when the suggestion was put forward that was a problem I identified and then the suggestion was put forward the two members of the house we also included and one of them at least have a specialized accounting background. So that if there is accounting experience and expertise in the additional trustees, that would be great. If not at least there is someone from the house with that expertise to advise and guide.

Mr. Hari Venkateshan - 7903

What I find here is that everybody wants a transparency and accountability only when they are out of power. So, they never had transparency and accountability when they were in the power. Thank you very much.

Mr. Nirupan Vijeyanathan - 10558

If we don't need to pass the accounts at AGM what is the use of having audit committee?

Mr. Adamaly – Club Lawyer

Actually it's useful to sit and also analyse a little bit why there is no requirement for passing the accounts at the AGM. If the controls and approval processes for expenditure are regulated in the constitution properly and followed the membership itself would only have a set of final accounts. And in those final accounts at the most they can raise queries as to why sales are low why certain expenditures were incurred, etc. If you have a situation in any organization where people come in and vote against the accounts without a basis on which that accounting is question you will have a fairly awkward scenario here. Accounts need to be looked into and someone has to take responsibility for them sign them off and present them to the membership saying that we have looked into it and we are satisfied with this. Because the accounting process is not just the final accounts is the entire thing from ledger maintenance all the way up. I am not an accountant I have a bit of background in it. So, to have it passed or defeated unlike in the case of a budget which is something about what expenditure and revenue is to be generated and if people are not satisfied then we revise those and looked at different target. In the case of final accounts that become a contribution to the club finance is being monitored better manage better, that is the issue. What I'm saying for instance effect this meeting now which says no we don't pass the account then what the accounts are based on what has been actually incurred or expended and ledgers prepared signed off by auditors who have done random checks on to all the supporting documentation, etc & those are the accounts. If there has been for example some spend which has been incurred in the view of the house should not have been incurred still will not affect the validity of the accounts. Because the accounts will show that amount was spent.

So, the relief I think, we're trying to achieve here of holding a committee accountable any committee accountable for what they spend on and things can't be dictated to buy the passing of the non-passing of the accounts. Because if it is your position that the accounts of falsified then it is a matter that the internal audit team needs to take up with the auditors and the auditors must be held accountable for not seeing falsified accounts. That is say for example an item of Expenditure was not spent but is recorded as spent. And there is no supporting documentation for it. that is just my thought.

Mr. Jeevantha Jayathilaka - 10289

After accounts not been presented and doesn't have to be passed by the membership, I understand the practical side of what you're saying but in the interest of what is a good governance, accountability and the fiduciary duty that the committee has towards the membership and the Institution at least when the auditors are auditing the accounts, if there are comments made by auditors and there is a qualified audit that is submitted, then at

that stage that accounts must be put to the house for the purpose of the house deciding whether it should be passed or not. That's my pursue.

President – Mr. Kishan Karunaratne – 9716

I think that is a fair point.

I think that's a good point but just for the record there are no qualifications on the present account.

Mr. Adamaly – Club Lawyer

When you have an audit committee, they will take the responsibility of recommending the accounts to the committee for approval. I think what is proposed here is that the audit committee will have independent discussions with the auditors to which they do in all boards where they will identify has there been any problem is anything you suspect is there anything that you find it irregular in the accounts and it is only if there is a clear report that the audit committee will recommend the accounts to be adopted. The auditor have the option if they see that there is something that they cannot attest to to either refrain from auditing the accounts or auditing it to the qualification. That will get tacked at the audit committee stage, then audit committee will then have to have that resolved before it being presented to the general committee for approval. So, again if there has been any audit query or any audit reservation that is to be included by the additional trustees as a report to the membership. That will solve your problem.

Mr. Jeevantha Jayathilaka - 10289

What you are proposing is good. If the audit committee picks up something that is there in discussion with auditors and that is been queried, then that needs to be tabled to the membership at the AGM.

Mr. Thilak Conrad -9487

Note number 23 is missing in the Accounts.

EY Auditors

I would like to make a comment, that there is an error on Note numbering but whatever the disclosure is required in line with the accounting standards are there. So, under note number 22 the commitments and contingencies of properly disclosed. It is a point of a changing the note numbering but the disclosures are there.

Mr. Lucille Wijewardena – 6923

Can You request Auditors to circulate the Management Letter to the membership?

President – Mr. Kishan Karunaratne – 9716

We will present it to the Audit Committee.

Appointing an Audit Committee was unanimously approved.

We are proposing to spend 4.5 million rupees on a booking engine for the club. This is because our booking engine is if a booking engine is about 10 years old. As I have explain and as I see in the accounts room revenue is the life blood of the club. To be honest booking engine is very backward and very poor with very difficult to manage in the present scenario of how room bookings are done so we are asking for 4.5 million approval to revamp the existing booking engine and completely revamped to Modern Standard.

Mr. Rohan Palus - 10457

Before you can invest in Legacy booking engines there are so many booking engines that can be bought or can be hired on a transactional basis which are far more effective, and the research and development of those applications are way bigger than us trying to develop a Legacy system. Specially if this Legacy system has been in operation for a while I would strongly recommend that.

President – Mr. Kishan Karunaratne – 9716

It is a good suggestion, and I would request Rohan if you are also aware of some to let us know and we will make enquiry from some other people in the industry as well and let's see what is the best is.

My suggestion is we will approve the expenditure, but we will look at various options

Thank you.

Anyone oppose ?

No one oppose & it is unanimously approved.

Then election of additional Trustees. It is my pleasure to propose Mr Chandima Gunawardhena, Mr Chandan De Silva and Mr Suren Kundanmal to continue as additional trustees.

Then any other the business of which due notice has been given.

Issue mentioned in that letter that Nirupan and Peter sent, which could be taken up was the adoption of an audit committee so now that that has been passed. I think that matter has been taken care of. The others are referred to in the opinion of a lawyer and we will stick to the opinion of the lawyer regarding that.

No other business and no other notices been given.

Rohan Abheykoon – 8948

I have come with a big family and as you know three of my children have been kids members from here from the age of three years old. And during this process they all went University and was still students is they are about 22/23. I understand at the end of that period that you have to within a certain period of time upgrade them to separate membership. It is oversight on my part and I would appeal that the committee in times like that should look to be more flexible and not understand I am someone who always respect rules and regulations but in a case like that to please have some empathy and sympathy in building the child to become a full member.

President – Mr. Kishan Karunaratne – 9716

To be clear Rohan your daughter was not denied membership. She was required to pay surcharges or the full membership fee as the time period to obtain membership had lapsed.

I think maybe the committee going forward make a decision on how these can be handled so that its hand hits across the board to everyone and not on a case-by-case basis. As this can lead to unnecessary problems.

## **9. Agenda Item 13 - Election of office bearers and Committee members for 2023/2024.**

President – Mr. Kishan Karunaratne – 9716

Now we come to the election of office bearers this time nominations were closed and there were only one nomination per position.

### **9.1 Post of President**

Mr. Sanjeev Jayasinghe– 9688 has been proposed as the President.

## **9.2 Post of Vice President**

Mrs. Pamela Pieris – 8092 has been proposed as the Vice President.

## **9.3 Post of General Secretary**

Mr. Suren de Silva – 9876 has been proposed as the General Secretary.

## **9.4 Post of House & Works Member**

Mr. Malik Wickramanayake - 10610 has been proposed as the House & Works Member.

## **9.5 Post of F&B Member**

Ms. Amalee Perera – 10322 has been proposed as the F&B Member.

## **9.6 Post of Asst.F&B Member**

Ms. Amar Raj Singh– 9738 has been proposed as the Asst.F&B Member.

## **9.7 Post of Club Captain**

Mr. Sanjay Melvani – 10275 has been proposed as the Club Captain.

## **9.8 Post of Entertainment Member**

Mr. D.A.J. Warnakulasuriya – 8540 has been proposed as the Entertainment Member.

Thank you very much.

Newly Appointed General Secretary – Mr. Suren De Silva - 9876

Thank you, members, as your new General Secretary this has been basically vested in me. My duty to propose the vote of thanks.

Let me thank all of you for being here today. You have come here today because you are concern about the club. I'm not going to go into an extensive thank you on that because I think Kishan has basically done it. I can I mean unreservedly say that Kishan has played a very pivotal role and he has applied the rules and he has acted without fear or favour with the best interest of the club. Kishan thank you very much for everything you've done. We deeply appreciated and once again I would be upsetting to say that you can't take comfort by the fact that you will remain an ex officio. We need a past president your counselling and guidance is always appreciated and more importantly you are absolutely candid and forthright way of saying what has to be said without trying to take it around the corner and other special mention must go out to all Past Presidents. It goes on record Jehan has been an exemplary player he has been shown tremendous leadership to this committee and his contribution and assistance as deeply appreciated and their deep gratitude Jehan per everything is done for us and the committee and the club so finally I think I am thankful to my good friend Lakshman and end on something that I was going to touch on. I think it is important I think we as committee members are always open for any kind of Criticism any comment any kind of scrutiny that is what comes with the territory and we are not insensitive, we are conscious of that fact but please make it constructive criticism. Please understand that we are also human, and we are all doing this this in an honorary capacity. Anonymous messages that people, I am sorry to say and I'm going to do so diluted in this word for some of these people who wake up and get out of the gutter in the morning to consume garbage by the day and creep back to the gutter at night,

you will not put any fear in us. Whoever has anything to say please put your name next your words respect that and that is what we expect from this club. There are over 500 applications that are in the pipeline that by itself is a testimony and clear indication of what this club is and every single time these few people take and put all the things that is not in good faith is affecting all of us. It is like looking up and spitting. I won't take too long - thank you very much once again their friends and members so hopefully we will be able to discharge the duties to the standard that you expect and what we will do will be done with the best interests of everyone of you.

The End.

25<sup>th</sup> March 2023



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SANJEEV JAYASINGHE  
PRESIDENT



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SUREN DE SILVA  
GENERAL SECRETARY