

# Building Resilience



# Colombo Swimming Club

Annual Report 2018

[www.colomboswimmingclub.org](http://www.colomboswimmingclub.org)



# Building Resilience

The year 2017 unfolded with a series of events leading to uncertainty and change. In a year clouded with adversity, we at the Colombo Swimming Club moved forward with unwavering strength, fortitude and commitment.

As we rise above the challenges faced with tenacity, we are proud to say that we endured adversity with strength.

# Contents

President's Report	4
Committee Members	7
Management Team	8
Newly Constructed & Refurbished Areas	9
Year at a Glance	
Lighting of Christmas Tree	12
Kiddie's Christmas Party	16
Sports Gala	20
Member's Night	24
31 <sup>st</sup> Night	27
Financial Statements Independent Auditor's Report	32
Income and Expenditure Statement	34
Statement of Financial Position	35
Statement of Changes in Accumulated Fund	36
Statement of Cash Flows	37
Notes to the Financial Statements	38
Detailed Income Statements	51
Graphical Review	52



# President's Report



Greetings Dear Members,

It was an honour to have continued serving as the President of the Colombo Swimming Club in 2018 and I am pleased to submit my report for the year under review. Following on the heels of a tumultuous 2017, the Committee dutifully faced the numerous challenges and completed a variety of projects, which have enhanced and added value to our prestigious Club.

The most notable achievement of course was the successful completion of the swimming pool complex comprising the main pool, children's pool and play area. Last year also saw us finally arrive at an agreement with the Road Development Authority (RDA) over the compensation of land acquisition. We are awaiting receipt of the funds which will greatly strengthen the Club's financial position in the coming year.

## ***2018 – Our Progress***

Following the distressing events of 2017, the commitment of our Committee and unwavering support of our Members enabled us to withstand the challenges and transform the Colombo Swimming Club into an entity that we can all be proud of.

The continued improvement to management and services resulted in a revived patronage in 2018. We also followed through with the transformation of the Club's interior and exterior refurbishment and the completion of many major construction projects. These included the Monsoon Hall, Arthur's Space Restaurant (with a separate airconditioned area), the main kitchen, main stores, cellar stores, as well as the lady's dormitory and quarters.

Furthermore, we introduced a new à-la-carte menu as well as a banquet menu for Club events, private dinners and functions, which have been well-received by our members and guests. Following this success, a new and improved beverage menu will also be introduced in the near future.

In continuing with the Clubs' makeover, we are investing in a fully-fledged, highly effective and convenient ERP system, keeping abreast with world-class technology and tools to ensure the best service for our members, which hopefully will be up and running soon.

---

*At the same time, we are investing in a few sustainable and eco-friendly initiatives across Club operations and plan on dedicating an existing area within the premises as a garbage room to facilitate the proper disposal of all Club waste in a responsible manner.*

## Club Events

We were able to bring back the Club's Sports Gala once again this year, hosting some entertaining badminton, table tennis and squash matches in February. Competitive swimming will be added to this year's gala. A fun-filled Quiz Night was hosted at the Sundowner in May in which many members participated.

We were thrilled to host our much-anticipated Members Night for 2018 in the month of July, an event we were unable to host in 2017 due to the land acquisition issue. The Club also hosted 'Jerome Speldewinde' at the Sundowner in September for an entertaining night of live jazz music that was enjoyed by one and all. Wildfire also made an appearance at the club for a highly enjoyable performance in October.

We kicked off the Christmas season with our traditional lighting of the Christmas Tree in the first week of December which saw a record participation of over 500 members, friends and families. This was followed by our Kiddies Christmas Party, where we entertained over 140 children in what was a memorable evening. 2018 ended on a much-needed high, with over 500 Club Members, families and guests ringing in the New Year on 31st night to mark the end of yet another amazing, action-packed 12 months at the CSC.

## Revenue

Irrespective of the many setbacks we've had to overcome, I am pleased to announce a net profit of LKR 17.1 million from the normal course of business for the year 2018 excluding the accounting profit that arose as a result of Land De-recognition & RDA Compensation Receivable. A good result despite the reduction in room revenue of LKR 5.9 million due to the absence of the main and children's pools for most of 2018.

The catering section which was severely affected due to the drop in patronage in 2017, steadily revived in 2018. Results of our efforts were noticeable towards August 2018, where we were able to bring down the cumulative catering loss by LKR 5.2 million compared with 2017. The Pastry Section however reported a

loss during 2018 due to the reduced number of Sundowner events.

Due to the reconstruction of the main kitchen and refurbishment of the restaurant over the course of four months in 2018, the Sundowner sales dropped by LKR 9.8 million following its highest recorded revenue of LKR 22 million in 2017. The profit was also severely affected in this regard with a margin of only LKR 810,000 recorded by the Sundowner for the year.

All construction related expenses were funded by the Club's existing Fixed Deposit Investments, which resulted in the decrease of our FD value by LKR 82 million, and a consequential decrease in FD interests by LKR 8.3 million.

The Sports Section recorded a slightly higher profit in 2018 in comparison to the previous year, with a margin of LKR 1.5 million. The Business Center too, reflected an increase of LKR 90,000 in profit compared with the previous year's income.

Additionally, we are also due to receive an interest payment from the RDA on top of the compensation of LKR 328 million, which will be calculated from the date on which the land acquisition was gazetted right up to the date on which the compensation money is released to the Club.

---

*On behalf of the Committee, I also take this opportunity to thank our management and staff for their dedication and commitment to the Club and its continued progress.*

## Acknowledgements

To my fellow committee members, I am truly grateful for your unstinting support and efforts in reviving the Club after the unhappy events of 2017. My sincere thanks go out to Jehan, Kishan, Sanjeev, Suren, Amrit, Jit, Pam and Simon.

My sincere gratitude goes out to our General Manager Mr. Upul Attapattu for his focused leadership under pressure, our Executive Chef Mr. Priyadarshana Pathirane and his team for his passion to satiate the demanding epicureans, our Head of Finance Mr. Namal Perera and his team for the effective management and reporting of the Club's financials, our F&B Manager Mr. Hilary Jainudeen and his team for their untiring efforts in improving service levels and satisfactory execution of all Club events and activities.

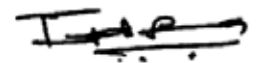
My gratitude also extends to our Member Services/Room Division Manager Avanthi and her team for the excellent work carried out in the front office, our Chief Engineer Luwanjan and the team for the management and supervision of our renovations, our Executive Housekeeper Suranga and his team for maintaining expected Club standards, and the Gym staff for their enthusiastic and valued contribution.

On the subject of the Gym, the passing of Jagath was a very sad moment for us. He was a much-loved employee and was a role-model for all employees in terms of his dedication and commitment. He will be forever remembered and may his soul rest in peace.

My sincere thanks to the Pool Finance Committee Chandima, Ana and Chandan for their invaluable support and guidance in setting up the proper procedures at the initial stages, right up to the completion of the new pool project.

---

*I thank all Club Members for your continued patronage and support during 2018, and as I bow out as President, I humbly request your continued support of your 'home away from home', as the new Committee step into the breach to take the Colombo Swimming Club to even greater heights.*



Tony De Livera  
President





# Committee Members



**President**  
Tony De Livera



**General Secretary**  
Kishan Karunaratne



**Vice President**  
Jehan Rajapakse



**Entertainment Member**  
Jit Warnakulasuriya



**House & Works Member**  
Sanjeev Jayasinghe



**Club Captain**  
Suren De Silva



**Food & Beverage Member**  
Amrit Dayananda



**Asst. Food & Beverage Member**  
Pamela Peiris



**Library & Additional Finance Member**  
Simon Lourensz

# Management Team



**Mr. Upul Attapattu**  
General Manager



**Mr. Luwnajan Kaluaarachchi**  
Chief Engineer



**Mr. M.P.C.K. Priyadarshana**  
Executive Chef



**Mr. Namal Perera**  
Head of Finance



**Mr. Hilary Jainudeen**  
Food & Beverage Manager



**Mrs. Avanthi Devapriya**  
Member Services & Room  
Division Manager



**Mr. Suranga Ranaweera**  
Executive Housekeeper



Year at a Glance

*Newly Constructed &  
Refurbished Areas*





## Year at a Glance

### *Lighting of Christmas Tree*

Family, Friends, Home











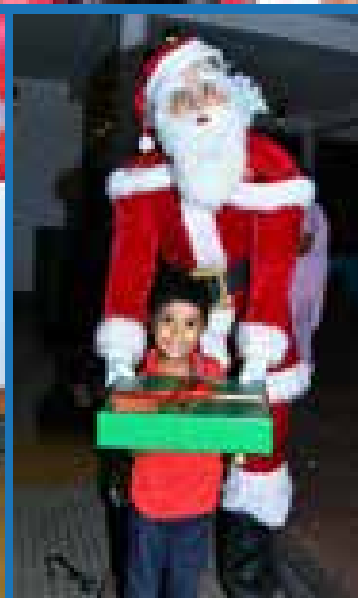


## Year at a Glance

*Kiddie's  
Christmas Party*  
Reaching for the Stars

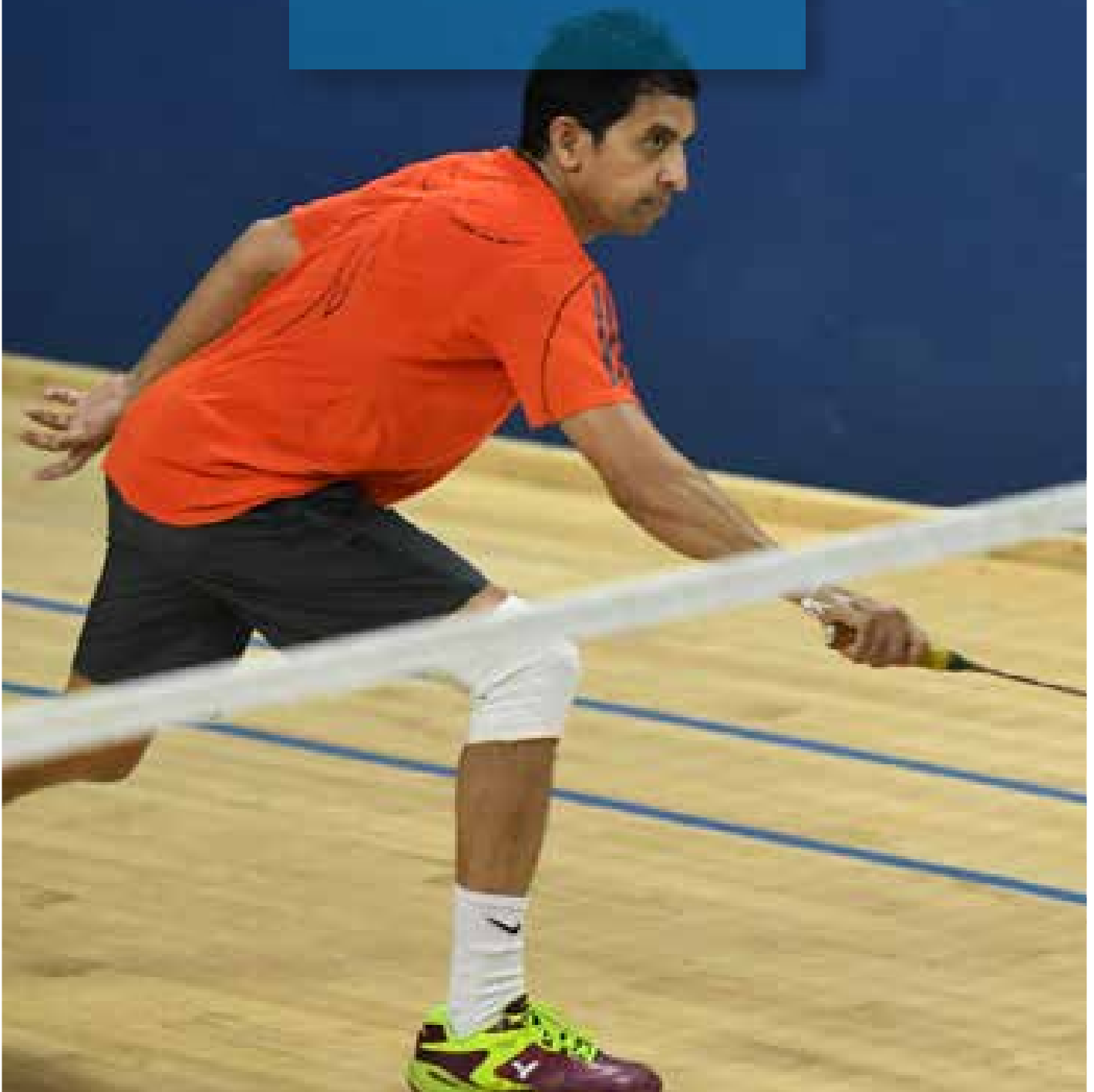






# Year at a Glance

## *Sports Gala* 2018















Year at a Glance

*Members' Night*  
2018









## Year at a Glance

*31st Night*  
A Show Like no Other











# Financial Statements

# Independent Auditor's Report



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

Tel : +94 11 2463500  
Fax Gen : +94 11 2697369  
Tax : +94 11 5578180  
eysl@lk.ey.com  
ey.com

## TO THE MEMBERS OF COLOMBO SWIMMING CLUB Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Colombo Swimming Club (“Club”) which comprise the statement of financial position as at 31 December 2018, and the income and expenditure statement, statement of changes in accumulated funds, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information set out on pages 03 to 18.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Club as at 31 December 2018 and of its financial performance and its cash flows for the period then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

### Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the Financial Statements section of our report. We are independent of the Club in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Management Committee (“Committee”) is responsible for the preparation of Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Club’s financial reporting process.

## Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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



04 March 2019  
Colombo

# INCOME AND EXPENDITURE STATEMENT

As at 31 December 2018

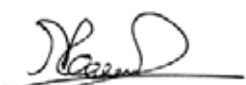
Revenue	Note	2018 Rs.	2017 Rs.
Members' Subscription	3	44,740,023	43,804,056
Entrance Fees		32,054,522	32,286,484
Other Income	4	99,102,924	29,429,421
Finance Income	22	5,214,480	13,077,849
		181,111,949	118,597,810
<b>Net Profit/(Loss) on Operations</b>			
Bar	5	8,953,852	8,184,528
Catering	6	(8,235,940)	(13,461,689)
Hire of Rooms	7	14,025,327	16,963,114
Sports	8	1,502,052	1,431,860
Library	9	(69,850)	(868,465)
Sundowner	10	810,665	3,824,583
Pastry	11	(204,060)	398,248
Business Center	12	316,271	226,447
		17,098,316	16,698,626
<b>Expenditure</b>			
Administrative Expenses		(111,349,848)	(117,988,803)
Finance Cost	23	(10,761)	(18,506)
<b>Excess of Income over Expenditure Before Taxation</b>		86,849,655	17,289,127
Income Tax Expense	24	(38,783,070)	(224,400)
<b>Excess of Income over Expenditure for the Year</b>		48,066,585	17,064,727

The accounting policies and notes on pages 07 through 18 form an integral part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

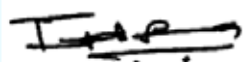
## As at 31 December 2018

ASSETS	Note	2018 Rs.	2017 Rs.
<b>Non-Current Assets</b>			
Property, Plant and Equipment	13	1,723,774,746	1,851,620,676
Intangible Asset	14	326,911	547,107
		1,724,101,657	1,852,167,783
<b>Current Assets</b>			
Inventories	15	9,091,624	8,133,648
Member's due and Other Receivables	16	381,902,188	32,708,583
Deposits, Prepayments and Advances	17	6,281,739	4,195,835
Short Term Investments	18	5,453,865	87,572,932
Cash and Cash Equivalents	19	38,414,920	16,789,518
		441,144,335	149,400,515
<b>Total Assets</b>		2,165,245,992	2,001,568,297
<b>FUNDS AND LIABILITIES</b>			
<b>Members' Funds</b>			
Accumulated Fund		1,748,683,257	1,700,616,672
<b>Total Equity</b>		1,748,683,257	1,700,616,672
<b>Non-Current Liabilities</b>			
Employee Benefit Liability	20	11,411,847	10,337,830
Deferred Tax Liability	24	159,361,484	163,669,100
		170,773,331	174,006,930
<b>Current Liabilities</b>			
Trade and Other Payables	21	94,990,925	29,916,510
Members Refundable Deposits		90,919,041	82,193,141
Income Tax Payable		43,258,986	168,300
Bank Overdraft	19	16,620,451	14,666,745
		245,789,403	126,944,695
<b>Total Equity and Liabilities</b>		2,165,245,992	2,001,568,297

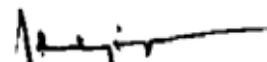


**Financial Accountant**

The Management Committee is responsible for these Financial Statements. Signed for and on behalf of the Management Committee by,



**President**



**Vice President**

The accounting policies and notes on pages 07 through 18 form an integral part of these Financial Statements.

# STATEMENT OF CHANGES IN ACCUMULATED FUND

## As at 31 December 2018

	<b>Accumulated Fund Rs.</b>	<b>Total Rs.</b>
<b>As at 01 January 2017</b>	1,843,852,185	1,843,852,185
Excess of Income over Expenditure for the Year	17,064,727	17,064,727
Adjustment related to Amounts due from Members	3,368,860	3,368,860
Deferred Tax Expense for surplus on land revaluation 24.2	(163,669,100)	(163,669,100)
<b>As at 31 December 2017</b>	1,700,616,672	1,700,616,672
Excess of Income over Expenditure for the Year	48,066,585	48,066,585
<b>As at 31 December 2018</b>	1,748,683,257	1,748,683,257

The accounting policies and notes on pages 07 through 18 form an integral part of these Financial Statements.

# CASH FLOW STATEMENT

As at 31 December 2018

	Note	2018 Rs.	2017 Rs.
<b>Cash Flow From Operating Activities</b>			
Excess of Income over Expenditure Before Income Tax Expense		86,849,655	17,289,127
<b>Adjustments for</b>			
Depreciation & Amortization	13,14	24,899,205	22,806,016
Provision for Defined Benefit Plans	21	1,762,848	1,901,830
Finance Income	23	(5,214,480)	(13,077,849)
Finance Costs	24	10,761	18,506
Disposal (Profit)/ Loss of Property, Plant and Equipment		(70,714,693)	12,244,132
<b>Operating Income Before Working Capital Changes</b>		37,593,297	41,181,762
(Increase)/ Decrease in Inventories		(957,976)	2,920,735
(Increase)/ Decrease in Trade and Other Receivables		(21,168,605)	2,305,978
(Increase)/ Decrease in Short Term Investments		82,119,067	3,428,460
(Increase)/ Decrease in Deposits, Prepayments and Advances		(2,085,904)	384,593
Increase/ (Decrease) in Trade and Other Payables		65,074,415	(3,559,039)
Increase/ (Decrease) in Members Refundable Deposits		8,725,900	9,877,005
<b>Cash Generated From Operating Activities</b>		169,300,194	56,539,494
Interest Paid		(10,761)	(18,506)
Defined Benefit Plan Costs Paid	21	(688,830)	(355,701)
Income Tax Paid		-	(167,475)
<b>Net Cash From Operating Activities</b>		168,600,602	55,997,812
<b>Cash Flow From/(Used) Investing Activities</b>			
Acquisition of Property, Plant and Equipment	13	(154,203,086)	(63,254,830)
Proceeds from Sale of Property, Plant & Equipment		59,699	102,261
Interest Received	23	5,214,480	13,077,849
<b>Net Cash Used in Investing Activities</b>		(148,928,907)	(50,074,720)
<b>Net Increase in Cash and Cash Equivalents</b>		19,671,695	5,923,091
<b>Cash and Cash Equivalents at the Beginning of the Year</b>	19	2,122,774	(3,800,317)
<b>Cash and Cash Equivalents at the End of the Year</b>	19	21,794,469	2,122,774

The accounting policies and notes on pages 07 through 18 form an integral part of these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. INFORMATION OF THE CLUB

### 1.1 General

Colombo Swimming Club is a Club incorporated and domiciled in Sri Lanka. The registered office and the principal place of activities are situated at “Storm Lodge”, No.148, Galle Road, Colombo 03.

### 1.2 Principal Activities and Nature of Operations

The objective of the Club is providing sporting and social amenities for its members. During the year, the principal activity of the Club is engaging in providing recreational activities which are Sports Facilities, Food and Beverage Facilities, Room Facilities for its members.

### 1.3 Date of Authorization for issue

The Financial Statements of Colombo Swimming Club for the year ended 31 December 2018 were authorized for issue by the Management Committee on 04 March 2019.

## 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The Statement of Financial Position, Income and Expenditure Statement, Statement of Changes in Accumulated Funds and Cash Flow Statement, together with accounting policies and notes (“Financial Statements”) of the Club as at 31 December 2018 and for the year then ended, have been prepared on a historical cost basis and are presented in Sri Lanka Rupees.

#### 2.1.1 Statement of Compliance

The Financial Statements of the Club have been prepared in accordance with Sri Lanka Accounting Standard for Small and Medium-Sized Entities (hereafter “SLFRS for SMEs”) as issued by the Institute of Chartered Accountants of Sri Lanka.

#### 2.1.2 Going Concern

The Management Committee have made an assessment of the Club’s ability to continue as a going concern and they do not intend either to liquidate or to cease the Club.

### 2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted by the Club are unless otherwise stated is consistent with those used in the previous year.



## 2.3 COMPARATIVE INFORMATION

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

## 2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.4.1 Taxation

#### Current taxes

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

### 2.4.2 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted for using the actual cost on weighted average cost basis.

### 2.4.3 Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realize net of allowances for bad and doubtful receivables. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in Income and Expenditure Statement.

### 2.4.4 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

### 2.4.5 Property, Plant and Equipment

Property, plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Income and Expenditure Statement in the year the asset is derecognized.

Depreciation is calculated on the straight line method. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and de-recognized. The principal annual rates used by the Club are as follows.

Buildings	2.5%
Sports Complex Building	2.5%
Electrical Fittings	20%
Furniture & Fittings	10%
Computer Equipment	20%
Sports Equipment	20%

### 2.4.6 Provisions

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

### 2.4.7 Impairment of Non-Financial Assets

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset or group of related assets is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in Income and Expenditure Statement.

If an impairment loss for a non-financial asset other than goodwill subsequently reverses, the carrying amount of the asset or group of assets is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset or group of assets in prior years. A reversal of an impairment losses is recognized immediately in Income and Expenditure Statement.

## 2.4.8 Retirement Benefit Obligations

### a) Defined Benefit Plan – Gratuity

Club is liable to pay gratuity in terms of the Payment of Gratuity Act No. 12 of 1983. In order to meet this liability a provision is carried at the rate of one half of the basic wage or salary applicable for the last month of the financial year, for each year of completed service.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

The liability is not externally funded nor actuarially valued. The item is grouped under Non –Current Liabilities in the statement of financial position.

### b) Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with respective Statutes and Regulations. The Club contributes the define percentages of gross emoluments of employees to an approved Employees’ Provident Fund and to the Employees’ Trust Fund respectively which are externally funded.

## 2.4.9 Income and Expenditure Statement

### Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Club and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. Revenue and Other income is recognized on an accrual basis except for surcharge income which is recognized upon receipt.

Fees and subscription payment that to future periods are shown in the statement of position as subscription received in advance under current liabilities.

## 2.5 USE OF JUDGEMENT AND ESTIMATES

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

## 3. MEMBERS' SUBSCRIPTION

	2018	2017
	Rs.	Rs.
Members Subscription	44,582,371	43,478,100
Temporary Member Fee	157,652	325,957
	44,740,023	43,804,056

## 4. OTHER INCOME

	2018	2017
	Rs.	Rs.
Guest Fees	3,306,138	2,781,683
Income from 31st December Dinner Dance	4,239,778	4,027,241
Sponsorship Income	922,538	519,809
Hall/Area Charges	11,078	6,817
Cover Charges	4,263,581	3,899,959
Surcharge Income	11,513,568	15,561,480
Laundry Income	116,471	237,558
AquaFit Income	13,200	108,000
Flyer Income	149,355	178,953
Marquee Charges-Income	14,487	22,037
Other Income	517,208	223,781
Parking Charges-Income	17,043	123,275
Rental Fee Income	1,222,413	1,031,130
Ticket Sales	308,913	303,214
Yoga Income	2,556	4,500
SSC Pool Fee	311,885	135,491
Tickets Sales - Kiddies XMas Party	257,783	164,890
Other Sundry Receipts	65,763	99,601
Bad-debts Reversal	1,134,470	-
Fixed Assets Disposable Gain or Loss A/C	70,714,693	-
	99,102,924	29,429,421

## 5. SURPLUS/(DEFICIT) ON BAR

	2018	2017
	Rs.	Rs.
Revenue	54,130,793	53,243,986
Other Income	64,118	93,154
<b>Total Income</b>	54,194,911	53,337,140
Direct Cost	(31,504,757)	(32,275,662)
Personnel Cost	(8,114,012)	(6,639,175)
Overheads	(5,622,291)	(6,237,773)
<b>Total Expenses</b>	(45,241,059)	(45,152,611)
<b>Surplus</b>	8,953,852	8,184,528

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

<b>6. SURPLUS/(DEFICIT) ON CATERING</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Revenue	70,338,380	63,799,610
Other Income	72,494	71,049
<b>Total Income</b>	<b>70,410,874</b>	<b>63,870,659</b>
Direct Cost	(37,992,006)	(39,389,626)
Personnel Cost	(27,888,759)	(26,201,848)
Overheads	(12,766,049)	(11,740,875)
<b>Total Expenses</b>	<b>(78,646,815)</b>	<b>(77,332,349)</b>
<b>Deficit</b>	<b>(8,235,940)</b>	<b>(13,461,689)</b>
<b>7. SURPLUS/(DEFICIT) ON HIRE OF ROOMS</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Hire Income	26,357,365	32,277,481
<b>Total Income</b>	<b>26,357,365</b>	<b>32,277,481</b>
Direct Cost	(3,147,404)	(3,204,307)
Personnel Cost	(2,507,153)	(3,181,365)
Overheads	(6,677,481)	(8,928,695)
<b>Total Expenses</b>	<b>(12,332,038)</b>	<b>(15,314,367)</b>
<b>Surplus</b>	<b>14,025,327</b>	<b>16,963,114</b>
<b>8. SURPLUS/(DEFICIT) ON SPORT SERVICES</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Service Income	11,212,362	11,494,146
Other Income	91,500	115,349
<b>Total Income</b>	<b>11,303,861</b>	<b>11,609,494</b>
Personnel Cost	(6,646,020)	(4,062,995)
Overheads	(3,155,789)	(6,114,639)
<b>Total Expenses</b>	<b>(9,801,809)</b>	<b>(10,177,634)</b>
<b>Surplus/(Deficit)</b>	<b>1,502,052</b>	<b>1,431,860</b>
<b>9. SURPLUS/(DEFICIT) ON LIBRARY SERVICES</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Subscription Income	1,002,796	1,094,830
Other Income	143,171	119,463
<b>Total Income</b>	<b>1,145,967</b>	<b>1,214,293</b>
Personnel Cost	(552,146)	(506,997)
Overheads	(663,671)	(1,575,762)
<b>Total Expenses</b>	<b>(1,215,817)</b>	<b>(2,082,758)</b>
<b>Deficit</b>	<b>(69,850)</b>	<b>(868,465)</b>

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

<b>10. SURPLUS/(DEFICIT) ON SUNDOWNER</b>	<b>2018 Rs.</b>	<b>2017 Rs.</b>
Revenue	11,984,810	21,774,332
Other Income	104,156	220,640
<b>Total Income</b>	<b>12,088,966</b>	<b>21,994,972</b>
Direct Cost	(4,676,414)	(9,521,636)
Personnel Cost	(2,566,299)	(4,295,175)
Overheads	(4,035,589)	(4,353,578)
<b>Total Expenses</b>	<b>(11,278,301)</b>	<b>(18,170,389)</b>
<b>Surplus</b>	<b>810,665</b>	<b>3,824,583</b>
<b>11. SURPLUS/(DEFICIT) ON PASTRY</b>	<b>2018 Rs.</b>	<b>2017 Rs.</b>
Revenue	9,723,337	10,464,957
<b>Total Income</b>	<b>9,723,337</b>	<b>10,464,957</b>
Direct Cost	(4,797,623)	(4,686,403)
Personnel Cost	(3,008,116)	(3,676,456)
Overheads	(2,121,658)	(1,703,849)
<b>Total Expenses</b>	<b>(9,927,397)</b>	<b>(10,066,709)</b>
<b>Surplus / (Deficit)</b>	<b>(204,060)</b>	<b>398,248</b>
<b>12. SURPLUS/(DEFICIT) ON BUSINESS MEETING ROOM</b>	<b>2018 Rs.</b>	<b>2017 Rs.</b>
Revenue	1,204,366	1,106,130
Other Income	20,162	20,040
<b>Total Income</b>	<b>1,224,527</b>	<b>1,126,170</b>
Direct Cost	(109,426)	(46,685)
Personal Cost	(406,029)	(484,034)
Overheads	(392,801)	(369,004)
<b>Total Expenses</b>	<b>(908,256)</b>	<b>(899,722)</b>
<b>Surplus / (Deficit)</b>	<b>316,271</b>	<b>226,447</b>

### 13. PROPERTY, PLANT AND EQUIPMENT

<b>13.1 Gross Carrying Amounts</b>	<b>Balance As at 01.01.2018 Rs.</b>	<b>Additions Transfers/ Rs.</b>	<b>Disposals/ Transfers Rs.</b>	<b>Balance As at 31.12.2018 Rs.</b>
Land	1,492,850,000	-	(257,076,228)	1,235,773,772
Buildings	250,781,859	152,609,890	-	403,391,748
Sports Complex	64,127,804	-	-	64,127,804
Furniture and Fittings	32,668,870	8,439,853	(571,106)	40,537,617
Electrical and Fittings	52,345,169	18,329,383	(241,169)	70,433,383
Computer Equipment	7,545,439	1,820,085	(3,000)	9,362,524
Sports Equipment	18,644,715	38,500	-	18,683,215
	1,918,963,856	181,237,711	(257,891,503)	1,842,310,063
<b>In the Course of Construction</b>				
Buildings	5,864,249	-	(5,864,249)	-
Swimming Pool	21,170,376	-	(21,170,376)	-
	27,034,625	-	(27,034,625)	-
<b>Total Gross Carrying Amount</b>	1,945,998,481	181,237,711	(284,926,128)	1,842,310,063



# NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

## 13. PROPERTY, PLANT AND EQUIPMENT (Contd...)

13.2 Depreciation	Balance As at 01.01.2018 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2018 Rs.
Buildings	22,116,319	7,544,780	-	29,661,099
Sports Complex	8,524,269	1,603,195	-	10,127,464
Furniture and Fittings	14,943,360	3,494,748	(334,152)	18,103,956
Electrical and Fittings	31,367,198	8,890,218	(184,346)	40,073,070
Computer Equipment	4,536,046	1,210,580	(3,000)	5,743,627
Sports Equipment	12,890,613	1,935,488	-	14,826,101
<b>Total Depreciation</b>	<b>94,377,805</b>	<b>24,679,009</b>	<b>(521,498)</b>	<b>118,535,317</b>
<b>13.3 Net Book Value</b>			<b>2018 Rs.</b>	<b>2017 Rs.</b>
Land			1,235,773,772	1,492,850,000
Buildings			373,730,649	228,665,540
Sports Complex			54,000,339	55,603,535
Furniture and Fittings			22,433,661	17,725,510
Electrical and Fittings			30,360,313	20,977,971
Computer Equipment			3,618,898	3,009,393
Sports Equipment			3,857,114	5,754,102
			<b>1,723,774,746</b>	<b>1,824,586,051</b>
<b>In the Course of Construction</b>				
Buildings			-	5,864,249
Swimming Pool			-	21,170,376
			-	27,034,625
<b>Total Carrying Amount of Property and Equipment</b>			<b>1,723,774,746</b>	<b>1,851,620,676</b>

**13.4** During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs.154,203,086/- (2017 - Rs.63,254,830/-) for the cash consideration.

**13.5** Property, Plant and Equipment include fully depreciated assets having a gross carrying amounts of Rs. 31,041,621/- (2017-Rs.26,503,566/-)

## 13.6 Land Acquisition for the extension of the Marine Drive

Part of the land that belonged to Colombo Swimming Club has been acquired by RDA and they have agreed to pay the compensation for that land portion . RDA have given Compensation voucher for the payment & it has been signed by CSC on 18.10.2018. Compensation Value on the Voucher is amounting to Rs. 328,025,000.

**13.7** Revaluation Reserve amounting to Rs. 1,477,030,844/- related to Land and Buildings has been re-classified to Accumulated Fund in the year 2012 during the transition to SLFRS for SMEs.

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

<b>14. INTANGIBLE ASSETS</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Cost</b>		
Cost as at the Beginning of the Year	3,012,700	3,012,700
Additions and Improvements	-	-
Adjustment done on opening balance	-	-
Cost as at the End of the Year	3,012,700	3,012,700
<b>Amortisation &amp; Impairment</b>		
Amortisation as at the Beginning of the Year	2,465,593	2,235,170
Charge for the Year	220,196	230,423
Adjustment done on opening balance	-	-
Accumulated Amortisation as at the End of the Year	2,685,789	2,465,593
Net Book Value as at the End of the Year	326,911	547,107
<b>14.1</b>	Intangible assets stated above consist of Computer Software, Web, Online Reservation System and Time & Attendance System together with related costs. It is amortised over its estimated life of five years using the straight line method.	
<b>15. INVENTORIES</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Bar	6,480,173	5,793,622
Catering	1,847,820	1,749,963
Stationery	304,144	195,473
Hardware and Electrical	75,330	2,225
Consumable and Other	384,156	392,366
	9,091,624	8,133,648
<b>16. MEMBER'S DUE AND OTHER RECEIVABLES</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Members' Due	62,395,732	38,700,866
Less: Provision for Impairment of Trade Debtors	(1,900,181)	(3,939,497)
Provision for Surcharge	(12,382,690)	(11,823,052)
	48,112,862	22,938,318
Other Receivables	5,764,326	9,770,265
Land Compensation Receivable A/C	328,025,000	-
	381,902,188	32,708,583
<b>17. DEPOSITS, PREPAYMENTS &amp; ADVANCES</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Refundable Deposits	1,030,056	1,005,056
Prepayments	1,367,163	629,526
Advances	3,884,520	2,561,253
	6,281,739	4,195,835
<b>18. INVESTMENTS</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Fixed Deposits	5,453,865	87,572,932
	5,453,865	87,572,932
<b>19. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT</b>	<b>2018</b>	<b>2017</b>
<b>Components of Cash and Cash Equivalents</b>	<b>Rs.</b>	<b>Rs.</b>
<b>19.1 Favorable Cash and Cash Equivalent Balances</b>		
Cash and Bank Balances	38,414,920	16,789,518
	38,414,920	16,789,518
<b>19.2 Unfavorable Cash and Cash Equivalent Balances</b>		
Bank Overdraft	(16,620,451)	(14,666,745)
	(16,620,451)	(14,666,745)
<b>Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement</b>	<b>21,794,468</b>	<b>2,122,774</b>

# NOTES TO THE FINANCIAL STATEMENTS

## As at 31 December 2018

<b>20.</b>	<b>EMPLOYEE BENEFIT LIABILITY</b>	<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
	<b>Employee Benefits Obligation - Gratuity</b>		
	Balance as at 01 January	10,337,830	8,791,701
	Charge/(Reverse) for the Year	1,762,848	1,901,830
	Benefits Paid	(688,830)	(355,701)
	Balance as at 31 December	11,411,847	10,337,830
<b>21.</b>	<b>TRADE AND OTHER PAYABLES</b>	<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
	Trade Payables - Others	12,867,971	10,703,330
	Other Payables	7,114,162	2,660,116
	Sundry Creditors Including Accrued Expenses	69,766,846	12,089,970
	Room Income in Advance	5,241,946	4,463,094
		94,990,925	29,916,510
<b>22.</b>	<b>FINANCE INCOME</b>	<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
	Interest Income on Fixed Deposits	4,408,047	12,864,624
	Interest on NTB Mega Saving A/C	806,433	213,225
		5,214,480	13,077,849
<b>23.</b>	<b>FINANCE COST</b>	<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
	Interest Expense on Bank Overdraft	10,761	18,506
		10,761	18,506
<b>24.</b>	<b>INCOME TAX</b>		
	<b>The major components of income tax expense for the year are as follows :</b>	<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
	<b>Current Income Tax</b>		
	Current Income Tax charge	42,866,286	224,400
	Under/(Over) Provision of Current Taxes in respect of Prior Years	224,400	-
	Deferred Taxation reversal (Note 24.2)	(4,307,616)	-
	<b>Income Tax Expense Reported in the Income and Expenditure Statement</b>	<b>38,783,070</b>	<b>224,400</b>
<b>24.1</b>	<b>A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :</b>		
		<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
	Net Annual Value (01.01.2018 - 31.03.2018)	561,000	2,244,000
	Interest Income - Fixed Deposits	9,332,233	13,077,849
	Less - Interest Income on which WHT has been deducted at source	-	(13,077,849)
	Business Income	296,454,810	-
	Taxable Income	306,348,043	2,244,000
	Income Tax @ 10%	56,100	224,400
	Income Tax @ 14%	42,810,186	-
	Current Income Tax Expense	42,866,286	224,400

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

## 24. INCOME TAX (Contd...)

### 24.2 Deferred Tax Assets, Liabilities and Income Tax Relates to the Followings

	Statement of 2018 Rs.	2017 Rs.	Income Statement 2018 Rs.	2017 Rs.
<b>Deferred Tax Liability</b>				
Surplus on Land Revaluation	159,361,484	163,669,100	4,307,616	-
			4,307,616	-
	159,361,484	163,669,100		
Deferred Tax Liability	159,361,484	163,669,100		

24.3 The Inland Revenue Act No.24 of 2017 will be effective from 1st April 2018 and the gain on the realization of land will be taxed at the rate at which the business profit will be liable for tax.

## 25. COMMITMENTS AND CONTINGENCIES

### 25.1 Capital Commitments

25.1.1 The Club does not have significant contingent commitments as at the reporting date.

### 25.2 Contingencies

25.2.1 The Club does not have significant contingent liabilities as at the reporting date.

## 26. ASSETS PLEDGED

The Club has not pledged any assets against liabilities as at the reporting date.

## 27. GUARANTEES

The Club has no guarantees as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

28. SERVICE CHARGE	2018 Rs.	2017 Rs.
Laundry Income A/C	116,471	237,558
Bar	54,166,053	53,322,416
catering	70,338,380	63,799,610
Hire income	26,357,365	32,277,481
Catering Sales Sundowner	10,493,065	19,426,475
Bar Sales Sundowner	1,074,182	1,395,531
Corkage-Sundowner	446,421	967,050
Sales Pastry	5,665,192	7,411,676
Catering Sales Coffee shop	2,652,683	2,075,590
Beverage Sales Coffee shop	1,405,460	977,691
Business center Income	20,162	20,040
Service Charge 10%	172,735,436 17,273,544	181,911,117 18,191,112

## 29. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE COMPANY

The Committee members are identified as the key management personal of the club.

	2018 Rs.	2017 Rs.
<b>Key Management Personnel Interest</b>		
Sales or Service	55,131	-
	55,131	-

Other than that there have no transactions with entities that are controlled or significantly influenced by key management personnel or their close members of family.

## 30. EVENTS OCCURRING AFTER THE REPORTING DATE

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

## 31. PENDING LITIGATIONS

The Club has following pending litigation as at the reporting date.

A member has contested certain disciplinary procedures that the General Committee of the Club has taken against the member.

Case No. DSP/48/2017 and WP/HCCA/LA/127/2018

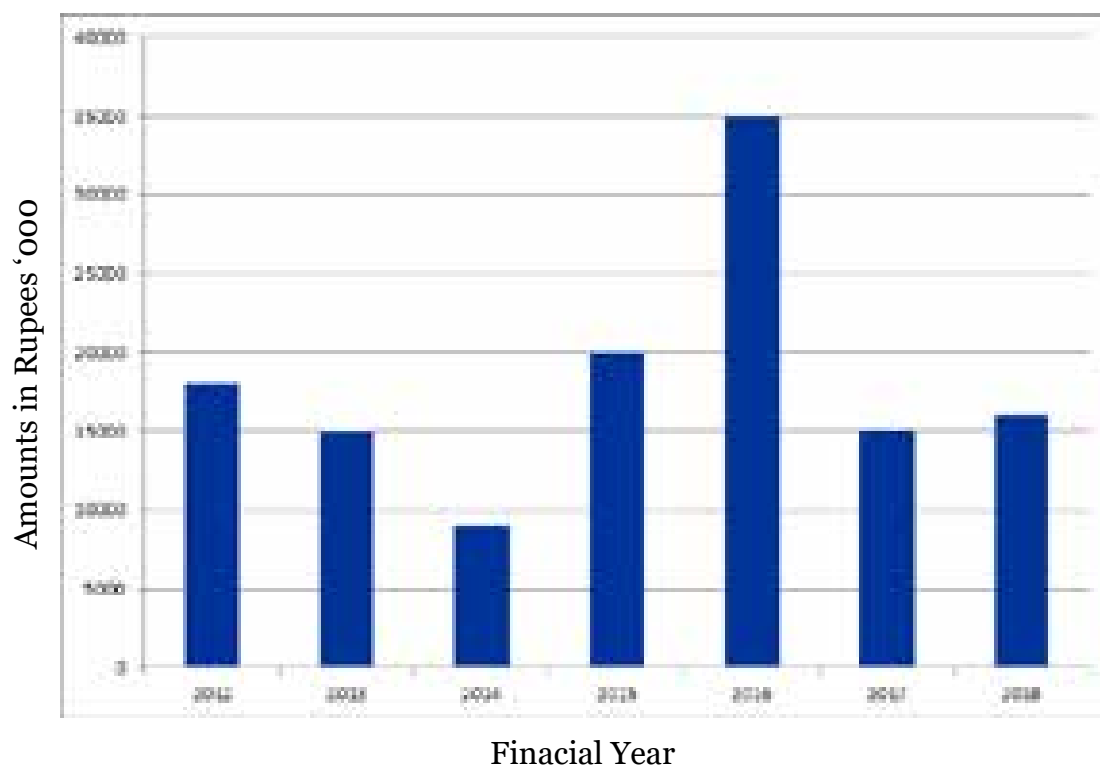
# DETAILED INCOME STATEMENTS

As at 31 December 2018

STATEMENT I	2018 Rs.	2017 Rs.
<b>Administrative Expenses</b>		
Staff cost	43,740,806	40,326,748
Upkeep and Maintenance Expenses	2,901,813	3,192,685
Depreciation	13,813,468	12,003,396
Amortization of Intangible Assets	220,223	230,423
Electricity	3,480,774	3,491,102
Security Charges	4,842,365	4,138,174
Insurance	590,701	581,028
Printing and Stationery	1,759,000	1,436,050
Tourist Development Levy	3,580,148	2,862,193
Postage	687,495	804,610
Rates	942,480	942,480
Credit Card Commission	4,645,108	4,224,438
Bank Charges	419,250	463,179
License	1,531,448	1,590,363
Water	1,478,069	1,157,177
Entertainment	5,050,275	4,616,927
Auditors Remuneration	381,656	349,151
Legal And Professional Charges	3,083,898	3,156,561
Advertising	633,214	335,919
Laundry	559,811	685,112
Sundry	599,440	150,430
Transport	445,520	415,876
Telephone	1,036,815	1,039,900
Website Hosting Charge & Wi Max	617,178	1,058,367
Bad Debt	-	387,139
Staff Quarters Expenses	575,260	639,013
Parking Expense	20,000	123,000
Repair & Maintenance - General	3,869,107	6,105,012
Computer Repair & Maintenance - General	819,459	694,214
Tax Penalty	11,365	48,510
31st Night Expenses	4,222,484	6,106,175
Telephone Repair & Maintenance Charges	207,269	77,800
Loss On Fixed Asset Disposal	-	12,244,132
Esc Write Off	1,373,709	916,948
Sport Instructure Expense	10,560	89,600
SSC Pool fee-Expense	1,787,870	873,000
VAT Expense	-	431,972
IPG Set up & Maintenance	30,000	-
Printing & Stationary - Housekeeping	18,312	-
Laundry and Housekeeping	140,954	-
Other Purchases - Housekeeping	829,046	-
SLTA membership fee	393,500	-
	111,349,848	117,988,803

# GRAPHICAL REVIEW

## Operating Profit

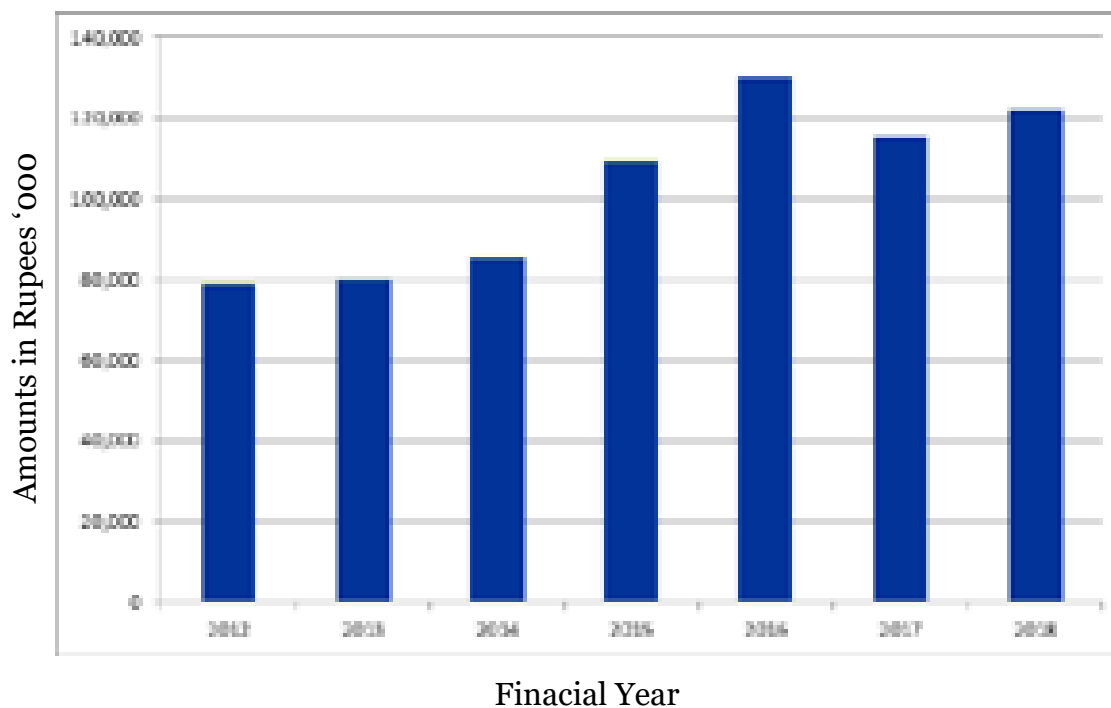


## Excess of Income over Expenditure

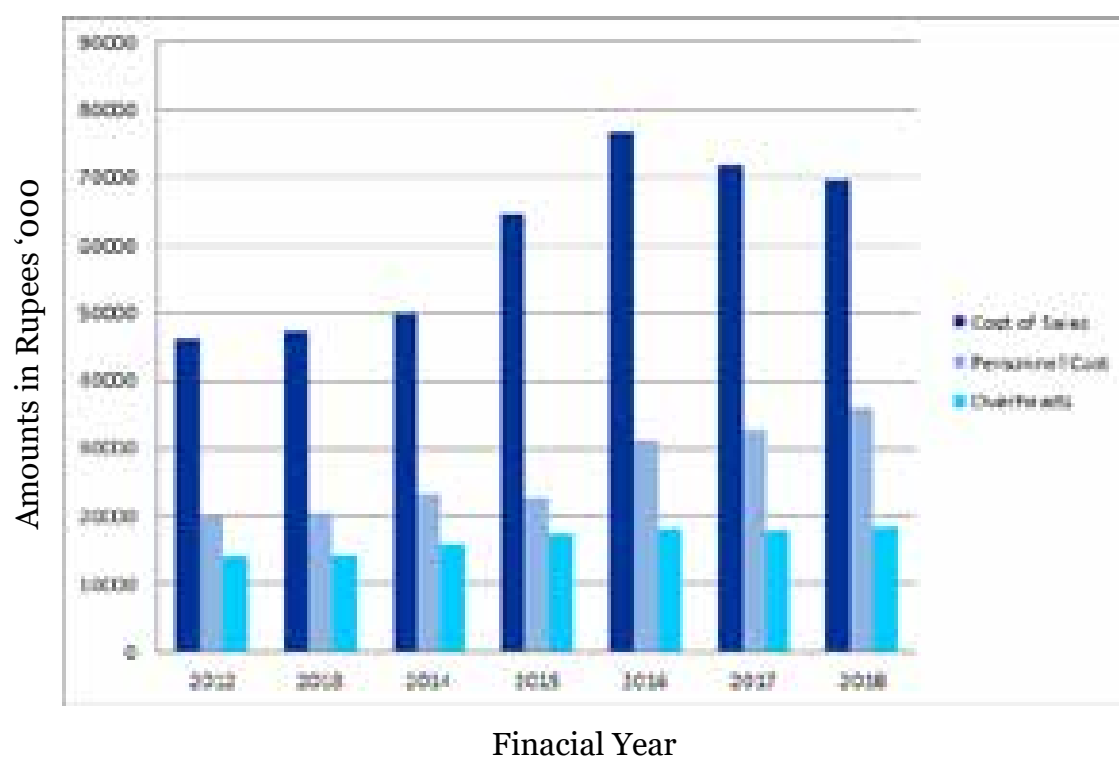




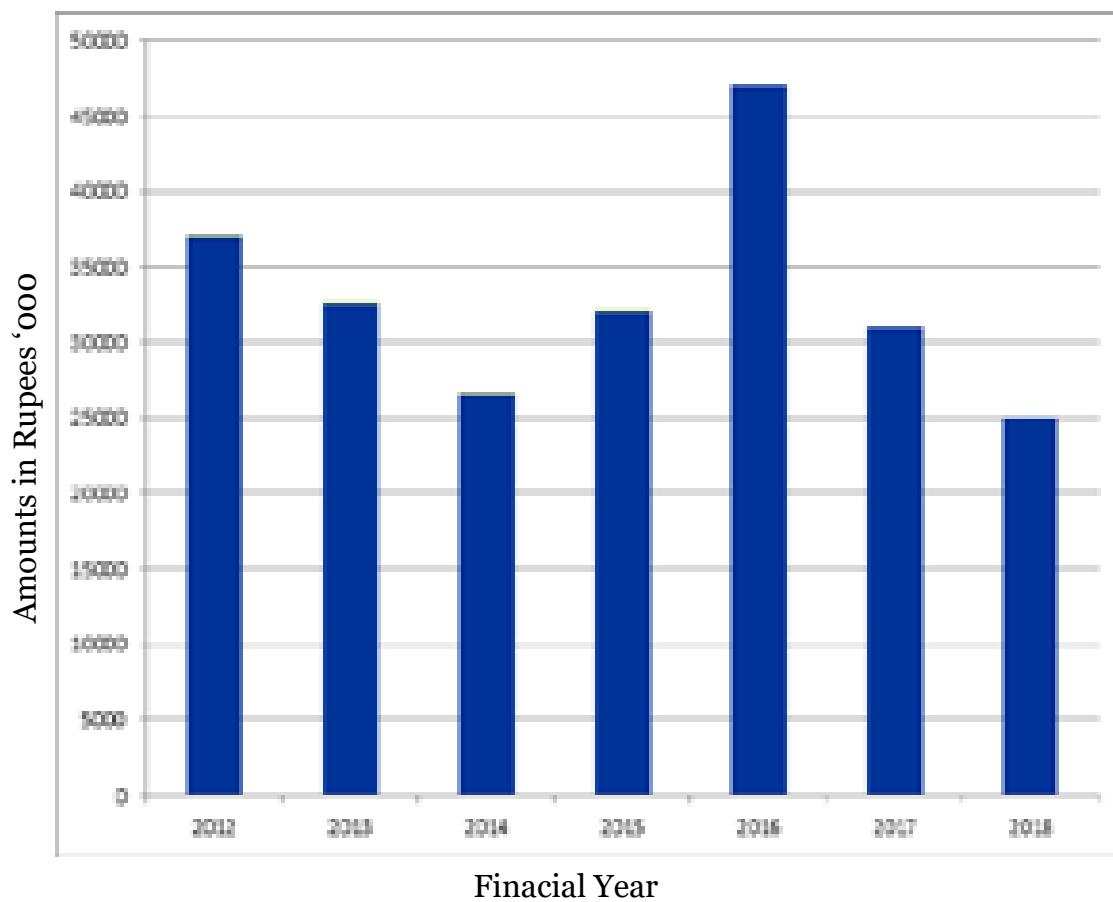
## F & B Revenue



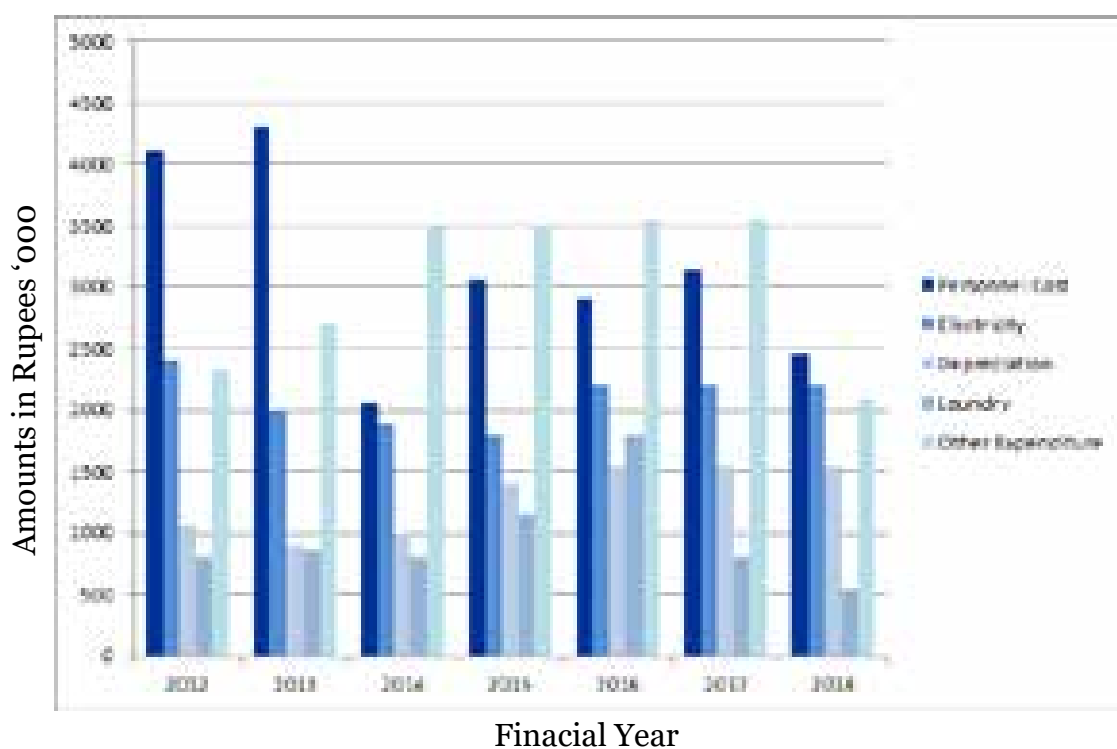
## F & B Expenses



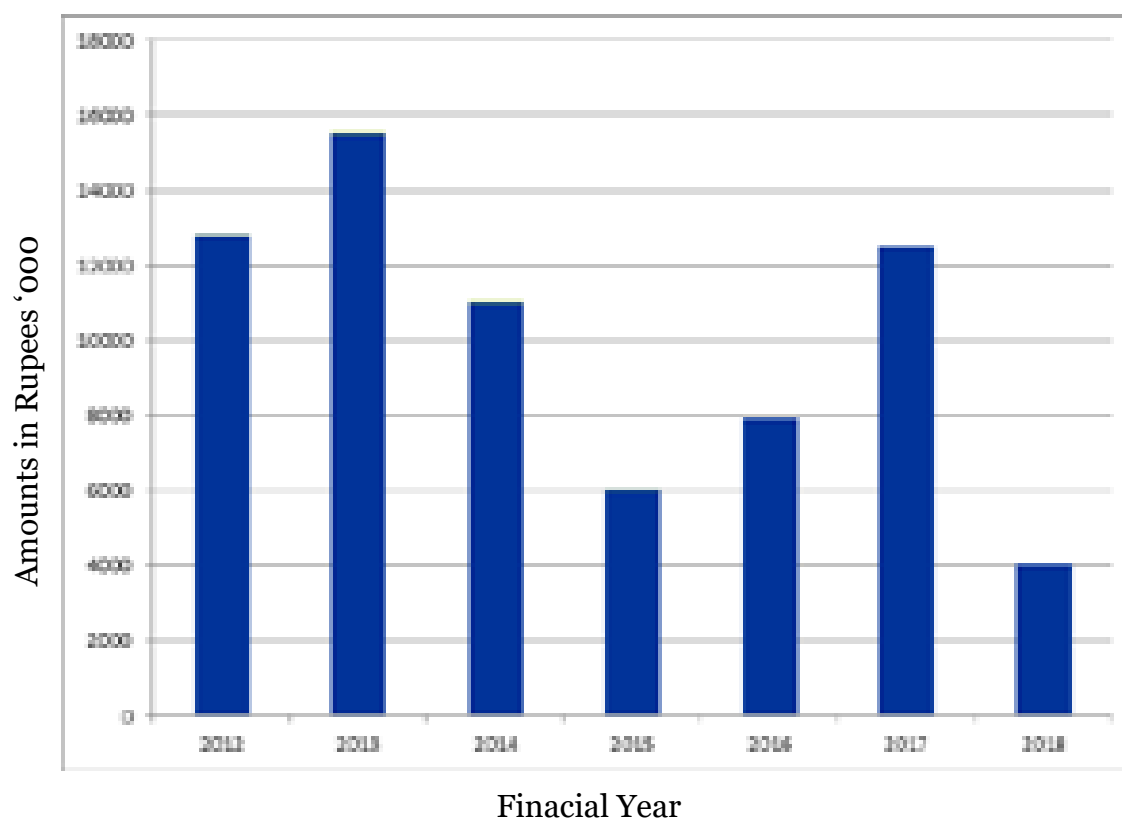
## Revenue From Rooms



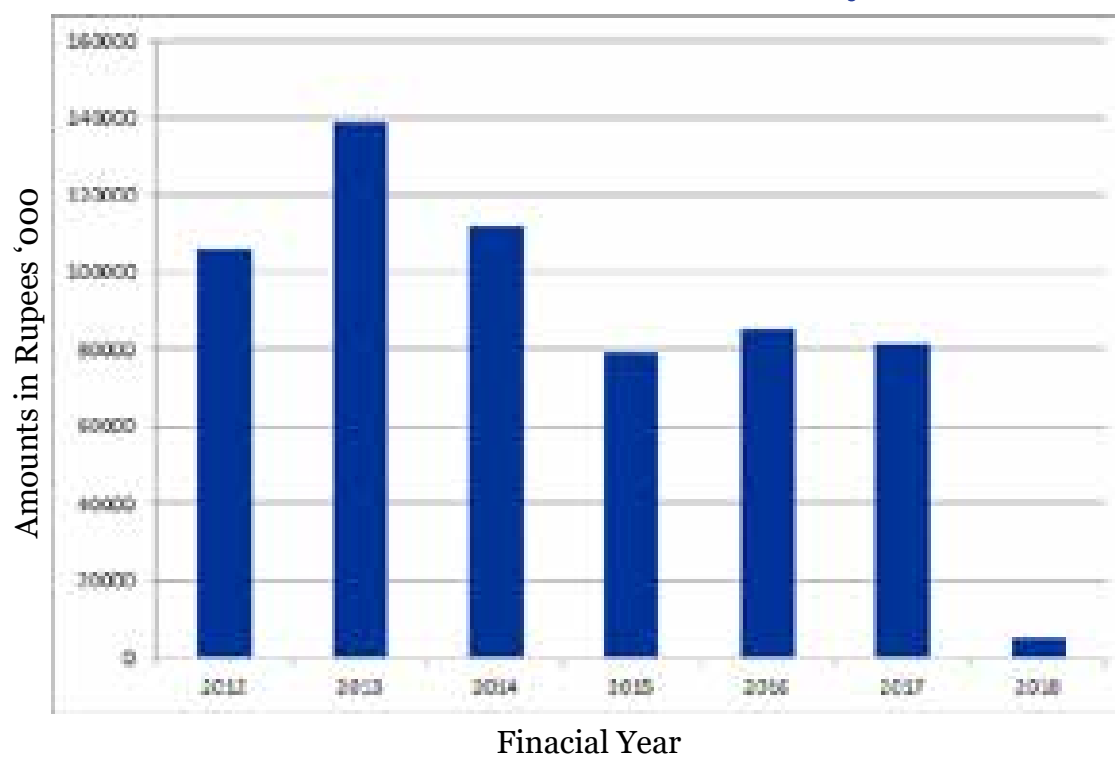
## Room Expenses



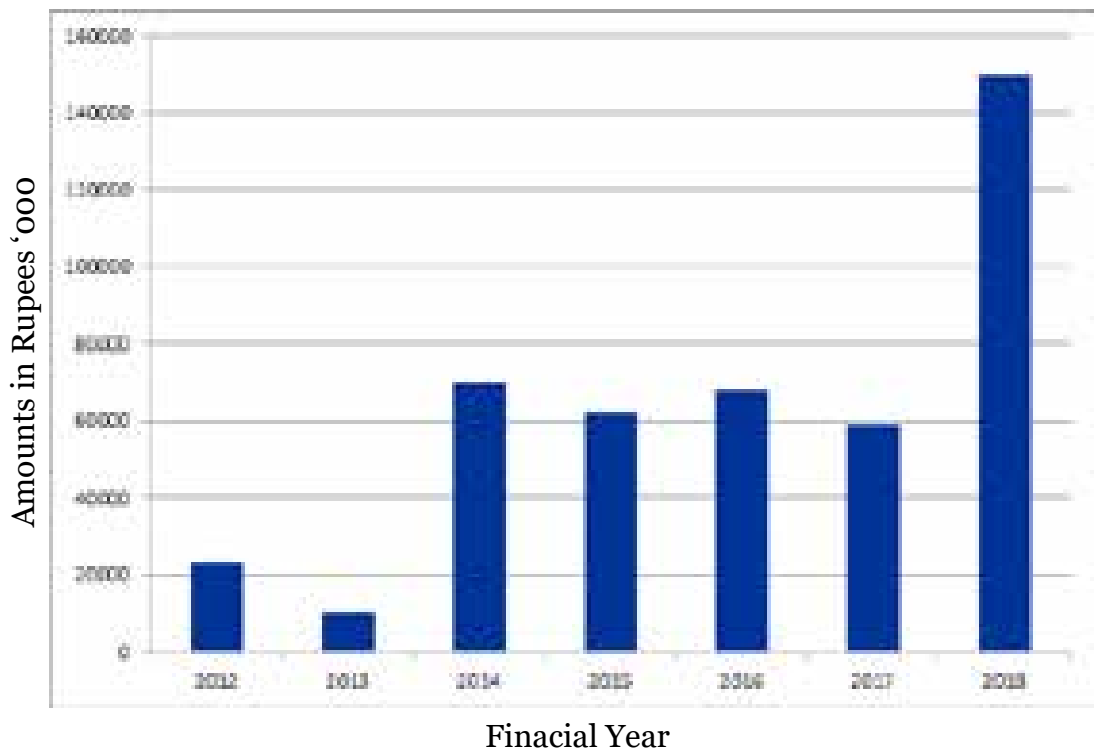
## Interest Income



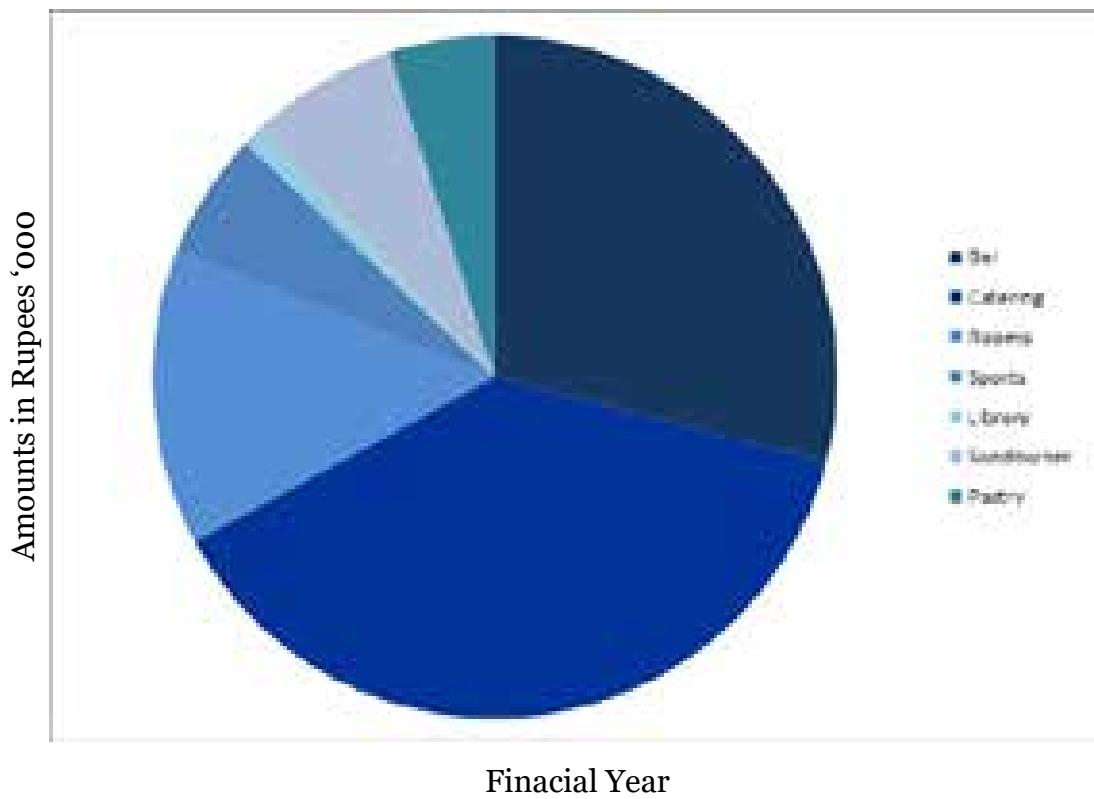
## Cash Resources at the end of the year



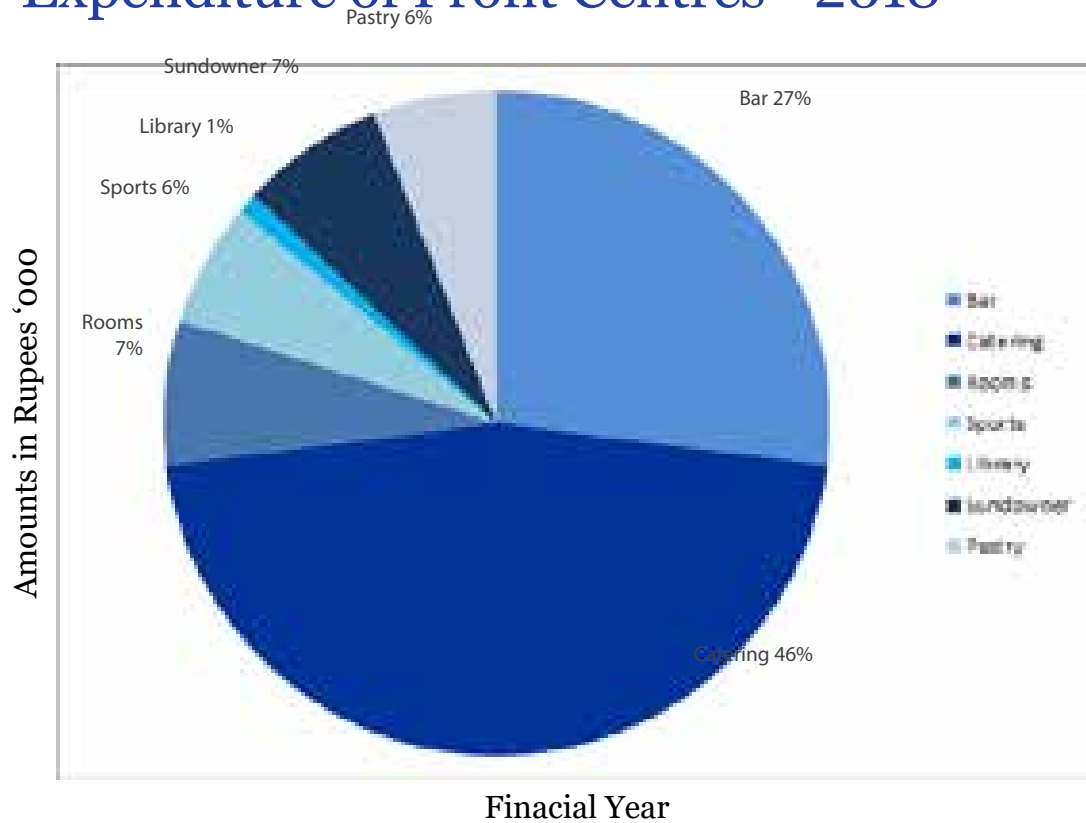
# Capital Expenditure



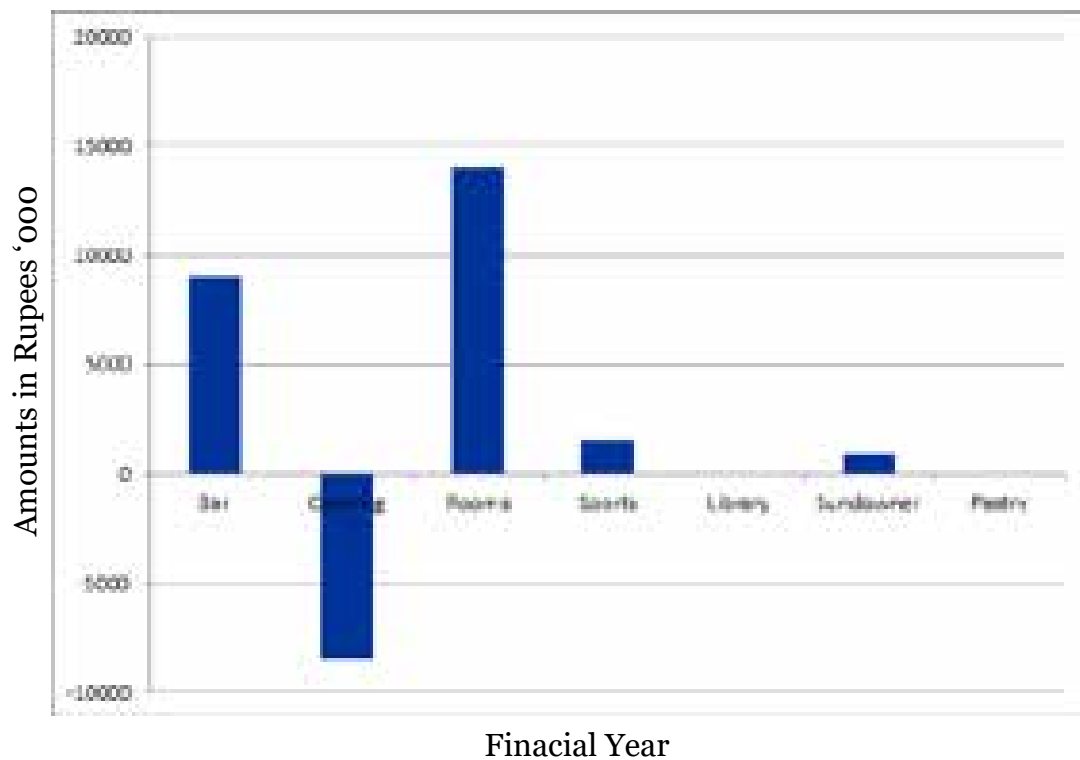
# Revenue of Profit Centres - 2018



## Expenditure of Profit Centres - 2018



## Net Profit / (Loss) of the Profit Centres - 2018



[illegible]