



COLOMBO
SWIMMING CLUB
— 1936 —

TIMELESS CHARM

ANNUAL REPORT
2023

The background of the cover is a light blue gradient with stylized white and light blue waves at the top and bottom. A large, dark blue circle is centered on the page, containing the text.

Colombo Swimming Club

Annual Report 2023

www.colomboswimmingclub.org



Our Family. Our Heritage

The year 2023 was a year of uncertainty and change, and we at the Colombo Swimming Club had to navigate this period with great commitment, strength and unity.

As the year concluded we are proud that we were able to overcome the challenges posed and endure adversity and finish the year very strongly.

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President's Report

March 2024

Dear Members,

It is with mixed feelings that I table report for the financial year 2023. The outcomes of the year are the result of the strategies and implementation of the previous GC and the Swimming club management team and staff. The Interim GC constituting of myself-Shehara de Silva (President) Rohan Paulus as VP, Jeevantha Jayatilake (General Secretary), Yogi Yogendran, (Works member) , Rajieve Fernando (Club Captain) , Terrence Fernando (F&B I) , Shibani Thambiayah (Entertainment member) took over on Jan 13th 2024.

We took over after an unprecedented resignation of the entire previous General Committee in Nov 2023. We believe our mandate was to steer it through this period of turbulence and hand it over to a team that would be ratified at the AGM of 30th March 2024. I have thus focused on what we have achieved in our short stint and flagged a few concerns and challenges for the new team that takes over .

I would like to thank the current committee & the club management team for their incredible passion and commitment to deliver the following in a short space of time.

Ethics, Compliance & Good Governance

We established accountability and disclosure. All GC members and new sub committees signed a non-mandatory conflict of interest and disclosure document that gave assurance that there was no ongoing litigation where they stood accused re misappropriation, fraud or any other financial misdemeanor. Similarly, they pledged no conflict of interest with any ongoing vendor or supplier to the club. It is our hope that this will become an ongoing practice.

Financial and Operational Performance 2023

For 2023 Total club revenue stood 547 million with a profit of 39 million before taxes. The club is losing money on F&B- where losses are at 26 million, exacerbated by an energy bill of 40.8 million, offset by member revenue of 119 ml, and fixed deposit income of 74 million. Rooms are profitable contributing 40 million. Going forward we see this as a major profit center with opportunity to double revenue.

Operational Excellence

We have made considerable progress in the past two months to get our house back in order and continue to drive programs to enrich member experience & satisfaction. To name a few.

- Online room booking system with integrated payment system.
- Launch of member portal to enable payments & review invoices.
- Circulation of management accounts (first time)
- Preparation of detailed budget for member support (first time)
- Initiated an Energy Audit given that we have an annual expense of expense of LKR 48 mln
- Implementing plans to expand solar energy usage to reduce energy expense. Proposal will be presented to members to significantly expand our solar energy (restaurant roof, swimming pool parameter and car park) and obtain approval for capital spend
- Although the current ERP system was implemented in 2021 at a cost of 7M vendor selection was poor. The application is not suitable for the club and the vendors have refused to provide support. This is a strategic error resulting in staff frustration, talent loss, inefficiencies and significant manual workaround. We will transition to a new ERP. The Proposal will be submitted to members for approval.
- A decision was made by the previous committee to drop prices without any plan for cost optimization or waste reduction. Consequently, margins declined to 32% in Q4. We rationalized the menu and implemented smarter purchasing. Margins have improved to 43%.
- Leveraging stronger supplier partnership including a collective buy with other clubs to increase our bargaining power.

Member Experiences

- Membership dues have not been followed up on with 17 million due for over 90 days. We are reviewing the rather draconian surcharge of compounding interest at 10% per month which is stipulated in our constitution. This surcharge itself is unconscionable and the constitution needs to be changed to limit this to align with the current interest rates
- 75 New memberships were granted after a 3 year backlog
- Implemented an online portal to make payments
- Online booking engine for rooms
- The proposed car park solar expansion will give us a shaded car park with additional parking spaces
- A pickle ball court proposal will be submitted for approval at the AGM
- Swimming and Badminton classes have resumed
- Further expansion of the Gym will be tabled
- Yoga & Karate classes have been initiated.
- Focus to get us back to the running of national and schools level competitive leagues and tournaments in Swimming Snooker, Badminton and Squash.
- The Swimming gala will be back in May bigger and better.

Constitutional Reform Committee

A new constitutional reform committee was set up with the terms of tweaking the constitution to create a stronger governance framework and controls. The committee comprised of Mohan Wijesinghe, Jeevantha Jayatilake, Shirendra Lawrence Thayalan Bartlett, Shivan Cooray and myself (Shehara de Silva)

The committee flagged a series of changes

- Constitutional changes that will limit GC powers and provide for new trustees to oversee GC.
- The role of the Additional Trustees (AT's) are seen as been totally toothless and inconsequential. Their terms are only to move in at a time of total collapse or when the entire team resigns. The Constitution committee recommended the scrapping of these additional Trustees and rethinking the role of Permanent Trustees.
- Mohan Wijesinghe did a detailed benchmarking and review exercise that included so many important changes
- Given the complexity and nuances of a constitution overhaul the General Committee recommends engaging an external law firm to get the job done.
- However, we are proposing three changes at the AGM that the need for sorting out several other weaknesses in the
 - Increasing capex approval to 3 million and rephrasing the capex clause that BDO has also highlighted as ambiguous.
 - Limiting the liability of trustee's impunity to not cover fraud
 - Removing the need for a Past President to a fully qualified finance member to ensure greater financial oversight.

Human Resources.

We are actively recruiting a GM and hopefully will have the new GM introduced at the AGM.

With the hiring of a GM the operations will be run by professionals and the GC will provide strategy and oversight.

70% of the Operational Management Team (Executive Chef, F&B Manager, Head of Engineering, Finance Manager, Head of Housekeeping, Purchasing Manager) resigned. However, we have hired/promoted an excellent team and are confident that they will drive the club to the next level with a GM in place.

Our HR Manager has a comprehensive Learning and Development program mapped out in partnership with the heads of department. We are excited to prioritize and invest in such programs

The Past

The BDO audit revealed that the membership was correct in saying that the club was mismanaged. We prioritized to assess the issues of alleged maladministration, that the membership clambered to get clarity on via a special audit by increasing the scope.

The focus on the audit was initially to look at the year 2022, and compare it with previous practice with a review of documentation going back ten years. However, our VP /Finance member Rohan Paulus recommended the need for ensuring that any acts of fiduciary malpractice should be flagged. The audit Chair Mr. Chandan de Silva agreed and amendments were made to the scope.

We are pleased to record that the BDO special audit on the year 2022 was released as was the 2023 audited accounts of E and Y. I am deeply grateful to the Finance team, The Audit Committee, BDO and E & Y to make this happen. The GC was particularly impressed with the quality of work done by BDO. The audit analysis though watered down in the final report to accommodate the points of view/responses of the previous GC and the Current audit committee was on point. It is devoid of the tick-the-box approach and the sad lack of comment or growing concerns that E and Y takes as it sees the club as a private non listed entity with no need to operate by best regulatory compliance measures.

E and Y is a globally reputed multinational name but sometimes big auditors don't have the same drive for smaller clients and the caliber and depth of their input has been questionable. The GC will thus be recommending a change of Auditors in 2024. We note that it is blatantly obvious now that the General Committee of 2022 had violations of several best practices in terms of supplier selection, mandatory budget approvals, cost breakdowns, BOQ's and supplier accountability. There is nothing in our constitution that can justify or extenuate this kind of gross negligence or incompetence given the fact that several external consultants/contractors were paid and signed off by the F&B Member.

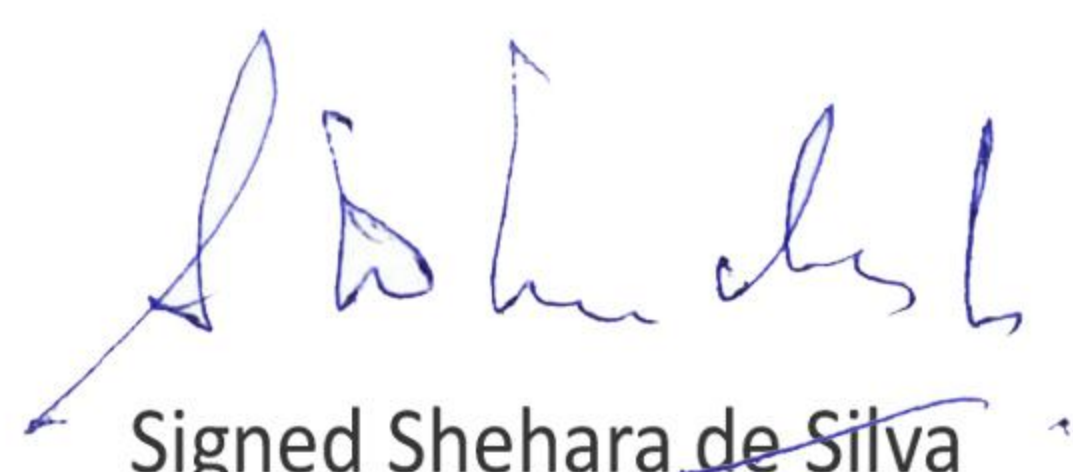
We have seen serious breaches in many high value transactions. A 13.7 million purchase of a Hitachi AC, Café Project of 18.8M, Sundowner 23.9M to name a few. Capex has been allocated wrong. 135 million of construction work commissioned mostly without proper house approvals .And Tenders and multiple quotes were not called for . These projects had multiple failures in internal control, fiscal prudence and accountability. The GC and Audit committee are strongly recommending an internal audit function to be introduced .

The Way forward

There must be huge emphasis on finding fit and proper persons who have the time and the integrity to lead this club. The challenge of leadership we face is not recent. GC and Presidents have left over the past two three decades with egg on their face or in a cloud of conjecture that the club has been used for their private gain, It is our hope that all the momentum we have created will be allowed to continue and fervently hope that the new GC will be elected uncontested.

We are a well-endowed club with superb location and reputational equity. We own our premises in the heart of the city by the Ocean. We have excellent staff. Many honorary General Committees have come and left a legacy of hard work and strong systems, F&B has produced good food. Member satisfaction is high. We deliver and exceed in value for members. Our challenge is that we must create a culture of probity in our leadership team and in our Trustees and GC. It is a good old-fashioned word fast becoming obsolete. meaning having strong moral principles; honesty transparency and decency.

We must grapple it to our souls holding it up as the measure of the good men and women we must ensure come in and drive this club to the next level.



Signed Shehara de Silva

Interim President CSC

March 14 2023



COLOMBO SWIMMING CLUB GENERAL COMMITTEE MEMBERS



Shehara de Silva
President



Rohan Paulas
Vice President



Jeevantha Jayathilake
General Secretary



Terrence Fernando
Food & Beverage
Member



Rajive Mario Fernando
Club Captain



Shibani Thambiayah
Entertainment
Member



Subramaniam Yogendran
House and Work
Member

Management Team



Namal Perera
Head of Operation



Chamila Waldeniya
F&B Manager



Rohitha Kumara
Executive Chef



Shamila Chandrasiri
HR Manager



Amila Rangana
Executive Housekeeper



Thusitha Liyanarachchi
Front Office Manager



Lakruwan Wickramarathna
Finance Manager



Nisanka Kulasuriya
Maintenance Engineer



Ayesh Hapuarachchi
Cost Controller



Stephen Fernando
Quality Controller



Year at a GLANCE

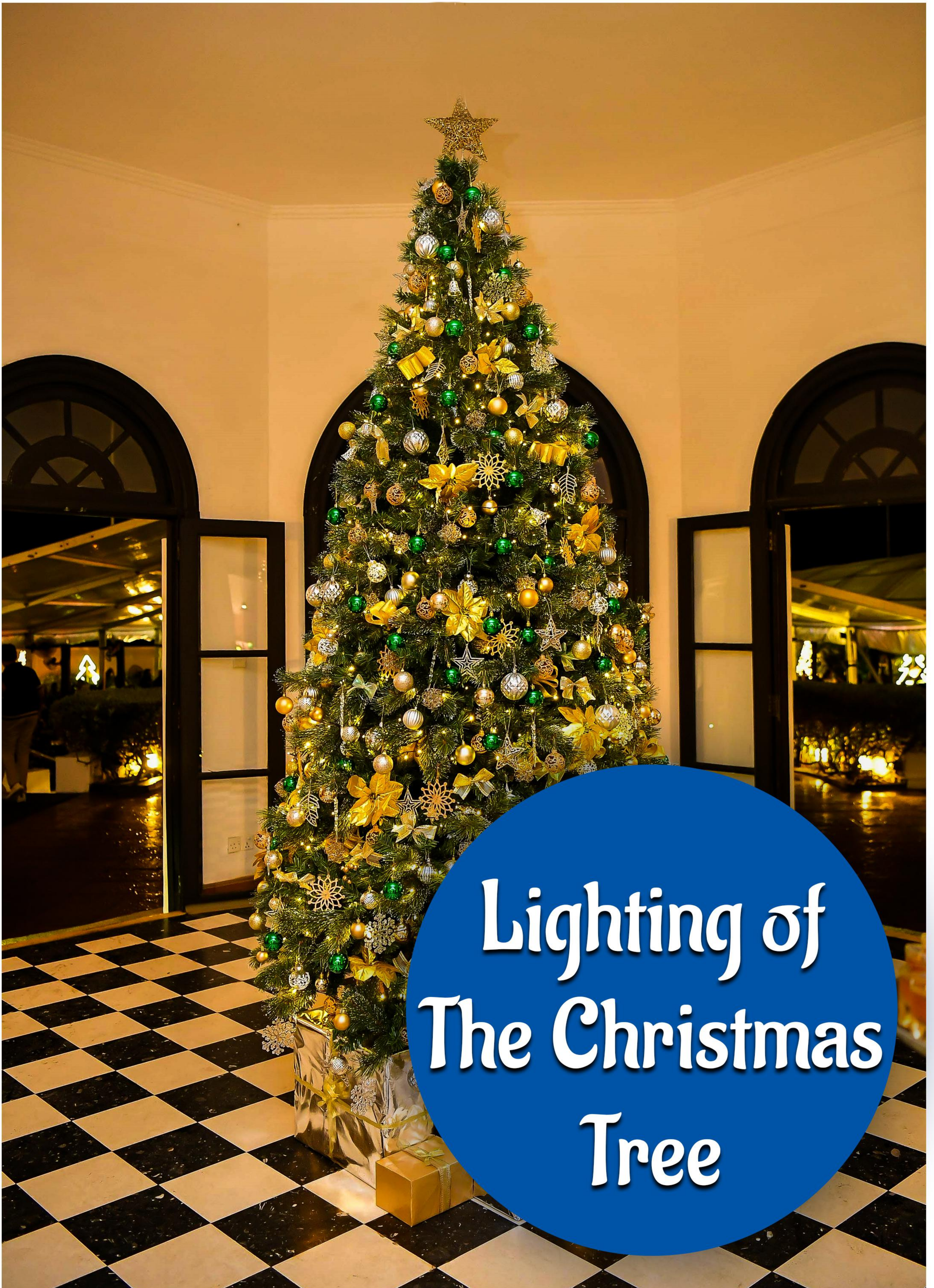






Christmas Cake Mixing





Lighting of The Christmas Tree



Kiddies Christmas Party







31st
Night





AUDIT COMMITTEE REPORT

Colombo Swimming Club**Audit Committee Report****March 2024****1. Introduction**Formation:

The Audit Committee (AC) came into being following a resolution passed at the 2023 AGM held at the end of March 2023, with the following scope:

- Meet with external Auditor to plan and identify the scope of work of the year-end financial audit.
- Independent review and discussion with the external Auditor regarding the draft Auditor's Report and Management Letter, and making observations to the General Committee on the audit findings, prior to finalization of the Audited Final Accounts.
- Recommending the Final Audited Accounts for adoption by the General Committee and presentation to the Membership.
- Periodical review of Accounting practices of the Club, and recommending internal audit assignments as and when deemed necessary.
- Make recommendations as regards the presentation of Final Accounts, to improve transparency and good governance.
- Make recommendations to the General Committee on improving internal controls and to recommend engaging an independent audit firm (other than the external Auditor) to examine internal controls and processes and suggest improvements thereto, as and when deemed necessary.
- Make recommendations to the General Committee on strengthening internal controls and processes.
- Review and make recommendations to the General Committee on the investment policy.
- Provide advice or recommendations on any audit or finance related matter as referred to the Audit Committee by the General Committee.
- Recommend an Auditor for appointment at Annual General Meeting.
- To prepare and present an Audit Committee Report for each financial year to the General Committee at least 20 days prior to the next succeeding Annual General Meeting, for publication to the membership along with the year-end Audited Financial Statements.

Members & criteria for choosing the non-AT members:

The initial members, as per the resolution, were the three Additional Trustees (AT).

Chandan de Silva was invited by the other two ATs to chair the AC.

The other two AT's being Chandima Gunewardene (an FCMA, who chairs and serves on a number of listed companies' audit committees) and Suren Kundanmal (a former President of the CSC).

The AT was tasked with appointing two members from the general membership. The AT was keen to introduce gender diversity in the composition of the AC, as well as attract another Chartered Accountant (in addition to the Chair of the AC).

The ATs were guided by the criteria of finding individuals with no disciplinary issues at the Club; no controversy in public life; no political affiliation; no record of default of payments to the Club.

After a review of the Club's membership and after approaching certain individuals, the ATs appointed a retired banker Ms. Keshini Jayawardene as well as Mr. Brian Selvanayagam, who is a Chartered Accountant.

Ms. Jayawardene stepped down from the AC at the end of Dec 2023 as she planned to spend 6 months abroad and would therefore be unable to fulfill her responsibilities during her stay overseas.

Guiding principles:

The AC recognized that the Club was functioning in an atmosphere of suspicion and mistrust (of the motives and actions of the General Committee of 2022) and resolved to be guided by the following principles, to ensure its own independence and impartiality.

It resolved to resist any form of pressure or coercion to compromise its processes, which were guided by the ideas of natural justice and neutrality. The AC further resolved and to do its utmost to ensure its own conclusions were evidence-based, and its reporting fair and balanced.

The AC informed the GC of its appointments in May 2023. and obtained the GC's concurrence.

2. Information requirements

- For reviewing quarterly accounts

Since establishing the Audit committee in May 2023, the AC set out its requirements to evaluate and examine the CSC's quarterly accounts.

Quarterly meetings were scheduled.

The AC had hoped to obtain an independent resource to record minutes, but as this was not cost-effective, a participant was nominated as minute taker at each meeting.

The AC requested the presence of the Vice President/Finance member at the quarterly reviews. However, this invitation was not accepted and the VP resigned shortly thereafter from her role.

The President attended these meetings, with members of the Finance committee and the the Head of Operations.

The primary focus at the quarterly reviews was inter alia, on the following:

1. Revenue capturing process
2. Explanation of actual vs. budget variances on revenue and expenditure.
3. Capex exposure – in the pipeline, committed, and approved - and the process by which it was approved.
4. Cashflows and four-weekly forecasts.
5. Accounting system integrity and issues.
6. Preparation of accounts in conformance with Accounting standards.
7. Inventory management and payment process from an audit perspective.

At the meeting in May '23 to review the first quarter's accounts, the AC had a conversation with the management to understand the constraints and challenges it faced.

It came to light that the ERP system (MS Navision) had stalled in the implementation stage (and its integration with the POS system), due to failure by the vendor, and CSC's management had to resort to manual means to produce accounts. This led to delays.

Having spent money on the Navision system, the GC was looking for a cost-effective open-source solution, which the AC was supportive of.

Furthermore, it was evident that this GC (and prior GCs) had operated without written-down standard operating procedures (SOPs) for the key operational processes of the club.

On another note, the AC observed that expenses relating to Events in 2022 (such as the 31st night dance) had not been accrued in 2022 and were being recorded only when invoices were approved. The AC instructed the

Head of Finance and the Head of Operations to ensure that expenditure was accrued from hereon in the period in which they were incurred.

Further, the AC observed that general expenses were very high and requested the management to assess whether any of it could be allocated to revenue centres or cost centres.

3. Review of E&Y Management Letter (ML)

2022 ML and findings

In July 2023, the AC reviewed the management letter submitted by E&Y for the year ended 2022, with the Partner and Manager of the E & Y audit team.

The E&Y team stated that there were no major control weaknesses overall.

Nor did the ML disclose any fraud findings.

The key focus areas of the 2022 audit were:

1. PPE
2. Short term investments and interest income
3. Cash & cash equivalents
4. Trade & other payables
5. Revenue
6. Capex – substantive audit was done on 60% of additions to buildings and 75% of equipment additions.

E&Y recommended a forensic audit be carried out every 2-3 years as a good practice (and not because of any evidence to suggest a need for one).

Following the review of the ML, the GC requested the AC to review the recently drafted procedures for Procurement and Payments and make observations and suggestions for improvement.

The AC encouraged the GC to draft further SOPs to cover the most critical operations of the CSC and consider initiating an internal audit program to check adherence to the SOPs.

In this context, the GC informed the AC that it had contracted an external firm called T&D, specialising in the hospitality industry, to audit the F&B operational procedures for effectiveness and efficiency.

As this was a critical set of operational processes, the AC was supportive of this initiative, as a priority.

- **2023 ML and findings**

In November 2023, the AC along with the newly elected VP/Finance member reviewed E&Y's Management letter, arising out of the 9-month interim audit to 30/09/23.

A number of weaknesses were identified, none of them major, with one exception, and that was that capex relating to 2022 had been recorded only in 2023. The management explained that it was their practice to record expenditure only when the related invoice was approved.

As noted earlier, in regard to expenses relating to Events, the AC instructed the Management to change this practice and record expenditure (both capex and opex) in the year it was incurred.

Aside from this, the AC was satisfied with the responses as well as the actions the management was taking to mitigate/ eliminate the concerns raised in the ML.

4. Special audit

Following the strong expression of discontentment by members at the last AGM about the 2022 capex, and the subsequent circulation of information purporting to be the amount of capex spent in 2022 without House approval, the GC requested the AC to facilitate an independent audit to investigate the allegations made.

The AC agreed to do so, and after approaching three firms to bid for this assignment, the AC recommended and the GC accepted, the appointment of BDO.

The scope of the special audit was set as follows:

- to assess whether the capex incurred in 2022 was expended in accordance with the Club's constitution.
- To ascertain the capex processes followed by the Club in the previous 10 years.
- To assess whether the processes followed by the GC in 2022 were consistent with the procedures followed by the GCs in the previous 10 years.
- To examine the processes followed in 2022 and make recommendations.

BDO's findings are described in their special audit report, which was circulated to members on 9th March 2024.

Further to the findings in BDO's report, the AC would advise this and future GCs, to be as open and proactive in consulting members, when the capex planned is above the threshold permitted in the club's constitution, regardless of the wording in the constitution. This would apply to capex other than for repairs/replacement and maintenance.

Furthermore, the definition of “new” capex as described in clause 9f of the constitution should be made clearer. The AC supports the view taken by BDO, that any upgrades to existing facilities should fall under the definition of “new” capex and be referred to the House for approval.

5. Negotiating year end audit fee

Following the receipt of information from the GC in August on E&Y’s proposed audit fee for 2023, the Audit Committee commenced negotiations with E&Y with regard to the audit fee based on the scope and nature of the audit work to be performed.

The audit fee negotiation resulted in the lowering of the fee by 13.75%.

As part of its task of helping the GC discharge its duties by providing independent oversight over external audit, the AC audit was tasked with assessing and monitoring the effectiveness of the external audit plan.

At the audit planning meeting with E & Y, the following issues were understood:

- Audit materiality
- Areas of audit focus including areas identified by the AC
- Areas which require more substantive testing

The AC was also tasked with reviewing and monitoring the external Auditor’s independence and objectivity and the effectiveness of the audit process. To discharge this function the AC reviewed the following:

- Technical competence
- Knowledge of the organization and risks
- Quality-control processes
- Independence
- Professionalism
- Partner engagement
- Communication and reporting

6. Planning the year-end audit with E&Y and the Club’s management to meet the AGM deadline.

The GC informed the AC that receiving audited financial statements in time to meet the AGM deadline in the past had been a struggle.

Having discussed options with E & Y, it was agreed that an interim audit for the 9-months would be commenced in October and the results of that audit and the ML

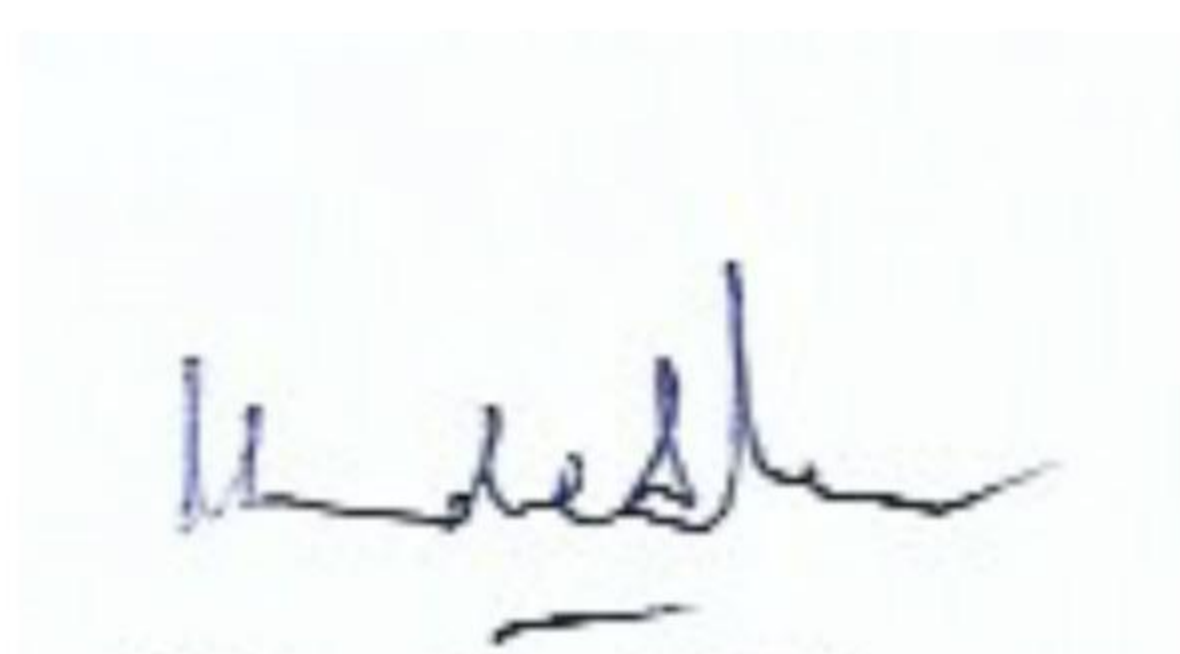
for that period would be discussed with the AC in November. This would lead to a much shorter audit at the year-end.

The audit timetable was agreed, and the plan was executed reasonably well to enable this year's audited financial statements to be delivered in reasonably good time.

7. Recommendation of external Auditor for the year 2024

Following the submission of the 2023 full year audited financial statements and the management letter, which were reviewed in early March 2024 by the Audit Committee, the AC is pleased to recommend that E&Y be appointed to continue as auditor of the CSC, for the financial year 2024.

On behalf of the Audit Committee

A handwritten signature in blue ink, appearing to read 'Chandan de Silva', is shown on a light blue background.

Chandan de Silva
Chairman

FINANCIAL STATEMENTS

Independent Auditor's Report



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NYR/DSM/JJ

INDEPENDENT AUDITOR'S REPORT 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 2023, 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.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Club as at 31 December 2023 and of its financial performance and its cash flows for the year 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 Code of Ethics for Professional Accountants (including Sri Lanka Independence Standards) 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 committee 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.

(Contd...2/)

Independent Auditor's Report



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ey.com

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.

14 March 2024
Colombo

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp)

A member firm of Ernst & Young Global Limited

Statement Of Financial Position

As at 31 December 2023

ASSETS	Note	2023 Rs.	2022 Rs.
Non-Current Assets			
Property, Plant and Equipment	9	1,844,544,358	1,813,420,479
Intangible Asset	10	3,989,505	6,444,024
		<u>1,848,533,863</u>	<u>1,819,864,503</u>
Current Assets			
Inventories	11	35,711,334	49,718,933
Members' Due and Other Receivables	12	108,259,399	91,041,313
Deposits, Prepayments and Advances	13	22,443,944	61,212,802
Short Term Investments	14	400,931,696	265,144,616
Cash and Cash Equivalents	15	20,876,651	118,488,615
		<u>588,223,025</u>	<u>585,606,280</u>
Total Assets		<u><u>2,436,756,889</u></u>	<u><u>2,405,470,783</u></u>
FUNDS AND LIABILITIES			
Members' Funds			
Accumulated Fund		1,850,376,126	1,796,734,667
Total Equity		<u>1,850,376,126</u>	<u>1,796,734,667</u>
Non Current Liabilities			
Employee Benefit Liability	16	18,722,377	15,130,700
Deferred Tax Liability	20.2	332,609,080	347,714,139
		<u>351,331,458</u>	<u>362,844,838</u>
Current Liabilities			
Trade and Other Payables	17	114,400,157	110,602,571
Members Refundable Deposits		116,207,088	107,854,088
Bank Overdraft	15	-	22,992,558
Income Tax Payable		4,442,060	4,442,060
		<u>235,049,305</u>	<u>245,891,277</u>
Total Equity and Liabilities		<u><u>2,436,756,889</u></u>	<u><u>2,405,470,783</u></u>

.....
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 32 through 42 form an integral part of these Financial Statements.

14 March 2024
Colombo



INCOME AND EXPENDITURE STATEMENT

Year ended 31 December 2023

	Note	2023 Rs.	2022 Rs.
Revenue			
Members' Subscription	3	71,040,470	64,495,192
Entrance Fees		28,177,300	24,202,512
Other Income	4	54,063,465	29,160,587
Finance Income	18	74,064,359	54,801,057
		<u>227,345,594</u>	<u>172,659,347</u>
Net Profit/(Loss) on Operations			
Food and Beverages	5	(26,954,262)	(18,095,334)
Hire of Rooms	6	40,807,325	16,762,151
Sports Services	7	4,551,614	2,726,810
Business Center	8	247,204	370,433
		<u>18,651,880</u>	<u>1,764,061</u>
Expenditure			
Administrative Expenses		(207,461,073)	(154,347,937)
Finance Cost	19	-	(1,500)
Excess of Income over Expenditure Before Taxation		<u>38,536,401</u>	<u>20,073,971</u>
Income Tax Expense	20	15,105,058	(158,878,552)
Excess/(Deficit) of Income over Expenditure for the Year		<u><u>53,641,459</u></u>	<u><u>(138,804,581)</u></u>

The accounting policies and notes on pages 32 through 42 form an integral part of these Financial Statements.



STATEMENT OF CHANGES IN ACCUMULATED FUND

Year ended 31 December 2023

	Accumulated Fund Rs.	Total Rs.
As at 31 December 2021	1,935,539,248	1,935,539,248
Deficit of Income over Expenditure for the Year	(138,804,581)	(138,804,581)
As at 31 December 2022	<u>1,796,734,667</u>	<u>1,796,734,667</u>
Excess of Income over Expenditure for the Year	53,641,459	53,641,459
As at 31 December 2023	<u><u>1,850,376,126</u></u>	<u><u>1,850,376,126</u></u>

The accounting policies and notes on pages 32 through 42 form an integral part of these Financial Statements.



STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 Rs.	2022 Rs.
Cash Flow From Operating Activities			
Excess of Income over Expenditure Before Income Tax Expense		38,536,401	20,073,971
Adjustments for			
Depreciation and Amortization	9,10	39,539,439	29,690,118
Provision for Defined Benefit Plans	16	4,456,221	3,650,964
Finance Income	18	(74,064,359)	(54,801,057)
Finance Costs	19	-	1,500
Disposal Loss of Property, Plant and Equipment	4	(486,351)	-
Operating Income Before Working Capital Changes		<u>7,981,351</u>	<u>(1,384,504)</u>
(Increase)/ Decrease in Inventories		14,007,599	(40,229,641)
Increase in Member's Due and Other Receivables		(17,218,086)	(30,785,897)
(Increase)/ Decrease in Short Term Investments		(135,787,080)	80,858,666
(Increase)/ Decrease in Deposits, Prepayments and Advances		38,768,858	(32,703,834)
Increase in Trade and Other Payables		3,799,336	5,454,940
Increase in Members Refundable Deposits		8,353,000	6,372,001
Cash Generated From Operating Activities		<u>(80,095,022)</u>	<u>(12,418,270)</u>
Interest Paid	19	-	(1,500)
Defined Benefit Plan Costs Paid	16	(864,544)	(1,415,565)
ESC and Income Tax Paid		-	(1,170,151)
Net Cash From Operating Activities		<u>(80,959,566)</u>	<u>(15,005,486)</u>
Cash Flow From/(Used) Investing Activities			
Acquisition of Property, Plant and Equipment	9	(68,231,145)	(135,241,925)
Acquisition of Intangible Assets		-	(158,000)
Proceeds from Sale of Property, Plant & Equipment		486,351	-
Interest Received	18	74,064,359	54,801,057
Net Cash Used in Investing Activities		<u>6,319,565</u>	<u>(80,598,869)</u>
Net Increase in Cash and Cash Equivalents		<u>(74,640,001)</u>	<u>(95,604,354)</u>
Cash and Cash Equivalents at the Beginning of the Year	15	<u>95,516,653</u>	<u>191,121,006</u>
Cash and Cash Equivalents at the End of the Year	15	<u><u>20,876,652</u></u>	<u><u>95,516,653</u></u>

The accounting policies and notes on pages 32 through 42 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 2023 were authorized for issue by the Management Committee on 14 March 2024.



NOTES TO THE FINANCIAL STATEMENTS

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 2023 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.

2.2 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

(a) 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.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations.

(b) Deferred Taxation

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss.

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.



NOTES TO THE FINANCIAL STATEMENTS

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.



NOTES TO THE FINANCIAL STATEMENTS

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 financial 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

Year ended 31 December 2023

3. MEMBERS' SUBSCRIPTION

	2023 Rs.	2022 Rs.
Members Subscription	70,487,813	64,232,556
Temporary Member Fee	552,656	262,637
	<u>71,040,470</u>	<u>64,495,192</u>

4. OTHER INCOME

	2023 Rs.	2022 Rs.
Guest Fees	3,612,427	3,706,886
Sponsorship Income	2,037,329	35,000
Cover Charges	5,306,125	-
Surcharge Income	22,065,936	11,018,113
Laundry Income	1,193,887	325,924
Reversal of Provision for bad debts	-	2,600,414
Other Income	8,386,350	1,594,185
Parking Charges-Income	-	16,955
Rental Fee Income	1,800,000	1,950,000
Ticket Sales	8,973,286	7,913,110
Other Sundry Receipts	201,774	-
Disposal gain on sale of fixed assets	486,351	-
	<u>54,063,465</u>	<u>29,160,587</u>

5. DEFICIT ON FOOD AND BEVERAGES

	2023 Rs.	2022 Rs.
Revenue	248,732,518	210,576,614
Other Income	699,574	147,209
Total Income	<u>249,432,092</u>	<u>210,723,823</u>
Direct Cost	(146,702,202)	(120,605,386)
Personnel Cost	(73,275,279)	(63,599,933)
Overheads	(56,408,873)	(44,613,838)
Total Expenses	<u>(276,386,354)</u>	<u>(228,819,157)</u>
Deficit	<u>(26,954,262)</u>	<u>(18,095,334)</u>

6. SURPLUS ON HIRE OF ROOMS

	2023 Rs.	2022 Rs.
Hire Income	55,137,035	28,064,268
Total Income	<u>55,137,035</u>	<u>28,064,268</u>
Direct Cost	-	(3,112,235)
Personnel Cost	(2,642,635)	(919,300)
Overheads	(11,687,075)	(7,270,582)
Total Expenses	<u>(14,329,710)</u>	<u>(11,302,117)</u>
Surplus	<u>40,807,325</u>	<u>16,762,151</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

7. SURPLUS ON SPORT SERVICES

	2023 Rs.	2022 Rs.
Service Income	14,921,948	10,754,381
Total Income	14,921,948	10,754,381
Direct Cost	(10,184)	-
Personnel Cost	(3,321,470)	(3,053,655)
Overheads	(7,038,680)	(4,973,916)
Total Expenses	(10,370,335)	(8,027,571)
Surplus	4,551,614	2,726,810

8. SURPLUS ON BUSINESS CENTER

	2023 Rs.	2022 Rs.
Revenue	1,055,384	739,805
Other Income	-	544
Total Income	1,055,384	740,349
Overheads	(808,180)	(369,916)
Total Expenses	(808,180)	(369,916)
Surplus	247,204	370,433

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Gross Carrying Amounts

	Balance As at 01.01.2023 Rs.	Additions Transfers/ Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2023 Rs.
Land	1,235,773,772	-	-	1,235,773,772
Buildings	589,684,638	21,577,665	-	611,262,304
Furniture and Fittings	47,017,822	4,179,665	-	51,197,488
Electrical and Fittings	119,578,793	40,551,764	-	160,130,558
Computer Equipment	15,433,701	1,922,050	-	17,355,751
Sports Equipment	27,907,446	-	(5,524,586)	22,382,860
Total Gross Carrying Amount	2,035,396,174	68,231,145	(5,524,586)	2,098,102,733

9.2 Depreciation

	Balance As at 01.01.2023 Rs.	Charge for the year Rs.	Disposals/ Transfers Rs.	Balance As at 31.12.2023 Rs.
Buildings	88,202,006	15,080,390	-	103,282,396
Furniture and Fittings	32,214,373	3,442,700	-	35,657,074
Electrical and Fittings	75,240,264	14,392,728	-	89,632,992
Computer Equipment	7,355,311	2,328,711	-	9,684,022
Sports Equipment	18,963,741	1,840,391	(5,502,241)	15,301,891
Total Depreciation	221,975,695	37,084,920	(5,502,241)	253,558,375

9.3 Net Book Value

	2023 Rs.	2022 Rs.
Land	1,235,773,772	1,235,773,772
Buildings	507,979,907	501,482,632
Furniture and Fittings	15,540,414	14,803,449
Electrical and Fittings	70,497,565	44,338,529
Computer Equipment	7,671,729	8,078,390
Sports Equipment	7,080,969	8,943,705
Total Carrying Amount of Property and Equipment	1,844,544,358	1,813,420,479



9.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 68,231,145/- (2022 - Rs.135,241,925/-) for the cash consideration.

9.5 Property, Plant and Equipment include fully depreciated assets having a gross carrying amounts of Rs. 84,724,499 /-(2022-Rs. 90,217,696/-)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

10. INTANGIBLE ASSETS	2023 Rs.	2022 Rs.
Cost		
Cost as at the Beginning of the Year	15,285,294	15,127,294
Additions and Improvements	-	158,000
Written off	(3,012,700)	-
Cost as at the End of the Year	12,272,594	15,285,294
Amortization & Impairment		
Amortization as at the Beginning of the Year	8,841,270	6,413,057
Charge for the Year	2,454,519	2,428,213
Written off	(3,012,700)	-
Accumulated Amortization as at the End of the Year	8,283,089	8,841,270
Net Book Value as at the End of the Year	3,989,505	6,444,024

10.1 Intangible assets stated above consist of Computer Software, Web, Online Reservation System and Time & Attendance System together with related costs. It is amortized over its estimated life of five years using the straight line method.

10.2 During the financial year, the Company acquired Intangible Assets to the aggregate value of Rs. Nil/- (2022 - Rs.158,000/-) for the cash consideration.

11. INVENTORIES	2023 Rs.	2022 Rs.
Bar	27,399,420	37,400,379
Catering	5,054,786	8,194,184
Stationery	297,786	330,171
Hardware and Electrical	2,056,136	2,871,969
Consumable and Other	903,207	922,230
	35,711,334	49,718,933

12. MEMBER'S DUE AND OTHER RECEIVABLES	2023 Rs.	2022 Rs.
Members' Due	115,703,790	96,393,279
Less: Provision for Impairment of Trade Debtors	(14,625,909)	(3,385,000)
Provision for Surcharge	(41,511,463)	(17,865,617)
	59,566,418	75,142,662
Other Receivables	48,692,982	15,898,651
	108,259,399	91,041,313

13. DEPOSITS, PREPAYMENTS & ADVANCES	2023 Rs.	2022 Rs.
Refundable Deposits	2,643,925	2,663,695
Prepayments	4,255,224	2,264,805
Advances	15,544,795	56,284,302
	22,443,944	61,212,802



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14. INVESTMENTS	2023 Rs.	2022 Rs.
Fixed Deposits	400,931,696	265,144,616
	<u>400,931,696</u>	<u>265,144,616</u>
15. CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT Components of Cash and Cash Equivalents	2023 Rs.	2022 Rs.
15.1 Favorable Cash and Cash Equivalent Balances		
Cash and Bank Balances	20,876,651	118,488,615
	<u>20,876,651</u>	<u>118,488,615</u>
15.2 Unfavorable Cash and Cash Equivalent Balances		
Bank Overdraft	-	(22,992,558)
	<u>-</u>	<u>(22,992,558)</u>
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	<u>20,876,651</u>	<u>95,496,057</u>
16. EMPLOYEE BENEFIT LIABILITY	2023 Rs.	2022 Rs.
Employee Benefits Obligation - Gratuity		
Balance as at 01 January	15,130,700	12,895,301
Charge for the Year	4,456,221	3,650,964
Benefits Paid	(864,544)	(1,415,565)
Balance as at 31 December	<u>18,722,377</u>	<u>15,130,700</u>
17. TRADE AND OTHER PAYABLES	2023 Rs.	2022 Rs.
Trade Payables	33,536,918	27,430,256
Other Payables	449,550	3,606,043
Sundry Creditors Including Accrued Expenses	10,636,330	9,137,233
Subscription in Advance	69,576,003	68,282,802
Room Income in Advance	201,356	2,146,237
	<u>114,400,157</u>	<u>110,602,571</u>
18. FINANCE INCOME	2023 Rs.	2022 Rs.
Interest Income on Fixed Deposits	69,393,770	46,203,832
Interest on Savings Accounts	4,670,589	8,597,225
	<u>74,064,359</u>	<u>54,801,057</u>
19. FINANCE COST	2023 Rs.	2022 Rs.
Interest Expense on Bank Overdraft	-	1,500
	<u>-</u>	<u>1,500</u>



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

20. INCOME TAX

The major components of income tax expense for the year are as follows :

	2023 Rs.	2022 Rs.
Current Income Tax		
Current Income Tax charge (Note 20.1)	-	4,442,060
Over Provision of Current Taxes in respect of Prior Years	-	(22,832,175)
Deferred Taxation (reversal) /Charge (Note 20.2)	(15,105,058)	177,268,667
Income Tax Expense Reported in the Income and Expenditure Statement	(15,105,058)	158,878,552

20.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows :

	2023 Rs.	2022 Rs.
Assessable Business Income	-	-
Interest Income - Fixed Deposits	74,064,359	54,801,057
Losses transferred from Business	(74,064,359)	(36,292,472)
Taxable Income	-	18,508,585
Income Tax @ 30% (2022 - @ 24%,14%,30%)	-	4,442,060
Current Income Tax Expense	-	4,442,060

20.2 Deferred Tax Assets, Liabilities and Income Tax Relates to the Followings

	Statement of Financial Position		Income Statement	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred Tax Liability				
Surplus on Land Revaluation	290,323,850	290,323,850	-	154,839,387
Capital Allowances for tax purposes	75,654,866	93,481,454	(17,826,587)	56,715,103
Deferred Tax Assets				
Defined Benefit Plans	(5,616,713)	(4,539,210)	(1,077,503)	(2,733,868)
Business Loss	(10,911,712)	(25,176,770)	14,265,058	(25,176,770)
Provision for Impairment	(16,841,212)	(6,375,185)	(10,466,027)	(6,375,185)
Deferred Tax Expense /(Revenue)			(15,105,058)	177,268,667
Deferred Tax (Assets) /Liabilities (Net)	<u>332,609,080</u>	<u>347,714,139</u>		

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

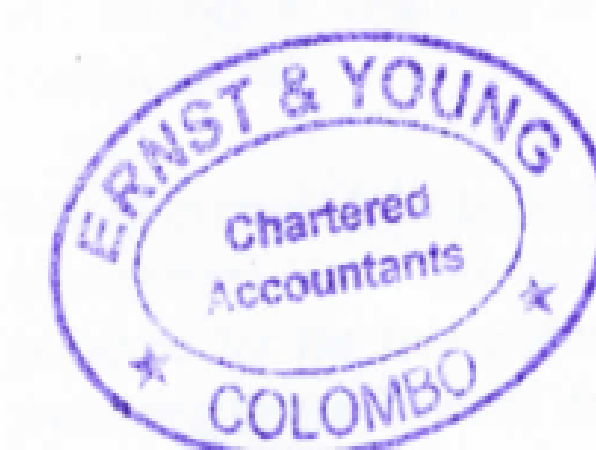
21. COMMITMENTS AND CONTINGENCIES

21.1 Capital Commitments

21.1.1 There are no capital commitments as at the reporting date which require disclosure in the financial statements.

21.2 Contingencies

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



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

22. ASSETS PLEDGED

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

23. GUARANTEES

The Club has no guarantees as at the reporting date.

24. SERVICE CHARGE

	2023 Rs.	2022 Rs.
Laundry Income	1,192,567	324,808
Food and Beverages	249,719,295	210,027,347
Room income	53,861,623	26,390,780
Business center Income	-	488
	<u>304,773,485</u>	<u>236,743,423</u>
Service Charge 10%	<u>30,477,348</u>	<u>23,674,342</u>

25. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE COMPANY

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

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

26. 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.

27. LITIGATIONS

The Club does not have pending litigations as at the reporting date.



DETAILED INCOME STATEMENTS

Year ended 31 December 2023

STATEMENT I

Administrative Expenses

	2023 Rs.	2022 Rs.
Staff cost	68,968,524	63,530,863
Upkeep and Maintenance Expenses	2,240,069	1,785,358
Depreciation	21,390,572	17,214,273
Amortization of Intangible Assets	2,454,519	2,428,186
Electricity	14,537,551	7,388,503
Security Charges	4,161,434	4,082,919
Insurance	1,284,004	817,083
Printing and Stationery	1,404,536	1,211,488
Tourist Development Levy	4,803,841	4,378,328
Postage	108,444	131,515
Rates	1,268,190	942,480
Credit Card Commission	5,647,683	5,347,503
Bank Charges	724,531	610,732
License	1,847,208	248,932
Water	2,830,587	1,607,884
Function Expenses	16,823,105	7,182,907
Auditors Remuneration	690,000	451,456
- Under Provision	213,173	-
Legal And Professional Charges	2,838,779	5,631,620
Advertising	732,648	1,278,835
Laundry Expenses	4,206,062	2,668,055
Linen Expense	388,450	768,774
Sundry Expenses	788,440	459,754
Travelling and Transport	1,511,897	806,596
Telephone	1,840,241	1,960,553
WIFI Expense	1,115,573	722,490
Bad Debt	11,096,751	-
Staff Quarters Expenses	-	53,900
Parking Expense	-	20,000
Repair & Maintenance	19,525,675	11,538,163
Computer Repair & Maintenance - General	5,437,903	4,956,327
Tax Penalty	90,250	47,675
Telephone Repair & Maintenance Charges	278,158	202,392
Other Purchases	6,212,277	3,872,395
	<u>207,461,073</u>	<u>154,347,937</u>

