



# **ANNUAL REPORT**

---

**2022/2023**

**LAKE HOUSE PRINTERS  
&  
PUBLISHERS PLC**

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**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**TO ALL SHAREHOLDERS OF LAKE HOUSE PRINTERS AND PUBLISHERS PLC.**

**NOTICE OF MEETING**

**Fifty Ninth Annual General Meeting**

Notice is hereby given that the Fifty Ninth Annual General Meeting of the Company will be held on 27<sup>th</sup> September 2023 at 11.30 a.m. in Colombo via Zoom.

All the shareholders of the Company are entitled to participate on line via Zoom and vote at this meeting. Also, a shareholder is entitled to appoint a proxy to attend and vote instead of such shareholder, and that proxy need not be a shareholder.

**Agenda**

- 1. To receive, consider and adopt the Directors' Report and Audited Financial Statements for the year ended 31<sup>st</sup> March 2023 with the Report of the Auditors thereon.**
- 2. To declare a first and final dividend of Rs. 5/- per share as recommended by the Directors.**
- 3. To pass the under mentioned Resolutions, in terms of Section 211 of the Companies Act No.7 of 2007 of which special notice is hereby given to shareholders.**

**“Resolved that the age limit referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr.Ranjit Sujiva Wijewardene who is 86 years and that he be re-elected a Director of the Company”**

**“Resolved that the age limit referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to Prof. Lakshman Ravendra Watawala who is 75 years and that he be re-elected a Director of the Company”**

**“Resolved that the age limit referred to in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr. Dulip F.R. Jayamaha who is 79 years and that he be re-elected a Director of the Company”**

- 4. To reappoint Auditors for the year 2023/2024 and to authorize the Directors to determine their remuneration.**
- 5. Any other matters**

**BY ORDER OF THE BOARD**

  
**D.P.A.N. Kumara**  
**Company Secretary**  
**04 September, 2023**

Note: - Any member entitled to attend and vote is entitled to appoint a proxy in his stead. A form of proxy accompanies this notice. A proxy need not be a member. A scanned copy of the Instruments appointing proxies must be sent to the Email Address [agmlhpp2023@gmail.com](mailto:agmlhpp2023@gmail.com) or shall be posted to reach its Registered Office not less than 48 hours before the meeting.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**CORPORATE INFORMATION**

**Legal Status**

A Quoted Public Company  
Registered Number – PQ 175

**Board of Directors**

R.S.Wijewardene (Chairman)  
P.S.Wijewardene  
R.C.Samarasinghe  
Prof.L.R.Watawala (Independent non-Executive Director)  
Dulip F.R. Jayamaha - President's Counsel (Independent non-Executive Director)  
D.R Wijewardene – (Non Executive Director)

**Secretary**

D.P.A.N.Kumara

**Auditors**

Messers KPMG  
Chartered Accountants

**Bankers**

Bank of Ceylon, Corporate Branch.  
Sampath Bank PLC, Headquarters Branch.  
NDB Bank PLC, Headquarters Branch  
Commercial Bank PLC, Dharmapala Mawatha Branch.  
Commercial Bank PLC, W.A.D.Ramanayake Mawatha Branch.  
DFCC Bank PLC, Head Office Branch.  
Peoples Bank, Head Office Branch.  
Hatton National Bank, Head Office Branch.  
Seylan Bank, Union Place Branch.  
Cargills Bank, Head Office Branch.

**Registered Office**

No.41, W.A.D.Ramanayake Mw, Colombo 02.

**Fax**

011 – 2449504

**E- Mail**

lhpp@sltnet.lk

**Telephones**

0112433272-3  
0112332271

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**BOARD OF DIRECTORS**

**Mr.R.S.Wijewardene – Chairman/Managing Director**

Mr.Wijewardene is the Chairman and a founder Director of the Company. He is the holder of a Master’s Degree from the University of Cambridge U.K and has guided the destiny of the Company from 1965 when it was initially floated as a Private Limited Liability Company. Mr.Wijewardene is a recognized personality in business and the media professions. He is the President of the Newspaper Society of Sri Lanka.

He is the Chairman of subsidiary company L H Plantations (Private) Limited. He is also the Chairman of closely related companies Wijeya Newspapers Limited, Ranweli Holiday Village Limited, Freudenberg & Company Limited, Sarathi Limited, R. S Printek (Private) Limited and Wijeya Graphics (Private) Limited.

**Mr.P.S.Wijewardene – Director**

Mr.P.S.Wijewardene holds a Master’s Degree from the University of Leicester, U.K. He counts over 24 years in the Company specially overseeing the Security Card Division activities (as distinct from Security Printing Division) of the Company.

Mr.P.S.Wijewardene is also a Director of subsidiary company LH Plantations (Private) Limited, and closely related companies Ranweli Holiday Village Limited, and Freudenberg & Company Limited. He is also the Deputy Chairman of Wijeya Newspapers Limited.

**Mr.R.C.Samarasinghe – Director**

Mr.Samarasinghe who became a Director of the Company in March 2005, is a Senior Chartered Accountant who prior to his present position, has held senior management positions at several well-known and diverse companies. He was the Finance Director of Textured Jersey Lanka PLC, a group company of MAS Holdings (Private) Limited, General Manager, Finance and Administration of Mobitel (Private) Limited, Project Manager of Public Enterprise Reform Commission of Sri Lanka and Financial Controller of Electronic Data Systems (Private) Limited, Singapore. Mr. Samarasinghe is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.

**Prof.Lakshman R.Watawala – Director**

Prof.Lakshman R.Watawala is a Fellow of the Institute of Chartered Accountants of Sri Lanka, Fellow of the Institute of Certified Management Accountants of Sri Lanka and, a Fellow of the Chartered Institute of Management Accountants of U.K. He has held the position of Chairman and Managing Director of the Board of Investment of Sri Lanka twice. He has also served as the Chairman of People’s Bank, People’s Merchant Bank and other State Corporations. He has also functioned as an adviser in the Ministry of Finance. He is a Past President of the Institute of Chartered Accountants of Sri Lanka, South Asian Federation of Accountants and the Founder President of AAT Sri Lanka and also the Founder and incumbent President of the Institute of Certified Management Accountants of Sri Lanka. He was formerly a Committee Member of the Ceylon Chamber of Commerce and serves on the Boards of a number of Public Quoted Companies.

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**BOARD OF DIRECTORS (CONTINUED)**

**Dulip.F.R. Jayamaha – Director**

Dulip Flavian Raphael Jayamaha is a President’s Counsel. He has been in active Civil Law practice since 1969. He was appointed as a Director of Ceylon State Hardware Corporation in 1980. Thereafter, he was appointed to the Board of Directors of Ceylon Petroleum Corporation and served as the Chairman of the Audit Committee of Ceylon Petroleum Corporation from February 2002 to April 2004. He was the first Chairman of Ceylon Petroleum Storage Terminals Limited and served on the Board from November 2003 to April 2004. Further, he has served as a Director of Lanka Cement Limited and as Chairman of the Audit Committee of Lanka Cement Limited from March 2002 to April 2004.

**Mr. D.R Wijewardene – (Director)**

Mr.D.R Wijewardene was appointed as a Non-Executive Director. He is the holder of a Bachelor’s Degree from the University of Sussex, UK. Mr. D.R Wijewardene is also a Director of the closely related Company R.S Printek (Private) Limited.



**D.P.A.N. Kumara**  
**Secretary to the Board**  
**04 September, 2023**  
**Colombo**

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**THE CHAIRMAN'S REVIEW**

It gives me great pleasure to inform the Shareholders of the Company that the Financial Year 2022/23 has turned out to be the most successful year in its almost 60 years' old history.

A Net Profit after Tax of Rs. 156 mn in the Financial Year 2022/23 is more than twice as much as its next best performance and this has been an excellent effort for which credit must be extended to the two Production Divisions which, despite the conditions prevailing in the country, have overcome many obstacles and indeed, used them to the Company's advantage.

The Net Profit after Tax for the Financial Year 2021/22 was Rs.66 mn.

The Company's surplus from Direct Business Operations of Rs.225.4 mn (which does not include a gain of Rs.11.79 mn from the Revaluation of Investment Properties) is an improvement of 268% over the surplus from operations of Rs.61.2Mn in the previous financial year which at that time was in itself, an outstanding achievement.

The Combined Gross Profit and Other Operating and Interest Income was Rs.482.3 mn, as against Rs.203 mn in the previous Financial Year.

The favourable Cash Flows experienced by the Company through the year under review have been taken advantage of and put to good use. The additional income generated through temporary investments has been a welcome addition to the overall Revenue of the Company.

As stated earlier in my Review, the two Productions Divisions, namely the Security Printing Division and the Security Cards Division, have accounted for the bulk of both the Revenue and the Profits in the year under review, a sterling effort.

However, we cannot overlook the fact that Works Overheads and other related costs such as Distribution and Administration costs have also recorded significant increases in the year.

The major proportion of the cost increases is in line with the significant increase in Revenue and a constant watch is being kept to hold overall costs down.

As in the previous year, the Company's other Income earning activities have been on a muted scale owing to the prevailing conditions in the country.

Its Atlas Trading Operations which in the pre COVID period was a flourishing activity, have regressed for several reasons, including the frequent closure of educational establishments over the last couple of years.

The Company owns the rights to the popular 'Lake House' Atlas, and its Junior, Tamil and English versions.

Operations are being reorganized and revamped and this activity it is hoped, would once again contribute its share to the Company's Revenue, in the future.

Rent Income, another revenue generating source, has also stagnated in line with the general outlook in the country and it is hard to envisage an early change for the better for some time.

The outstanding performance of the Production Divisions have however compensated for their minor disappointments.

The Shareholders would also be aware of the Company's 100% owned Subsidiary, LH Plantations (Pvt) Ltd.

LH Plantations (Pvt) Ltd, now in its 31<sup>st</sup> year of operations, has for the last 19 years, been operating in a lowkey manner, since losing the management rights of the then Government owned, Company managed Kurunegala Plantations Ltd.



**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**THE CHAIRMAN'S REVIEW (CONTINUED)**

This Company, which presently derives its Income primarily from interest earned on its Fixed Deposits held mainly with the State and Commercial Banks of the Country, has performed better than in the previous financial year, recording a Net Profit after Tax of Rs.14.3 mn as against Rs.3.04 mn in the previous financial year.

Its Net Assets comprising mainly of Investments, is a useful Rs.123.6 Mn, contributing its mite to the Group's Net Worth.

As a fully owned Subsidiary, it enhances the financial viability of the Parent Company, Lake House Printers & Publishers PLC.

Despite the difficulties in the Country, your Company's performance remains robust.

Its Basic Earnings per Share of Rs.53.12 compares well with the previous year's Rs.22.48 per share while the value per Share on Net Assets Basis has surged to Rs.258 from Rs.207.

Furthermore, it needs to be mentioned that the Company at the present time is making full use of its own internally generated funds as, the absence of a Gearing Ratio depicts.

Taking all factors into consideration including the future prospects of the Company, your Board is of the view that the exceptional performance of your Company in the financial year 2022/23, merits a Dividend substantially higher than those in the past.

Accordingly, they have recommended that the Company makes its Shareholders a Dividend payment of Rs.5 per share for the financial year 2022/23, out of the profits made during the year.

The Dividend Payment in the Financial Year 2021/2022 was Rs.2/= per share.

Finally, on behalf of myself and the Board, our sincere appreciation is due to the Management and Staff at all levels of the Company, for their dedication and hard work during the year which have contributed in no small measure to the overall success of the Company.



**R. S. Wijewardene**  
**Chairman**  
**04 September, 2023**  
**Colombo**

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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## **CORPORATE GOVERNANCE**

The Directors hereby confirm that the Company is in compliance with Section 7.10 of the Listing Rules of Corporate Governance as at 31<sup>st</sup> March 2023.

### **Board of Directors**

The Directors of the Company meet approximately once a month. Board Meetings with independent non-executive directors are held on a quarterly basis. At such quarterly meetings, unaudited accounts for each quarter are analysed and the performance of the Company in each quarter is reviewed. The Directors also acknowledge that they are responsible for protecting the rights and interests of shareholders and their accountability towards them on behalf of the overall management of the Company.

The Directors are responsible for the governance of the Company including the establishment and maintenance of Internal Control Systems of the Company, setting out strategic aims and providing leadership. Internal Control Systems are designed to meet the particular needs of the organization and the risks to which it is exposed to.

### **Composition of the Board**

The names of the Directors of the Company who held office in the Company as at the date of the Annual Report are set out on page no 02. Out of the six members of the Board, three Members are Executive. There are two Independent Non-Executive Directors namely Prof. L.R Watawala and Mr. Dulip.F.R.Jayamaha P.C. Mr. D.R Wijewardene is a Non-Executive Director.

### **Board Meetings**

The Board Meetings with Independent Directors are scheduled once in three months, to consider the performance and Financial Statements of the period and to approve routine capital expenditure, among other matters.

### **Audit Committee**

In compliance with the rules of Corporate Governance of the Colombo Stock Exchange, an Audit Committee is in place. The Audit Committee comprises of two Independent Directors Prof.L.R.Watawala who acts as the Chairman of the Audit Committee and Mr.Dulip Jayamaha as a Member. Audit Committee Meetings are held once every quarter. Four Audit Committee Meetings have been held during the financial year.

### **Related Party Transactions Committee**

In compliance with the rules of Corporate Governance of the Colombo Stock Exchange, a Related Party Transactions Committee is in place. Its composition is as follows,

Mr. Dulip.F.R. Jayamaha	- Chairman
Prof.L.R. Watawala	- Member
Mr. R.C. Samarasinghe	- Member

The Related Party Transactions Committee Meetings are held once every quarter. Accordingly, four meetings of the Related Party Transactions Committee were held during the year.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**CORPORATE GOVERNANCE (CONTINUED)**

**Remuneration Committee**

In compliance with the rules of Corporate Governance of the Colombo Stock Exchange, a Remuneration Committee is in place. The Remuneration Committee comprises of Mr.Dulip Jayamaha as the Chairman and, Prof L.R Watawala as a member. The Remuneration Committee met once during the financial year.

**Relationship with Shareholders**

The shareholders have the opportunity of meeting the Board and forwarding their questions at the Annual General Meeting. However, this does not limit their communication with the Board and they are free to communicate with the Directors, Company Secretary or any of the Senior Managers depending on the matters that need to be addressed.

**Internal Control**

The Board places a high priority on internal controls to manage the day-to-day affairs of the Company. The Board is responsible for the Company's systems of internal controls and for reviewing their effectiveness. This is ensured and the system is designed to safeguard assets from unauthorized use or disposal and to ensure that proper records are maintained and reliable information is produced including financial, operational, compliance controls and risk management.

However, the Board is of the view that the company's systems of internal controls provide only a reasonable and not absolute assurance that material errors and irregularities are either prevented or detected within a reasonable time period.

**Disclosure**

The Board's policy is to disclose all relevant information to stakeholders, within the bounds of prudent commercial judgment, in addition to preparing the Financial Statements in accordance with Sri Lanka Accounting Standards, the Companies Act No.7 of 2007 and in conformity with Stock Exchange disclosure of requirements.

**Compliance Report**

The Directors confirm that to the best of their knowledge, all taxes and duties payable by the Company and all contributions, levies and taxes payable on behalf of and in respect of the Company and all other known statutory dues payable as at the Balance Sheet date, have been paid or are provided for in the accounts.

**Other Information**

The Annual Report contains statements from the Board including the responsibilities of the Directors for the preparation of the Financial Statements and the Directors are of the view that they have discharged their responsibilities as set out in this statement. The performance of the Company during the year under review and the future prospects of the Company are covered in the Chairman's Review of Operations.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**CORPORATE GOVERNANCE (CONTINUED)**

**Independence of Directors**

In accordance with Rule 7.10 2 (b) of the Colombo Stock Exchange (CSE) Listing Rules, Professor L.R Watawala and Mr. Dulip.F.R.Jayamaha are Independent Non-Executive Directors of the Company as at the date of Annual Report. They have submitted signed dated declarations as per specimen given in Appendix 7A of Continuing Listing Requirements of the CSE.

Based on the above declarations and other information available, the Board is of the view that Professor L.R Watawala and Mr. Dulip.F.R. Jayamaha are eligible for re-appointment as Independent Non - Executive Directors.

**Industrial Relations**

There were no material issues pertaining to employees and industrial relations of the entity which need disclosure.

**By Order of the Board,**



**D.P.A.N. Kumara**  
**Company Secretary**  
**04 September, 2023**  
**Colombo**

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**RISK MANAGEMENT REPORT**

On an ongoing basis, we identify potential risks to the business and endeavour to have mechanisms in place to manage them effectively. The Company is exposed to some business risks due to both internal and external factors.

We manage risks on a proactive basis, supported by an effective system of internal controls. Some key areas of risks and treatment methodology are as follows.

**Credit risk**

To manage our risk to minimize defaults and improve collections.

Process

- Evaluate the credit worthiness of customers prior to extending credit terms.
- Continuous assessment of overdue debtors to ensure restricted credit terms for such customers.

**Internal controls**

Continue to maintain an effective system of internal controls to ensure and safeguard company assets.

Process:

- Maintaining a strong internal audit team to ensure compliance with procedures and improving on existing systems and controls wherever required.

**Technology risk**

Continue to maintain awareness of developments in new technology.

Process:

- Our operating divisions continue to be exposed to development of new technology in overseas markets by participating in international trade exhibitions and trade fairs. We endeavor to embrace new technology to the market wherever appropriate.

**Competitor risk**

To ensure we retain and improve our market share in our industry.

Process:

- Ensure a high standard of customer care and product quality.
- Embrace new products and business solutions to ensure we offer an appropriate product range as demanded by our customers and the market.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**REPORT OF THE AUDIT COMMITTEE**

The Company's Audit Committee comprises of two Non-Executive Independent Directors as per the Code of Best Practice on Corporate Governance. Prof. Lakshman R.Watawala FCA, FCMA, FCMA (UK), serves as the Chairman of the Audit Committee. Mr. Dulip F.R.Jayamaha P.C is a Member of the Audit Committee. Mr.Jayamaha is a President's Counsel and has been in Civil Law Practice since 1969.

Members who are invited to participate at the Audit Committee meetings are; Mr.D.V Gunatunga, Consultant, Mr.R.C Samarasinghe Director, the Deputy General Manager (Finance) , the Accountant and the Chief Internal Auditor of the Company. The Company Secretary serves as the Secretary of the Audit Committee.

During the year under review, the Audit Committee met four times. Measures were taken to review Internal Control systems, analysed Internal Audit reports and necessary recommendations made to the Board. Further, the Audit Committee continuously reviewed the financial performances of the Company in order to advise the Board.

The objective of the Audit Committee is to assist the Board of Directors of the Company in fulfilling its responsibilities for the financial reporting process, the effectiveness of internal control systems, the audit process and the Company's process for monitoring compliance with laws, regulations and best practices.

The Audit Committee has examined the financial, business and other risks faced by the Company and recommended to the Board controls to mitigate risk management within the company.

The Committee also reviewed the reports submitted by the Internal Auditor and, recommendations were made to the Board and implementation monitored.

Quarterly Accounts and the Annual Audited Accounts are reviewed by the Audit Committee before being submitted to the Board for approval and subsequent release to the shareholders and other statutory institutions.

The Audit Committee has recommended to the Board of Directors that Messers KPMG, Chartered Accountants be re-appointed as the auditors of the Company for the financial year ending 31<sup>st</sup> March 2024, subject to the approval of the shareholders at the Annual General Meeting and the audit fee to be determined by the Board of Directors.



**Prof. Lakshman R. Watawala**  
**Chairman of the Audit Committee**  
**04 September, 2023**  
**Colombo**

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**

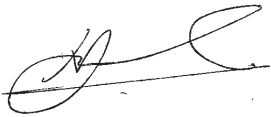
The Related Party Transactions Review Committee comprises of, Mr. Dulip Jayamaha who functions as the Chairman, Prof L.R.Watawala member (Independent Non-Executive Director) as a member and Mr. R.C. Samarasinghe, member (Executive Director).

During the Financial Year ended 31st March 2023, the Committee has reviewed the related party transactions of the Company and has communicated its observations and views to the Board of Directors.

The Committee met four times during the Financial Year.

When reviewing related party transactions of the Company, the Committee considered the terms and conditions employed by the Company when entering into such transactions, with special emphasis on the materiality, nature (whether they are being carried out on 'arm's length' basis) and the prevalent market rates, values and terms and conditions in relation to such transactions.

There were no non-recurrent transactions with related parties during the year under review.



**Dulip F.R. Jayamaha**  
**Chairman**  
**Related Party Transactions Review Committee**  
**04 September, 2023**  
**Colombo**

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**REPORT OF THE REMUNERATION COMMITTEE**

Mr. Dulip Jayamaha functions as the Chairman of the Remuneration Committee and Prof. L.R. Watawala as a member of the Remuneration Committee.

The Remuneration policy of the Company is based on performance. A performance appraisal is done annually on employees and remuneration is decided.

The Remuneration of Senior Executives and Executive Directors are recommended by the Chairman to the Remuneration Committee which makes its observations and recommendations for implementation.



**Dulip F.R. Jayamaha,**  
**Chairman**  
**Remuneration Committee**  
**04 September, 2023**  
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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The following statement which should be read in conjunction with the Auditors' statement of their responsibilities set out in their report, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the financial statements.

The Directors are required by the Companies Act No.07 of 2007 to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The Directors are required to prepare these financial statements on an ongoing concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the said basis.

The Directors consider that in preparing the financial statements on pages 22 to 67 the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards, which they consider to be applicable, are followed.

The Directors are responsible for ensuring that the Company keeps accounting records, which will disclose with reasonable accuracy the financial position of the Company and which will enable them to ensure that financial statements comply with the Companies Act No.07 of 2007.

The Directors are generally responsible for taking such steps that are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Directors are confident that they have discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company as at the reporting date, are paid or where relevant, provided for.

**By Order of the Board**



**D.P.A.N.Kumara**  
**Company Secretary**  
**04 September, 2023**  
**Colombo**

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**REPORT ON THE AFFAIRS OF THE COMPANY**

**TO THE SHAREHOLDERS**

The Board of Directors has pleasure in presenting the 59<sup>th</sup> Annual Report and the Audited Financial Statements of the Company for the year ended 31 March 2023. The Directors confirm that the financial statements have been prepared in accordance with the Sri Lanka Accounting Standards, which have been consistently applied and supported by reasonable and prudent judgments and estimates.

**1. REVIEW OF THE YEAR**

The Chairman's Review describes in brief the Company's affairs and the performance during the year.

**2. FINANCIAL STATEMENTS**

The Financial Statements of the Company for the year ended 31 March 2023, which include the Statement of Comprehensive Income, Statement of Financial Position and Notes to the Financial Statements, are given from Pages 22 to 67.

**3. NATURE OF BUSINESS**

The major activities of the Company during the year were the printing of Cheque Leaves & Security Documents, the business of manufacturing & marketing internationally certified Visa, Master and other security cards & solutions, and, the supply of related Equipment and Machinery and, the publishing & distribution of the Lake House Atlas.

Our fully owned Subsidiary Company LH Plantations (Pvt) Ltd., functions as a managing agent of coconut plantations.

**4. AUDITORS' REPORT**

The Auditors' Report on the Financial Statements is set out on Pages No. 18 to 21.

**5. CHANGE IN ACCOUNTING POLICIES**

Any changes in accounting policies made during the financial year ended 31 March 2023, are recorded under Notes to the Financial Statements

**6. NAMES OF THE DIRECTORS AND THEIR INTEREST IN SHARES**

<u>NAME</u>	<u>NO.OF SHARES</u>	
	<u>As At 31/03/2023</u>	<u>As at 31/03/2022</u>
Mr.R.S. Wijewardene (Chairman)	1,052,087	1,052,087
Mr. P.S. Wijewardene (Executive Director)	108,282	108,282
Mr. R.C. Samarasinghe (Executive Director)	-	-
Prof.L.R. Watawala (Independent non-Executive Director)	-	-
Mr. Dulip F.R. Jayamaha (Independent non-Executive Director)	-	-
Mr. D. R Wijewardene (Non-Executive Director)	962,622	962,612

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**REPORT ON THE AFFAIRS OF THE COMPANY (CONTINUED)**

In accordance with Rule 7.10 2 (b) of the Colombo Stock Exchange (CSE) Listing Rules, Professor L.R. Watawala and Mr. Dulip F.R. Jayamaha are Independent Non-Executive Directors of the Company. They have submitted signed dated declarations as per specimen given in Appendix 7A of continuing listing requirements of CSE.

**7. TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL**

The Company maintains a Directors' Interest Register. Transactions with key management personnel are comprehensively recorded under Note No.35 to the Financial Statements on Page No.60.

**8. REMUNERATION AND OTHER BENEFITS OF DIRECTORS**

The aggregate remuneration and other benefits of Directors of the company for the financial year 2022/2023 amounted to Rs. 4,655,554/- (2021/22 Rs. 3,935,554/-)

**9. DIVIDENDS**

The Directors recommend the payment of a dividend of Rs.5.00 per share for the year ended 31 March 2023. The company paid a dividend of Rs. 2.00 per share for the year ended 31/03/2022 in October 2022.

**10. APPOINTMENT OF AUDITORS**

Messrs KPMG Chartered Accountants are recommended for reappointment. A Resolution pertaining to their re-appointment and authorizing the directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors' remuneration for the year 2022/2023 was fixed at Rs.850,000/= for the Company and Rs.1,075,000/= for the Group as disclosed in Note No.08 to the financial statements.

**11. AUDITORS' RELATIONSHIP OR ANY INTEREST WITH THE COMPANY**

The Directors are satisfied that based on written representations made by the independent auditors to the Board, the auditors did not have any relationship or any interest with the company that would impair with their independence. M/S KPMG were also engaged as tax consultants of the Company for the year 2022/2023 at a remuneration of Rs.185,035/-.

**12. DONATIONS**

The Company has made donations amounting to Rs.25, 000/= during the year ended 31 March 2023 (2021/22- Rs.20,000/=)

**13. CHANGES IN PROPERTY, PLANT AND EQUIPMENT**

The movements in Property, Plant and Equipment between the years ended 31 March 2023 and 31 March 2022 are set out in Note No.12 to the financial statements. A sum of Rs 1.563 Mn has been spent on the purchase of Machinery, Equipment, Motor Vehicles during the year.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**REPORT ON THE AFFAIRS OF THE COMPANY (CONTINUED)**

Further, Investment Property has been Fair valued during the year at Rs. 348.2 Mn as at 31 March 2023 (2021/2022Rs.336.5Mn).

The Revaluation Reserve reduced to Rs. 217.232Mn during the Financial Year 2022/2023. (2021/2022 Rs.220.536Mn).

**14. INVESTMENT HELD FOR SALE**

The Company entered into an agreement to dispose of the entire Shareholding of 490,000 of Stamford Lake (private) Limited for a consideration of Rs.6,860,000/- and the 1<sup>st</sup> installment of Rs.1,715,000/- was received on 22<sup>nd</sup> March 2022 and Balance of Rs.5,145,000/= was received during the current year.

**15. STATED CAPITAL AND RESERVES**

There were no changes in the Issued Share Capital and Capital Reserves of the Company during the year under review. The total Retained Earnings of the Company as at 31 March 2023 rose to Rs.481.37Mn (2022 Rs.332.59 Mn) and Retained Earnings of the Group to Rs.601.97Mn (2022 Rs.440.32Mn). The Revaluation Reserve as at 31 March 2023 reduced to Rs.217.232Mn. (2021/2022 Rs.220.536Mn).

**16. RELATED PARTY TRANSACTIONS**

It is hereby confirmed that Directors have complied with Related Party Transactions rules as stipulated in the Continuing Listing Rules of the Colombo, Stock Exchange during the year under review. Details of the Related Party Transactions are shown under Note No.35 to the financial statements.

The Board of Directors hereby declares that it is in compliance with rules pertaining to related party transactions as per continuing listing requirements of the Colombo Stock Exchange

**17. STATUTORY PAYMENT**

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

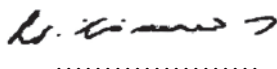
**18. GOING CONCERN**

The Directors have adopted the going concern basis in preparing the financial statements. The directors after making inquiry and following a review of the Company's budget, future cash flows and borrowing facilities, consider the Company has adequate resources to continue in operation.

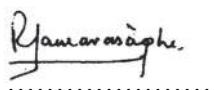
**CONCLUSION**

The Directors thank the members at all levels for their efforts during the period under review.

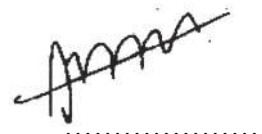
**By Order of the Board**

  
.....

**R. S. Wijewardene**  
**Director**  
**04 September, 2023**

  
.....

**R. C. Samarasinghe**  
**Director**  
**04 September, 2023**

  
.....

**D. P. A. N. Kumara**  
**Company Secretary**  
**04 September, 2023**

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**



KPMG  
(Chartered Accountants)  
32A, Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186,  
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426  
Fax : +94 - 11 244 5872  
+94 - 11 244 6058  
Internet : www.kpmg.com/lk

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholder of Lake House Printers and Publishers PLC

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Lake House Printers and Publishers PLC (“the Company”) and the consolidated financial statements of the Company and its subsidiaries (“the Group”), which comprise the statement of financial position as at 31<sup>st</sup> March 2023, statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 22 to 67 of the Annual Report.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31<sup>st</sup> March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### **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 Group 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.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

C.P. Jayatilake FCA	T.J.S. Rajakarier FCA	W.J.G. Perera FCA
Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA	W.K.D.C. Abeyrathne FCA
S.T.D.L. Perera FCA	G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA
Ms. B.K.D.T.N. Rodrigo FCA	R.H. Rajan FCA	M.N.M. Shameel FCA
Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA	Ms. P.M.K. Sumanasekara FCA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FTII		

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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<b>Valuation of Investment Property</b>	
Refer note 13 to the financial statements and the accounting policies in note 3.7 to the Financial Statements.	
<b>Risk Description</b>	<b>Our response</b>
<p>As at 31 March 2023 the Group’s Investment Properties carried at fair value amount to Rs. 348.2 Mn. Further, the fair value gain recognized in the statement of profit or loss for the year, amounted to Rs.11.8 Mn.</p> <p>The Company has engaged an independent external professional valuer with appropriate expertise in valuing properties, to determine the fair value of investment property in accordance with recognized industry standards.</p> <p>Estimating the fair value is a complex process which involves a significant degree of judgement and estimates in respect of price per perch of the land, capitalization rates, value per square feet, fair market rental and diversity of locations and nature of the land and buildings and investment properties.</p> <p>We identified this as a key audit matter because of the significant judgments and estimations in the selection of appropriate valuation methodology to be used and in estimating the key assumptions applied. These key assumptions include market comparable used, taking into consideration for difference such as location, size and tenure. A change in the key assumptions will have an impact on the valuation.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> <li>▪ Assessing the objectivity, independence, competence and qualifications of the external valuer.</li> <li>▪ Assessing the key assumptions applied and conclusion made by the external valuer in deriving the fair value of the properties and comparing the same with evidence of current market values and consultation with internal valuation specialist.</li> <li>▪ Inquiring how valuers had assessed the impact of the prevailing uncertain and volatile macro-economic environment to assess whether that it was appropriately considered in the measurement in valuing properties to determine the fair value of the investment property.</li> <li>▪ Assessing the adequacy of the disclosures in relation to fair value of investment property in the financial statements.</li> </ul>

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**



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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management 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, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group'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 Company and the Group'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 Group'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 Group to cease to continue as a going concern.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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 Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

A handwritten signature in black ink, appearing to be 'K. M.', with a long horizontal flourish extending to the right.

**CHARTERED ACCOUNTANTS**  
**Colombo, Sri Lanka**  
**04 September, 2023**



**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the year ended 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Revenue</b>	5	1,379,466	632,108	1,379,156	631,898
Cost of Sales		<u>(919,881)</u>	<u>(451,131)</u>	<u>(919,881)</u>	<u>(451,131)</u>
Gross Profit		459,585	180,977	459,275	180,767
Other Operating Income	6	22,028	18,308	22,966	22,124
Administration Expenses		<u>(157,859)</u>	<u>(112,735)</u>	<u>(156,352)</u>	<u>(110,289)</u>
Distribution Expenses		<u>(100,446)</u>	<u>(31,397)</u>	<u>(100,446)</u>	<u>(31,397)</u>
Gain on Valuation of Investment Properties	13	11,793	11,078	11,793	11,078
<b>Results from Operating Activities</b>		<u>235,101</u>	<u>66,231</u>	<u>237,236</u>	<u>72,283</u>
Finance Income	7	29,994	7,362	9,460	1,837
Finance Cost	7	<u>(14,117)</u>	<u>(1,951)</u>	<u>(14,117)</u>	<u>(2,032)</u>
<b>Profit before Tax</b>	8	<u>250,978</u>	<u>71,642</u>	<u>232,579</u>	<u>72,088</u>
Income Tax Expense	9	<u>(82,112)</u>	<u>(7,012)</u>	<u>(76,577)</u>	<u>(6,052)</u>
<b>Profit for the Year</b>		<u>168,866</u>	<u>64,630</u>	<u>156,002</u>	<u>66,036</u>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified subsequently to Profit or Loss</b>					
Actuarial Gain / (Loss) on Defined Benefit Obligations	26	(1,036)	29	(1,036)	29
Equity Investment at FVTOCI – net change in Fair Value		2,174	212	2,174	214
Deferred Tax Impact on Actuarial Gain/ (Loss)	25	(311)	(6)	(311)	(6)
Deferred Tax Impact on Revaluation Reserve due to Rate Change	25	(3,304)	-	(3,304)	-
<b>Total Comprehensive Income / Expense for the Year, net of Tax</b>		<u>(2,477)</u>	<u>235</u>	<u>(2,477)</u>	<u>237</u>
<b>Total Comprehensive Income</b>		<u>166,389</u>	<u>64,865</u>	<u>153,525</u>	<u>66,273</u>
<b>Profit Attributable to</b>					
Equity Holders of the Parent		<u>168,866</u>	<u>64,630</u>	<u>156,002</u>	<u>66,036</u>
<b>Total Comprehensive Income Attributable to:</b>					
Equity Holders of the Parent		<u>166,389</u>	<u>64,865</u>	<u>153,525</u>	<u>66,273</u>
<b>Total Comprehensive Income</b>		<u>166,389</u>	<u>64,865</u>	<u>153,525</u>	<u>66,273</u>
<b>Basic Earnings Per Share (Rs.)</b>	11	57.50	22.01	53.12	22.48

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Group set out on pages 26 to 67.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**STATEMENT OF FINANCIAL POSITION**


As at 31 March	Note	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Property, Plant and Equipment	12	25,965	33,164	25,965	33,164
Investment Property	13	348,251	336,458	348,251	336,458
Investment in Subsidiary	14	-	-	2,984	2,984
Investment in Equity Accounted Investee	15	-	-	-	-
Other Investments	16	20,037	17,861	20,032	17,857
<b>Total Non Current Assets</b>		<b>394,253</b>	<b>387,483</b>	<b>397,232</b>	<b>390,463</b>
<b>Current Assets</b>					
Inventories	17	258,227	114,140	258,227	114,140
Trade and Other Receivables	18	269,628	70,347	261,456	65,899
Amounts due from Related Parties	19	27,803	27,338	27,713	27,293
Tax Recoverable		-	211	-	-
Assets Held for Sale	20	-	5,145	-	3,667
Cash and Cash Equivalents	21	266,121	173,003	147,171	68,317
<b>Total Current Assets</b>		<b>821,779</b>	<b>390,184</b>	<b>694,567</b>	<b>279,316</b>
<b>Total Assets</b>		<b>1,216,032</b>	<b>777,667</b>	<b>1,091,799</b>	<b>669,779</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated Capital	22	35,247	35,247	35,247	35,247
Capital Reserves	23	6,197	6,197	6,197	6,197
Revaluation Reserve	24	217,232	220,536	217,232	220,536
Fair Value Reserve		16,426	14,252	16,420	14,246
Retained Earnings		601,967	440,323	481,371	332,591
<b>Total Equity attributable to Equity Holders of the Company</b>		<b>877,069</b>	<b>716,555</b>	<b>756,467</b>	<b>608,817</b>
<b>Total Equity</b>		<b>877,069</b>	<b>716,555</b>	<b>756,467</b>	<b>608,817</b>
<b>Non - Current Liabilities</b>					
Deferred Tax Liabilities	25	24,956	4,760	24,956	4,760
Retirement Benefit Obligation	26	14,934	12,767	14,934	12,767
Interest Bearing Borrowings	27	-	-	-	-
Loans from Related Party	29	-	-	-	-
<b>Total Non - Current Liabilities</b>		<b>39,890</b>	<b>17,527</b>	<b>39,890</b>	<b>17,527</b>
<b>Current Liabilities</b>					
Interest Bearing Borrowings	27	55,000	482	55,000	482
Trade and Other Payables	28	208,187	36,878	207,948	36,726
Current Tax Liabilities		35,401	5,809	32,009	5,811
Bank Overdrafts	21	485	416	485	416
<b>Total Current Liabilities</b>		<b>299,073</b>	<b>43,585</b>	<b>295,442</b>	<b>43,435</b>
<b>Total Liabilities</b>		<b>338,963</b>	<b>61,112</b>	<b>335,332</b>	<b>60,962</b>
<b>Total Equity and Liabilities</b>		<b>1,216,032</b>	<b>777,667</b>	<b>1,091,799</b>	<b>669,779</b>
Net Assets Per Share (Rs.)		298.63	243.98	257.56	207.29

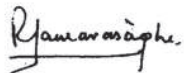
The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Group set out on pages 26 to 67.

It is certified that the financial statements have been prepared and presented in compliance with requirements of the Companies Act No.7 of 2007.

  
T.A.U. Jinadasa  
D.G.M. Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Approved and signed on behalf of the Board of the Directors;

  
R.S. Wijewardene (Chairman)  
04 September, 2023  
Colombo

  
R. C. Samarasinghe (Director)

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**STATEMENT OF CHANGES IN EQUITY**

**For the year ended 31 March**

Company	Stated Capital	Capital Reserves	Revaluation Reserves	Fair Value Reserve	Retained Earning	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2021	35,247	6,197	220,536	14,032	271,673	547,685
Profit for the Year	-	-	-	-	66,036	66,036
Other Comprehensive Income	-	-	-	214	23	237
Total Comprehensive Income	-	-	-	214	66,059	66,273
<i>Transactions with Equity Holders</i>						
<i>Contribution by and Distribution to Equity Holders</i>						
Dividend for the Year (Note - 10)	-	-	-	-	(5,141)	(5,141)
<b>Balance as at 31 March 2022</b>	<b>35,247</b>	<b>6,197</b>	<b>220,536</b>	<b>14,246</b>	<b>332,591</b>	<b>608,817</b>
Balance as at 1 April 2022	35,247	6,197	220,536	14,246	332,591	608,817
Profit for the Year	-	-	-	-	156,002	156,002
Other Comprehensive Income	-	-	(3,304)	2,174	(1,347)	(2,477)
Total Comprehensive Income	-	-	(3,304)	2,174	154,655	153,525
<i>Transactions with Equity Holders</i>						
<i>Contribution by and Distribution to Equity Holders</i>						
Dividend for the Year (Note - 10)	-	-	-	-	(5,875)	(5,875)
<b>Balance as at 31 March 2023</b>	<b>35,247</b>	<b>6,197</b>	<b>217,232</b>	<b>16,420</b>	<b>481,371</b>	<b>756,467</b>
<b>Group</b>	<b>Stated Capital</b>	<b>Capital Reserves</b>	<b>Revaluation Reserves</b>	<b>Fair Value Reserve</b>	<b>Retained Earning</b>	<b>Total Equity</b>
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April 2021	35,247	6,197	220,536	14,038	380,811	656,829
Profit for the Year	-	-	-	-	64,630	64,630
Other Comprehensive Income	-	-	-	214	23	237
Total Comprehensive Income	-	-	-	214	64,653	64,867
<i>Transactions with Equity Holders</i>						
<i>Contribution by and Distribution to Equity Holders</i>						
Dividend for the Year (Note - 10)	-	-	-	-	(5,141)	(5,141)
<b>Balance as at 31 March 2022</b>	<b>35,247</b>	<b>6,197</b>	<b>220,536</b>	<b>14,252</b>	<b>440,323</b>	<b>716,555</b>
Balance as at 1 April 2022	35,247	6,197	220,536	14,252	440,323	716,555
Profit for the Year	-	-	-	-	168,866	168,866
Other Comprehensive Income	-	-	(3,304)	2,174	(1,347)	(2,477)
Total Comprehensive Income	-	-	(3,304)	2,174	167,519	166,389
<i>Transactions with Equity Holders</i>						
<i>Contribution by and Distribution to Equity Holders</i>						
Dividend for the Year (Note - 10)	-	-	-	-	(5,875)	(5,875)
<b>Balance as at 31 March 2023</b>	<b>35,247</b>	<b>6,197</b>	<b>217,232</b>	<b>16,426</b>	<b>601,967</b>	<b>877,069</b>

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Group set out on pages 26 to 67.

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**CASH FLOW STATEMENT**

**For the year ended 31 March**

	Notes	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before Tax		250,978	71,642	232,579	72,088
<i>Adjustments for,</i>					
Dividend Income	6	(1)	(1)	(1)	(697)
Profit on Disposal of Property, Plant and Equipment	6	-	(50)	-	(50)
Gain / (Loss) on Disposal of Associate	6	-	799	(1,479)	(493)
Impairment loss from classification of Held for Sale	6	-	2,397	-	-
Interest Income	7	(29,994)	(7,362)	(9,460)	(1,837)
Interest Expense	7	14,117	1,951	14,117	2,032
Provision for Retiring Gratuity	8	2,757	1,219	2,757	1,219
Provision of Trade and Other Receivables		5,302	6	5,302	6
Depreciation	12	8,762	8,977	8,762	8,977
Gain / (Loss) on Fair Value of Investment Property	13	(11,793)	(11,078)	(11,793)	(11,078)
Inventory Provision / (Reversal) for the Year		670	1,281	670	1,281
<b>Operating Profit before Working Capital Changes</b>		<b>240,798</b>	<b>69,781</b>	<b>241,454</b>	<b>71,448</b>
<b>Changes In;</b>					
Inventories		(144,757)	(41,864)	(144,757)	(41,864)
Trade and Other Receivables		(204,584)	2,839	(200,859)	4,745
Dues from Related Companies		(465)	(3,145)	(420)	(3,117)
Trade and Other Payables		171,309	(2,006)	171,222	(1,960)
		<b>62,301</b>	<b>25,605</b>	<b>66,640</b>	<b>29,252</b>
Interest Paid		(14,117)	(1,849)	(14,117)	(1,930)
Gratuity Paid	26	(1,626)	(2,413)	(1,626)	(2,413)
Tax Paid		(35,727)	(6,759)	(33,797)	(5,751)
<b>Net Cash Generated / (Used In) From Operating Activities</b>		<b>10,831</b>	<b>14,584</b>	<b>17,100</b>	<b>19,158</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Property, Plant and Equipment	12	(1,563)	(915)	(1,563)	(915)
Proceeds from Sale of Property, Plant and Equipment		-	50	-	50
Interest Received		29,993	7,362	9,460	1,837
Dividend Received		-	1	-	697
Proceeds from disposal of associate		5,145	1,715	5,145	1,715
<b>Net Cash Flow Generated From / (Used In) Investing Activities</b>		<b>33,575</b>	<b>8,213</b>	<b>13,042</b>	<b>3,384</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Lease Rentals Paid	27.2	(482)	(757)	(482)	(757)
Repayment of Loans during the Year	27.3	(57,137)	(37,566)	(57,137)	(37,566)
Loans Obtained during the Year	27.3	112,137	37,566	112,137	37,566
Loan recoveries during the Year	19.2	-	1,647	-	-
Repayment of Related Party Loans during the Year	29	-	-	-	(2,048)
Dividend Paid		(5,875)	(5,141)	(5,875)	(5,141)
<b>Net Cash Flow Used in Financing Activities</b>		<b>48,643</b>	<b>(4,251)</b>	<b>48,643</b>	<b>(7,946)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>93,049</b>	<b>18,546</b>	<b>78,785</b>	<b>14,596</b>
<b>Cash &amp; Cash Equivalents at the Beginning of the Year</b>		<b>172,587</b>	<b>154,041</b>	<b>67,901</b>	<b>53,305</b>
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	21	<b>265,636</b>	<b>172,587</b>	<b>146,686</b>	<b>67,901</b>

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form an integral part of the financial statements of the Group set out on pages 26 to 67.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

Lake House Printers and Publishers PLC (the “Company”), is a public limited liability Company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office of the Company and the principal place of business are situated at No.41, W.A.D.Ramanayake Mawatha, Colombo 02.

Lake House Printers and Publishers PLC does not have any identifiable parent of its own. The Company is the ultimate parent of the Group.

**1.1 Principal Activities of the Group**

The major activities of the Company during the year were the printing of Cheque Leaves and Security Documents, the business of manufacturing and marketing plastic and internationally certified Visa, Master and other cards & solutions and the supply of related equipment and machinery and, publishing and distributing the Lake House Atlas.

The Subsidiary Company LH Plantations (Private) Limited functions as a managing agent of coconut plantations.

The consolidated financial statements of Lake House Printers and Publishers PLC comprise the Company and its fully owned subsidiary, L H Plantations (Private) Limited, (together referred to as the “Group”)

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

The consolidated financial statements and separate financial statements of the company have been prepared in accordance with the Sri Lanka Accounting Standards (herein referred to as SLFRS/LKASs) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirements of the Companies Act No. 7 of 2007, and the Listing Rules of the Colombo Stock Exchange.

**2.2 Responsibility for financial statements**

The Board of Directors of the Company acknowledges its responsibility for the Financial Statements, as set out in the "Annual Report of the Board of Directors", "Statement of Directors' Responsibilities for Financial Statements" and the "Certification on the Statement of Financial Position".

**2.3 Approval of financial statements by Directors**

The financial statements of the Group and the Company for the year ended 31st March 2023 were approved and authorized for issue by the Board of Directors on the 04 September 2023.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.4 Basis of Measurement**

Financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position.

- Equity Investments at FVTOCI are measured at fair value. (Note – 16)
- Investment Property is measured at fair value. (Note – 13)
- Assets held for sale measured at lower of carrying value or fair value less cost to sell. (Note 20)
- Liability for defined benefit obligations is carried at the present value of the defined benefit obligations. (Note – 26)

**2.5 Functional and Presentation Currency**

Financial statements of the Group are presented in Sri Lankan rupees, which is the Group's functional currency. All financial information presented have been rounded to the nearest thousand unless otherwise indicated. All values presented in the financial statements are in Sri Lankan Rupees unless otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 01 on 'Presentation of Financial Statements'.

**2.6 Use of Estimates and Judgments**

The preparation of the financial statements in conformity with SLFRSs requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgments in applying accounting policies that have a significant effect on the amounts recognized in the Group's financial statements is included in the respective notes.

Note 13 – Determining the fair values of Investment Property

Note 18 - Measurement of loss rate to compute ECL Allowance for trade receivables

Note 26.2 - Measurement of defined benefit obligations: key actuarial assumptions

Note 16.1 - Measurement of fair value of Unquoted Investment

Note 09 - Measurement of Income Tax liability.

Note 25 - Measurement of Deferred Tax liability.

**2.7 Going Concern**

The ongoing economic crisis in the country has increased the estimation uncertainty in the preparation of Financial Statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment) This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

Having evaluated the future outlook of the Group the Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirmed that they do not intend either to liquidate or to cease operations of the Group.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.7 Going Concern (Continued)**

Furthermore, the Management is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

**2.8 Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the income statement, unless required or permitted by Sri Lanka Accounting Standards and as specifically disclosed in the significant accounting policies of the Group.

**2.9 Reporting Date**

The financial statements of all Companies in the Group are prepared for a common financial year, which ends on 31 March.

**2.10 Materiality and Aggregation**

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements'

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Company and the Group. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements except if mentioned otherwise.

**3.1 Basis of Consolidation**

The Group's financial statements comprise of the consolidation of financial statements of the Company and its subsidiaries prepared in terms of Sri Lanka Accounting standard (SLFRS -10) – Consolidated Financial Statements.

**3.1.1 Business Combinations**

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.1.1 Business Combinations (Continued)**

Any contingent consideration is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

#### **3.1.2 Subsidiaries**

Subsidiaries are those entities controlled by the Group. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable and other contractual arrangements. The Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting rights and potential voting rights over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Entities that are subsidiaries of another entity which is a subsidiary of the Company are also treated as subsidiaries of the Company. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1.3 Investment in Equity Accounted Investees**

An Associate is an entity over which the Group has significant influence and that is neither subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not have any control over those policies.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

**3.1.4 Loss of Control**

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary. Any non-controlling interests and the other components of equity related to the subsidiary, any surplus or deficit arising on the loss of control is recognized in comprehensive income. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee depending on the level of influence retained.

**3.1.5 Transactions Eliminated on Consolidation**

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**3.1.6 Assets held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and, employee benefit assets or investment property which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for distribution and subsequent gains and losses on re-measurement are recognized in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

**3.1.7 Foreign Currency Transactions**

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities are denominated in foreign currencies rate at that date.

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1.7 Foreign Currency Transactions (Continued)**

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognized in profit or loss.

**3.2 Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument of another entity.

**3.2.1 Financial Assets**

**Recognition and Initial Measurement**

The Group initially recognizes "Trade Receivables" when they are originated. All other financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets other than trade receivables that do not contain a significant financing component are initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

**Classification and Subsequent Measurement**

On initial recognition, the Group classifies a financial asset as measured at amortized cost; fair value through other comprehensive income (FVTOCI); or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it is held within a business model where the objective is to hold assets to collect contractual cash flows and its contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates and the financial asset is not designated as at FVTPL. A debt investment is measured at FVTOCI if it is held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and the debt investment is not designated as at FVTPL.

On initial recognition of an equity investment that is not held for trading, the Group irrevocably elected to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL. This includes equity Investments and derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Business Model Assessment**

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the financial assets are managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### **Assessment whether Contractual Cash Flows are Solely Payments of Principal and Interest:**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- repayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### **3.2.2 Subsequent Measurement and Gains and Losses:**

##### **Financial Assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Financial Assets at Amortized Cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

#### **Debt Investments at FVTOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

#### **Equity Investments at FVTOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

#### **3.2.3 Reclassification**

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Group changes its objective of the business model for managing such financial assets.

#### **3.2.4 Derecognition**

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

If the Group enters into transaction whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, such transferred assets are not derecognised.

### **3.3 Financial Liability**

#### **Recognition and Initial Measurement**

The Group initially recognises financial liabilities other than debt securities when it becomes a party to the contractual provisions of the instrument. The Group recognises debt securities issued when they are originated.

All financial liabilities are initially measured at fair value and, for an item not at Fair Value Through Profit or Loss (FVTPL), net of transaction costs that are directly attributable to its issue.

The Group's financial liabilities comprise of loans and borrowings, refundable rental and other deposits, bank overdrafts, trade and other payables and loans from related parties.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Classification, Subsequent Measurement and Gains and Losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition of other financial liabilities are recognised in profit or loss.

#### **Reclassification**

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

#### **Derecognition**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### **3.4 Impairment – Financial Assets**

The Group recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. Loss allowance for debt instruments is measured and 12-month ECL unless credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) of the debt instrument has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held). Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Measurement of ECLs**

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### **Credit-Impaired Financial Assets**

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- For trade receivables, being more than 365 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market to a security because of financial difficulties.

#### **Presentation of Allowance for ECL in the Statement of Financial Position**

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

#### **Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures to recovery of amounts due.

### **3.5 Stated Capital**

#### **Ordinary Shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

### **3.6 Property, Plant and Equipment**

#### **3.6.1 Recognition and Measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.6.1 Recognition and Measurement (Continued)**

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within the profit or loss.

**3.6.2 Subsequent Costs**

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

**3.6.3 Depreciation**

Items of Property, Plant and Equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognized in comprehensive income, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

<u><b>Class of Assets</b></u>	<u><b>Useful Lifetime (Years)</b></u>
Building - General Printing Division	40
Security Printing Division	20
Plant and Machinery	6.6
Motor Vehicles	4
Furniture and Fittings	6.6 - 13.3

**3.6.4 Transfers to and from Property Plant and Equipment**

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Any difference at the date of the change in use between the carrying amount of the property and its fair value is recognized as a revaluation of property, plant and equipment and is not transferred to profit or loss at the date of transfer and subsequent disposal, any existing revaluation surplus that was recognized under revaluation model to the property will be transferred to retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.7 Investment Property**

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

**3.7.1 Basis of Recognition**

Investment Property is recognized if it is probable that future economic benefits that are associated with the Investment Property will flow to the Group and cost of the Investment Property can be reliably measured.

**3.7.2 Measurement**

An investment property is measured initially at its cost. The cost of a purchased investment property comprises of its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction or development is complete.

The Group applies the fair value model for investment properties in accordance with Sri Lanka Accounting Standard 40 (LKAS 40) "Investment Property". Accordingly, land and buildings classified as investment properties are stated at its fair value and the resulting gain or loss arising from the change in fair value of the Investment Property is recognized in Profit or Loss.

**3.7.3 Transfers to and from Investment Property**

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any difference between carrying amount as per LKAS 16 "Property Plant and Equipment" and its fair value is treated in the same way as revaluation in accordance with LKAS 16.

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with LKAS 16 or LKAS 2 "Inventories" shall be its fair value at the date of change in use.

**3.7.4 Derecognition**

Investment properties are derecognized when disposed of, or permanently withdrawn from use because no future economic benefits are expected. Transfers are made to and from investment properties only when there is a change in use.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in comprehensive income. When an investment property that was previously classified as property plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.8 Inventories**

Inventories are measured at the lower of cost and net realizable value.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost incurred in bringing inventories to the present location and condition is recognized as follows;

- Raw Material - At cost determined at the factory on weighted average cost method
- Packing Material - At cost determined at the factory on weighted average cost method
- Finished Goods - At factory cost of direct materials, direct labour and appropriate proportion of fixed production overheads at normal operating capacity.
- Goods in Transit -At the actual cost

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**3.9 Employee Benefits**

**3.9.1 Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which contributions are made into a separate fund and the entity will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plan are recognized as an employee benefit expense in profit or loss in the periods during services is rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**3.9.1.1 Defined Contribution Plans - Employees Provident Fund and Employees Trust Fund**

All employees who are eligible for Employees' Provident Fund contribution and Employees' Trust Fund contribution are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12 % and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

**3.9.2 Defined Benefit Plan - Gratuity**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

**3.9.2.1 Retiring Gratuity**

The Retirement Benefit Plan adopted is as required under the Payment of Gratuity Act No. 12 of 1983. This item is grouped under Retirement Benefit Obligation in the Statement of Financial Position.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **3.9.2.1 Retiring Gratuity (Continued)**

Provision for the retirement benefit obligation on the employees of the Group is on an actuarial basis using the project unit credit method (PCU method) as recommended by LKAS 19, "Employee Benefit". The Group continues to use the actuarial method under Sri Lanka Accounting Standard 19, "Employee Benefit".

However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service. The liability is not externally funded.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

The Group recognizes all the re-measurements of the net defined benefit liability in other comprehensive income. Re-measurements of the net defined benefit liability comprise an actuarial gain or loss. The assumption based on which the result of actuarial revaluation was determined are included in the note 26 to the Financial Statements.

#### **3.9.3 Short-Term Benefits**

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided.

#### **3.10 Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

#### **3.11 Revenue**

SLFRS 15 established a comprehensive framework for determining whether, how much and when to recognise revenue. Revenue is measured based on the consideration specified in a contract with a customer. Under SLFRS 15, the Group revenue is recognised when a customer obtains control of the goods or services. The Standard also gives guidelines for determining the timing of the transfer of control ie: at a point in time or over time requires judgement.

Under SLFRS 15, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognition will not occur.

##### **3.11.1 Sale of Goods**

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

##### **3.11.2 Rental Income**

Rental income from investment property is recognized in comprehensive income on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.11.3 Revenue Recognition**

Revenue is recognized when performance obligations satisfied.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

**3.12 Finance Income and Finance Costs**

Finance Income comprises interest income on funds invested and recognized in profit or loss using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in comprehensive income using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

**3.13 Income Tax**

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**3.13.1 Current Tax**

Current Income Tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. 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 reported in the Financial Statements and computed with in accordance with the provisions of the Inland Revenue Amendment Act No.14 of 2017 and its amendments thereto.

The relevant details are disclosed in the respective notes to the financial statements.

**3.13.2 Deferred Tax**

Deferred tax is recognized in comprehensive income in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except to that it relates to items recognized directly in equity or other comprehensive income. Deferred tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.13.2 Deferred Tax (Continued)**

- Temporary differences related to investments in subsidiaries, associates and to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**3.14 Statement of Cash Flows**

The Statement of Cash Flows has been prepared using the “Indirect Method”. Interest paid is classified as operating cash flows, interest received is classified as investing cash flows for the purpose of presenting Statement of Cash Flows.

**3.15 Earnings per Share**

The Group presents Basic Earnings Per Share (EPS) data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of Ordinary Shares outstanding during the period.

**3.16 Related Party Transactions**

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

**3.17 Segment Reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments operating results are reviewed regularly by the Group’s operating decision maker to make decisions about the resources to each segment and to assess its performance and for which discreet financial information is available.

Details of financial reporting by segment as required by the SLFRS 8 “Operating Segment” are given in the Note 37 to the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3 . SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.18 Operating Profit**

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

**3.19 Foreign Currency**

**3.19.1 Foreign Currency Transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to reporting currency using the exchange rate that was prevailing on the date the fair value was determined.

Foreign currency differences arising on retranslation generally are recognized in income statement. However, the following items are recognized in the other comprehensive income.

i. Differences arising on the retranslation of fair value through other comprehensive income equity investments which was recognised in other comprehensive income. Foreign currency gains and losses are reported on a net basis in the income statement.

ii. Gains and losses arising from translating the financial statements of foreign operations.

iii. Qualifying cash flows hedges to the extent that the hedge is effective.

**3.20 Trade and Other Receivables**

Trade and other receivables are stated at the amounts estimated to be realised after providing for impairment on trade and other receivables.

Other receivables and dues from related parties are recognised at cost, less provision for impairment.

**3.21 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand and short-term deposits with original maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities. For purpose of Cash Flow, bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as components of cash and cash equivalent.

**3.22 Trade and Other Payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.23 Other Income**

- Rent income represents the rental income arising from renting of property, plant and equipment and investment properties. All revenue is recognized on a straight-line basis over the term of hire.
- Dividend income is recognised when the right to receive dividends is established which is generally when the dividend is declared. Dividend income is included under other operating income.
- Profit on Disposal of Property Plant and Equipment is also included under other income.

**3.24 Transfer Pricing**

As prescribed in the Inland Revenue Act No. 24 of 2017 and the Gazette notifications issued on transfer pricing, companies in the Group have complied with the arm's length principles relating to transfer pricing.

**3.25 Determination of Fair Values**

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

**Fair value of non-financial assets**

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of.

**4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE**

The Institute of Chartered Accountants of Sri Lanka has issued a number of new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) that are effective for annual periods beginning after the current financial year. Accordingly, the Group has not early adopted them in preparing these financial statements. The following amended standards are not expected to have a significant impact on the Group's financial statements.

**Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)**

The amendment aims to clarify the requirements on determining whether a liability is current or non-current and apply for annual reporting periods beginning on or after 1 January 2023.

The amendments in classification of liabilities as current or non-current (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability income or expenses or the information that entities disclose about those items.

**Deferred tax related to assets and liabilities arising from a single transaction. (Amendments to LKAS 12)**

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

**Disclosure of Accounting Policies (Amendment to LKAS 1 and IFRS Practice Statement 2)**

Amendments to LKAS 1 - Presentation of Financial Statements; intends to help companies provide useful accounting policy disclosures. Key amendments to LKAS 1 includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE (CONTINUED)**

**Definition of Accounting Estimates (Amendments to LKAS 8)**

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively. The approach taken can therefore affect both the reported results and trends between periods. Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors will clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.



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<b>For the year ended 31 March</b>		<b>Group</b>		<b>Company</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>5</b>	<b>REVENUE</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
	Gross Revenue	1,481,827	660,428	1,481,517	660,218
	Less:- Revenue Related Taxes	(102,361)	(28,320)	(102,361)	(28,320)
	Net Revenue	<u>1,379,466</u>	<u>632,108</u>	<u>1,379,156</u>	<u>631,898</u>
<b>6</b>	<b>OTHER OPERATING INCOME</b>	<b>Group</b>		<b>Company</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
	Profit on Disposal of Property Plant and Equipment	-	50	-	50
	Rent Income	14,963	16,917	14,963	16,917
	Dividend Income	1	1	1	697
	Sundry Income	7,064	4,536	6,523	3,967
	Gain / (Loss) on Disposal of Associate	-	(799)	1,479	493
	Impairment Loss from classification of Asset Held for Sale (Note 20.1)	-	(2,397)	-	-
		<u>22,028</u>	<u>18,308</u>	<u>22,966</u>	<u>22,124</u>
<b>7</b>	<b>NET FINANCE INCOME / (COSTS)</b>	<b>Group</b>		<b>Company</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<i>Finance Income</i>					
	Interest Income	29,994	7,362	9,460	1,837
		<u>29,994</u>	<u>7,362</u>	<u>9,460</u>	<u>1,837</u>
<i>Finance Costs</i>					
	Interest On,				
	- Related Party Loans	-	-	-	(81)
	- Bank Overdrafts	(3,326)	(440)	(3,326)	(440)
	- Trust Receipt Loans	(3,072)	(281)	(3,072)	(281)
	- Finance Lease	(23)	(102)	(23)	(102)
	- Other Finance Costs	(7,696)	(1,128)	(7,696)	(1,128)
		<u>(14,117)</u>	<u>(1,951)</u>	<u>(14,117)</u>	<u>(2,032)</u>
	<b>Net Finance Income / (Cost)</b>	<u>15,877</u>	<u>5,411</u>	<u>(4,657)</u>	<u>(195)</u>
<b>8</b>	<b>PROFIT BEFORE TAX</b>	<b>Group</b>		<b>Company</b>	
		<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<i>Profit before tax is stated after charging all expenses including the following:</i>					
	Directors' Emoluments	4,676	3,956	4,656	3,936
	Auditors' Remuneration - Audit Fees	1,075	750	850	600
	- Non Audit Fees	186	172	186	172
	Depreciation	8,760	8,975	8,760	8,975
	Provision for Trade and Other Receivables	5,302	6	5,302	6
	Inventory Provision for the Year	670	1,281	670	1,281
	Donations	25	20	25	20
	Personnel Costs (Note 8.1)	58,182	43,497	58,182	42,501
		-	-	-	-
<b>8.1</b>	<b>Personnel Costs</b>				
	Personnel Costs:-				
	Defined Benefit Plan Costs-Gratuity (Note 26.4)	2,757	1,219	2,757	1,219
	Defined Contribution Plan Costs - EPF and ETF	6,851	6,054	6,851	6,054
	Other Staff Costs	49,552	36,224	48,574	35,228
		<u>58,182</u>	<u>43,497</u>	<u>58,182</u>	<u>42,501</u>

Number of employees as at 31 March 2023 - 177 (31 March 2022 -166).

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	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>For the year ended 31 March</b>				
<b>9 INCOME TAX EXPENSES</b>				
<b>Current Tax</b>				
Current Tax for the Year (Note 9.2)	61,739	12,079	56,204	11,118
Under Provision for Income Tax	1,482	113	1,482	113
Additional Income Tax 2018/2019 and 2019/2020	2,113		2,113	
Capital Gain Tax	196		196	
Dividend Tax	-	97	-	97
	<b>65,530</b>	<b>12,289</b>	<b>59,995</b>	<b>11,328</b>
<b>Deferred Tax</b>				
Origination of temporary differences	4,391	(5,277)	4,391	(5,276)
Impact of Rate Changes (Note 25)	12,191	-	12,191	-
Income tax expense recognized in statement of profit or loss	<b>82,112</b>	<b>7,012</b>	<b>76,577</b>	<b>6,052</b>

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>9.1 Tax Effect on Other Comprehensive Income</b>				
Origination of temporary differences	311	6	311	6
Impact of Rate Changes	3,304	-	3,304	-
Total Income Tax Charge / (Reversal) on Other Comprehensive Income (Note 25)	<b>3,615</b>	<b>6</b>	<b>3,615</b>	<b>6</b>

The Company has used the new tax rate introduced in the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 01 October 2022) for income taxation. Accordingly, income tax rates of, 18% for manufacturing business profits, and 24% for other income have been used for the first six months and a standard rate of 30% has been used for profits of all segments for the second six months.

The business profits and income of its subsidiary are liable to tax at the standard rate of 24% for the first six months and a standard rate of 30% has been used for the second six months.

Deferred tax for the year has been computed based on the substantively enacted rates as of the reporting date. Accordingly the enacted rates specified in the Inland Revenue Act No. 24 of 2017 and its amendments thereto have been used.

**9.2 The Reconciliation between Accounting Profit and Taxable Profit is as follows;**

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Accounting Profit before Tax	250,978	71,642	232,579	72,088
Aggregate Tax Disallowable Items	250,978	71,642	232,576	72,093
Aggregate Tax Allowable Items	21,254	11,201	19,750	11,175
<b>Taxable Income</b>	<b>(20,011)</b>	<b>(17,776)</b>	<b>(20,011)</b>	<b>(22,199)</b>
	<b>252,221</b>	<b>65,067</b>	<b>232,315</b>	<b>61,069</b>
Taxable Income at 18%	108,676	58,972	108,676	58,977
Taxable Income at 24%	14,762	6,095	7,482	2,092
Taxable Income at 30%	128,783	-	116,157	-
	<b>252,221</b>	<b>65,067</b>	<b>232,315</b>	<b>61,069</b>
Income Tax @ (18%)	19,562	10,616	19,562	10,616
Income Tax @ (24%)	3,543	1,463	1,796	502
Income Tax @ (30%)	38,634	-	34,846	-
	<b>61,739</b>	<b>12,079</b>	<b>56,204</b>	<b>11,118</b>

**10 DIVIDENDS PER SHARE**

	2023 Rs.'000	2022 Rs.'000
Final ordinary dividend recommended Rs.5.00 Per share (2021/2022 – Rs.2.00 Per share)	<b>5,875</b>	<b>5,141</b>

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**11 BASIC EARNINGS PER SHARE**

Basic Earnings Per Share is calculated based on the profit after taxation attributable to the ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31 March	Group		Company	
	2023	2022	2023	2022
Profit attributable to Ordinary Shareholders (Rs'000)	168,866	64,630	156,002	66,036
Weighted Average Number of Ordinary Shares	2,937	2,937	2,937	2,937
Basic Earnings Per Ordinary Share (Rs.)	57.50	22.01	53.12	22.48

There were no potentially dilutive ordinary shares at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

There is no change in basic earning per share and diluted earning per share value.

**12 PROPERTY, PLANT & EQUIPMENT**

The freehold land of Company situated at No: 41, W.A.D.Ramanayaka Mawatha, Colombo was revalued as at 31 March 2023 by an independent qualified valuer at Rs. 1,364,313,645/-. (31 March 2022 - Rs 1,332,729,450/-). However, the revalued amount excluding investment property has not been incorporated into the financial statements since the Company has elected the cost model as its accounting policy and applied that policy to the entire class of property, plant and equipment as required by LKAS 16 – “Property Plant and Equipment”. There are three buildings situated at the above address, the total extent of which is 33,650 sq feet. The location and extent of Group’s freehold lands as at the reporting date are as shown below:

<u>Location</u>	<u>Extent</u>
No: 41, W.A.D.Ramanayaka Mawatha, Colombo - 02.	90.39 Perches.

**12.1 Group**

The costs of fully depreciated items of Property, Plant and Equipment which are still in use as at 31 March 2023 are as follows;

	Buildings	Plant and Machinery	Furniture, Fittings and Equipment	Motor Vehicles
Cost as at 31 March 2022 (Rs.'000)	1,857	144,370	17,921	14,859
<b>Cost as at 31 March 2023 (Rs.'000)</b>	<b>7,201</b>	<b>145,757</b>	<b>18,463</b>	<b>15,130</b>

Refer note 21.1 for the details of assets pledged as a security as at 31 March 2023.

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As at 31 March

**12 PROPERTY, PLANT & EQUIPMENT (CONTINUED)**

**12.2 Group**

Cost	Freehold					Total
	Land	Buildings	Plant & Machinery	Furniture, Fittings & Equipment	Motor Vehicles	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1 April 2021	9,594	17,050	165,985	28,250	33,965	254,844
Additions during the Year	-	-	-	915	-	915
Disposals during the Year	-	-	-	(63)	-	(63)
Balance as at 31 March 2022	9,594	17,050	165,985	29,102	33,965	255,696
Balance as at 1 April 2022	9,594	17,050	165,985	29,102	33,965	255,696
Additions during the Year	-	-	-	1,563	-	1,563
Disposals during the Year	-	-	-	-	-	-
Balance as at 31 March 2023	9,594	17,050	165,985	30,665	33,965	257,259
<b>Accumulated Depreciation</b>						
Balance as at 1 April 2021	-	11,905	155,729	21,941	24,043	213,618
Charge for the Year	-	627	3,296	1,639	3,415	8,977
Disposals during the Year	-	-	-	(63)	-	(63)
Balance as at 31 March 2022	-	12,532	159,025	23,517	27,458	222,532
Balance as at 1 April 2022	-	12,532	159,025	23,517	27,458	222,532
Charge for the Year	-	642	3,151	1,639	3,330	8,762
Disposals during the Year	-	-	-	-	-	-
Balance as at 31 March 2023	-	13,174	162,176	25,156	30,788	231,294
<b>Net Book Value</b>						
Balance as at 31 March 2022	9,594	4,518	6,960	5,585	6,507	33,164
Balance as at 31 March 2023	9,594	3,876	3,809	5,509	3,177	25,965

**12.3 Company**

Cost	Freehold					Total
	Land	Buildings	Plant & Machinery	Furniture, Fittings & Equipment	Motor Vehicles	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1 April 2021	9,594	17,050	165,979	28,222	28,417	249,262
Additions during the Year	-	-	-	915	-	915
Disposals during the Year	-	-	-	(63)	-	(63)
Balance as at 31 March 2022	9,594	17,050	165,979	29,074	28,417	250,114
Balance as at 1 April 2022	9,594	17,050	165,979	29,074	28,417	250,114
Additions during the Year	-	-	-	1,563	-	1,563
Disposals during the Year	-	-	-	-	-	-
Balance as at 31 March 2023	9,594	17,050	165,979	30,637	28,417	251,677
<b>Accumulated Depreciation</b>						
Balance as at 1 April 2021	-	11,905	155,723	21,913	18,495	208,036
Charge for the Year	-	627	3,296	1,639	3,415	8,977
Disposals during the Year	-	-	-	(63)	-	(63)
Balance as at 31 March 2022	-	12,532	159,019	23,489	21,910	216,950
Balance as at 1 April 2022	-	12,532	159,019	23,489	21,910	216,950
Charge for the Year	-	642	3,151	1,639	3,330	8,762
Disposals during the Year	-	-	-	-	-	-
Balance as at 31 March 2023	-	13,174	162,170	25,128	25,240	225,712
<b>Net Book Value</b>						
Balance as at 31 March 2022	9,594	4,518	6,960	5,585	6,507	33,164
Balance as at 31 March 2023	9,594	3,876	3,809	5,509	3,177	25,965

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**13 INVESTMENT PROPERTY**

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	336,458	325,380	336,458	325,380
Fair value Gain for the Year	11,793	11,078	11,793	11,078
Balance as at 31 March	<b>348,251</b>	336,458	<b>348,251</b>	336,458

Investment Property comprising a number of commercial properties situated at No 41, W. A. D. Ramanayake Mawatha, Colombo 02 are leased to third parties and to a related Company. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

In accordance with LKAS 40, a property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the company holds it to earn rentals or for capital appreciation or for both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

- 13.1 There were no direct operating expenses (including repairs and maintenance) arising from Investment Property that generated rental income during the year. Rent income received for the year is disclosed in Note 6 to the financial statements.

The Company's land (2R:10.39P) which consists of 6 buildings (Floor area 15,330sq.ft) was revalued by a professional valuer as at 31 March 2023. Details of properties are disclosed as follows

Location	Last Revalued Date	Rented to	Floor Area (Sq.ft)	Fair Value Rs.'000
W.A.D Ramanayaka Mawatha, Colombo 2	31 March 2023	Lideshi (Private) Limited	2,250	134,500
W.A.D Ramanayaka Mawatha, Colombo 2	31 March 2023	Wijaya News Papers	4,462	60,092
W.A.D Ramanayaka Mawatha, Colombo 2	31 March 2023	Wijaya News Papers	3,786	38,819
W.A.D Ramanayaka Mawatha, Colombo 2	31 March 2023	Wijaya News Papers	1,260	19,702
W.A.D Ramanayaka Mawatha, Colombo 2	31 March 2023	Commercial Bank PLC	3,380	95,138
				<b>348,251</b>

**Measurement of Fair Value**

**(i) Fair Value Hierarchy**

The fair value of Investment Property was determined by an external, independent professional valuer, Upali Silva, Member of the Royal Institution of Chartered Surveyors (UK), Fellow Member of the Institute of Valuers of Sri Lanka (SL), Senior Certified Valuer (IREI-USA), Chartered Valuation (Private) Limited, on 31 March 2023.

The fair value measurement for the investment property of the Company has been categorized as a Level 3 fair value measurement based on the inputs to the valuation techniques used.

**(ii) Methods and Assumptions used in the Fair Valuation of Investment Properties are as follows;**

Property	Valuation Technique	Significant Unobservable Inputs	Inter-relationship between key Unobservable Inputs and Fair Value measurement
Property rented out to - Wijeya News Papers Limited - Commercial Bank PLC	Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate and other cost not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rate. Among other factors, discount rate estimation considers the quality of the buildings and its location.	Expected rental growth - 5% - 10% Risk adjusted discount rate - 12.5% Y.P in perpetuity - 7% Cost not paid by tenants 30% of expected rent income.	The estimate of fair value would increase Expected rental growth was high. The risk adjusted discount rate was low. Y.P in perpetuity was low. Cost not paid by tenants was low.
Property rented out to - Lideshi (Private) Limited	Market Comparable Method - This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves evaluation of recent market prices of similar assets, making appropriate adjustments for differences in size, nature, location, condition of specific property. In this process outlier transactions, indicative of particular motivated buyers or sellers are too compensated for since the price may not adequately reflect the fair market value.	Price Per perch for land Rs. 14,000,000 Price Per square foot for building Rs.10,000	Estimated fair value would increase/(decrease) if; -Price per perch increases / (decreases) -Price per square foot increases / (decreases)

Location and extent of Group's Investment Properties as at the reporting date are as shown below:

<u>Location</u>	<u>Extent</u>
No: 41, W.A.D.Ramanayaka Mawatha, Colombo - 02.	29.63 Perches.

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**14 INVESTMENTS IN SUBSIDIARY**

	2023			2022		
	Holding	No. of Shares	Cost	Holding	No. of Shares	Cost
	%	'000	Rs.'000	%	'000	Rs.'000
L.H. Plantations (Private) Limited	100	1,990	2,984	100	1,990	2,984

**15 INVESTMENTS IN EQUITY ACCOUNTED INVESTEE**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Stamford Lake (Private) Limited (Note 15.1)	-	-	-	-
	-	-	-	-

**Stamford Lake (Private) Limited**

The Group's interest in equity accounted investee relates to Stamford Lake (Private) Limited and is 49%. The principal activities of the Associate are Printing, Publishing and the Marketing of literary works.

**15.1 Stamford Lake (Private) Limited**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost of the Investment	-	4,889	-	4,889
Accumulated Share of Profit	-	5,166	-	-
Share of Profit for the Year, net of Tax	-	-	-	-
(-) Disposal during the Year	-	(2,514)	-	(1,222)
(-) Transferred to Asset Held for sale (Note 20)	-	(7,541)	-	(3,667)
Net Asset Value of Associate	-	-	-	-

During the previous Financial year, the Company has partially disposed shares of Stamford Lake (Private) Limited. The corresponding gain arising from the disposal has been included in last year's " Other Operating Income".

**16 OTHER INVESTMENTS**

The Group designated the investments shown as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for long term strategic purposes.

No strategic investments were disposed of during 2022/2023, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Group	No. of Shares	2023	2022
		Rs.'000	Rs.'000
Unquoted Investments (Note - 16.1)	460,471	20,000	17,820
Quoted Investments (Note - 16.2)	769	37	41
		<u>20,037</u>	<u>17,861</u>

Company	No. of Shares	2023	2022
		Rs.'000	Rs.'000
Unquoted Investments (Note - 16.1)	460,471	20,000	17,820
Quoted Investments (Note - 16.2)	696	32	37
		<u>20,032</u>	<u>17,857</u>

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**16 OTHER INVESTMENTS (CONTINUED)**

**16.1 Unquoted - Investments**

	No. of Shares	Group		No. of Shares	Company	
		2023 Rs.'000	2022 Rs.'000		2023 Rs.'000	2022 Rs.'000
Ranweli Holiday Village Limited	460,471	20,000	17,820	460,471	20,000	17,820
Lake House Investments Limited (Note - 16.1.1)	1,464,969	-	-	1,464,969	-	-
Lake House Bookshop (Private) Limited (Note - 16.1.2)	250,000	-	-	250,000	-	-
Ingrine Institute of Printing and Graphics Limited (Note - 16.1.3)	2,500	-	-	2,500	-	-
LHP & P Enterprises (Private) Limited (Note - 16.1.4)	3,410	-	-	3,410	-	-
		<u>20,000</u>	<u>17,820</u>		<u>20,000</u>	<u>17,820</u>

**16.1.1 Unquoted - Investments**

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>Lake House Investments Limited</b>				
Cost	14,650	14,650	14,650	14,650
Less: Provision for Impairment	(14,650)	(14,650)	(14,650)	(14,650)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**16.1.2 Lake House Bookshop (Private) Limited**

Cost	2,500	2,500	1,000	1,000
Less: Provision for Impairment	(2,500)	(2,500)	(1,000)	(1,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**16.1.3 Ingrine Institute of Printing and Graphics Limited**

Cost	25	25	25	25
Less: Provision for Impairment	(25)	(25)	(25)	(25)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**16.1.4 LHP & P Enterprises (Private) Limited**

Cost	39	39	39	39
Less: Provision for Impairment	(39)	(39)	(39)	(39)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

16.1.5 Unquoted Investments have been valued using net asset basis as at 31 March 2023.

**16.2 Quoted Investments**

	Group			Company		
	No of Shares	2023 Fair Value Rs.'000	2022 Fair Value Rs.'000	No of Shares	2023 Fair Value Rs.'000	2022 Fair Value Rs.'000
National Development Bank PLC	654	32	37	696	32	37
Vanik Incorporation PLC (Note 16.2.1)						
15 % Debentures	800	-	-	800	-	-
Voting	800	-	-	800	-	-
Non Voting Shares	1000	-	-	1000	-	-
Warrants	800	-	-	800	-	-
Seylan Bank PLC	115	5	4	-	-	-
		<u>37</u>	<u>41</u>		<u>32</u>	<u>37</u>

**16.2.1 Vanik Incorporation PLC**

Cost	118	118	118	118
Less: Provision for Impairment	(118)	(118)	(118)	(118)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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17 INVENTORIES	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Raw Materials	80,107	76,797	80,107	76,797
Work In Progress	174,116	35,747	174,116	35,747
Goods in Transit	3,078	-	3,078	-
Capital Stock	8,548	8,548	8,548	8,548
	<b>265,849</b>	<b>121,092</b>	<b>265,849</b>	<b>121,092</b>
Less: Provision for Impairment (Note 17.1)	(7,622)	(6,952)	(7,622)	(6,952)
	<b>258,227</b>	<b>114,140</b>	<b>258,227</b>	<b>114,140</b>
<b>17.1 Provision for Impairment</b>				
Balance as at 1 April	6,952	6,040	6,952	6,040
Provision for the Year	1,281	1,281	1,281	1,281
Provision Reversal for the Year	(611)	(369)	(611)	(369)
Balance as at 31 March	<b>7,622</b>	<b>6,952</b>	<b>7,622</b>	<b>6,952</b>

There were no inventories pledged by the Group and Company as security for facilities obtained from the banks (2022 - Nil).

18 TRADE AND OTHER RECEIVABLES	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Receivables	79,054	55,660	79,054	55,660
Less: Provision for Impairment (Note 18.1)	(10,464)	(8,166)	(10,464)	(8,166)
	<b>68,590</b>	<b>47,494</b>	<b>68,590</b>	<b>47,494</b>
Deposits and Prepayments	972	672	972	672
Other Receivables	203,070	22,181	194,898	17,733
Less: Provision for Impairment	(3,004)	-	(3,004)	-
	<b>269,628</b>	<b>70,347</b>	<b>261,456</b>	<b>65,899</b>
<b>18.1 Provision for Impairment</b>				
Balance as at 1 April	8,166	8,540	8,166	8,540
Write-off of Trade Receivables	-	(374)	-	(374)
Provision during the Year	2,298	-	2,298	-
Balance as at 31 March	<b>10,464</b>	<b>8,166</b>	<b>10,464</b>	<b>8,166</b>

19 AMOUNTS DUE FROM RELATED PARTIES

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Wijeya Newspapers Limited	26,432	23,943	26,342	23,898
Lake House Investments Limited (Note - 19.1)	-	-	-	-
Sarathi Limited	163	110	163	110
Stamford Lake (Private) Limited	1,208	1,557	1,208	1,557
R.S Printek (Private) Limited	-	1,728	-	1,728
	<b>27,803</b>	<b>27,338</b>	<b>27,713</b>	<b>27,293</b>



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**19 AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>19.1 Lake House Investments Limited</b>				
Balance as at 1 April	718	718	718	718
Less: Provision for Impairment	(718)	(718)	(718)	(718)
Balance as at 31 March	-	-	-	-

**19.2 LOANS GIVEN TO RELATED PARTIES**

**R.S Printek (Private) Limited**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April	-	1,647	-	-
Loans granted during the year	-	-	-	-
Loan recoveries during the Year	-	(1,647)	-	-
Balance as at 31 March	-	-	-	-

A new loan was granted to R.S Printek (Private) Limited on 25th January 2021 at a interest rate of 6.25%. The loan was repaid in full in financial year 2021/2022.

**20 ASSETS HELD FOR SALE**

	Group		Company	
	2022	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets Held for Sale	-	5,145	-	3,667
	-	5,145	-	3,667

In the last Financial year, the Company has entered into an agreement with a prospective buyer to dispose of its interest in Stamford Lake (Private) Limited. Accordingly, this has been classified as an Asset Held for sale as at the year end 2022. During the year the asset has been disposed of at Rs.5.1Mn and realized disposal gain of Rs.1.47Mn.

**20.1 Impairment loss relating to assets held for sale**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Carrying Value of the Investment	-	7,542	-	3,667
(-) Impairment loss relating to the asset held for sale	-	(2,397)	-	-
Fair Value of Investment as at 31 March	-	5,145	-	3,667

As at 31 March 2022, the assets held for sale was stated at the lower of carrying value and fair value less costs to sell. An Impairment loss of Rs. 2.4Mn for write down of the asset held for sale to the lower of its carrying amount and its fair value less cost to sell has been included in " Other Operating Income / ( Expenses)".

**21 CASH AND CASH EQUIVALENTS**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b><i>Favorable Balance</i></b>				
Cash in Hand	1,187	706	1,187	706
Cash at Bank	264,934	172,297	145,984	67,611
	266,121	173,003	147,171	68,317
<b><i>Unfavorable Balance</i></b>				
Bank Overdraft	(485)	(416)	(485)	(416)
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	265,636	172,587	146,686	67,901

**21.1** The Property situated at No.41, W.A.D Ramanayake Mw, Colombo 02 has been pledged as a security for overdraft facilities obtained from the Corporate Branch of Bank of Ceylon.

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22 STATED CAPITAL	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Issued and Fully paid Share Capital (No. of Shares 2,937,245)	<b>35,247</b>	35,247	<b>35,247</b>	35,247

The Stated Capital of the Company comprises only one class of shares viz, Ordinary Shares.

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at the meeting of shareholders or one vote per share in case of a poll.

23 CAPITAL RESERVES	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Capital Reserves	<b>6,197</b>	6,197	<b>6,197</b>	6,197

The balance mainly represents the net value of revaluation of land and buildings during the financial year 1983/1984, less Bonus Issue of Ordinary Shares during the financial year 1985/1986.

24 REVALUATION RESERVE	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Balance as at 1 April	<b>220,536</b>	220,536	<b>220,536</b>	220,536
Deferred tax effect due to rate change	<b>(3,304)</b>	-	<b>(3,304)</b>	-
Balance as at 31 March	<b>217,232</b>	220,536	<b>217,232</b>	220,536

The Land and Buildings situated at No: 41, W.A.D Ramanayaka Mawatha, Colombo 02 have been revalued by Mr.J.M.Senayaka Bandara, a qualified valuer (B.Sc.Hons. State Management and Valuation ) as at 1 July 2016 for the purpose of reclassification to Investment Property. Accordingly the Land and Buildings relating to Investment Property were revalued for Rs.131Mn (Land Rs.85Mn and Buildings Rs.46Mn) which had a carrying amount of Rs.21.2Mn (Land 0.8Mn and Building 20.4Mn), resulting in a Revaluation Reserve of Rs.108.8Mn as at 1 July 2016 and Rs.100.9Mn as at 31 March 2017 after accounting for subsequent deferred tax adjustments.

The Land and Buildings situated at No: 41, W.A.D Ramanayaka Mawatha, Colombo 02 have been revalued by Mr.J.M.Senayaka Bandara, a qualified valuer (B.Sc.Hons. State Management and Valuation ) as at 1 April 2017 for the purpose of reclassification to Investment Property. Accordingly the Land and Buildings relating to Investment Property were revalued for Rs.17Mn which had a carrying amount of Rs.0.46Mn, resulting in a Revaluation Reserve of Rs.16.54Mn as at 1 April 2017 and Rs.18Mn as at 31 March 2018.

There is no revaluation gain on Property Plant and Equipment recognized during the year in Revaluation Reserve.

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25 DEFERRED TAX LIABILITIES	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April	4,760	10,031	4,760	10,030
<i>Recognized in the Profit or Loss</i>				
Provision /(Reversal) for the Year	4,390	(5,277)	4,390	(5,276)
Deferred Tax Impact due to Rate Change	12,191		12,191	
<i>Recognized in the Other Comprehensive Income</i>				
Deferred Tax Impact on Actuarial Gain/ (Loss)	311	6	311	6
Deferred Tax Impact on Revaluation Reserve due to Rate Change	3,304	-	3,304	-
Balance as at 31 March	<b>24,956</b>	4,760	<b>24,956</b>	4,760

The provision for deferred tax is attributable to the following:

	2023				2022			
	Group		Company		Group		Company	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Property, Plant and Equipment	(1,681)	(505)	(1,681)	(505)	(5,523)	(995)	(5,522)	(995)
Retirement Benefit Obligations	14,932	4,479	14,932	4,479	12,765	2,298	12,765	2,298
Investment Property	(96,432)	(28,930)	(96,432)	(28,930)	(38,608)	(6,063)	(38,608)	(6,063)
	<b>(83,181)</b>	<b>(24,956)</b>	<b>(83,181)</b>	<b>(24,956)</b>	<b>(31,366)</b>	<b>(4,760)</b>	<b>(31,365)</b>	<b>(4,760)</b>

Tax effective rate of 30% (2022 – 18% & 10%) was applied by the Company and Effective tax rate 30% (2022 - 24%) was applied for Subsidiary, (LH Plantations (Private) Limited), for the calculation of deferred tax Assets / Liability as at the reporting date. Impact of Rate changes have been disclosed in Note 9.

26 RETIREMENT BENEFIT OBLIGATION	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April	12,767	13,989	12,767	13,989
Interest Cost	1,596	857	1,596	857
Current Services Cost	1,161	952	1,161	952
Past Service Cost	-	(589)	-	(589)
Benefits Paid	(1,626)	(2,413)	(1,626)	(2,413)
Actuarial Loss / (Gain)	1,036	(29)	1,036	(29)
Balance as at 31 March	<b>14,934</b>	12,767	<b>14,934</b>	12,767

26.1 The Company has made provision for employees retirement benefit obligation as at 31 March 2023 based on an actuarial valuation carried out by professionally qualified actuary Mr. M. Poopalanathan of M/s.Actuarial and Management Consultant (Private) Limited, a firm of professionally qualified actuaries, as required by LKAS 19 "Employee Benefits".

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**26 RETIREMENT BENEFIT OBLIGATION (CONTINUED)**

26.2 The key assumptions used in determining the above were as follows,

	2023	2022
Rate of Discount (%)	19.5	12.5
Salary Increment Rate - Senior Management/Executives (%)	15	10
Salary Increment Rate - Other Staff (%)	12	4
Staff Turn Over Factor - Contract Staff (%)	33	39
Staff Turn Over Factor - Other Staff (%)	33	19
Retiring Age of the Employees	60 Years	60 Years

**Discount rate**

The Company have used a long term interest rate of 19.5% p.a (2021/22-12.5% p.a) to discount future liabilities. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zerocoupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19 'Employee Benefits'.

**Expected annual average salary increment rate**

Based on the actual salary increment rate of the Company over the past few years and having evaluated the business continuity plan, adjustments have not been made to expected annual average salary increment rate, to value future liabilities.

**26.3 Sensitivity Analysis**

**Salary Increment Rate**

The cost of the defined benefit obligation are determined using actuarial valuations and it involves making various assumptions. All assumptions are reviewed at each reporting date. The sensitivity was carried for salary increment rate. Simulations made for retirement benefit obligation shows that an increase or decrease by 1% of the rate of salary increment has the following effect on the retirement benefit obligation.

	-1% Rs.'000	+1% Rs.'000
Present Value of Defined Benefit Obligation	(214)	219
<b>Total</b>	<b>(214)</b>	<b>219</b>

**Discount Rate**

The cost of the defined benefit obligation is determined using actuarial valuations and it involves making various assumptions. All assumptions are reviewed at each reporting date. The sensitivity was carried for salary increment rate. The sensitivity was carried for the discount rate. Simulations made for retirement benefit obligation shows that an increase or decrease by 1% of the discount rate has the following effect on the retirement benefit obligation.

	-1% Rs.'000	+1% Rs.'000
Present Value of Defined Benefit Obligation	227	(218)
<b>Total</b>	<b>227</b>	<b>(218)</b>

26.4 The amount charged to comprehensive income in respect of retirement benefit obligation is made up as follows;

	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<i>Recognized in Profit and Loss</i>				
Current Services Cost for the Year	1,161	951	1,161	951
Interest Charge for the Year	1,596	857	1,596	857
Past Service Cost	-	(589)	-	(589)
	<b>2,757</b>	<b>1,219</b>	<b>2,757</b>	<b>1,219</b>
<i>Recognized in Other Comprehensive Income</i>				
Actuarial (Gain) / Loss for the Year	1,036	29	1,036	29
	<b>1,036</b>	<b>29</b>	<b>1,036</b>	<b>29</b>

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**27 INTEREST BEARING BORROWINGS**

**27.1 Interest bearing borrowings - Payable after One Year**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lease Creditors (Note - 27.2)	-	-	-	-
	-	-	-	-

**Interest bearing borrowings - Payable within One Year**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Lease Creditors (Note 27.2)	-	482	-	482
Trust Receipt Loans - Bank of Ceylon (Note 27.3)	55,000	-	55,000	-
	55,000	482	55,000	482

**27.2 Lease Creditors**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April	482	1,244	482	1,244
Payments during the Year	(482)	(757)	(482)	(757)
	-	487	-	487
Less: Interest in Suspense	-	(5)	-	(5)
Balance as at 31 March	-	482	-	482
Transferred to Current Liabilities (Payable within One Year)	-	482	-	482
Loan Payable after One Year	-	-	-	-
	-	482	-	482

**27.3 Trust Receipt Loans - Bank of Ceylon**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 April	-	-	-	-
Obtained during the Year	112,137	37,566	112,137	37,566
Payments during the Year	(57,137)	(37,566)	(57,137)	(37,566)
Balance as at 31 March	55,000	-	55,000	-

**28 TRADE AND OTHER PAYABLES**

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade Creditors	196	225	196	225
Other Payables	207,991	36,653	207,752	36,501
	208,187	36,878	207,948	36,726

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	Group		Company	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
<b>29 LOANS FROM RELATED PARTY</b>				
Balance as at 1 April	-	-	-	2,048
New Loans obtained during the year	-	-	-	-
Payments during the Year	-	-	-	(2,048)
Transferred to Current Liabilities (Payable within one year)	-	-	-	-
Balance as at 31 March	-	-	-	-
Transferred to Current Liabilities (Payable within One Year)	-	-	-	-

- 29.1** Two loans were taken from L H Plantations (Private) Limited during the years of 2013 and 2016 interest at the rate range of 7% - 8.75% per annum. The payables amounts of Rs. 200,000/- and Rs.165, 098/- per month respectively. The loan taken in 2016 had grace period of one year. Both loans have been settled in full during the year 2021/22.

**30 EVENTS OCCURRING AFTER THE REPORTING DATE**

**30.1 Final Dividend**

The Board of Directors has recommended a Dividend of Rs.5.00 Per share payable for 2022/2023. In compliance with Sri Lanka Accounting Standard LKAS 10 - Events after the reporting period, the final dividend recommended is not recognized as a liability in the financial statements as at 31 March 2023.

No circumstances other than those disclosed above have arisen since the reporting date which would require adjustments to or disclosure in the financial statements.

**31 CAPITAL EXPENDITURE AND COMMITMENTS**

There were no material capital commitments as at the reporting date.

**32 CONTINGENT LIABILITIES**

There are no material contingent liabilities outstanding as at the reporting date which require adjustments to or disclosure in the financial statements.

**33 COMPARATIVE INFORMATION**

The Group and Company have consistently applied the accounting policies with those adopted in the previous financial year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for the better presentation.

**34 DIRECTORS' RESPONSIBILITY**

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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**35 RELATED PARTY DISCLOSURES**

The Company and its subsidiary carry out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24- "Related Party Disclosures". The details of related party transactions are reported below.

**(a) Transactions with Related Companies**

Name of the Company	Relationship	Name of Directors	Nature of the Transaction	Value of the Transactions		Balance as at 31 March	
				2023	2022	2023	2022
				Rs.'000	Rs.'000	Rs.'000	Rs.'000
L.H. Plantations (Private) Ltd	Subsidiary	Mr. R. S Wijewardene Mr. P. S Wijewardene	Loan Interest	-	(80)	-	-
			Loans Repayments	-	(2,047)	-	-
			Loan Outstanding Balance	-	-	-	-
			Hire of Vehicle and Salary	-	353	-	-
			Settlement of Current Account	-	(381)	-	-
Stamford Lake (Private) Ltd	Associate	Mr. R.S Wijewardene	Sales of Atlases	3,042	2,002	-	-
			Settlement of Current Account	(3,391)	(1,342)	-	-
			Current Account Balance	-	-	1,208	1557
Wijeya Newspapers Ltd	Affiliate	Mr.R.S Wijewardene Mr. P. S Wijewardene Mr. R. C. Samarasinghe	Security Charges	36,393	35,435	-	-
			Printing and Other Services	3,839	2,217	-	-
			Rent on Building	6,906	6,616	-	-
			Settlement of Current Account	(50,903)	(49,193)	-	-
			Electricity	6,209	3,188	-	-
			Printing of Atlases	-	4,991	-	-
			Current Account Balance	-	-	26,342	23,898
Sarathi Ltd	Affiliate	Mr.R.S Wijewardene	Security Charges	1,537	1,397	-	-
			Sales of Atlas	45	165	-	-
			Settlement of Current Account	(1,529)	(1,692)	-	-
			Current Account Balance	-	-	163	110
R.S.Printek (Private) Ltd	Affiliate	Mr.R.S Wijewardene Mr. D.R Wijewardene	Security Charges	-	162	-	-
			Settlement of Current Account	(1,728)	(802)	-	-
			Current Account Balance	-	-	-	1,728

The transactions reported above have being carried out on an arms' length basis.

Constraints such as accessibility, security, restricted facilities offered on rental properties have being considered in determining such transactions on arms length basis.

The aggregate value of recurrent Related Party transactions with each related Company did not exceed 10% of the gross revenue of the Company during the financial year.

Amounts receivable from and/or due to related entities as at 31 March 2023 are disclosed in Notes 19 and 29 to the Financial Statements.

**(b) Transactions with Key Management Personnel and their Close Family Members**

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive Directors ) have been classified as key Management Personnel of the Group.

Close Family Members (CFM) of the KMPs are those family members who may be expected to influence or be influenced by that KMPs in their dealing with the entity. They may include KMPs domestic partner and children of the KMPs domestic partner and dependents of the KMPs domestic partner.

During the year no transactions have been done with CFMs.

Compensation paid to KMPs during the year.

	Group		Company	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Directors' Emoluments	4,676	3,956	4,656	3,936
	<u>4,676</u>	<u>3,956</u>	<u>4,656</u>	<u>3,936</u>

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36 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

36.1 ACCOUNTING CLASSIFICATION AND FAIR VALUE

SLFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group and Company classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortized cost or FVTPL.

<i>As at 31 March 2023</i>			Fair Value Through PL	Fair Value Through OCI	Amortized Cost	Non financial instruments	Total Carrying value	Total Fair Value
<i>Group</i>		Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>								
Unquoted Investments	16.1	-	20,000	-	-	-	20,000	20,000
Quoted Investments	16.2	-	37	-	-	-	37	37
Trade and Other Receivables	18	-	-	269,628	972	-	270,600	270,600
Amounts due from Related Parties	19	-	-	27,803	-	-	27,803	27,803
Cash and Cash Equivalents	21	-	-	265,636	-	-	265,636	265,636
			-	20,037	563,067	972	584,076	584,076
<b>Financial Liabilities</b>								
Bank Overdraft	21	-	-	485	-	-	485	485
Interest Bearing Borrowings	27	-	-	55,000	-	-	55,000	55,000
Trade and Other Payable	28	-	-	208,187	-	-	208,187	208,187
			-	-	263,672	-	263,672	263,672
<i>As at 31 March 2022</i>			Fair Value Through PL	Fair Value Through OCI	Amortized Cost	Non financial instruments	Total Carrying value	Total Fair Value
<i>Group</i>			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>								
Unquoted Investments	16.1	-	17,820	-	-	-	17,820	17,820
Quoted Investments	16.2	-	41	-	-	-	41	41
Trade and Other Receivables	18	-	-	69,675	672	-	70,347	70,347
Amounts due from Related Parties	19	-	-	27,338	-	-	27,338	27,338
Cash and Cash Equivalents	21	-	-	173,003	-	-	173,003	173,003
			-	17,861	270,016	672	288,549	288,549
<b>Financial Liabilities</b>								
Bank Overdraft	21	-	-	416	-	-	416	416
Interest Bearing Borrowings	27	-	-	482	-	-	482	482
Trade and Other Payable	28	-	-	36,877	-	-	36,877	36,877
			-	-	37,775	-	37,775	37,775
<i>As at 31 March 2023</i>			Fair Value Through PL	Fair Value Through OCI	Amortized Cost	Non financial instruments	Total Carrying value	Total Fair Value
<i>Company</i>		Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>								
Unquoted Investments	16.1	-	20,000	-	-	-	20,000	20,000
Quoted Investments	16.2	-	32	-	-	-	32	32
Trade and Other Receivables	18	-	-	261,456	972	-	262,428	262,428
Amounts due from Related Parties	19	-	-	27,713	-	-	27,713	27,713
Cash and Cash Equivalents	21	-	-	147,171	-	-	147,171	147,171
			-	20,032	436,340	972	457,344	457,344
<b>Financial Liabilities</b>								
Bank Overdraft	21	-	-	485	-	-	485	485
Interest Bearing Borrowings	27	-	-	55,000	-	-	55,000	55,000
Trade and Other Payable	28	-	-	207,948	-	-	207,948	207,948
			-	-	263,433	-	263,433	263,433
<i>As at 31 March 2022</i>			Fair Value Through PL	Fair Value Through OCI	Amortized Cost	Non financial instruments	Total Carrying value	Total Fair Value
<i>Company</i>			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Financial Assets</b>								
Unquoted Investments	16.1	-	17,820	-	-	-	17,820	17,820
Quoted Investments	16.2	-	37	-	-	-	37	37
Trade and Other Receivables	18	-	-	70,347	672	-	71,019	71,019
Amounts due from Related Parties	19	-	-	27,293	-	-	27,293	27,293
Cash and Cash Equivalents	21	-	-	68,317	-	-	68,317	68,317
			-	17,857	165,957	672	184,486	184,486
<b>Financial Liabilities</b>								
Bank Overdraft	21	-	-	416	-	-	416	416
Interest Bearing Borrowings	27	-	-	482	-	-	482	482
Trade and Other Payable	28	-	-	36,726	-	-	36,726	36,726
			-	-	37,624	-	37,624	37,624



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**36 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

**36.2 FAIR VALUE MEASUREMENT**

**36.2.1 Fair value measurement hierarchy**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the bank determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflect the price of the financial instrument at the reporting date, that would have determined by the market participants acting at the arms length.

The Group uses widely recognized valuation models for determining the fair value of common and more simple financial instruments, forward rated contracts that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities and government securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

**Cash and Cash Equivalents**

The carrying amount of the cash and cash equivalents and balances with banks approximate the fair value as these are short term in nature.

**Trade and Other Receivables**

Trade and other receivables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

**Amount due from Related Parties**

Amount due from Related Parties are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

**Trade and Other Payables**

Trade and Other payables are expected to be settled within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

**Amounts due to Related Parties**

Amount due to Related Parties are expected to be paid within one year from the reporting date and hence the discounting impact would be immaterial. Therefore carrying amount approximate the fair value as at the reporting date.

**Interest Bearing Borrowings**

Majority of loans outstanding as at the reporting date are floating rate instruments which are reprised upon changes in economic conditions. Therefore the carrying amount of interest bearing borrowings are approximate to the fair value.

**Fair value measurement hierarchy - Group**

	As at 31 March 2023				As at 31 March 2022			
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
<b>Recurring fair value measurements</b>								
<b>Assets measured at fair value :</b>								
- Investment Property	-	-	348,251	348,251	-	-	336,458	336,458
Other Financial Asset								
-Unquoted equity securities	-	-	20,000	20,000	-	-	17,820	17,820
-Quoted equity securities	37	-	-	37	41	-	-	41
-Asset held for sale	-	-	-	-	-	-	5,145	5,145
	<u>37</u>	<u>-</u>	<u>368,251</u>	<u>368,288</u>	<u>41</u>	<u>-</u>	<u>359,423</u>	<u>359,464</u>
<b>Assets for which fair values are disclosed</b>								
Property Plant & Equipment								
-Freehold land	-	-	1,364,314	1,364,314	-	-	1,332,729	1,332,729
<b>Assets for which fair values are disclosed</b>								
Interest Bearing Borrowings	-	55,000	-	55,000	-	482	-	482
	<u>-</u>	<u>55,000</u>	<u>1,364,314</u>	<u>1,419,314</u>	<u>-</u>	<u>482</u>	<u>1,332,729</u>	<u>1,333,211</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

As at 31 March

**Fair value measurement hierarchy - Company**

	As at 31 March 2023				As at 31 March 2022			
	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
<b>Recurring fair value measurements</b>								
<b>Assets measured at fair value :</b>								
- Investment Property	-	-	348,251	348,251	-	-	336,458	336,458
Other Financial Asset								
-Unquoted equity securities	-	-	20,000	20,000	-	-	17,820	17,820
-Quoted equity securities	32	-	-	32	37	-	-	37
	<u>32</u>	<u>-</u>	<u>368,251</u>	<u>368,283</u>	<u>37</u>	<u>-</u>	<u>354,278</u>	<u>354,315</u>
<b>Assets for which fair values are disclosed</b>								
Property Plant & Equipment								
-Freehold land	-	-	1,364,314	1,364,314	-	-	1,332,730	1,332,730
<b>Assets for which fair values are disclosed</b>								
Interest Bearing Borrowings	-	55,000	-	55,000	-	482	-	482
	<u>-</u>	<u>55,000</u>	<u>1,364,314</u>	<u>1,419,314</u>	<u>-</u>	<u>482</u>	<u>1,332,730</u>	<u>1,333,212</u>

**36.2.2 Valuation techniques and Significant Unobservable Inputs**

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments/ non-financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Assets	Valuation technique	Significant unobservable input	Inter relationship between key unobservable input and fair value measurement
Equity Securities (Other Investments)	Market comparison technique : The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the effect of the non - marketability of the equity securities, and the revenue and EBITDA of the investee. The estimate is adjusted for the net debt of the investee.	Adjusted market multiple Net Assets per Share Rs.43.43	The estimated fair value would increase/ (decrease) if the adjusted market multiple were higher (lower)

Valuation techniques used for Investment Property are described in Note 13.1

**36.3 FINANCIAL RISK MANAGEMENT**

**Overview**

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

**Risk Management Framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and review the adequacy of the risk management framework in relation to the risks faced by the Group.

# LAKE HOUSE PRINTERS AND PUBLISHERS PLC

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March

#### 36 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

#### 36.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (i) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet his contractual obligations, and this principally arises from the Group's receivables from customers.

##### Exposure to Credit Risk

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

	Notes	Group		Company	
		Carrying Amount		Carrying Amount	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Trade and Other Receivables	18	268,656	69,675	260,484	65,227
Amount due from Related Parties	19	27,803	27,338	27,713	27,293
Cash at Bank	21	264,934	172,297	145,984	67,611
		<u>561,393</u>	<u>269,310</u>	<u>434,181</u>	<u>160,131</u>

##### Trade Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Group	Group		Company	
	2023		2023	
	Gross Balance	Impairment	Gross Balance	Impairment
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Past due 0 - 60 days	58,208	-	58,208	-
Past due 61 - 180 days	13,842	3,460	13,842	3,460
Past due 181 - 365 days	5,118	5,118	5,118	5,118
More than one year	1,886	1,886	1,886	1,886
	<u>79,054</u>	<u>10,464</u>	<u>79,054</u>	<u>10,464</u>

##### Impairment Losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of Trade and Other Receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The Group has recognized an impairment loss amounting Rs.10.4 Mn as at 31 March 2023.

##### Cash and Cash Equivalents

The Group held Cash and Cash equivalents of Rs. 266.12 Mn at 31 March 2023 ( Rs. 173 Mn as at 31 March 2022) which represent its maximum credit exposure on these assets.

The Company limits its exposure to credit risk on bank balances by maintaining balances with reputable and credit worthy banks having high credit ratings.

Bank of Ceylon – AA-(lka)  
National Development Bank – A+(lka)

##### (ii) Liquidity Risk

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

The following are the contractual maturities of financial liabilities.

As at 31 March 2023	Notes	Group				Company			
		Carrying	Contractual	0-12	More than	Carrying	Contractual	0-12	More than
		Amount	Cash Flow	Months	1 Year	Amount	Cash Flow	Months	1 Year
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Financial Liabilities (Non- Derivative)</b>									
Bank Overdraft	21	485	485	485	-	485	485	485	-
Interest Bearing Borrowings	27	55,000	55,000	55,000	-	55,000	55,000	55,000	-
Trade and Other Payables	28	208,187	208,187	208,187	-	207,948	207,948	207,948	-
Interest Bearing Borrowings from Related Company	29	-	-	-	-	-	-	-	-
<b>Total</b>		<u>263,672</u>	<u>263,672</u>	<u>263,672</u>	<u>-</u>	<u>262,933</u>	<u>263,433</u>	<u>263,433</u>	<u>-</u>

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31 March

36 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)

36.3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Liquidity Risk (Continued)

As at 31 March 2022	NOTES	Group			Company		
		Carrying	0-12	More than	Carrying	0-12	More than
		Amount	Months	1 Year	Amount	Months	1 Year
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Financial Liabilities (Non- Derivative)</b>							
Bank Overdraft	21	416	416	-	416	416	-
Interest Bearing Borrowings	27	482	482	-	482	482	-
Trade and Other Payables	28	36,878	36,878	-	36,726	36,726	-
Interest Bearing Borrowings from Related Company	29	-	-	-	-	-	-
<b>Total</b>		<b>37,776</b>	<b>37,776</b>	<b>-</b>	<b>37,624</b>	<b>37,624</b>	<b>-</b>

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

(iii) Market Risk

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

(a) Currency Risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated are United States Dollars (USD) and Euro.

(a) Interest Rate Risk

At the reporting date, the Company's interest-bearing financial instruments were as follows

	Notes	Group		Company	
		Carrying Amount		Carrying Amount	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Fixed Rate Instruments</b>					
<b>Financial Liabilities</b>					
Interest Bearing Borrowings	27	55,000	-	55,000	-
Interest Bearing Borrowings from Related Company	29	-	-	-	-
		<b>55,000</b>	<b>-</b>	<b>55,000</b>	<b>-</b>
<b>Variable Rate Instruments</b>					
<b>Financial Liabilities</b>					
Interest Bearing Borrowings	27	-	482	-	482
Bank Overdrafts	21	485	416	485	416
		<b>485</b>	<b>898</b>	<b>485</b>	<b>898</b>

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash Flow Sensitivity Analysis for Variable Rate Instruments

The Group is exposed to changes in market interest rates through bank borrowings at variable interest rates.

31 March 2023	Profit or Loss	
	100 bp	100 bp
	Increase	Decrease
	Rs.000	Rs.000
Variable Rate Instruments	(99)	99
<b>Cash Flow Sensitivity (Net)</b>	<b>(99)</b>	<b>99</b>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**As at 31 March**

**36 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**  
**36.3 FINANCIAL RISK MANAGEMENT (CONTINUED)**  
**(iv) Capital management**

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Management seeks to maintain a lower level of gearing to go in line with the risk limits they have set for the Group based on the Group's risk capacity. Accordingly, the borrowings are kept at a minimum level and major part of the borrowings comprise short term fixed interest rate loans from the Subsidiary Company and Bank Overdrafts with variable interest rates being used only to manage the working capital requirements of day to day operations of the Group.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	Notes	Group		Company	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Total Liabilities		<b>338,963</b>	61,112	<b>335,332</b>	60,962
Less: Cash and Cash Equivalents		<b>(266,121)</b>	(173,003)	<b>(147,171)</b>	(68,317)
Net Debt	<b>21</b>	<b>72,842</b>	(111,891)	<b>188,161</b>	(7,355)
Total Equity		<b>877,069</b>	716,555	<b>756,467</b>	608,817
Net Debt to Equity Ratio		<b>8%</b>	-16%	<b>25%</b>	-1%

There were no changes in the Group's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

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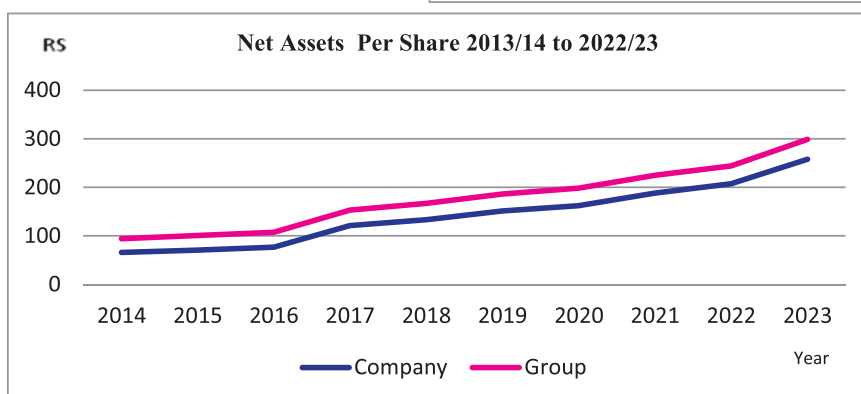
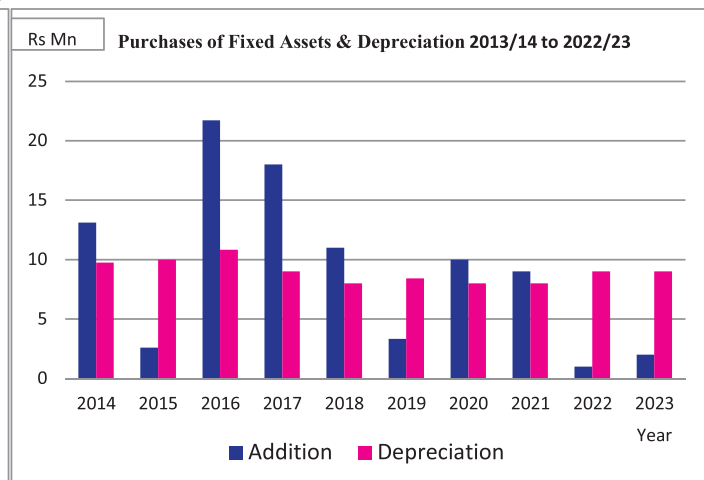
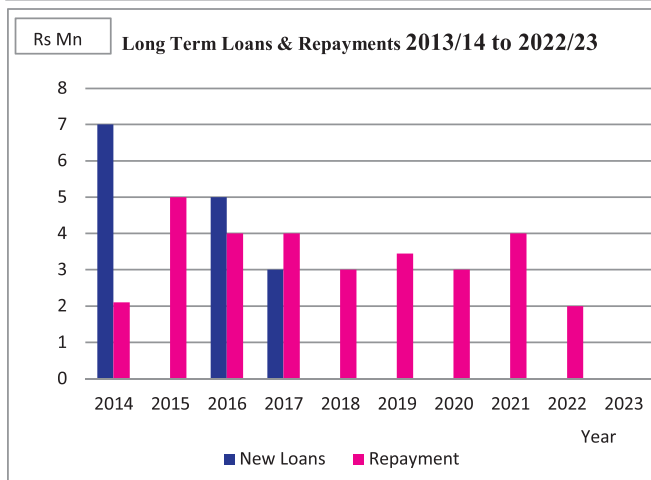
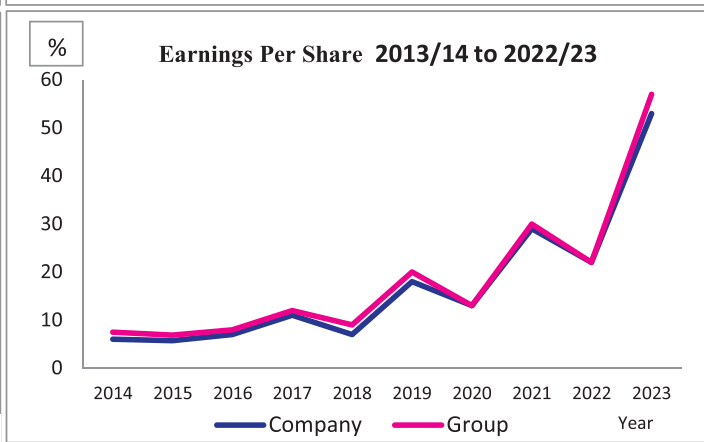
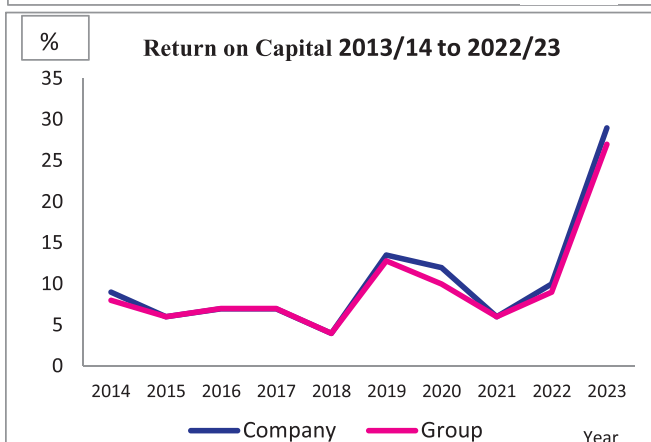
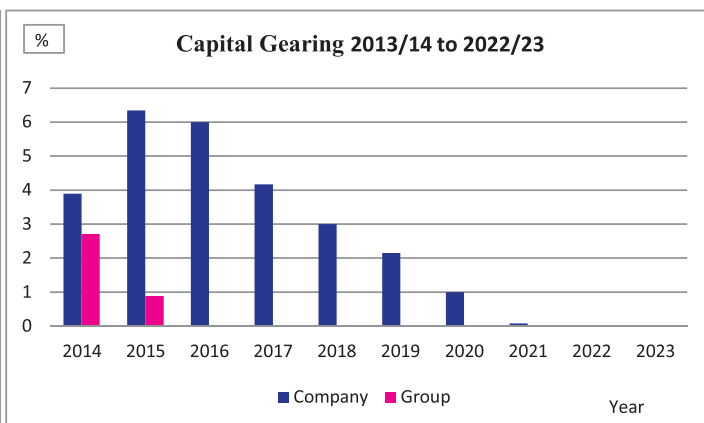
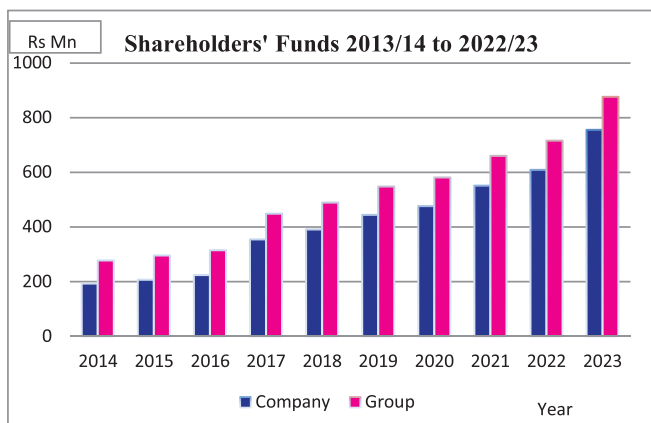
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
As at 31 March

37 SEGMENTAL REPORTING

Reportable segment	Operations											
	Security Printing Division		Security Cards Division		Atlas		Other		L H Plantations		Group	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Security Printing Division	Printing of cheque leaves and security documents											
Security Card Division	Manufacturing and marketing plastic and internationally certified Visa, Master and other internal cards and solutions and the supply of related equipment and machinery											
Atlas Division	Publishing and distributing Lake House Atlas											
LH Plantations (Pvt) Ltd	Managing agent of coconut plantations											
<b>Revenue</b>												
External Sales	425,840	239,300	1,050,142	417,828	5,535	3,091	-	-	310	210	1,481,827	660,429
Inter Segment Sales	-	-	-	-	-	-	-	-	-	-	-	-
Gross Turnover	425,840	239,300	1,050,142	417,828	5,535	3,091	-	-	310	210	1,481,827	660,429
Revenue Based Taxes	(55,463)	(17,704)	(46,263)	(10,617)	-	-	(635)	-	-	-	(102,361)	(28,321)
Net Segment Revenue	370,377	221,596	1,003,879	407,211	5,535	3,091	(635)	-	310	210	1,379,466	632,108
<b>Total Revenue</b>	-	-	-	-	-	-	-	-	-	-	1,379,466	632,108
Gross Profit	-	-	-	-	-	-	-	-	-	-	459,585	180,977
Other Operating Income	-	-	-	-	-	-	-	-	21,075	6,239	52,022	25,670
Operating Profit	-	-	-	-	-	-	-	-	-	-	235,101	66,231
Net Finance Cost	-	-	-	-	-	-	-	-	-	-	15,877	5,415
Share of Associate Company's Net Profit	-	-	-	-	-	-	-	-	-	-	-	-
Profit before Tax	-	-	-	-	-	-	-	-	-	-	250,978	71,647
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	(82,112)	(7,011)
<b>Profit for the year</b>	-	-	-	-	-	-	-	-	-	-	168,866	64,630
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-	(2,477)	235
Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	166,389	64,865
<b>Assets</b>												
Segment Assets	221,881	171,759	357,573	61,060	4,863	4,965	157,088	88,888	126,376	109,392	867,781	436,064
Investment Property	-	-	-	-	-	-	-	-	-	-	348,251	336,458
Held for sale Investment	-	-	-	-	-	-	-	-	-	-	-	5,145
<b>Total Assets</b>	221,881	171,759	357,573	61,060	4,863	4,965	157,088	88,888	126,376	109,392	1,216,032	777,667
<b>Liabilities</b>												
Segment Liabilities	5,029	3,233	172,829	12,255	-	-	80,426	40,229	239	150	258,523	55,867
Deferred Taxation	-	-	-	-	-	-	-	-	-	-	24,956	4,760
Interest Bearing Borrowings	-	-	55,000	-	-	-	485	485	-	-	55,485	485
<b>Total Liabilities</b>	5,029	3,233	227,829	12,255	-	-	80,911	40,714	239	150	338,964	61,112
Capital Expenditure	458	199	459	137	-	-	646	579	-	-	1,563	915
Depreciation	6,039	6,105	696	822	-	-	2,027	2,050	-	-	8,762	8,977

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**STATISTICAL INFORMATION**



**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
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**STATISTICAL INFORMATION (CONTINUED)**

**COMPANY**

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Earnings per Share	(Rs.)	6.99	18.38	12.62	26.57	22.48	<b>53.12</b>
Dividends per Share	(Rs.)	1.50	2.00	2.25	1.75	2.00	<b>5.00</b>
Net Assets per Share	(Rs.)	133.17	151.39	161.92	186.46	207.28	<b>257.56</b>
Year on Year growth in Earnings per Share	(%)	(34.73)	162.95	(31.33)	110.53	(15.39)	<b>136.30</b>
Year on Year growth in Dividends per Share	(%)	20.00	33.33	12.50	(22.22)	14.28	<b>150.00</b>
Operating Return before Interest on Investments	(%)	7.98	15.20	9.86	14.76	11.52	<b>28.00</b>
Borrowing as a percentage of Total Assets	(%)	19.30	20.48	20.30	11.30	9.10	<b>30.71</b>
Interest Cover		7.43	27.96	27.68	88.41	36.56	<b>17.48</b>
Price Earnings Ratio		18.74	7.61	10.15	4.56	6.75	<b>3.42</b>
Earnings Yield	(%)	5.33	13.13	9.85	21.91	14.81	<b>29.18</b>
Dividend Payout Ratio	(%)	21.46	10.88	17.83	6.58	8.90	<b>9.41</b>

**GROUP**

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Earnings/(Loss) per Share	(Rs.)	8.25	20.08	13.26	27.93	22.01	<b>57.50</b>
Net Assets per Share	(Rs.)	166.63	186.55	197.71	223.62	243.96	<b>298.63</b>
Year on Year growth in Earnings per Share	(%)	(28.79)	143.39	(33.96)	110.63	(21.20)	<b>161.25</b>
Operating Return before Interest on Investments	(%)	8.00	14.07	8.35	13.36	9.79	<b>26.59</b>
Borrowing as a percentage of Total Assets	(%)	14.22	16.13	16.57	9.37	7.86	<b>27.87</b>
Interest Cover		11.43	45.10	42.50	145.55	37.78	<b>18.78</b>



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**STATISTICAL INFORMATION (CONTINUED)**

**PERFORMANCE SUMMARY FOR THE YEARS 2013/2014 - 2022/2023**

	2022/2023		2021/2022		2020/2021		2019/2020		2018/2019	
	Rs.Mn	%	Rs.Mn	%	Rs.Mn	%	Rs.Mn	%	Rs.Mn	%
<b>CAPITAL &amp; RESERVES</b>										
Stated Capital	35.30	4.67	35.30	5.79	35.30	6.39	35.30	7.34	35.30	7.80
Capital Reserves	6.20	0.82	6.20	1.02	6.20	1.12	6.20	1.29	6.20	1.40
Other Reserves	236.95	31.32	234.73	38.55	234.50	41.96	232.00	48.24	232.00	51.50
Retained Earnings	478.02	63.19	332.60	54.64	271.68	50.44	202.10	42.48	171.20	38.00
Shareholders' Funds	756.47	100.00	608.83	100.00	547.68	99.91	475.60	99.35	444.70	98.70
<b>LONG TERM LOANS</b>	-	-	-	-	0.48	0.09	3.12	0.65	6.20	1.30
	756.47	100.00	608.83	100.00	548.16	100.00	478.72	100.00	450.90	100.00
<b>REPRESENTED BY</b>										
Property, Plant and Equipment	374.22	49.47	369.62	60.70	366.60	66.37	309.20	64.59	328.30	72.80
Investments	23.01	3.04	20.84	3.42	25.51	4.61	25.80	5.39	25.70	5.70
<b>NON- CURRENT ASSETS</b>	397.23	52.51	390.46	64.12	392.11	70.98	335.00	69.98	354.00	78.50
Current Assets	694.57	91.82	279.31	45.87	225.37	40.80	261.85	54.70	205.10	45.50
Liabilities	(310.37)	(41.03)	(56.24)	(9.21)	(59.29)	(10.73)	(110.51)	(23.09)	(100.70)	(22.30)
Deferred Tax	(24.96)	(3.30)	(4.70)	(0.78)	(5.80)	(1.05)	(7.62)	(1.59)	(7.50)	(1.70)
<b>Net Assets</b>	359.24	47.49	218.37	35.88	160.28	29.02	143.72	30.02	96.90	21.50
	756.47	100.00	608.83	100.00	552.39	100.00	478.72	100.00	450.90	100.00
<b>TURNOVER</b>	1,481.55	100.00	660.21	100.00	478.76	100.00	623.40	100.00	809.20	100.00
Brought out materials and services	1,057.51	71.38	480.16	72.72	334.33	69.83	378.16	60.66	596.60	73.70
Salaries and Wages	98.54	6.65	74.46	11.28	75.36	15.74	93.36	14.98	92.60	11.50
Depreciation	8.76	0.59	8.97	1.35	8.46	1.77	7.74	1.24	8.40	1.00
Loan Interest	14.12	0.96	2.02	0.30	1.01	0.21	2.10	0.34	2.80	0.30
Government Tax	158.38	10.67	39.53	5.99	31.70	6.62	83.74	13.43	101.70	12.60
Dividends	5.89	-	5.14	-	6.60	-	5.90	-	4.40	-
Profit/ (Loss) for the Year	144.21	9.73	55.07	8.36	27.90	5.83	58.30	9.35	54.00	6.70
Revaluation of Investment Property net of Tax	11.79		11.07	57.10	-	-	-	-	15.40	-
Other Income	22.97		23.95	-	33.34	-	37.32	-	31.50	-
<b>Profit/ (Loss) Before Tax (Rs.Mn)</b>	232.58		72.08	-	88.63	-	56.23	-	75.00	-

**ACCOUNTING RATIOS**

	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Current Assets	2.35	6.43	3.80	2.37	2.03
Quick Assets	1.48	3.80	2.56	1.57	0.93
Gearing (Equity)	-	-	0.09%	0.66%	1.27%
Gearing (Loans & Equity)	-	-	0.09%	0.65%	1.39%

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**STATISTICAL INFORMATION (CONTINUED)**

**PERFORMANCE SUMMARY FOR THE YEARS 2013/2014 - 2022/2023**

2017/2018		2016/2017		2015/2016		2014/2015		2013/2014		
Rs.Mn	%	Rs.Mn	%	Rs.Mn	%	Rs.Mn	%	Rs.Mn	%	
35.30	8.80	35.30	9.60	35.30	14.80	35.30	16.00	35.30	17.60	<b>CAPITAL &amp; RESERVES</b>
6.20	1.50	6.20	1.60	6.20	2.60	6.20	2.80	6.20	3.10	Stated Capital
228.30	56.90	207.90	56.50	105.60	44.30	105.60	47.90	105.60	52.60	Capital Reserves
121.40	30.40	105.30	28.60	77.50	32.60	27.30	46.00	46.00	22.90	Other Reserves
391.20	97.60	354.70	96.30	224.60	94.30	207.40	94.00	193.10	96.20	Retained Earnings
9.80	2.40	13.30	3.70	13.50	5.70	13.10	6.00	7.50	3.80	Shareholders' Funds
401.00	100.00	368.00	100.00	238.10	100.00	220.50	100.00	200.60	100.00	<b>LONG TERM LOANS</b>
312.40	77.90	305.50	83.00	188.00	79.00	168.90	76.60	176.40	87.90	<b>REPRESENTED BY</b>
22.00	5.50	18.20	4.90	16.90	7.10	16.90	7.60	17.00	8.50	Property, Plant and Equipment
334.40	83.40	323.70	87.90	204.90	86.10	185.80	84.20	193.40	96.40	Investments
150.20	37.40	127.60	34.70	107.60	45.20	93.00	42.20	63.30	31.50	<b>NON- CURRENT ASSETS</b>
(81.80)	(20.40)	(81.60)	(22.20)	(73.50)	(30.90)	(58.40)	(26.50)	(56.60)	(28.50)	Current Assets
(1.80)	(0.40)	(1.80)	(0.40)	(0.90)	(0.40)	0.10	0.10	0.50	0.60	Liabilities
66.60	16.60	44.20	12.10	33.20	13.90	34.70	15.80	7.20	3.60	Deferred Tax
401.00	100.00	368.00	100.00	238.10	100.00	220.50	100.00	200.60	100.00	<b>Net Assets</b>
556.56	100.00	488.60	100.00	380.00	100.00	373.14	100.00	350.00	100.00	<b>TURNOVER</b>
331.20	59.50	297.20	60.80	228.70	60.18	219.58	58.85	202.00	57.70	Brought out materials and services
83.30	15.00	74.80	15.30	67.13	17.66	67.34	18.12	65.40	18.70	Salaries and Wages
7.90	1.40	9.30	1.90	10.80	2.84	10.11	2.71	9.70	2.80	Depreciation
5.00	0.90	3.60	0.70	2.90	0.76	3.56	0.95	6.20	1.80	Loan Interest
95.30	17.10	72.20	14.20	49.82	13.11	55.80	14.95	49.20	14.00	Government Tax
3.60	-	2.90	-	2.90	-	3.05	-	2.00	-	Dividends
20.50	3.50	31.50	6.50	20.65	5.45	16.75	4.49	17.60	5.00	Profit/ (Loss) for the Year
(10.80)	-	2.30	-	8.30	-	-	-	1.70	-	Revaluation of Investment Property net of Tax
31.50	-	24.90	-	19.10	-	17.10	-	15.80	-	
32.40	-	34.50	-	27.00	-	28.00	-	24.60	-	<b>Profit/ (Loss) Before Tax (Rs.Mn)</b>

**ACCOUNTING RATIOS**

2017/2018	2016/2017	2015/2016	2014/2015	2013/2014	
1.84	1.56	1.46	1.59	1.12	Current Assets
1.16	0.82	0.81	1.06	0.58	Quick Assets
2.44%	3.70%	6.03%	6.34%	3.85%	Gearing (Equity)
2.50%	3.75%	5.68%	5.96%	3.74%	Gearing (Loans & Equity)

**LAKE HOUSE PRINTERS AND PUBLISHERS PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/2023**

**STATISTICAL INFORMATION (CONTINUED)**

**Share Structure as at 31 March 2023**

No. Of Shareholders	Range	No. Of Shares	Percentage %
577	1-1000	33,420	1.14
21	1001-5000	50,707	1.73
4	5001-10000	31,159	1.06
8	10001-20000	115,671	3.93
3	20001-30000	79,450	2.70
4	30001-40000	139,211	4.74
1	40001-50000	48,830	1.67
2	50001-100000	154,095	5.26
3	100001-1000000	1,232,615	41.96
1	Over-1000000	1,052,087	35.81
<b>624</b>		<b>2,937,245</b>	<b>100.00</b>

**Directors' Shareholdings**

NAME OF THE DIRECTOR	NO. OF SHARES	
	31/03/2023	31/03/2022
Mr. R.S.Wijewardene	1,052,087	1,052,087
Mr.P.S.Wijewardene	108,282	108,282
Mr.R.C.Samarasinghe	-	-
Prof.L.R.Watawala (Independent)	-	-
Mr.D.F.R.Jayamaha (Independent)	-	-
Mr. D.R Wijewardene	962,612	962,612

**Major Shareholders**

NAME	NO. OF SHARES	PERCENTAGE
		ON TOTAL SHARES
Mr. R.S.Wijewardene	1,052,087	35.82
Mr. D.R.Wijewardene	962,612	32.77
MR.D.N.Wijewardane	161,721	5.51
Mr.P.S.Wijewardene	108,282	3.69
Mr.A.I.Goonerathne	94,046	3.20
Mrs.A.I.Wijesundere	59,049	2.01
Mrs.R.N.Wijewardene	48,830	1.66
Mr.Ranil Wickremasinghe	38,964	1.33
Mrs.I.N.Wijewardene	37,425	1.27
Mr.N.W.W.Welgama	32,584	1.11
Mr.R.N.Wickremasinghe	30,238	1.03
Mr.K.A. Weerathunge	29,730	1.01
Estate of Late Mr.P.Sivali Wijewardene	28,630	0.97
Mr.N.D.P.Hettiarachchi	21,090	0.72
Mr.A.L.Goonerathne	20,000	0.68
Mr., Mrs & Miss. Hettiarachchi	18,429	0.63
Miss.R.M.Wijewardane	18,111	0.62
Ms.V.S.Wijewardene	14,038	0.48
Mr.P.M.D.Abeygoonawardena	12,546	0.43
Mr.A.R.Wijewardene	11,722	0.40
	<b>2,800,134</b>	<b>95.33</b>

**Public Holding**

The company complies with the minimum public holding requirement under Table 1 Option 5 (as per the CSE Directive of 17<sup>th</sup> November 2017), as at 31 March 2023.

- Number of Shareholders	620	
- No.of Shares	765,434	
- As a Percentage	26.06%	
Highest Price per share for the period (Rs)		268.75
Lowest Price per share for the period (Rs)		120.00
Market Value Per Share as at 31 March 2023		182.00

It is not a requirement under Option 5 of Table 1 to disclose the Float Adjusted Market Capitalization of the Company. However, for purposes of information, the Float Adjusted Market Capitalization of the Company as at 31 March 2023 was Rs.148.8Mn.

## Form of Proxy

I/We..... of .....  
Being a member/members of Lake House Printers and Publishers PLC hereby  
appoint.....of..... or  
failing him Mr.R.S.Wijewardene or failing him Mr.P.S.Wijewardene or failing him Mr.R.C.Samarasinghe  
or failing him Prof.L.R.Watawala or failing him Mr.Dulip.F.R.Jayamaha or failing him Mr. D.R.  
Wijewardene as my/our proxy to speak/vote for me/us and on my/our behalf at the Annual General  
Meeting of the Company to be held on the 27<sup>th</sup> September 2023 at 11.30 am via ZOOM online platform  
and at any adjournment thereof and at every poll which may be taken in connection with such meeting.

## Signature

Note: Delete what is inapplicable

## Instructions as to completion

1. To be valid, this Form of Proxy must be Scanned & E-mailed to [agmlhpp2023@gmail.com](mailto:agmlhpp2023@gmail.com)/ Fax ( 011-2449504) /Posted or deposited at the Registered Office at No: 41, W.A.D Ramanayake Mawatha, Colombo 02, not later than 48 hours before the time appointed, for holding the meeting.
2. The instrument appointing a proxy must be in writing under the hand of the appointer or his Attorney, duly authorized in writing.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed a certified copy of that power of attorney or other authority will have to be Scanned & Email to [agmlhpp2023@gmail.com](mailto:agmlhpp2023@gmail.com) / Fax ( 112449504) / deposited at the registered office of the company, not less than 48 hours before the time appointed for the holding of the meeting.



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