

Cargo Boat Development Company PLC

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Cargo Boat Development Company PLC

Corporate Information

NAME OF COMPANY : Cargo Boat Development Company PLC

POSTAL ADDRESS : C/o Renuka Hotels Plc., 328, Galle Road, Colombo 3

TELEPHONE : 011 2448968-9
011 2573598

FAX : 011 2574137

DIRECTORS :	Mr. R. B. Thambiyah (Chairman) Ms. N. A. Thambiyah (Deputy Chairman) Ms. N. R. Thambiyah (Managing Director) Ms. S.R. Thambiyah Mr. R.S. Tissanayagam Ms. A. L.Thambiyah Mr. D. C. Fernando (w.e.f.20.11.2023) Mr. D. T. S. H. Mudalige (w.e.f.15.07.2024) Mr. S. A. R. S. Karunanayake (w.e.f.15.07.2024)
SECRETARY :	Ms. A. Withana
REGISTRARS :	SSP Corporate Services (Private) Ltd. 101, Inner Flower Road, Colombo 3
BANKERS :	National Development Bank Hatton National Bank Commercial Bank of Ceylon DFCC Bank
AUDITORS :	BDO Partners Chartered Accountants, 65/2, Sir Chittampalam A. Gardiner Mawatha, Colombo 2.
REGISTERED OFFICE :	328, Galle Road, Colombo 3.
LEGAL FORM :	A Public Quoted Company with Limited Liability (Incorporated in Sri Lanka on 26 March 1980)
COMPANY REGISTRATION NO. :	PQ 222

Cargo Boat Development Company PLC

Notice of Meeting

Notice is hereby given that the 44th Annual General Meeting of Cargo Boat Development Company PLC, will be conducted from the Conference Room, Renuka City Hotel, 328, Galle Road, Colombo - 3 on 27 September 2024 at 11.15 am. as a virtual meeting using a digital platform.

Agenda:

- 1) To Receive and adopt the Audited Accounts for the year ended 31st March 2024 and the Reports of the Directors and Auditors.
- 2) To declare a dividend.
- 3) To authorise the Directors to determine and make donations.
- 4) To re-elect Mr. R.B. Thambiyah as a director of the Company, who retires pursuant to Section 210 of the Companies Act No.7 of 2007. Pursuant to section 211 of the Companies Act. special notice of the following ordinary Resolution has been received by the Company from a member of the Company. "That Mr. R.B. Thambiyah who has reached the age of 70 years on 28th January 2015 be re-elected as a Director of the Company and it is hereby declared that the provision of section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.B. Thambiyah".
- 5) To re-elect Mrs. N.A. Thambiyah as a director of the Company, who retires pursuant to section 210 of the Companies Act No 7 of 2007. Pursuant to section 211 of the Companies Act special notice of the following ordinary resolution has been received by the Company from a member of the Company. "That Mrs. N.A. Thambiyah who has reached the age of 70 years on 31st May 2021 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No 7 of 2007. shall not apply to Mrs. N.A. Thambiyah"
- 6) To re-elect Mr. R.S. Tissanayagam as a director of the Company, who retires pursuant to 210 of the Companies Act No.7 of 2007. Pursuant to section 211 of the Companies Act special notice of the following ordinary resolution has been received by the Company from a member of the Company. "That Mr. R.S. Tissanayagam who has reached the age of 70 years on 29 January 2021 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.S. Tissanayagam."
- 7) To re-elect Ms. A. L. Thambiyah who retires by rotation at the Annual General Meeting in terms of the Articles of Association of the Company as a Director.
- 8) To re-elect Mr. D. C. Fernando who retires at the Annual General Meeting in terms of the Articles of Association of the Company, as a Director.
- 9) To re-elect Mr. D. T. S. H. Mudalige who retires at the Annual General Meeting in terms of the Articles of Association of the Company, as a Director.
- 10) To re-elect Mr. S. A. R. S. Karunanayake who retires at the Annual General Meeting in terms of the Articles of Association of the Company, as a Director.
- 11) To re-appoint M/s BDO Partners, Chartered Accountants as Auditors of the Company and authorise the Directors to determine their remuneration.

The Annual Report and Financial Statement of the Company are available on the following website.
CSE website : <https://www.cse.lk/home/company-info/CABO.N0000/financial>

By Order of the Board,



Ms. A. Withana
Company Secretary
Colombo
29th August 2024

Notes: A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her. Such proxy need not be a member of the Company. A Form of Proxy accompanies this Notice.

The completed form of Proxy should be deposited at the Registered Office of the Company 328, Galle Road, Colombo 3, not later than forty-eight (48) hours before the time appointed for the meeting.

Cargo Boat Development Company PLC

Chairman's Report

On behalf of the Board of Directors, I have the pleasure of welcoming you to the 44th Annual General Meeting of Cargo Boat Development Company PLC. I am also privileged to present to the shareholders the report pertaining to the operations of our Company during the year ended 31st March 2024.

Operations:

The CBD Business Centre, that was fully renovated in 2020, holds its prime Fort address at 41 Janadhipathi Mawatha, Colombo 01. Located opposite the Central Bank, it is within walking distance of the World Trade Center. The building notably offers its residents the advantage of access through both Hospital Street and Janadhipathi Mawatha. CBD Business Centre is a 11 - storey building which houses a total of 54,400 sq.ft. of rentable, modern office space with all new amenities. Each floor comprising of 5,700 sq.ft. of office space can be subdivided into two separate office spaces of 2,800 sq.ft. with each half office equipped with three sets of toilet facilities and a pantry area.

CBD Business Centre is equipped with a basement and ground floor car park, allowing our tenants to park 36 vehicles on site. Our office building is perfect for companies looking for contemporary office space in the heart of Colombo's central business district at a very reasonable rent.

Despite the economic crisis, Cargo Boat Development Company PLC has managed to have a successful financial year by securing foreign, local and government tenants for the CBD Business Centre. The building was 93% occupied this financial year.

Profits:

The results of the financial year 2023/2024 were better than the previous year largely due to the building having a 93% occupancy throughout this financial year verses an occupancy of 84% in the previous financial year. The company managed to achieve an operational profit of approximately Rs.12Mn in comparison to an operational loss of Rs.5Mn recorded in the previous year. This was due to the increase in occupancy as well as controlling the expenses despite the impact of inflation. Overall, the company recorded a profit after tax of Rs.170Mn for the year mainly as a result of the interest and other income which contributed to Rs.194Mn.

Investments:

The Company continued to maintain its investment portfolio in outside listed entities, and the market value of such investments was Rs.2,053Mn at the year end. Investment income during the year 2023/2024 recorded a figure of Rs.109Mn.

Acknowledgments:

I thank our Auditors, M/s BDO Partners for their close co-operation during the year. My thanks also go out to the Directors, the management and staff who have worked tirelessly during the year with a deep sense of dedication.



R B THAMBIAYAH
CHAIRMAN

Colombo, 29th August 2024

Cargo Boat Development Company PLC

Board of Directors

Mr. R. B. Thambiayah

Executive Chairman

(Member of the Board since 26.03.80 and appointed as Chairman on 17.06.91)

Skills and Experience

Mr. Thambiayah's early career was in Tourism. He was the President of Colombo City Tourist Hotels Association and Vice-President of the Tourism Hotels Association of Sri Lanka.

He was educated at the University of Madras, where he received a Degree in Economics. He is a fellow of the Chartered Management Institute (UK).

Other Current Appointments

Listed companies:

Executive Chairman of Renuka City Hotels PLC and Executive Director of Renuka Hotels PLC

Others:

Executive Director of Renuka Consultants and Services Limited, Renuka Properties Limited, Lancaster Holdings Limited, Crescent Launderers & Dry Cleaners (Pvt) Ltd, Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited

Mrs. N. A. Thambiayah

Executive Deputy Chairman

(Member of the Board since 02.09.96)

Skills and Experience

Mrs. Thambiayah is an Advertising & Marketing professional with over 25 years experience. She has been a member of Zonta International Club I Colombo from 1997. She is also a member of SARRC Women's Association, Sri Lanka chapter from 1998 and was the President of the Association in 2003-2004 and 2021-2023

She is a Graduate of the Chartered Institute of Marketing UK. She is an AFS Scholar and was an exchange student in Los Angeles USA.

Other Current Appointments

Listed companies:

Executive Director of Renuka Hotels PLC and Renuka City Hotels PLC.

Others:

Executive Director of Renuka Consultants & Services Limited and Crescent Launderers & Dry Cleaners (Pvt) Ltd., Non-Executive Director of Renuka Properties Limited, Lancaster Holdings Limited, Amalgamated Theatres (Pvt) Ltd and Portfolio Management Services (Pvt) Ltd.

Ms. N. R. Thambiayah

Managing Director

(Member of the Board since 06.07.10)

Skills and Experience

Ms. Thambiayah has over 20 years' experience in general management and operations in the commercial real-estate and hotel sectors. She has been the Managing Director of Cargo Boat Development Company PLC since 2014. She has been a Director of Renuka Hotels PLC since 2009 and Director of Renuka City Hotels PLC since 2010.

She holds a Bachelor of Arts with Honours degree in Industrial Economics from the University of Nottingham, UK and a Master of International Business from Monash University, Australia.

Other Current Appointments

Listed companies:

Non-Executive Director of Renuka Hotels PLC, Renuka City Hotels PLC and Royal Ceramics Lanka PLC.

Others:

Executive Director of Renuka Consultants and Services Limited, Renuka Properties Limited, Lancaster Holdings Limited, Crescent Launderers and Dry Cleaners Private Limited. Non-Executive Director of Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited

Ms. S. R. Thambiayah

Non Independent Non-Executive Director

(Member of the Board since 14.03.05)

Skills and Experience

Ms Thambiayah began her career in the hospitality industry in 1999 at Hotel Renuka and Renuka City Hotel and is currently Jt.Managing Director for both hotels. Ms.Thambiayah has also held positions at Nestle Lanka Ltd., and with Expedia Inc. in New York as a Market Manager during her career. Ms Thambiayah was also a director of DFCC Vardhana Bank from October 2010 to March 2015 and of DFCC Bank PLC from March 2015 to September 2021.

Ms. Thambiayah holds a bachelor of Economics (Hons.) degree from the University of Nottingham, UK; and a Master of Management in Hospitality from Cornell University, USA.

Other Current Appointments

Listed companies:

Executive Chairperson/Jt Managing Director of Renuka Hotels PLC, Joint Managing Director/Executive Director of Renuka City Hotels PLC

Others:

Non-Executive Director of Crescent Launderers & Dry Cleaners (Pvt) Ltd, Renuka Consultants & Services Limited, and Lancaster Holdings Limited. Executive Director of Renuka Properties Limited and Portfolio Management Services (Pvt) Ltd. Vice President (representing Colombo City Hotels) of The Tourist Hotels Association of Sri Lanka, the Vice President of The Colombo City Tourist Hotels Association and a Member of the Committee of the Ceylon Chamber of Commerce representing "General Interest".

Mr. R. S. Tissanayagam

Non Independent Non-Executive Director

(Member of the Board since 21.09.05)

Skills and Experience

Mr. Tissanayagam, is the Chairman of East India Holdings (Pvt) Ltd, Chairman/Managing Director of International Distillers Limited and Chairman of East India Company (Pvt) Ltd., companies that are leaders in the Sri Lankan market in the manufacture, distribution and retailing of locally produced and imported alcoholic beverages. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka, the Institute of Management Accountants of Sri Lanka, the Institute of Certified Professional Managers of Sri Lanka and an Associated Member of the Association of Chartered Certified Accountants of the UK.

Other Current Appointments

Listed companies: None

Others:

Chairman/Managing Director of East India Warehousing (Pvt) Ltd., East India Resorts (Pvt) Ltd., East India Consultancy Services (Pvt) Ltd., Dutch East India Trading (Pvt) Ltd., East Indian Logistics (Pvt) Ltd., and East India Distributors (Pvt) Ltd., and Chairman of East India retailing (Pvt) Ltd.

Cargo Boat Development Company PLC

Board of Directors

Ms. A. L. Thambiyah
Non Independent Non-Executive Director
(Member of the Board since 24.02.09)

Skills and Experience

Ms. Thambiyah has worked as an Executive at Keels Hotel Management and John Keels Holdings - New Business Development and Group Initiatives for two and a half years. She commenced work at Hotel Renuka and Renuka City Hotel in 2006 and is currently Jt. Managing Director for the hotels.

She holds a Bachelor of Arts (Hons.) in Management Studies from the University of Nottingham, UK. and a Master of Science in International Business and Management from Manchester Business School, University of Manchester, UK.

Other Current Appointments

Listed companies:

Non-Executive Director of DFCC Bank PLC, Joint Managing Director/ Executive Director of Renuka Hotels PLC and Renuka City Hotels PLC.

Others:

Non- Executive Director of Renuka Properties Limited and Lancaster Holdings Limited. Executive Director of Renuka Consultants and Services Limited, Amalgamated Theaters (Pvt) Limited and Portfolio Management Services (Pvt) Limited.

Mr. D. C. Fernando
Independent Non-Executive Director
(Member of the Board since 20.11.23)

Skills and Experience

Mr. Dilhan C. Fernando is the younger son of Dilmah Founder Mr Merrill J. Fernando. He is the Chairman of Dilmah Tea. As Trustee of the Merrill J. Fernando Foundation and Director of Dilmah Conservation he directs the fulfillment of his father's unique commitment to serving humanity and environment through business. Dilhan serves as the Chair of UN Global Compact Network of Sri Lanka and Biodiversity Sri Lanka, a pioneering environmental collaboration amongst the Ceylon Chamber of commerce, IUCN and Dilmah Conservation.

Mr. Fernando is a Graduate of the London School of Economics with a BSc (Hons) in Economics.

Other Current Appointments

Listed companies:

Non Executive Chairman of Kahawatte Plantations PLC, Executive Chairman of Dilmah Ceylon Tea Company PLC, Non-Executive Director of Aitken Spence Plantation Management PLC

Others:

Director of Several Private Limited Companies

Mr. D. T. S. H. Mudalige
Senior Independent Director
(Member of the Board since 15.07.24)

Skills and Experience

Mr. Mudalige counts over 30 years of experience as a Chartered Accountant. He has vast experience as the Audit Committee Chair in both public and private sector organizations. Mr. Mudalige recently retired as the Managing Partner of Price water house Coopers (PwC), Sri Lanka and currently serves as an Independent Non-Executive Director in many listed and private companies. He also serves as a board member of the NSBM Green University. He is a past President of the Institute of Chartered Accountants of Sri Lanka. He has held several other positions locally and globally during the span of his career.

Mr. Mudalige He is a fellow member of CA (Sri Lanka), CIMA (UK), ACCA (UK) and CPA (Australia).

Other Current Appointments

Listed companies:

Non-Executive Director- NDB Bank PLC, CIC PLC, Ambeon Capital PLC and Ambeon Holdings PLC.

Others:

Commission member of the Securities and Exchange Commission of Sri Lanka

Mr. S. A. R. S. Karunanayake
Independent Non-Executive Director
(Member of the Board since 15.07.24)

Skills and Experience

Mr Karunanayake is an Independent Consultant and counts over 41 years of experience as a practicing professional accountant and as a hands-on- Business Development Consultant both in Sri Lanka as well as in Bangladesh and Thailand. He had started his carrier at Turquand Young (Former Ernst and Young) and has worked thereafter for a short period at Brooke Bonds and thereafter had taken up an assignment for a period of 6 years from 1984 to 1990 with the Auditor General of Papua New Guinea. He has served as a Director of First Capital Holdings PLC, CINEC Campus (Pvt) Ltd and Western Power Company (Pvt) Ltd and as Finance Director of HVA Lanka (Pvt) Ltd. Mr Karunanayake is a Fellow member of The Institute of Chartered Accountants of Sri Lanka and holds a Certificate to Practice as a Professional Accountant.

Other Current Appointments

None

Cargo Boat Development Company PLC

Report of the Directors for the year ended 31 March 2024

1. The Directors present herewith the Audited Financial Statements for the year ended 31st March 2024.
2. **Results**
The results for the year and changes in equity are set out in the Statement of Comprehensive Income and Statement of Changes in Equity on pages 20 and 22 respectively.
3. **State of affairs**
The state of affairs of the Company as at 31st March 2024 is set out in the Statement of Financial Position on page 21.
4. **Principal activity**
The main activity of the Company which remains unchanged since last year, is property development.
5. **Profit and appropriations**

	2023/2024	2022/2023
	Rs.	Rs.
Profit for the year	169,312,311	142,403,440
Other comprehensive Income	591,861,794	49,635,071
Total Comprehensive Income	<u>761,174,105</u>	<u>192,038,511</u>
Dividend	<u>(18,031,995)</u>	<u>(18,031,995)</u>
Unappropriated Profit for the period	<u>743,142,110</u>	<u>174,006,516</u>

6. **Directors**
The Directors of the Company as at 31 March 2024 were as follows:
Mr. R. B. Thambiayah – Chairman
Mrs. N. A. Thambiayah – Deputy Chairman
Ms. N. R. Thambiayah – Managing Director
Ms. S. R. Thambiayah
Mr. R. S. Tissanayagam
Ms. A. L. Thambiayah
Ms. M. A. Jayawardena (resigned on 15.07.2024)
Mr. T. Dharmarajah (resigned on 15.07.2024)
Mr. D. C. Fernando

Appointment, Retirement/Resignation and Re-election of Directors

Appointments during the year:

Mr. D. C. Fernando was appointed with effect from 20 November 2023.

Mr. D. T. S. H. Mudalige and Mr. S. A. R. S. Karunanayake were appointed as Directors subsequent to the year end on 15 July 2024.

Resignations during the year:

There were no resignations during the year under review.

Cargo Boat Development Company PLC

Report of the Directors for the year ended 31 March 2024 (continued)

Retirement by Rotation and Re-election of Directors:

Details relating to Directors seeking re-election:

Name of Director/ Date of appointment	Date last re-elected	Board Committees served during FY 2023/24	Directorships and other principal commitments FY 2021/22- FY 2023/24
Mr. R. S. Tissanayagam/ 21.09.05	26 Sep 2023	Member- Audit Committee Chairman-Remuneration Committee Member- Related Party Transactions Review Committee	Director – Director of East India Group of Companies and Renuka City Hotels PLC
Mr. R. B. Thambiayah/ 26.03.80	26 Sep 2023	None	Chairman -Renuka City Hotels PLC and Cargo Boat Development Company PLC Director – Renuka Hotels PLC and in several other Renuka Hotels Group companies
Mrs. N.A. Thambiayah/ 02.09.96	26 Sep 2023	None	Deputy Chairperson –Renuka Hotels PLC and Renuka City Hotels PLC and Director of several other Renuka Hotels Group companies
Ms. A. L. Thambiayah/ 24.02.09	28 Sep 2021	None	Jt. Managing Director –Renuka Hotels PLC and Renuka City Hotels PLC and Director of several other Renuka Hotels Group companies
Mr. D.C. Fernando/ 20.11.2023	-	None	Chairman of Kahawatte Plantations PLC Director of Dilmah Ceylon Tea Company PLC, Aitken Spence Plantation Management PLC, Elpitiya Plantations PLC, Talawakelle Tea Estates PLC and The Fortress Resorts PLC
Mr. D.T.S.H. Mudalige/ 15.07.2024	-	-	Director- NDB Bank PLC, CIC PLC, Ambeon Capital PLC and Ambeon Holdings PLC
Mr. S.A.R.S. Karunanayake/ 15.07.2024	-	-	None

Cargo Boat Development Company PLC

Report of the Directors for the year ended 31 March 2024 (continued)

- a) Mr. R. B. Thambiyah retires in terms of section 210 of the Companies Act No. 7 of 2007. Pursuant to section 211 of the Companies Act, special notice of the following Ordinary Resolution has been received by the Company from a member of the Company. “That Mr. R. B. Thambiyah who has reached the age of 70 years on 28 January 2015 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R. B. Thambiyah.”
- b) Mrs. N.A. Thambiyah retires in terms of Section 210 of the Companies Act No 7 of 2007. Pursuant to section 211 of the Companies Act special notice of the following ordinary resolution has been received by the Company from a member of the Company “That Mrs. N.A. Thambiyah who has reached the age of 70 years on 31 May 2021 be re-elected as a Director of the Company and it is hereby declared that the provision of section 210 of the Companies Act No 7 of 2007 shall not apply to Mrs. N.A. Thambiyah”.
- c) Mr. R.S. Tissanayagam retires in terms of Section 210 of the Companies Act No. 7 of 2007. Pursuant to section 211 of the Companies Act special notice of the following Ordinary Resolution has been received by the Company from a member of the Company. “That Mr. R.S. Tissanayagam who has reached the age of 70 years on 29 January 2021 be re-elected as a Director of the Company and it is hereby declared that the provision of Section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. R.S. Tissanayagam.”
- d) In accordance with the Articles of Association, Ms. A. L. Thambiyah retires and being eligible, offers herself for re-election.
- e) In terms of the Articles of Association of the company, Mr. D. C. Fernando, Mr. D. T. S. H. Mudalige and Mr. S. A. R. S. Karunanayake retires at the Annual General Meeting, and being eligible, offer themselves for re-election.

7. Directors' interests in the shares of the Company as at 31 March 2024

	No. of Shares	
	31.3.2024	31.3.2023
Mr. R. B. Thambiyah – (Chairman)	6,006	6,006
Mrs. N. A. Thambiyah – (Deputy Chairman)	3,334	3,334
Ms. N. R. Thambiyah – (Managing Director)	Nil	Nil
Mrs. M. A. Jayawardena (resigned on 15.07.24)	Nil	Nil
Ms. S. R. Thambiyah	Nil	Nil
Mr. R. S. Tissanayagam	Nil	Nil
Ms. A. L. Thambiyah	228	228
Mr. T. Dharmarajah (resigned on 15.07.24)	Nil	Nil
Mr. D. C. Fernando	Nil	-

8. Directors interests in contracts and proposed contracts with the Company

The Directors of the Company were not directly or indirectly interested in contracts with the Company during the year ended 31 March 2024 except as stated in Note 27 to the Financial Statements.

No director or their close family members has had any material business relationship during the year with other directors of the company.

9. Employees and Industrial Relations

There have been no material issues pertaining to employees and industrial relations of the Company during the financial year.

10. Donations

During the year the company did not contribute for charitable purposes.

Cargo Boat Development Company PLC

Report of the Directors for the year ended 31 March 2024 (continued)

11. BOARD COMMITTEES

The following are the present members of the Committees of the Board:

Committee	Members	Nature of Directorship	Date Appointed to Committee
Audit Committee	D. T. S. H. Mudalige -Chairman S. A. R. S. Karunanayake Ms. S. R. Thambiayah	Independent Independent Non Independent	15 July 2024 15 July 2024 15 July 2024
Related Party Transactions Review Committee	D. T. S. H. Mudalige - Chairman S. A. R. S. Karunanayake Ms. S. R. Thambiayah	Independent Independent Non Independent	15 July 2024 15 July 2024 15 July 2024
Remuneration Committee	S. A. R. S. Karunanayake - Chairman D. T. S. H. Mudalige Ms. A. L. Thambiayah	Independent Independent Non Independent	15 July 2024 15 July 2024 15 July 2024

12. Dividends

The Directors recommend a payment of a final dividend of Rs. 1/= per share for the year ended 31st March 2024, payable after approval by the shareholders.

13. Changes in non-current assets

The movement in non-current assets during the year are set out in Notes 9,10,11,12 & 13 to the financial statements.

14. Substantial Shareholdings

At 31 March 2024, Lancaster Holding Limited, and Renuka Properties Limited, held approximately 22.67%, and 22.81%, respectively of the Company's issued share capital.

15. Employment and Remuneration Policy

The Policy of the Company is to maintain a dedicated and motivated group of employees who are committed to creating sustainable value through effective management and high quality service. The Company is an equal opportunity employer. Annual increments are based on the performance of the individual.

16. Related Party Transactions

The Related Party Transactions Review Committee is responsible for ensuring compliance with the requirements specified in Rule 9.14 of the Colombo Stock Exchange Listing Rules on Related Party Transactions. The committee reviewed the related party transactions carried out during the year and noted that the transactions were in compliance with the said Rule.

17. Events after the Financial Position Date

No material events have occurred after the Balance Sheet date which require adjustments or disclosure in the Financial Statements.

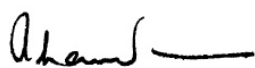
18. Auditors

A resolution to re-appoint our present auditors, Messrs. BDO Partners Chartered Accountants, who have indicated their willingness to continue, will be proposed at the Annual General Meeting.

19. Acknowledgement of the Content of the Report.

As required by Section 168 (1) (k), of the Companies Act No. 7 of 2007, the Board of Directors hereby acknowledges the contents of this report.

For and on behalf of the Board of Directors.



Mr. R. B. Thambiayah
Chairman



Ms. N. R. Thambiayah
Managing Director



Ms. A. Withana
Company Secretary

29 August 2024

Cargo Boat Development Company PLC

Corporate Governance

Introduction:

Corporate Governance deals with the systems by which companies are led, directed and controlled, the role of the Board of Directors, the frame-work of internal controls and relationships between the Board of Directors, Shareholders and Auditors.

The platform on which Corporate Governance principles are structured in Sri Lanka is that the Board of Directors is responsible for the proper Governance of the Company. In that context, the Board of Directors of Cargo Boat Development Company PLC, have recognized that their responsibilities include the setting out of the Company's strategic aims, providing the necessary leadership to implement such aims, supervising the management of the business and reporting to the Shareholders on their stewardship. Therefore, they strive to discharge such duties collectively.

The shareholders' responsibilities cover the appointing of Directors and Auditors and satisfying themselves that the appropriate Governance structures are in place.

The Company is in compliance with Section 9 of the CSE Rules on Corporate Governance which are effective as at date.

The Board of Directors

The Board of Directors of Cargo Boat Development Company PLC, takes responsibility for the good corporate Governance of the Company. The Board sets out the Company's strategic focus, and oversees the business and connected affairs of the Company and it also formulates the strategic objectives and policy frame work for the Company.

Board composition and Directors Independence as at date:

Name of Director	Type	Shareholding
Mr. R. B. Thambiyah	Executive Chairman	Yes
Ms. N. A. Thambiyah	Executive Deputy Chairman	Yes
Ms. N. R. Thambiyah	Executive Managing Director	No
Ms. S. R. Thambiyah	Non Independent Non-Executive Director	No
Mr. R. S. Tissanayagam	Non Independent Non-Executive Director	No
Ms. A. L. Thambiyah	Non Independent Non-Executive Director	Yes
Mr. D. C. Fernando	Independent Non-Executive Director	No
Mr. D. T. S. H. Mudalige (w.e.f.15.7.24)	Senior Independent Non-Executive Director	No
Mr. S. A. R. S. Karunanayake (w.e.f.15.7.24)	Independent Non-Executive Director	No

Mrs. M. A. Jayawardena and Mr. T. Dharmarajah who functioned as directors during the year resigned on 15 July 2024.

The Independent Directors satisfy the criteria set out in Section 9.8.3 of the CSE Listing Rules. Further, all directors satisfy the fit and proper assessment criteria stipulated in the CSE Listing Rules.

Senior Independent Director (SID)

The Chairman, Mr. R. B. Thambiyah is an Executive Director. Mr. R. B. Thambiyah, is a founder Director of the Company, who possess a wealth of knowledge and expertise in the Industry as well as in managing investment portfolios. His expertise has been a driving force behind the growth and stability of the business and the Company will continue to benefit from his contribution to the operation of the Company in an executive capacity. As such, Mr. Thambiyah will remain as the Chairman and an Executive Director of the Company.

The Company has therefore, elected to comply with the alternative option provided under Section 9.6.3 of the Listing Rules with the appointment of a Senior Independent Director (SID). Mr. T Dharmarajah functioned as the SID until his resignation and thereafter Mr. D. T. S. H. Mudalige was appointed as the SID with effect from 15 July 2024.

Cargo Boat Development Company PLC

Corporate Governance (continued)

SID is required to meet with the Non-Executive Directors, enabling discussions and communication on governance related matters and further to carry out an annual review of the performance of the chairman. The SID also provides guidance to the Chairman on matters of governance relating to the Company.

Directors responsibility for the preparation of the Financial Statements

The Board of Directors accepts the responsibility for the preparation of the financial statements, maintaining adequate records for safeguarding the assets of the Company, and preventing and detecting fraud and/or other irregularities. The Board of Directors also confirm that the applicable Sri Lanka Accounting Standards have been adhered to, subject to any material departures being disclosed and explained in the Notes to the Accounts.

The Board of Directors further confirm that suitable accounting policies consistently applied and supported by reasonable and prudent judgement and estimates, have been applied in the preparation of the financial statements.

Compliance regarding Payments

The Board of Directors confirm that all known statutory payments have been paid up to date and all retirement gratuities have been provided for in the financial statements. At the same time, all management fees and payments made to related parties have been reflected in the financial statements.

Compliance with Laws, Regulations and Prudential Requirements

The Company has not engaged in any activities contravening the laws and regulations and has complied with all prudential requirements. The Directors are provided with updates on revisions to rules and relevant laws.

Internal Control

The Board is responsible for ensuring that the Company has adequate and effective internal controls in place. These controls are designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information generated and the safeguarding of assets of the Company, to the extent possible, and to minimize the impact of identifiable risks. These controls provide reasonable and not absolute assurance against errors or material misstatements of management and financial information. The Management assists the Board by regularly reviewing and ensuring the operation and implementing of these controls.

Going Concern

The Board of Directors is satisfied that the Company is a going concern and has adequate resources to continue in business for the foreseeable future. For this reason, the Company follows the going concern basis when preparing financial statements.

Director Attendance

Name of Director	Attendance of Directors at meetings – During Year Ended 31 March 2024							
	Main Board		Audit Committee		Remuneration Committee		Related Party Transactions Review Committee	
	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible
Ms. S. R. Thambiyah	1	1	-	-	-	-	-	-
Ms. N. A. Thambiyah	1	1	-	-	-	-	-	-
R. B. Thambiyah	1	1	-	-	-	-	-	-
Ms. A. L. Thambiyah	1	1	-	-	-	-	-	-
Ms. N. R. Thambiyah	1	1	-	-	-	-	-	-
Ms. M. A. Jayawardena	1	1	4	4	1	1	4	4
R. S. Tissanayagam	-	1	4	4	1	1	4	4
T. Dharmarajah	1	1	4	4	1	1	4	4
D. C. Fernando	-	-	-	-	-	-	-	-

Cargo Boat Development Company PLC

Corporate Governance (continued)

Audit Committee Report

During the year the Audit Committee consisted of three non-executive Directors who were Mr. T. Dharmarajah (Chairman) Mr. R.S. Tissanayagam and Mrs. M.A. Jayawardena.

The Managing Directors, Executive Directors, Chief Financial Officer and the External Auditors of the Company attend meetings by invitation. Chairman of the Audit Committee is a member of the Institute of Chartered Accountants of Sri Lanka.

The purpose of the Audit Committee is to assist the Directors fulfil their responsibility with regard to certain aspects of best Corporate Governance practices, namely Audit and Risk Management. The Audit Committee is empowered to review the activities and financial affairs of the company. The Audit Committee also receives direct reports from the External Auditors on their audit findings and provides a forum for the impartial review of these reports. The Committee also reviews the External Auditor's management letter and examines the actions taken by management in response thereto.

The Audit Committee, through independent reviews by the External Auditors, ensures that the internal controls continue to be effective. As a part of this process the committee also obtained the assurance from the Managing Director and the Head of Finance who are responsible for designing and effectively implementing the company's internal control systems. The Audit Committee thereby provides assurance that control issues, which would have a bearing on the management of enterprise risks, are identified and appropriate and timely action taken to overcome these.

Audit Committee through review of Quarterly financial statements and Annual Financial statements is satisfied with the adequacy of disclosures, consistency of Accounting Policies, compliance with CSE Listing rules, requirements of Companies Act No 07 of 2007, SEC Act and other relevant financial reporting regulations.

The Audit Committee is satisfied that a strong control environment arising from the effectiveness of organizational structures and compliance with the Company's accounting and operational policies is prevalent within the Company. By their very nature, these controls provide reasonable, but not absolute, assurance that the financial positions of the Company is well managed, and to the extent possible, systems are in place to minimize the impact of identifiable risks.

The External Auditors of the Company have direct access to the Committee, which ensures that their independence is not impaired in any way.

The Audit Committee assessed the performance and effectiveness of the external auditors, their independence, professional capabilities, obtained a statement confirming their independence in accordance with the terms of all relevant professional and regulatory requirements and made recommendations to the Board pertaining to the re-appointment of the external auditors, Messrs BDO Partners.

(Sgd) T. Dharmarajah
Chairman
Audit Committee
31st March 2024

Cargo Boat Development Company PLC

Corporate Governance (continued)

Remuneration Committee Report

During the year with the demise of Mr. M. J. Fernando on 20th July 2023, the Remuneration Committee was reconstituted and consisted of three non-executive Directors namely, Mr. R.S. Tissanayagam (Chairman), Mr. T.Dharmarajah and Mrs. M.A. Jayawardena.

The remuneration committee meets whenever it is required to review the remuneration of the Senior Management. The Purpose of the Remuneration committee is to lay down guidelines and recommend a policy on remuneration of the Senior Management Staff. The main objective of the remuneration package is designed to retain quality Managerial Staff and reward those who are performing well. The Managing Director attends the meetings by invitation and provides information to the committee & participates in the deliberations.

(Sgd) R.S. Tissanayagam
Chairman
Remuneration Committee
31st March 2024

Related Party Transactions Review Committee Report

The Board appointed Related Party Transactions Review Committee is in accordance with Section 9 of the Listing Rules on Related Party Transactions, issued by the Colombo Stock Exchange. During the year the committee comprised of two Independent Non-Executive Directors namely, Mr. T. Dharmarajah (Chairman), Mr. R.S. Tissanayagam and Non-Executive Director, Mrs. M.A. Jayawardena.

The purpose of the Related Party Transactions Review Committee is to conduct an independent review of all related party transactions of the company and to ensure that they comply with the rules issued by the Colombo Stock Exchange.

The responsibilities of the committee, among others, includes;

- To develop policies and procedures consistent with CSE guidelines to be adopted by the Board of Directors in relation to Related Party Transactions.
- To identify Related Party Transactions which require immediate market disclosure as per section 9 of the Continuing Listing Requirements of the CSE.
- To review all proposed Related Party Transactions of the company and to determine whether it requires prior approval of the board.
- To ensure that appropriate disclosures are made in the Annual Report of the company on Related Party Transactions as required by the Continuing Listing Requirements of the CSE

The committee met quarterly during the year to review all proposed related party transactions to ensure compliance. Where necessary, these were communicated to the Board to obtain their prior approval. The committee is satisfied that the company is in compliance with the rules issued by the Colombo Stock Exchange on Related Party Transactions.

(Sgd) T. Dharmarajah
Chairman
Related Party Transactions Review Committee
31st March 2024

Cargo Boat Development Company PLC

Corporate Governance (continued)

Statement by the Senior Independent Director (SID)

In terms of the option provided in Section 9.6.3, since the Chairman is an Executive Director, I was appointed as the SID on 31st October 2023.

The role of the SID is to provide an opportunity to non-executive directors to discuss matters and concerns relating to the company and the operations of the Board.

In line with the regulatory requirements, I chaired two meetings, one with only the Independent Directors and the other with all the non-executive directors without the presence of the Chairman or the Executive Directors and an opportunity was given to the directors to raise any concerns or matters that they require to be taken up, so that where necessary, any matters of concern can be communicated and taken up for further discussion at Board level. The performance of the chairman was also reviewed at the meeting with the non-executive directors.

I confirm that the Company has complied with all relevant mandatory governance requirements.

(Sgd.) T. Dharmarajah
Senior Independent Director
31st March 2024

Statement of the Directors' responsibility for the preparation of financial statements

The Board of Directors is responsible for preparing and presenting the financial statements, which are set out on pages 20 to 45.

As per the provisions of the Companies Act, No. 7 of 2007 the Directors are required to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year.

In preparing the financial statements, the Directors have selected appropriate accounting policies and applied them in a consistent manner. Such policies are supported by reasonable and prudent judgment and all applicable Accounting Standards have been followed.

The Directors are also confident that the company has adequate resources to continue in operation and have applied the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose, with reasonable accuracy the financial position of the company and to ensure that the financial statements presented comply with the requirements of the Companies Act, No. 7 of 2007.

The Directors have taken reasonable steps to safeguard the assets of the company and established appropriate internal control systems with a view to preventing and for the detection of 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 balance sheet date have been paid or where relevant, provided for.

By Order of the Board



Ms. A. Withana
Company Secretary
Colombo
29th August 2024



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 Sri Lanka

**INDEPENDENT AUDITOR’S REPORT
 TO THE SHAREHOLDERS OF CARGO BOAT DEVELOPMENT COMPANY PLC**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cargo Boat Development Company PLC (“the Company”), which comprise the statement of financial position as at 31st March 2024, and the statement of 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 material accounting policy information as set out on pages 24 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2024, and of its financial performance and its 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 Company in accordance with the Code of Ethics for Professional Accountants 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investments at Fair Value Through Other Comprehensive Income

Refer to the accounting policies in “Note 1.4.4.1 to the financial statements: financial assets”, “Note 11 to the financial statements: Investments in equity securities at fair value through other comprehensive income”.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Company’s portfolio of investment in financial assets makes up 77% of the Company’s total assets. The equity investment of the Company is classified as fair value through other comprehensive income as at 31st March 2024 and it amounts to Rs. 2,116 million. Although, financial market has gradually improved with the recovery from prevailing uncertainty in macro-economic environment, still there is an uncertainty with regard to market conditions.</p> <p>We do not consider these investments to be at high risk of significant misstatement, or to be subject to a significant level of judgement because they comprise liquid, quoted investments. However, due to their materiality in the context of the financial statements as a whole, they are considered to be one of the areas which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Documented and assessed the processes in place to record investment transactions and to value the portfolio. • Agreed the valuation of investments in the portfolio to externally quoted prices; and agreeing the investment holdings in the portfolio to documentary evidence from third party. • Assessed the adequacy of disclosures in the financial statements as required by the relevant accounting standards.

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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 the 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 during the audit, or otherwise appears to be materially misstated. If, based upon the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 judgement 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'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 Company's ability to continue as a going concern. If we conclude that material uncertainty

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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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements 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, actions taken to eliminate, or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of the 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 1961.

BDO Partners

CHARTERED ACCOUNTANTS

Colombo

29th August 2024

SR/dm

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Cargo Boat Development Company PLC

Statement of Comprehensive Income

For the year ended 31 st March		2023/2024 Rs.	2022/2023 Rs.
	Note	_____	_____
Revenue	4	113,411,460	103,399,136
Direct expenses		(42,179,910)	(42,236,766)
Gross profit		71,231,550	61,162,370
Other income	5	216,134,923	201,480,924
Administration expenses		(79,981,466)	(79,591,387)
Profit before tax	6	207,385,007	183,051,907
Income tax expense	7	(36,819,737)	(40,648,467)
Profit for the year		170,565,270	142,403,440
Other comprehensive income			
Items that will not be reclassified to the statement of comprehensive income			
Valuation gain on fair value through other comprehensive income	11.2	590,648,296	49,398,155
(Loss) on re-measurement of retirement benefit obligation	18	(56,373)	(1,582,314)
Related tax on re-measurement of retirement benefit obligation	20	16,912	474,694
Realised fair value gain on equity instruments at fair value through other comprehensive income	11.3	–	1,344,536
Total other comprehensive income		590,608,835	49,635,071
Total comprehensive income		761,174,105	192,038,511
Basic earnings per share	8	9.46	7.90
Dividend per share		1.00	1.00

Figures in brackets indicate deductions.

The accounting policies and notes on pages 24 to 45 form an integral part of these Financial Statements.

Colombo
29th August 2024

Cargo Boat Development Company PLC

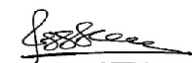
Statement of Financial Position

As at 31st March, 2024

	Note	2024 Rs.	2023 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	9	14,673,742	17,279,675
Investment property	10	495,428,246	516,520,679
Financial assets- fair value through other comprehensive income	11	2,052,668,056	1,355,271,605
Financial assets - fair value through profit or loss	12	63,592,959	–
Financial assets - amortised cost	13.1	55,282,483	245,323,213
Total non - current assets		<u>2,681,645,486</u>	<u>2,134,395,172</u>
Current assets			
Trade and other receivables	14	46,643,959	58,625,042
Financial assets - amortised cost	13.2	191,500,000	–
Cash and cash equivalents	16	142,493,640	93,436,919
Total current assets		<u>380,637,599</u>	<u>152,061,961</u>
Total assets		<u>3,062,283,085</u>	<u>2,286,457,133</u>
EQUITY AND LIABILITIES			
Capital and reserve			
Stated capital	17	471,438,575	471,438,575
Fair value reserve		403,751,014	(186,897,282)
Retained earnings		2,009,161,718	1,856,667,904
Total equity		<u>2,884,351,307</u>	<u>2,141,209,197</u>
Non-current liabilities			
Retirement benefit obligations	18	10,527,822	9,058,820
Deferred tax liability	19	60,574,562	49,007,405
Rental deposit	21.1	23,986,465	25,749,378
Total non-current liabilities		<u>95,088,849</u>	<u>83,815,603</u>
Current liabilities			
Deferred revenue	20.2	28,713,568	28,448,356
Rental deposit	21.2	9,623,330	3,373,572
Accruals and other payables	22	40,003,838	20,052,241
Income tax payable	15	2,176,534	7,907,983
Bank overdraft	16.2	2,325,657	1,650,181
Total current liabilities		<u>82,842,929</u>	<u>61,432,333</u>
Total liabilities		<u>177,931,778</u>	<u>145,247,936</u>
Total equity and liabilities		<u>3,062,283,085</u>	<u>2,286,457,133</u>
Commitments and contingencies	23 & 24		

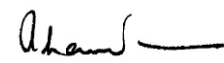
Figures in brackets indicate deductions.

The accounting policies and notes on pages 24 to 45 form an integral part of these financial statements. These Financial Statements are in compliance with requirements of the Companies Act No. 07 of 2007.



Mr. G. Koggalage
Head of Finance

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



Mr. R.B. Thambiayah
Chairman
Colombo
29th August 2024
SR/dm



Ms. N.R. Thambiayah
Managing Director

Cargo Boat Development Company PLC

Statement of Changes in Equity

For the year ended 31st March 2024

Description	Note	Stated capital Rs.	General reserves Rs.	Retained earnings* Rs.	Fair value reserve ** Rs.	Total Rs.
Balance as at 01st April, 2022	16	471,438,575	1,348,999,880	384,404,199	(237,639,973)	1,967,202,681
Comprehensive income for the year						
Profit for the year		–	–	142,403,440	–	142,403,440
Other comprehensive income		–	–	(1,107,620)	50,742,691	49,635,071
Transfer to retained earnings		–	(1,348,999,880)	1,348,999,880	–	–
Total comprehensive income for the year		–	(1,348,999,880)	1,490,295,700	50,742,691	192,038,511
Contributions by an distribution to owner						
Dividend paid		–	–	(18,031,995)	–	(18,031,995)
Total contributions by and distributions to owners		–	–	(18,031,995)	–	(18,031,995)
Balance as at 31st March, 2023		471,438,575	–	1,856,667,904	(186,897,282)	2,141,209,197
Comprehensive income for the year						
Profit for the year		–	–	170,565,270	–	170,565,270
Other comprehensive income		–	–	(39,461)	590,648,296	590,608,835
Total comprehensive income for the year		–	–	170,525,809	590,648,296	761,174,105
Contributions by and distributions to owner						
Dividend paid		–	–	(18,031,995)	–	(18,031,995)
Total contributions by and distributions to owner		–	–	(18,031,995)	–	(18,031,995)
Balance as at 31st March, 2024		471,438,575	–	2,009,161,718	403,751,014	2,884,351,307

* Retained earnings are the cumulative net earnings of the company after accounting for dividend payments.

** Fair value reserve of financial assets at fair value through other comprehensive income (FVTOCI) relates to the changes in investments inequity shares.

Figures in brackets indicate deductions.

The accounting policies and notes on pages 24 to 45 form an integral part of these financial statements.

Colombo
29th August 2024

Cargo Boat Development Company PLC

Statement of Cash Flows

For the year ended 31st March,

	Note	2023/2024 Rs.	2022/2023 Rs.
Cash flows from operating activities			
Profit before taxation		207,385,007	183,051,907
Adjustments for :			
– Depreciation	9 & 10	23,698,366	24,806,084
– Provision for retirement benefit obligation	18	1,412,629	1,587,428
– Interest income	5	(85,309,403)	(88,879,704)
– Dividend income	5	(108,959,297)	(95,232,611)
– Fair value gain on investment in unit trust	5	(1,252,959)	–
– Loss/(profit) on disposal of shares	5	24,502	(3,599,464)
		<u>36,998,845</u>	<u>21,733,640</u>
Operating profit before working capital changes			
Decrease/(increase) in trade and other receivables		11,981,083	(175,000)
Increase in trade and other payables		19,951,599	5,617,607
Increase in rental deposits		4,486,845	7,885,635
Increase/(decrease) in deferred income		265,212	(23,002,466)
		<u>36,684,739</u>	<u>(9,674,224)</u>
Cash generated from operations		<u>73,683,584</u>	<u>12,059,416</u>
WHT paid	15	(13,422,157)	(524,495)
Income tax paid	15	(17,544,960)	(7,684,000)
		<u>(30,967,117)</u>	<u>(8,208,495)</u>
Net cash generated from operating activities		<u>42,716,467</u>	<u>3,850,921</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	–	(217,781)
Proceeds from sale of shares	11.2	1,869,375	8,640,000
Interest received	5	85,309,403	88,879,704
Dividends received	5	108,959,297	61,601,607
Investment in unit trust	12	(62,340,000)	–
Purchase of shares	11.2	(108,642,032)	(140,543,008)
Net investment in fixed deposits	12	(1,459,270)	(161,389,041)
Investment in debentures	12	–	(53,823,213)
		<u>23,696,773</u>	<u>(196,851,732)</u>
Net cash generated from/(used in) investing activities		<u>23,696,773</u>	<u>(196,851,732)</u>
Cash flow from financing activities			
Dividend paid		(18,031,995)	(18,031,995)
Net cash used in financing activities		<u>(18,031,995)</u>	<u>(18,031,995)</u>
Net decrease in cash and cash equivalents		<u>48,381,245</u>	<u>(211,032,806)</u>
Cash and cash equivalents at the beginning of the year		<u>91,786,738</u>	<u>302,819,544</u>
Cash and cash equivalents at the end of the year	16	<u>140,167,983</u>	<u>91,786,738</u>

Figures in brackets indicate deductions.

The accounting policies and notes on pages 24 to 45 form an integral part of these financial statements.

Colombo

29th August 2024

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

1. ACCOUNTING POLICIES

1.1. Corporate information

1.1.1 Legal and domicile form

Cargo Boat Development Company PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka and is listed on the Colombo Stock Exchange. The Registered Office of the Company is located at No: 328, Galle Road, Colombo 03.

1.1.2 Principal activities and nature of operations

During the year, the principal activity of the company was renting out premises.

1.1.3 Date of authorisation to issue

The financial statements for the year ended 31st March, 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 29th August 2024.

1.1.4 Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of these financial statements. The responsibility of the Directors in relation to the financial statements is set out in “the statement of directors’ responsibility”.

1.2. Summary of material accounting policies

The accounting policies set out below are consistent with those used in the previous year.

In addition, the Company adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) from 1st January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. although the amendments did not result in any changes to the accounting policies themselves.

1.2.1 General accounting policies

1.2.1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka.

1.2.1.2 Significant accounting judgements, estimates and assumptions

The preparation of the Company’s financial statements require, management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date.

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

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

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

1.2.1.3 Basis of measurement

The Financial Statements have been prepared on an accrual basis except for cash flow information and under the historical cost convention except for following material items in the statement of financial position:

- Equity investments are measured at fair value through other comprehensive income.
- Employee defined benefit obligations based on actuarial valuation
- Debt investments are measured at amortized cost

1.2.1.4 Functional and presentation currency

Items included in the Financial statements are measured using the currency of primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency.

1.2.1.5 Statement of compliance

The financial statements which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

1.2.1.6 Going concern

Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

1.2.1.7 Comparative information

The accounting policies have been consistently applied by the Company and are consistent with those of the previous year. Certain previous year's figures and phrases have been re-arranged wherever necessary to conform to current year's presentation/classification.

1.2.1.8 Foreign currency transaction

Transactions in foreign currencies are initially recorded by the Company at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting 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 items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

1.2.1.9 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

1.2.1.10 Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

a) Valuation of investment properties

The Company obtains valuations performed by external valuers in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties.

b) Taxation

The Company is subject to income taxes and other taxes. Significant judgment is required to determine the total provision for current, deferred and other taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements.

The Company recognizes assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income and deferred tax amounts in the period in which the determination is made.

Deferred tax liability

Deferred tax liabilities are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes to the extent it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with the future tax planning strategies.

c) Retirement benefit obligation

The cost of the retirement benefit obligation of employees is determined using an actuarial valuation. The actuarial valuation is based on assumptions concerning the rate of interest, rate of salary increase, staff turnover, and retirement age and going concern of the company. Due to the long-term nature of such obligation, these estimates are subject to significant uncertainty. Further details are given in note 18 to the financial statements.

1.3 Significant accounting policies and disclosures

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the reporting date.

1.4 Assets and bases of their valuation

1.4.1 Property, plant and equipment

Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the company and the cost of the asset can be reliably measured.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

a) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing parts of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the profit or loss as incurred.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is de-recognized.

b) Useful lives of property, plant and equipment

The Company reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgement made by management based on the professional experts is exercised in the estimation of these values, rates and methods.

c) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The economic useful lives are as follows:

Equipment	12 Years
Office furniture and fittings	10 Years
Motor vehicle	5 Years
Plant & equipment	12.5 Years

Depreciation of assets begins when it is available for use and cease at the earlier of the dates on which the asset is classified as held for sale or de-recognized.

d) Restoration costs

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

e) De-recognition

An item of property, plant and equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is de-recognized.

1.4.2 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is initially measured at its cost including related transaction costs and is thereafter carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

Provision for depreciation is calculated by using straight line method in order to write off the cost of the investment property over their expected useful lives. Principal annual rate is 2%.

1.4.3 Impairment of non-financial assets

The company assesses at each reporting date to determine whether there is an indication that an asset may be impaired. If such indication exists or when annual impairment testing for an asset is required the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot "exceed" the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognized in the statement of comprehensive income.

1.4.4 Financial instruments

1.4.4.1 Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

Financial instruments — initial recognition and subsequent measurement

Initial recognition and measurement

Financial assets within the scope of SLFRS 9 are classified as amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. This assessment is referred to as the SPPI test and is performed at an instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expenses in profit or loss.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

The Company's financial assets include cash and short-term deposits, trade and other receivables, debt instruments, quoted equity securities.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables and debt instruments.

Financial assets at fair value through OCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.

Equity instruments

Financial assets designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity. The classification is determined on an instrument-by-instrument basis.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Financial assets at fair value through profit or loss

This category comprises in-the-money derivatives and out-of-the-money derivatives where the time value offsets the negative intrinsic value. They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. The Company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Financial assets – derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

1.4.4.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.4.4.3 Financial liabilities

Initial recognition and measurement

The Company initially recognises financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial liabilities are initially measured at fair value and, for an item not at fair value through profit or loss, net of transaction costs that are directly attributable to its issue.

The Company's financial liabilities comprise of bank overdrafts, trade and other payables and rental deposit.

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss (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 gains and losses, including any interest expense, are recognised in profit or loss.

Subsequent measurement

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method minus any reduction for impairment.

De-recognition of Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The company 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 de-recognition 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.

1.4.4.4 Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

1.4.4.5 Determination of fair value

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

Fair value measurement hierarchy

Level 01

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions) without any deduction for transaction costs.

Level 02

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable price exist, options pricing models, credit models and other relevant valuation models.

Level 03

Inputs for the financial instruments that are not based on observable market data (unobservable inputs).

1.4.5 Stated capital

a) Classification

Ordinary shares with discretionary dividends are classified as equity when there is no obligation to transfer cash or other assets.

b) Dividends

Dividends are recognised when the shareholders right to receive the dividend is established. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

1.4.6 Current and deferred income tax

a) Current taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the tax on dividend income.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. No. 24 of 2017 and subsequent amendments thereto.

Current tax assets and 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.

b) Deferred taxation

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

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, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of the goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

1.4.7 Related party transactions

Disclosure is made in respect of the transaction 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.

1.4.8 Employee benefits

a) Defined benefit plans – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified independent Actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Such actuarial valuations will be carried out every year, the liability is not externally funded. All Actuarial gains or losses are recognized under other comprehensive income.

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.

b) Defined contribution plans

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

1.4.9 **Deferred revenue**

Deferred revenue is an obligation of the Company to transfer services to a customer for which the Company has received consideration from the customer.

Upon receipt of a rent in advance from a customer, the Company recognises a contract deferred revenue in the amount of the prepayment for its performance obligation to transfer in the future. The Company derecognise that deferred revenue and recognise revenue when the payment is due and when it transfers services and, therefore, satisfies its performance obligation.

1.4.10 **Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

1.4.11 **Revenue recognition**

The company recognizes revenue when the company satisfies a performance obligation by transferring a promised service to a customer. Services are transferred when the customer obtains the control of that.

Performance obligations and timing of revenue recognition

The company's revenue is mainly derived from properties leased out to tenants under operating leases with revenue recognised at a point in time when control of the service has transferred to the customer. This is generally when the services are rendered to the customer.

Determining the transaction price

Most of the company's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices.

Allocating amounts to performance obligations

For contracts with customers, there is a fixed rate as per the rent agreement. Therefore, there is no judgement involved in allocating the contract price to each unit in such contracts.

Rental income

Rental income includes rental income from properties leased out to tenants under operating leases. Rental income from operating leases is recognised on a straight-line basis over the lease term and is recognised on an earned basis.

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

1.4.12 **Expenditure**

The expenditures are recognised on an accrual basis. All expenses incurred in the ordinary cause of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the year.

For the purpose of presentation of the statement of comprehensive income information, expense by function method is used to classify expenses.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

1.4.13 Changes in Material Accounting Policies

Material Accounting Policy Information

The Company has adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) since 01st January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they had an impact on the accounting policy information disclosed in the Financial Statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that the users need to understand other information in the Financial Statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 1.2 Material accounting policies (2022/2023: Significant accounting policies) in certain instances in line with the amendments.

2. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards are effective for annual periods beginning after 1st January 2024 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

Accounting Standard	Description	Effective Date
Classification of liabilities as current or non-current (Amendments to LKAS 01)	The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current. However, the IASB has subsequently proposed further amendments to LKAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1st January 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments on the financial statements in the period of initial application. The Company is closely monitoring the developments. 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.	1st January 2024
Supplier Finance Arrangements (Amendments to LKAS 7 and SLFRS 7)	The amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk.	1 st January 2024
Lease Liability in a Sale and Leaseback (Amendments to SLFRS 16)	The amendment is intended to improve the requirements for sale and leaseback transactions in SLFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions.	1st January 2024
Lack of Exchangeability (Amendments to LKAS 21)	The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.	1st January 2025
General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)	In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. No financial impact is expected on the Group except for additional disclosures.	1st April 2025

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

Financial risks are risks arising from financial instruments to which the company is exposed during or at the end of the reporting period. The company's activities expose it to a variety of financial risks: Market Risk, Credit Risk and Liquidity Risk. The primary objective of the financial risk management is to establish risk limits, and ensure that exposure to risk stays within these limits.

Risk Management is carried out by the finance department under policies approved by the Board of Directors.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price. The Company's market risks arise from open positions in interest-bearing assets, to the extent that these are exposed to general and specific market movements. Management monitors the market movements of the currency and interest rates regularly and ensures that the exposure is kept within set limits.

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to the risk of changes in market interest rates relates preliminary to the Company's investments in bank deposits. All available opportunities are considered before making investment decisions.

The Central Bank of Sri Lanka (CBSL) began to ease its monetary policy stance during the current financial year amid decelerating inflation, resulting in a downward trend in market interest rates throughout the financial year. The directions issued by the Central Bank to licensed banks to reduce interest rates, and the significant reduction of risk premia on government securities, have accelerated the downward adjustment in market interest rates, particularly lending rates, in the second half of the financial year. Downward pressures on inflation on account of many factors including decreases in global commodity prices, food supply, and the appreciation of the currency have resulted in eased policy actions by the CBSL during the reporting period.

(ii) Price Risk

The Company exposes to equity securities price risk due to investments held by the Company. These investments are classified in statement of financial position as "fair value through other comprehensive income". To manage its price risk arising from such securities, the company diversifies its portfolio. Prices of equity securities of the companies affected by the prevailing macro-economic challenges are expected to drop significantly. Hence, this may have a negative impact on the Company.

The investments in equity of other entities that are publicly traded are included in the All Share Price Index (ASPI) and S & P Sri Lanka 20 (S & P SL 20).

The Company is exposed to price risk other than in respect of financial instruments, such as property price risk including property rental risk.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company has no significant concentration of credit risk. Credit risk arises from cash and cash equivalents held at banks and trade receivables, including rentals receivables from lessee. The Company has policies in place to ensure that lease contracts are entered into only with lessees with an appropriate credit history; company monitors the credit quality of the receivables on an ongoing basis.

The company's maximum exposure to credit risk by class of financial assets is as follows;

	2024 (Rs.)
Cash and cash equivalents	142,493,640
Trade debtors	8,706,917

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

The fair value of cash and cash equivalents as at 31st March, 2024 approximate the carrying value. There is no significant concentration of credit risk with respect to cash and cash equivalents as the company hold accounts in a number of financial institutions. The fair value of trade debtors as at 31st March 2024 is the service charges and expenses recoverable from tenants. Since these services are specified in the lease agreements, there is no credit risk arising from the same.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The company's liquidity position is monitored on a monthly basis by the management and is reviewed quarterly by the Board of Directors. A summary table with maturity of financial liabilities is presented below. The amounts below are the un-discounted cash lows. Un-discounted cash lows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position as the impact of discounting is not significant.

	On demand and less than one year	More than 12 months Rs.	Total Rs.
Tenant deposits	9,623,330	23,986,465	33,609,795
Accrued and other payables	40,003,840	-	40,003,840

3.1 Fair Value of the Financial Instrument Carried at Amortized Cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and liabilities.

	Carrying amount Rs.	Fair value Rs.
Financial assets		
Financial assets at amortised cost	246,782,483	241,500,000
Receivables (excluding deposits, prepayments and VAT receivable)	9,026,917	9,026,917
Cash and cash equivalents (excluding bank overdraft)	142,493,640	142,493,640
Total Financial assets	398,303,040	393,020,557
Financial liabilities		
Trade and other payables	40,003,840	40,003,840
Bank overdraft	2,325,657	2,325,657
Total financial liabilities	42,329,497	42,329,497

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which have not already been recorded at fair value in the Financial Statements.

Assets for which fair Value Approximates Carrying Value.

For the financial assets and financial liabilities that have a short-term maturity it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits and call deposit without a specific maturity period.

Cargo Boat Development Company PLC

Material Accounting Policy Information to the Financial Statements

3.2 Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

Level 1: Availability of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Use of inputs other than quoted prices that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).

Level 3: Use of inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1	Level 2	Level 3	Total
As at 31st March 2024				
Financial assets at fair value through OCI	2,052,668,057	-	-	2,052,668,057
	2,052,668,057	-	-	2,052,668,057
As at 31st March 2023				
Financial assets at fair value through OCI	1,355,271,605	-	-	1,355,271,605
	1,355,271,605	-	-	1,355,271,605

Cargo Boat Development Company PLC

Notes to the Financial Statements

	2023/2024	2022/2023
	Rs.	Rs.
4. REVENUE		
Rental income	113,411,460	103,399,136
5. OTHER INCOME		
(Loss)/ gain on disposal of shares	(24,502)	3,599,464
Dividend	108,959,297	95,232,611
Interest	85,309,403	88,879,704
Fair value gain on investment in unit trust	1,252,959	–
Sundry	20,637,766	13,769,145
	<u>216,134,923</u>	<u>201,480,924</u>
6. PROFIT BEFORE TAXATION		
Profit before tax is stated after charging all expenses including the following;		
Salaries and wages	4,541,439	4,056,173
EPF and ETF	3,398,638	2,591,288
Directors' emoluments and ex-gratia	46,383,743	52,919,150
Auditor's remuneration	253,692	189,779
Depreciation on property, plant and equipment	2,605,933	3,720,469
Depreciation of investment property	21,092,433	21,085,615
Defined benefit plan cost-gratuity	1,412,629	1,587,428
Professional fee	4,279,751	2,852,739
7. INCOME TAX EXPENSE		
Current income tax provision	20,674,319	23,758,049
Income tax under (over) provision	4,561,349	(42,493)
Deferred tax expense	11,584,069	16,932,911
	<u>36,819,737</u>	<u>40,648,467</u>
7.1 Reconciliation between current tax expense and the product of accounting profit		
Profit before tax	207,385,007	183,051,907
Add : Disallowable expenses	25,318,867	26,914,305
Less : Allowable expenses	(249,098,880)	(243, 115,386)
Business loss incurred	(16,395,006)	(33,149,174)
Investment income	85,309,403	88,795,504
Dividend income	108,959,297	72,680,862
Exempt income	(108,959,297)	(7,281,979)
Taxable income	68,914,397	121,045,213
Current income tax expenses	<u>20,674,319</u>	<u>23,758,049</u>
Exempt income includes the dividend income (dividend paid out of dividend) which is not subject to income tax.		
	2023/2024	2022/2023
	Rs.	Rs.
7.2 Deferred tax expense		
Accelerated depreciation for tax purposes	11,073,841	17,762,485
Employee benefit obligation	510,228	(829,574)
	<u>11,584,069</u>	<u>16,932,911</u>
8. EARNINGS PER SHARE		
The basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the year.		
	2023/2024	2022/2023
Profit attributable to ordinary shareholders (Rs.)	170,565,270	142,403,440
Weighted average number of ordinary shares in issue (Nos)	18,031,995	18,031,995
	<u>9.46</u>	<u>7.90</u>

Cargo Boat Development Company PLC

Notes to the Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT

Description of assets	COST/VALUATION		DEPRECIATION		NET BOOK VALUE	
	Balance as at 01.04.2023 Rs.	Balance as at 31.03.2024 Rs.	Balance as at 01.04.2023 Rs.	For the year Rs.	Balance as at 31.03.2024 Rs.	Balance as at 31.03.2023 Rs.
Motor Vehicle	32,100,000	32,100,000	32,100,000	—	32,100,000	—
Plant and equipment	12,917,560	12,917,560	4,455,637	1,087,401	5,543,038	8,461,923
Furniture and other equipment	15,335,325	15,335,324	6,517,572	1,518,532	8,036,104	8,817,752
	60,352,884	60,352,884	43,073,209	2,605,933	45,679,142	17,279,675

9.1 Property, plant and equipment include fully depreciated motor vehicles having gross carrying value. at Rs. 32,100,000 (2022 : Rs.32,100,000)

10. INVESTMENT PROPERTY

Description of assets	COST/VALUATION		DEPRECIATION		CARRYING VALUE	
	Balance as at 01.04.2023 Rs.	Balance as at 31.03.2024 Rs.	Balance as at 01.04.2023 Rs.	For the year Rs.	Balance as at 31.03.2024 Rs.	Balance as at 31.03.2023 Rs.
Property at no 41, Janadhipathi Mawatha, Colombo 01.	581,735,902	581,735,902	86,032,573	21,092,433	107,125,006	495,703,329
Property at no 35, 35 1/1 and 37 Janadhipathi Mawatha, Colombo 01.	20,817,350	20,817,350	—	—	—	20,817,350
	602,553,252	602,553,252	86,032,573	21,092,433	107,125,006	516,520,679

a) Property at No. 41, Janadhipathi Mawatha, Colombo 01 and at No. 35 and 37, Janadhipathi Mawatha Colombo 01, had been valued by professional independent valuer Mr. T. Hilmy Farook (fellow member of the Institute of Valuers Sri Lanka) on 31st March 2024. As per the valuation report market value of the property is Rs. 1,109,880,000 and Rs 167,500,000. In valuing the property, direct comparison methodology has been taken into consideration. Based on the valuation techniques used it has been classified under level 3 in fair value hierarchy.

Cargo Boat Development Company PLC

Notes to the Financial Statements

10. INVESTMENT PROPERTY (CONTD...)

10.1. Fair value of investment properties

<u>Property and location</u>	<u>Tenure of property</u>	<u>Description</u>	<u>Method of valuation</u>	<u>Net rentable area</u>	<u>Fair value Rs.</u>
No 41, Janadhipathi Mawatha, Colombo 01.	Freehold	Office space	Market approach	54,470 Sq.ft	1,109,880,000
No 35, 35 1/1, & 37, Janadhipathi Mawatha, Colombo 01.	Freehold	Land for car park	Directors' valuation	16.75 Perches	167,500,000
					1,277,380,000
					<u>1,277,380,000</u>

11. FINANCIAL ASSETS- FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>as at 31.03.2024</u>	<u>as at 31.03.2023</u>
	<u>Rs.</u>	<u>Rs.</u>
Financial assets- fair value through other comprehensive income	2,052,668,056	1,355,271,605
	<u>2,052,668,056</u>	<u>1,355,271,605</u>

Note 11.1

Cargo Boat Development Company PLC

Notes to the Financial Statements

11. FINANCIAL ASSETS-FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTD...)

Description	As at 31.03.2024			As at 31.03.2023		
	No of Shares	Market Value Rs.	Cost Rs.	No of Shares	Market Value Rs.	Cost Rs.
11.1 Investments in listed companies						
Banks, finance and insurance						
Commercial Bank of Ceylon PLC (V)	11,436,898	1,117,384,935	1,030,332,999	10,565,178	671,945,320	967,295,593
DFCC Bank PLC	2,972,468	225,883,067	229,751,501	2,898,893	127,261,402	222,059,913
National Development Bank PLC	345,839	23,517,052	44,246,872	329,070	14,775,243	43,495,770
The Finance Company PLC	9,936	-	515,200	9,936	-	515,200
Union Assurance PLC	840	39,312	1,418	840	27,720	1,418
Vanik Incorporation PLC	3,429	-	135,437	3,407	-	135,437
		<u>1,366,824,366</u>	<u>1,304,983,427</u>		<u>814,009,685</u>	<u>1,233,503,331</u>
Beverages, food and tobacco						
Renuka Capital PLC	153,890	2,154,460	2,027,500	151,270	3,237,178	1,968,802
Melstacorp PLC	1,000,000	88,000,000	58,649,600	1,000,000	54,900,000	58,649,600
		<u>90,154,460</u>	<u>60,677,100</u>		<u>58,137,178</u>	<u>60,618,402</u>
Hotels and Travels						
Aitken Spence Hotels PLC	733,193	48,537,376	25,808,394	733,193	43,918,261	25,808,394
Hotel Services PLC	2,020,200	21,818,160	15,151,500	2,020,200	19,999,980	15,151,500
Royal Palms Beach Hotels PLC	137,500	4,125,000	1,290,000	137,500	3,616,250	1,290,000
		<u>74,480,536</u>	<u>42,249,894</u>		<u>67,534,491</u>	<u>42,249,894</u>
Manufacturing						
ACL Cables PLC	5,000	420,500	1,464	5,000	411,500	1,464
Blue Diamonds PLC	29	12	480	29	27	480
Chevron Lubricants Lanka PLC	3,417,818	368,269,890	141,298,676	3,417,818	313,072,129	141,298,676
Tokyo Cement Company PLC	33,000	1,699,500	849,486	30,000	1,500,000	849,486
Sierra Cables PLC	190,000	2,261,600	390,109	190,000	2,280,000	390,109
		<u>372,650,902</u>	<u>142,540,215</u>		<u>317,263,656</u>	<u>142,540,215</u>
Diversified						
Aitken Spence & Company PLC	9,990	1,301,198	1,486,237	9,990	1,308,690	1,486,237
Hayleys PLC	18,073	41,050,001	36,807,589	-	-	-
		<u>42,351,199</u>	<u>38,293,826</u>		<u>1,308,690</u>	<u>1,486,237</u>
Plantations						
Balangoda Plantations PLC	100	5,010	2,000	100	6,630	2,000
Kelani Valley Plantations PLC	45,000	3,330,000	275,070	45,000	3,172,500	275,070
		<u>3,335,010</u>	<u>277,070</u>		<u>3,179,130</u>	<u>277,070</u>
Telecommunication						
Dialog Telecom PLC	98,000	1,146,600	1,948,000	98,000	1,019,200	1,948,000
		<u>1,146,600</u>	<u>1,948,000</u>		<u>1,019,200</u>	<u>1,948,000</u>
Health care						
Ceylon Hospitals PLC (Durdans)	324,577	38,868,096	14,236,072	324,577	42,925,309	14,236,072
		<u>38,868,096</u>	<u>14,236,072</u>		<u>42,925,309</u>	<u>14,236,072</u>
Power and energy						
Vallibel One PLC	548,204	27,684,302	14,120,966	548,204	20,064,266	14,120,966
		<u>27,684,302</u>	<u>14,120,966</u>		<u>20,064,266</u>	<u>14,120,966</u>
Construction						
Access Engineering PLC	150,000	3,390,000	3,750,000	150,000	2,130,000	3,750,000
		<u>3,390,000</u>	<u>3,750,000</u>		<u>2,130,000</u>	<u>3,750,000</u>
Material						
Dipped Products PLC	1,000,000	30,400,000	27,302,400	1,000,000	27,700,000	27,302,400
Heycarb PLC	513,635	1,382,585	295,573	-	-	-
		<u>31,782,585</u>	<u>27,597,973</u>		<u>27,700,000</u>	<u>27,302,400</u>
Total investments in listed companies	<u>25,167,619</u>	<u>2,052,668,056</u>	<u>1,650,674,543</u>	<u>23,668,205</u>	<u>1,355,271,605</u>	<u>1,542,032,587</u>

11.2 Movement in financial assets-fair value through other comprehensive income	Fair value as at 1st April 2023			Fairvalue adjustment	Fair value as at 31st March 2024
	Rs.	Additions Rs.	Disposals Rs.		
Year 2023/2024					
Investment in listed companies	1,355,271,605	108,642,031	(1,893,377)	590,648,293	2,052,668,056
	<u>1,355,271,605</u>	<u>108,642,031</u>	<u>(1,893,377)</u>	<u>590,648,293</u>	<u>2,052,668,056</u>
Year 2022/2023					
Investment in listed companies	1,135,395,438	174,174,012	(3,696,000)	49,398,155	1,355,271,605
	<u>1,135,395,438</u>	<u>174,174,012</u>	<u>(3,696,000)</u>	<u>49,398,155</u>	<u>1,355,271,605</u>
11.3 Carrying value of disposed shares					
Cost				1,893,877	5,040,536
Realised fair value				-	1,344,536
				<u>1,893,877</u>	<u>3,696,000</u>

12. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS

Investment in unit trust	Fair value as at 1st April 2023			Fairvalue adjustment	Fair value as at 31st March 2024
	Rs.	Additions Rs.	Disposals Rs.		
NDB Wealth Management Ltd.	-	62,340,000	-	1,252,959	63,592,959
	<u>-</u>	<u>62,340,000</u>	<u>-</u>	<u>1,252,959</u>	<u>63,592,959</u>

Cargo Boat Development Company PLC

Notes to the Financial Statements

13. FINANCIAL ASSETS AT AMORTISED COST

	As at 31.03.2024		As at 31.03.2023	
	Market value Rs.	Amortised cost Rs.	Market value Rs.	Amortised cost Rs.
13.1 Non Current				
Debentures	50,000,000	55,282,483	50,000,000	53,823,213
Fixed Deposit	–	–	191,500,000	191,500,000
	<u>50,000,000</u>	<u>55,282,483</u>	<u>241,500,000</u>	<u>245,323,213</u>
13.2 Current				
Fixed Deposits	191,500,000	191,500,000	–	–
	<u>191,500,000</u>	<u>191,500,000</u>	<u>–</u>	<u>–</u>

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
14. TRADE AND OTHER RECEIVABLES		
Trade debtors	8,706,917	168,908
Deposits and pre-payments	5,907,483	7,405,106
Other receivables	32,029,559	51,051,028
	<u>46,643,959</u>	<u>58,625,042</u>
15. INCOME TAX PAYABLE		
Balance at the beginning of the year	7,907,983	(7,599,078)
Add: Provision for the year	20,674,319	23,758,049
Previous year under/(over) provision	4,561,349	(42,493)
	<u>33,143,651</u>	<u>16,116,478</u>
Less : Payments during the year		
- WHT tax	(13,422,157)	(524,495)
- Income tax	(17,544,960)	(7,684,000)
Balance at the end of the year	<u>2,176,534</u>	<u>7,907,983</u>
16. CASH AND CASH EQUIVALENTS		
16.1 Cash at bank and in hand	142,493,640	93,436,919
	<u>142,493,640</u>	<u>93,436,919</u>
16.2 Bank overdraft	(2,325,657)	(1,650,181)
	<u>140,167,983</u>	<u>91,786,738</u>
17. STATED CAPITAL		
Number of shares	Nos.	Nos.
- Ordinary shares	18,031,995	18,031,995
	<u>18,031,995</u>	<u>18,031,995</u>
Value	Rs.	Rs.
- Ordinary shares	471,438,575	471,438,575
	<u>471,438,575</u>	<u>471,438,575</u>

Cargo Boat Development Company PLC

Notes to the Financial Statements

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
18. RETIREMENT BENEFIT OBLIGATION		
Balance at the beginning of the year	9,058,820	5,889,078
Current service cost	280,522	257,520
Interest for the year	1,132,107	1,329,908
Loss on re-measurement of retirement benefit obligation	56,373	1,582,314
	<u>10,527,822</u>	<u>9,058,820</u>
Payments made during the year	-	-
Balance at the end of the year	<u>10,527,822</u>	<u>9,058,820</u>

The employee benefit liability of the Company is based on the actuarial valuation carried out by M/s Actsure Lab (Pvt) Ltd. a firm of professional actuaries as at 31st March 2024.

The principal assumptions used in determining the cost of employee benefits were:

	2023/2024	2022/2023
a) Discount rate	12.42%	17.8%
b) Salary increment rate	2.86%	7%
c) Staff turnover rate	9.1%	5%
d) Retirement age - years	60 years	60 years

18.1 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonable possible change in the key assumptions used, with all other variables held constant in the retirement benefit obligation measurement, in respect of the year 2024.

	As at 31.03.2024 Rs.
Discount rate	
Effect on retirement benefit obligation due to 1% increase	10,528,720
Effect on retirement benefit obligation due to 1% decrease	10,535,181
Salary increment rate	
Effect on retirement benefit obligation due to 1% increase	10,635,700
Effect on retirement benefit obligation due to 1% decrease	10,429,614

18.2 Maturity analysis of the payments

The following payments are expected on employee benefit liabilities in future years from the fund as follows

	As at 31.03.2024 Rs.
Within 12 months	9,518,674
Between 1-2 years	-
Between 2-5 years	-
Between 5-10 years	213,384
Beyond 10 years	795,764
Total	<u>10,527,823</u>

19. DEFERRED TAX LIABILITY

Deferred taxes are calculated on all temporary differences under the liability method using a principal tax rate of 30% the movement in the deferred tax account is as follows:

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Balance at the beginning of the year	49,007,405	32,549,188
Charge for the year - statement of profit or loss	11,584,069	16,932,911
Charge for the year-Statement of other comprehensive income	(16,912)	(474,694)
Balance at the end of the year	<u>60,574,562</u>	<u>49,007,405</u>

Cargo Boat Development Company PLC

Notes to the Financial Statements

19.1 Deferred tax assets and liabilities relate in the following;

Deferred tax liabilities

Investment properties and property, plant and equipment	61,015,262	51,725,051
Deferred tax liabilities	<u>61,015,262</u>	<u>51,725,051</u>

Deferred tax liabilities

Retirement benefit obligation	(440,695)	(2,717,646)
	<u>(440,695)</u>	<u>(2,717,646)</u>

Net deferred tax liability

	<u>60,574,562</u>	<u>49,007,405</u>
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	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
20. DEFERRED REVENUE		
Balance at the beginning of the year	28,358,356	51,450,822
During the year rentals received in advance	28,713,568	9,106,270
Recognised in rental income during the year	<u>(28,358,356)</u>	<u>(32,198,736)</u>
Balance at the end of the year	<u>28,713,568</u>	<u>28,358,356</u>
20.1 Non - Current		
Prepaid Rentals	-	-
20.2 Current		
Prepaid Rentals	28,713,568	28,448,356
	<u>28,713,568</u>	<u>28,448,356</u>
21. RENTAL DEPOSITS		
21.1 Non-current		
Rental deposit	23,986,465	25,749,950
	<u>23,986,465</u>	<u>25,749,950</u>
Non current portion of rental deposits consist of rental deposits received from existing tenants whose contracts will expire after 31st March 2025.		
21.2 Current liabilities		
Rental deposit	9,623,330	3,373,572
	<u>9,623,330</u>	<u>3,373,572</u>
22. ACCRUALS AND OTHER PAYABLE		
Accruals	32,923,819	13,321,122
Others	7,080,021	6,731,119
	<u>40,003,840</u>	<u>20,052,241</u>

23. CONTRACTUAL COMMITMENTS

There were no unrecognised contractual commitments existing as at 31st March 2024.

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and contingent assets as at the reporting date, except for below;

The Company was made aware of a partition case in the District Court of Colombo regarding the bare land owned by the Company with assessment numbers 35, 35 1/1 and 37, Janadhipathi Mawatha, Colombo 01 in 2016. The Company acquired this land in 2010 from Commercial Bank of Ceylon PLC. The Company filed a motion to dismiss the case in March 2019. The said motion was dismissed by the courts by its order on 25th February 2022. Since the motion was dismissed, the Company filed an application under the provisions of the Partition Act to intervene in the case in July 2022. The application was rejected by the order delivered on 13th July 2023. The Company filed a Leave to Appeal Application to the High Court of Civil Appeals and by order dated 12th October 2023 court granted leave to appeal. The above appeal will be mentioned on 27th September 2024.

Vehicular access into the bare land owned by the Company with assessment numbers 35, 35 1/1 & 37, Janadhipathi Mawatha, Colombo 01, was closed on 15th July 2020 by the Urban Development Authority and Ministry of Defense. The Company regained access to the said land in August 2024 following it's appeals to the relevant government authorities.

Cargo Boat Development Company PLC

Notes to the Financial Statements

25. ASSETS PLEDGED AND OUTSTANDING LITIGATION

25.1 Assets pledged

There were no assets pledged as security for liabilities as at 31st March, 2024.

25.2 Outstanding litigation

There are no litigations currently pending against the company.

26. RELATED PARTY TRANSACTIONS

26.1 Relationship

Mr. R.B Thambiayah, Mrs. N.A Thambiayah, Ms. S.R Thambiayah, Ms. A.L Thambiayah, Ms. N.R Thambiayah and Mrs. M.A Jayawardena, Directors of the Company are also Directors of Renuka Hotels PLC and Renuka City Hotels PLC.

Mr. R.S Tissanayagam and Mr. T. Dharmaraja Directors of the Company are also Directors of Renuka City Hotels PLC.

26.2 Related party transactions

Name of the Company	Relationship	Nature of Transactions	Amount (paid)/received	
			2023/2024 (Rs)	2022/2023 (Rs)
a) Renuka Hotels PLC	Affiliate	Expenses incurred during the year	392,133	5,714,956
		Fund transfer	(392,133)	(5,714,956)
b) Renuka City Hotels PLC	Affiliate	Expenses incurred during the year	2,690	–
		Fund transfer	(2,690)	–

Non - Recurrent related party transactions

There were no non-recurrent related party transactions which the aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower, of the Company as per 31 March 2024 audited financial statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Directive issued under Section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2024 audited financial Statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Security Exchange Commission Act

26.3 Transactions with Key Management Personnel

Key management personnel consist of Board of Directors.

Key management personnel compensation comprised of,

	2023/2024 Rs.	2022/2023 Rs.
Short term benefits	48,166,743	55,258,400
Long term benefits	10,329,125	8,863,211

27. EVENTS AFTER THE REPORTING DATE

No events or circumstances have arisen since the reporting date, which require adjustments or disclosures in the financial statements.

28. COMPARATIVE INFORMATION

Comparative figures have been re-classified where necessary in line with the presentation requirements for the current year.

Cargo Boat Development Company PLC

Shareholder Information

30. Shareholder Analysis As at 31st March 2024

No. of Shareholders	No. of Shares		Total Shareholdings		
			Number	Percentage Holding	
769	1	–	1,000	138,214	0.76
147	1,001	–	10,000	487,483	2.70
45	10,001	–	100,000	1,368,347	7.59
09	100,001	–	1,000,000	3,256,131	18.06
4	Over	–	1,000,000	12,781,820	70.89
<u>974</u>				<u>18,031,995</u>	<u>100.00</u>

31. Twenty Largest Shareholders as at 31st March 2024

Name of Shareholders	No. of Shares as at 31.03.24	% Holding	No. of Shares as at 31.03.23	% Holding
Renuka Properties Limited	4,113,356	22.81	4,113,356	22.81
Lancaster Holdings Limited	4,087,048	22.67	4,087,048	22.67
Renuka Consultant & Services Limited	2,775,248	15.39	2,775,248	15.39
Associated Electrical Corporation Limited	1,806,168	10.02	1,806,168	10.02
Hatton National Bank PLC/Kandaiah Kanpathipillai Shujeevan	888,927	4.93	890,008	4.94
J. B. Cocoshell (Private) Limited	650,190	3.61	600,190	3.33
Mr. Yusuf Husseinally Abdulhussain	372,689	2.07	372,689	2.07
Merril J. Fernando & Sons (Pvt) Ltd.	339,996	1.89	339,996	1.89
People's Leasing & Finance PLC/Mr. H.M. Abdul Hussein	319,268	1.77	319,268	1.77
People's Leasing & Finance PLC/L.P. Hapangama	209,855	1.16	209,855	1.16
Ms. Rukaiya Husseinally Abdulhussain	202,588	1.12	202,588	1.12
People's Leasing & Finance PLC/ Dr. S.D. Soysa & Mrs. G Soysa	150,019	0.83	150,019	0.83
People's Leasing & Finance PLC/L.H.L.M.P. Haradasa	122,599	0.68	103,939	0.58
Sampath Bank PLC/Ceylon Capital One Investment (Pvt) Ltd.	97,986	0.54	57,060	0.32
Tranz Dominion L.L.C.	90,000	0.50	90,000	0.50
Cocoshell Activated Carbon Company (Pvt) Limited	64,000	0.35	64,000	0.35
Mr. Muzafer Hussain Yusuf Ibrahim Jaferjee	61,251	0.34	61,251	0.34
Commercial Bank of Ceylon PLC/M.H. Dawoodbhoy	60,000	0.33	60,000	0.33
Essajee Carimjee Insurance Brokers (Private) Limited	60,000	0.33	60,000	0.33
Ms. Tasneem Mansoor Fazleali	57,700	0.32	57,700	0.32
Total	<u>16,528,888</u>	<u>91.66</u>		

32. PUBLIC HOLDING

The percentage of shares held by the Public as at 31st March 2024 is 39.07% (2023 – 36.88%). The number of shareholders representing the public holding is - 968 (2023 - 977)

Compliant under option 5 – Float adjusted market capitalization Rs 373.39 Mn (2023 - Rs. 323.20mn)

33. Market Value of Shares

	2023/2024	2022/2023
Highest value during the period	60.00	56.80
Lowest value during the period	45.10	40.00
Value as at 31 st March	53.00	48.60

Cargo Boat Development Company PLC

Shareholder Information

Year ended 31 st March Performance	2024 Rs.	2023 Rs.	2022 Rs.	2021 Rs.	2020 Rs.	2019 Rs.	2018 Rs.	2017 Rs.	2016 Rs.	2015 Rs.
Turnover	113,411,460	103,399,136	20,573,124	6,776,640	320,000	41,246,418	62,818,751	55,889,397	49,061,555	55,202,714
Profit Before Tax	207,385,007	183,051,907	46,623,920	138,642,203	85,368,285	132,762,941	160,832,541	143,724,378	110,533,040	152,334,167
Taxation Current Year	(36,819,737)	(40,648,467)	(8,533,450)	(6,596,073)	(15,511,738)	(18,900,282)	(18,045,024)	(11,809,043)	(7,299,212)	(20,851,037)
Profit after Tax	170,565,270	142,403,440	38,090,470	132,046,130	69,856,549	113,862,659	142,787,517	131,915,335	103,233,828	131,483,130
Other Comprehensive Income	(39,461)	(1,107,620)	1,453,855	1,113,707	538,070	197,293	(282,790)	1,503,932	-	-
Unappropriated Profits B/F	1,856,667,904	384,404,199	344,859,874	211,700,037	141,305,418	143,565,524	117,380,855	94,161,624	106,227,850	150,244,809
Amount Available for Appropriation	2,027,193,713	525,700,019	384,404,199	344,859,874	211,700,037	257,625,476	259,885,582	227,580,891	209,461,678	281,727,939
Dividend	(18,031,995)	-	-	-	-	(16,320,068)	(16,320,058)	(10,200,036)	(15,300,054)	(25,500,090)
Transfer to General Reserve	-	-	-	-	-	(100,000,000)	(100,000,000)	(100,000,000)	(100,000,000)	(150,000,000)
Retained Profit Carried forward	2,009,161,718	507,668,024	384,404,199	344,859,874	211,700,037	141,305,418	143,565,524	117,380,855	94,161,624	106,227,849
CAPITAL STRUCTURE										
Share Capital and Reserves:										
Stated Capital	471,438,575	471,438,575	471,438,575	471,438,575	471,438,575	119,000,420	119,000,420	119,000,420	119,000,420	119,000,420
Revenue Reserves	2,009,161,718	1,856,667,904	384,404,199	344,859,874	211,700,037	141,305,418	143,565,524	117,380,855	94,161,624	106,227,849
General Reserve	-	-	1,348,999,380	1,348,999,380	1,348,999,880	1,348,999,880	1,248,999,880	1,148,999,880	1,048,999,880	948,999,880
Available for Sale Reserve	403,751,014	(186,897,282)	(237,639,973)	37,468,432	185,843,809	86,812,230	542,429,159	724,349,873	722,309,396	1,143,169,171
Assets Less Liabilities	2,884,351,307	2,141,209,197	1,967,202,681	2,202,766,761	2,217,982,301	1,696,117,948	2,053,994,983	2,109,731,028	1,984,471,320	2,317,397,320
Current Assets	380,637,599	152,061,961	407,268,557	497,769,592	507,713,729	385,740,765	288,304,337	312,843,214	230,653,424	453,621,501
Current Liabilities	(82,842,929)	(61,432,333)	(50,744,053)	(26,931,368)	(120,617,724)	(10,817,748)	(35,319,980)	(14,505,149)	(10,915,719)	(6,108,203)
Net Current Assets	297,794,670	90,629,628	356,524,504	470,838,224	387,096,005	374,923,017	252,984,357	298,338,065	219,737,705	447,513,298
Fixed Assets and Investments	2,681,645,486	2,134,395,172	1,693,784,095	1,766,934,637	1,858,597,165	1,333,688,119	1,812,785,582	1,834,288,836	1,789,815,185	1,898,927,719
Long Term Liabilities	2,979,440,156	2,225,024,800	2,050,308,599	2,237,772,861	2,245,693,170	1,708,611,136	2,065,769,939	2,132,626,901	2,009,552,890	2,346,441,017
	(95,088,849)	(83,815,603)	(83,105,918)	(35,006,100)	(27,710,869)	(12,493,188)	(11,774,956)	(22,895,873)	(25,081,570)	(29,043,697)
	2,884,351,307	2,142,091,197	1,967,202,681	2,202,766,761	2,217,982,301	1,696,117,948	2,053,994,983	2,109,731,028	1,984,471,320	2,317,397,320
RATIOS AND STATISTICS										
Earnings Per Share (Rs.)	9.46	7.90	2.11	7.32	4.67	11.16	14.00	12.93	10.12	12.89
Dividend Per Share (Rs.)	1.00	1.00	-	-	-	-	1.60	1.60	1.00	1.50
Dividend Payout Ratio	10.57	12.6	-	-	-	-	11	12	10	12
Net Assets per share at the year end	159.96	118.74	109.09	122	123	166.29	201.37	206.83	194.55	227.20
Market Value Per Share (Rs.)	53.00	48.60	56.10	60	40.00	61	83.5	82.30	106.00	121.00

CARGO BOAT DEVELOPMENT COMPANY PLC
FORM OF PROXY
ANNUAL GENERAL MEETING

I/We.....
of

A member/members of Cargo Boat Development Company PLC, hereby appoint

Mr. R. B. Thambiyah	<i>of Colombo or failing him*</i>
Mrs. N. A. Thambiyah	<i>of Colombo or failing her*</i>
Ms. N. R. Thambiyah	<i>of Colombo or failing her*</i>
Ms. S. R. Thambiyah	<i>of Colombo or failing her*</i>
Mr R. S.Tissanayagam	<i>of Colombo or failing him*</i>
Ms. A. L. Thambiyah	<i>of Colombo or failing her*</i>
Mr D. C. Fernando	<i>of Colombo or failing him*</i>
Mr D.T. S. H. Mudalige	<i>of Colombo or failing him*</i>
Mr. S. A. R. S. Karunanayake	<i>of Colombo*</i>

**Please select what is required and delete the others.*

..... of

As **my/our proxy to vote on *my/our behalf at the Annual General Meeting of the Company held on 27 September 2024 and at any adjournment thereof and at every poll which may be taken in consequence of the aforesaid meeting.*

	FOR	AGAINST
1. To receive and consider the Report of Directors and the Audited Statement of Accounts for the year ended 31 March 2024 with the Report of the Auditors' thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To declare a dividend	<input type="checkbox"/>	<input type="checkbox"/>
3. To authorise the Board of Directors to determine and make Donations	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as a Director, Mr. R. B. Thambiyah who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect as a Director, Mrs. N.A. Thambiyah who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect as a Director, Mr R. S.Tissanayagam who retires in terms of Section 210 of the Companies Act No. 7 of 2007 as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-elect Ms. A. L. Thambiyah, who retires by rotation in terms of the Articles of Association of the Company as a Director	<input type="checkbox"/>	<input type="checkbox"/>
8. To re-elect Mr D. C. Fernando, who retires at the Annual General Meeting in terms of the Articles of Association of the Company as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
9. To re-elect Mr. D. T. S. H. Mudalige, who retires at the Annual General Meeting in terms of the Articles of Association of the Company as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
10. To re-elect Mr. S. A. R. S. Karunanayake, who retires at the Annual General Meeting in terms of the Articles of Association of the Company as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
11. To appoint M/s BDO Partners, Chartered Accountants as Auditors of the Company	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2024

.....
Signature

- NOTE:
1. *Please delete the inappropriate words
 2. Instructions as to completion are noted below
 3. If you wish your proxy to speak at the meeting you should interpolate the words “and to speak” immediately after the words “to vote”

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy by filling in legibly your full name and address and by signing in the space provided. Please fill in the date of signature.
2. If you wish to appoint a person other than a Director as your Proxy, please insert the relevant details in the space provided overleaf
3. In terms of Article 82 of the Articles of Association of the Company
 - a) In case of an individual shall be signed by the appointer or by his attorney
 - b) In case of a Corporation shall be either under its common seal or signed by its attorney or by an officer on behalf of the Corporation
4. In terms of Article 77 of the Articles of Association of the Company in case of joint-holders of a share the senior who tenders a vote, whether in person or by proxy or by attorney or by representatives shall be accepted to the exclusion of the votes of the other joint-holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
5. To be valid the completed Form of Proxy should be deposited at the Registered Office of the Company at 328, Galle Road, Colombo 3, not less than 48 hours before the appointed time for the meeting.

