



ANNUAL REPORT 2023



The Associated Newspapers Of Ceylon Limited

ANNUAL REPORT 2023



THE ASSOCIATED NEWSPAPERS OF CEYLON LIMITED

CONTENTS

Vision, Mission and Values	03
Group Performance Highlights	04
Chairman's Review	07
Our Product Portfolio	08
Board of Directors	09
Corporate Management	10
Chief Editors	11
Corporate Social Responsibility	12
Human Resources	13
Events of the Year	14
Financial Review	18
Risk Management	19
Corporate Governance	22
Directors' Report	26
Directors' Responsibility for Financial Statements	30
Auditor General's Report	31
Statement of Financial Position	46
Statement of Comprehensive Income	47
Statement of Changes in Equity	48
Statement of Cash Flows	49
Notes to the Financial Statements	50
Chairman's Comments on Audit Observations	79
Statement of Value Added	84
Ten Year Summary	85
Share Information	86
Notice of Meeting	87
Corporate Information	88
Form of Proxy	89

Our Vision

Sri Lanka's most diversified and popular media service provider.

Our Mission

To be a quality, sustainable and profitable media services provider serving all stakeholders.

Our Values

- ❖ To be the market leader in the newspaper industry.
- ❖ To furnish accurate and authentic information.
- ❖ To be the most efficient newspaper service provider and conveyor.
- ❖ Excellence in customer service.
- ❖ To earmark the market based on the latest trends and demands and the positioning of the brands.
- ❖ To strengthen the market leadership in the print media advertising artistry.
- ❖ To become the most actively expressed publications of the new media.
- ❖ To gain access into convergent social media.
- ❖ To excel in newspaper web printing.
- ❖ To improve the human resource policy and the practices.

GROUP PERFORMANCE HIGHLIGHTS

REVENUE
LKR

2,203Mn

NET PROFIT/(LOSS)
LKR

31Mn

TOTAL ASSETS
LKR

3,206Mn

TOTAL EQUITY
LKR

1,802Mn

GROUP PERFORMANCE HIGHLIGHTS

Financial Performance	Unit	2023	2022	change %
Revenue	Rs. 000	2,203,263	1,854,347	19%
Gross Profit	Rs. 000	1,229,324	1,009,497	22%
Net Profit / (Loss) Before Tax & Fair Value Adjustment	Rs. 000	22,726	(191,936)	112%
Net Profit / (Loss) After Tax & Fair Value Adjustment	Rs. 000	31,316	(197,357)	116%
Gross Profit Margin	%	56%	54%	4%
Net Profit Margin	%	1%	-11%	109%
Return on Assets (ROA)	%	1%	-6%	117%
Return on Equity (ROE)	%	2%	-11%	118%

Financial Position

Assets	Rs. 000	3,206,208	3,341,457	-4%
Capital Expenditure	Rs. 000	9,875	20,270	-51%
Interest Bearing Liabilities	Rs. 000	218,655	352,184	-37%
Other Liabilities	Rs. 000	1,185,719	1,219,246	-3%
Shareholders' Equity	Rs. 000	1,801,834	1,770,027	2%
Gearing Debt / Equity	No. of times	0.78	0.89	12%
Net Assets Per Share	Rs.	517	508	2%
Current Ratio	No. of times	3.3	3.4	-3%
Quick Assets Ratio	No. of times	2.7	2.6	4%



CHAIRMAN'S REVIEW

On behalf of the Board of Directors of The Associated Newspapers of Ceylon Limited, it is my pleasure to present you with the Annual Report and Audited Financial Statements of the Company for the year ending 31st December 2023.

Financial Performance

The year 2023 was a busy, challenging and critical year for the organization and our transformation journey. While we experienced many challenges in 2023, we also achieved some critical and foundational success that will help us on our transformation journey in the coming years. The company has recorded a 19% revenue growth compared to the Year 2022, despite of a declining trend in the print media and the trend for customers to receive their news and information on their smartphones or other mobile devices. As part of the ongoing transformation process, the company undertook a host of cost-reduction measures. A significant part of these measures were layoffs in the form of a VRS which cost the company a massive Rs. 261 Mn, however the Company was able to end the year with a Rs. 23 Mn pretax operating profit.

Future Outlook

Conditions in the Consumer Media market are expected to remain challenging in respect of both revenues and costs. Revenues will reflect circulation volumes, which are expected to continue to decline, and the advertising market, which is expected to remain both challenging and volatile until economic confidence returns. Considering the inherent complexity and challenges of the evolving Traditional Newspaper Industry, the company's focus is to transform the organization in to a dynamic, resilient company which could adapt to the new digital and data-driven reality while capitalizing on diversification opportunities.

Appreciation

It is my sincere gratitude to our valued customers, Share holders, staff and all the other stakeholders for the trust placed on The Associated Newspapers of Ceylon Limited and look forward to their continued support in the future. Our future hope is that our Company will continue to be the leading print media company that is profitable and provides accurate information to the people with new technology. The quality of our employees, the strength of our leadership team, the diversity of our businesses and our commitment to transforming ANCL give us confidence that we can continue to transform and build our company to compete in today's digital, data and mobile-driven world.



Gamini Warushamana
Chairman and Managing Director

OUR PRODUCT PORTFOLIO

Daily Papers



Daily News



Weekend Papers



SUNDAY OBSERVER



Periodicals



BOARD OF DIRECTORS

2023



The Board of Directors as at 31st December 2023 :

		Appointed/Elected w.e.f.
1. Prof. Harendra Kariyawasam	Chairman & Managing Director	Appointed w.e.f. 30.06.2023
2. Sisira Kumara Paranatantrie	Director - Editorial	Appointed w.e.f. 03.06.2022
3. Prabath Manjula Makumbura	Director - Operations	Appointed w.e.f. 03.06.2022
4. Janaka Ranatunga	Director - Legal & Administration	Elected w.e.f. 13.06.2022
5. Dr. Sunil Jayantha Nawaratne	Director - Finance	Elected w.e.f. 07.08.2023

Former Board of Directors :

1. Anusha Palpita	Chairman & Managing Director	Resigned on 28.06.2023
2. Prof. Harendra Kariyawasam	Director - Finance	Resigned on 30.06.2023

CORPORATE MANAGEMENT



- Mr.S.J.Kothalawala**
General Manager
- Mr.V.S.Bois**
Additional General Manager
- Mrs.H.W.S.Prasanga**
Company Secretary
(Acting Head of Legal)
- Mr. C.P. Yapa**
DGM-Advertising
- Mr.K.G.C.P.Bandara**
DGM-Corporate Affairs
- Mrs.D.J.M.P. Jayamaha**
DGM-Human Resources & Admin



CHIEF EDITORS

2023



1. **Manoj Abayadeera**
Editor– Dinamina

2. **Jayantha Sri Nissanka**
Editor – Daily News
(Resigned from the post on 17/10/2023)

3. **J.P.P.S.De Silva**
Editor – Sunday Observer
(Appointed w.e.f. 15/01/2023)
Acting Editor - Daily News
(Appointed w.e.f. 01/11/2023)

4. **Thevadasan Senthilvellavar**
Editor - Thinakaran Varamanjari

5. **Dharman Wickremaratne**
Editor – Silumina



2

3

5

4

1

CORPORATE SOCIAL RESPONSIBILITY

Inauguration of Trilingual 'Vidya' newspaper & published in line with Dinamina, Daily News and Thinakaran newspapers by Government Relations Department of ANCL



Inauguration Official Newspaper of Rangiri Dambulu National School under ANCL Vidhu Piyasa official school supplement papers organized by the Government Relations Department of ANCL under E-publication programme

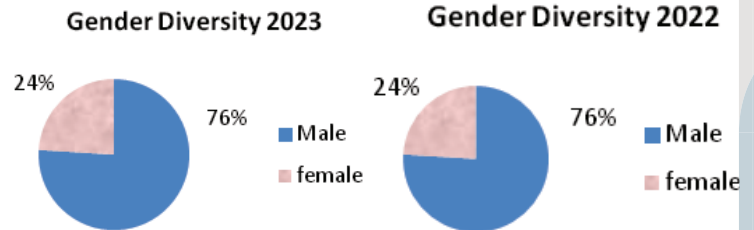


HUMAN RESOURCES

ANCL has recognized its workforce as the heart of its business while continuously evaluating human resources to recognize those who are ready to put forward their efforts towards the company. Having the idea of aligning human resources towards achieving the strategic goals, ANCL continued to attract, retain & widen their capabilities while expanding welfare facilities to its workforce.

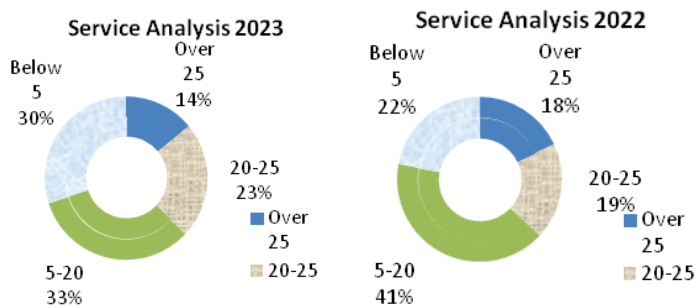
Gender Diversity (As at 31st December)

Gender	2023		2022	
	No.	%	No.	%
Male	687	76%	853	76%
Female	222	24%	266	24%
Total	909	100%	1,119	100%



Service Analysis

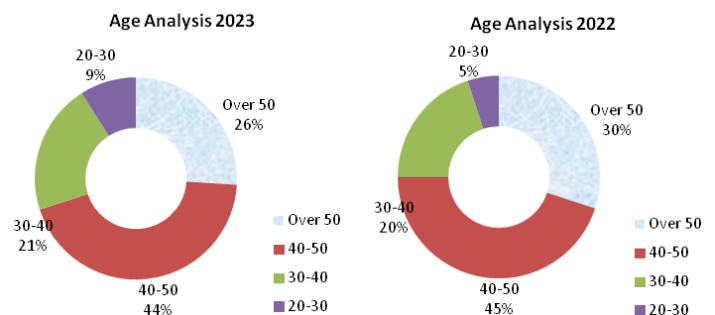
Average Service Years of Employees



Service Years	2023		2022	
	No.	%	No.	%
Over 25	129	14%	197	18%
20-25	205	23%	216	19%
5-20	298	33%	455	41%
Below 5	277	30%	251	22%
Total	909	100%	1,119	100%

Age Analysis

Age	2023		2022	
	No.	%	No.	%
Over 50	238	26%	332	30%
40-50	398	44%	508	45%
30-40	190	21%	220	20%
20-30	83	9%	59	5%
Total	909	100%	1,119	100%



EVENTS OF THE YEAR

The 137th Birth Anniversary of ANCL Founder late Mr. D.R. Wijewardene



EVENTS OF THE YEAR

Signing of MOU Agreement with Ministry of Mass Media



EVENTS OF THE YEAR

Web Launching of ADz Magazine



EVENTS OF THE YEAR

School Books Distribution Ceremony



FINANCIAL REVIEW

Financial Reporting & Achievements

The Associated Newspapers of Ceylon Limited adopts best practices in its financial reporting and keeps itself updated on new developments in the financial reporting environment. The financial reports on pages 46 - 78 have been prepared in compliance with the Institute of Chartered Accountants of Sri Lanka (CASL) and every attempt has been made to provide stakeholders, with a clear and comprehensive understanding on the Financial Statements.

Financial Performance

Group Financial Performance at a Glance

Item	2023 LKR Mn	2022 LKR Mn	Change LKR Mn
Revenue	2,203	1,854	349
Cost of Sales	974	845	129
Gross Profit	1,229	1,009	220
Other Income	542	276	266
Administrative Expenses	1,073	1,026	47
Distribution Expenses	350	376	(26)
Finance Expenses	64	76	(12)
Profit Before VRS	284	(192)	476
Voluntary Retirement Scheme(VRS) Cost	261	-	261
Profit Before Tax & Fair Value Adjustment	23	(192)	215
Tax Expenses	-	-	-
Fair Value Adjustment	9	(5)	14
Profit After Tax & Fair Value Adjustment	31	(197)	228

Sources of Revenue	2023 – LKR Mn	2022 – LKR Mn
Printing / Advertising	2,204	1,854
Other Income	542	276
Total	2,746	2,130

RISK MANAGEMENT

Lake House has given due consideration to its risk management process in order to progress towards achievement of its goals and objectives. Risk management under the two forms of risks, namely Financial and Business, is regularly reviewed to ensure the related risks are minimized where the complete elimination is not possible.

Risk Exposure	Company Objectives	Company Initiatives
Financial Risk Management		
1. Liquidity & Cash Management	To maintain liquidity position.	- This is achieved by regular follow up of trade debts, planning production and utilization of short term borrowing facilities. - Company has sufficient assets to offer as collateral for future funding requirements. - Obtaining funding facilities to adequately manage liquidity position through several financial institutions.
2. Interest Rate Risk	To minimize adverse effects of interest volatility.	- Negotiate with banks to obtain the best possible interest rate for Groups' borrowings and investments. - Negotiate and take supplier credit to mitigate the high cost and to avoid adverse fluctuations in local interest rates.
Business Risk Management		
1. Credit Risk	To minimize risk associated with debtors defaults.	- Facilitating advertising agents. - Follow an assessment procedure to ensure credit worthiness of customers. - Company maintains a comprehensive policy to adequately review and provide for doubtful debts.
2. Assets Risk	To minimize losses caused by machine breakdown and damages from fire or theft.	- Obtain comprehensive insurance covers for plant and machinery. - Carry out planned preventive maintenance programs.
3. Internal Controls	To maintain a sound system of internal controls to safeguard Company assets.	Carry out continuous internal audits by Internal Audit Department.

RISK MANAGEMENT

Risk Exposure	Company Objectives	Company Initiatives
4. Human Resources	- To reduce labour turnover. - To ensure smooth flow of operations without interruptions. - To ensure adaptability through training and adopting best practices.	- Maintain an employee evaluation scheme to reward them. - Maintain healthy and cordial relationship with employees at all levels through joint consultative committees. - Provide various employee benefits. - Provide specific and general training wherever necessary.
5. Technological and Quality Related Risk	To keep pace with current technological developments and quality standards to avoid obsolescence.	Develop a long term plan to replace existing machines with technologically advanced machines.
6. Inventory Management Risk	- To reduce stock out situations. - To reduce the accumulation of slow moving items. - To minimize the losses on obsolete stocks. - To minimize risk of sub-standard material being received. - To minimize inventory days.	- Plan monthly production based on budgets and sales forecasts at production planning meetings held monthly. - Continuous stock verification systems to identify non- moving stocks. - Regularly monitor inventory days. - Review periodically and provide adequately for slow moving stocks.
7. Risk of Competition	To avoid losses of market share from competitors.	- Strengthen Lake House brand through various advertising and promotional campaigns. - Maintain product availability throughout the country.
8. Investment in Capital	To reduce the risk of loss in present and future investments.	- Investments in assets are properly planned and made on timely basis. - Reduce the idle assets as far as possible.
9. Information Systems	To minimize possible risks associated with data security, hardware, software and communication systems.	- Data backups are taken regularly and stored in external locations. - Vendor agreements for support services and maintenance. - Upgrade to cloud based solutions.
10. Environmental Issues	To minimize adverse impact of operations to the environment.	Comply with the standards set by the relevant authorities and ensure compliance.

RISK MANAGEMENT

Risk Exposure	Company Objectives	Company Initiatives
11. Legal and Regulatory Issues	- To minimize possible losses arising from non-compliance with statutory and regulatory requirement. - To minimize or take counter measures to reduce the impact arising from changes to regulatory issues.	- Comply with the requirements of statutory and regulatory bodies. - Obtain advice from the Employers' Federation of Ceylon when necessary.

CORPORATE GOVERNANCE

Strong Corporate Governance practices are the bedrock of stakeholder value creation and long term sustainability. ANCL is committed to the highest standards of business ethics, accountability and transparency as evinced in its comprehensive policy frameworks and clear governance structures which facilitate an appropriate balance of power. ANCL Corporate Governance framework has been designed in line with the requirements of Chartered Accountants of Sri Lanka (CA Sri Lanka).

1. The Board of Directors

The Board comprises Directors who have the appropriate balance of skills, experience, independence and knowledge, which enable them to discharge their responsibilities effectively. The Board which meets regularly is the key decision making body for the matters which are significant to the Company.

From 01.01.2023 to 28.06.2023

Name of the Director	Number of meetings held	Number of meetings attended
V.P.K. Anusha Palpita - Chairman and Managing Director	32	32
Sisira Kumara Paranatantrie	32	32
Prabath Manjula Makumbura	32	30
Janaka Ranatunga	32	28
Prof. A. Harendra Nishantha Kariyawasam	32	32

From 28.06.2023 to 31.12.2023

Name of the Director	Number of meetings held	Number of meetings attended
Prof. A. Harendra Nishantha Kariyawasam - Chairman & Managing Director	17	17
Sisira Kumara Paranatantrie	17	17
Prabath Manjula Makumbura	17	17
Janaka Ranatunga	17	17
Dr. N. Sunil Jayantha Nawaratne (Elected and appointed on 07/08/2023)	17	12

CORPORATE GOVERNANCE

2. Board Committees and their composition

Board has formed the following committees :

2.1 Executive Committee (EXCO)

EXCO is responsible to provide appropriate and timely information to the Board to enable the Board to efficiently discharge their responsibilities. The EXCO members are as follows.

- Board of Directors
- General Manager
- Additional General Manager / DGM-Finance
- Company Secretary
- Chief Editors
- Deputy General Managers

2.2 Audit Committee

The Audit Committee which meets once a quarter continuously reviews and monitors the effectiveness of internal controls to ensure that the company has sound financial discipline. The Audit Committee approves in advance the Annual Audit Plan of the Internal Audit and monitors its execution and progress. The Audit Committee comprises the following members :

- Director - Finance
 - Director - Legal & Administration
 - General Manager
 - Company Secretary
 - Additional General Manager / DGM-Finance
 - Chief Internal Auditor
 - Government Audit Superintendent
 - Chief Internal Auditor of the Ministry of Mass Media
 - Representatives from the Department of the Public Trustee.
- From 02.11.2023 (third quarter)

2.3 Procurement Committee

The Procurement Committee (Value of over LKR 1 Mn) is established to ensure consistent and correct application of procurement practices and processes. The Procurement Committee comprises the following members:

- Chairman & Managing Director
- Director - Finance
- Director - Legal & Administration
- General Manager
- Additional General Manager/DGM - Finance
- Chief Internal Auditor
- Head of Procurement

CORPORATE GOVERNANCE

2.4 Grievance Committee

The Grievance Committee is established to consider the remedies for workers' grievances. During the year, no grievances have been handled.

3. Financial Reporting & Transparency

The Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles, concepts and the accounting standards laid down by the Institute of Chartered Accountants of Sri Lanka. The Financial Statements included in this Annual Report have been audited by the Auditor General.

The ANCL adopts best practices in its Financial Reporting & keeps itself updated on new developments in the financial reporting environment. The Financial Statements on pages 46 - 78 have been prepared in compliance with the Sri Lanka Financial Reporting Standards for SME issued by CA Sri Lanka.

4. Directors' responsibility for Preparation of Financial Statements

The statement of the Directors' responsibility for preparation of Financial Statements is given in page 30 of this Annual Report.

5. Internal Controls

The systems of internal controls are designed to cover the risk arising from errors, omissions and mistakes, safeguarding the assets of the Company and to record and maintain a proper set of books, through segregation of duties, authority levels and internal control procedures. The Board is responsible for ensuring that the Company has adequate and effective internal controls in place. Day-to-day financial & non financial activities are reviewed regularly by the Internal Audit Department of the Company.

6. Compliance with the Statutory Payments

The Board of Directors confirms that all known statutory payments have been paid up to date and all contributions payable on behalf of employees have been paid or provided in the Financial Statements.

7. Relationship with Shareholders

We maintain regular contact and communication with our shareholders.

8. Corporate Social Responsibility

The Company is well aware of its responsibilities towards the community and society at large.

9. Employee Matters & Communications

Employees are given unrestricted access to the management to voice their concern and solve their grievances then and there. No labour disruptions have occurred during the year.

10. Environment Protection

Company has not engaged in any activity which is harmful to the environment.

11. Going Concern

The Directors after making necessary inquiries and review including reviews of the Company budget for the coming year, CAPEX requirements, future prospects, risks, cash flows and borrowing facilities have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Therefore, the going concern basis has been adapted in the preparation of the Financial Statements.

DIRECTORS' REPORT

The Directors have pleasure in submitting their Annual Report for the year ended 31st December 2023 together with the Audited Financial Statements.

1. Company Activities

The principal activities of the Company are printing, publishing and distribution of newspapers and periodicals. There have been no significant changes in the nature of the principal activities of the Company during the financial year under review.

2. Financial Statements

The Financial Statements of the Group are presented in this Annual Report.

3. Auditors' Report

The Auditors' report on the Financial Statements is given on Page 31 of the Annual Report.

4. Significant Accounting Policies

Details of significant Accounting Policies adopted in the preparation of the Financial Statements are given under Accounting Policies stated in this Annual Report.

5. Review of the Year

A review of operations of the Company during the financial year and results of those operations are contained in the Financial Review presented in this Annual Report.

6. Revenue

The Group achieved total revenue of LKR 2,203 Million during the period ending 31st December 2023.

7. Profit & Appropriations (LKR Mn)

	2023	2022
Profit / (loss) before Tax & FV adjustment	23	(192)
Taxation	-	-
Fair Value adjustment	9	(5)
Profit / (loss) after Tax & FV adjustment	31	(197)
Dividends	-	-
Retained profits / (losses) carried forward	31	(197)

DIRECTORS' REPORT

2023

8. Revenue Reserves

The Company revenue reserve as at 31st December 2023 was LKR 374 Mn.

9. Property, Plant and Equipment

Capital expenditure on Property, Plant & Equipment and Capital work-in progress for the year 2023 amounted to LKR 10 Mn. The movement of Property, Plant & Equipment during the year is given in Note 6 to the Financial Statements.

10. Donations

During the period Company has not contributed any donations towards charitable institutions.

11. Net Assets per share

Net assets per share are LKR 517.

12. Share Information

Information relating to earnings, dividends and net assets per share is presented in Financial Highlights and Ten Year Summary. Distribution of shareholding is indicated under Share Information Report.

13. Substantial Shareholding

The Public Trustee holds 87.5% of the shareholding on behalf of the government of Sri Lanka.

14. Directors

The Directors of the Company as at 31st December 2023 and their shareholding were as follows :

Directors	No. of Shares
Anusha Palpita	NIL
Sisira Kumara Paranatantrie	NIL
Prabath Manjula Makumbura	NIL
Janaka Ranatunga	NIL
Prof. Harendra Kariyawasam	NIL
Dr. N. Sunil Jayantha Nawaratne	NIL

DIRECTORS' REPORT

15. Resignations / New Appointments during the year

Resignations during the year 2023 were as follows :

Name of the Director	Designation	Date of Resignation
V.P.K. Anusha Palpita	Chairman & Managing Director	28.06.2023
Prof. A. Harendra Nishantha Kariyawasam	Director - Finance	30.06.2023

New appointments during the year 2023 were as follows :

Name of the Director	Designation	Date of Appointment
Prof. A. Harendra Nishantha Kariyawasam	Chairman & Managing Director	30.06.2023
Dr. N. Sunil Jayantha Nawaratne	Director - Finance	07.08.2023

16. Loans to Directors

No loans have been given to the Directors of the Company.

17. Directors' Interest in Contracts

Directors have no direct or indirect interest in any contract or proposed contract with the Company for the year ended 31st December 2023.

18. Directors' Remuneration

Directors' remuneration in respect of the Company for the year 2023 is stated in Note 26 to the Financial Statements.

19. Post Balance Sheet Events

There were no material post balance sheet events affecting the accounts as at 31st December 2023.

20. Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the government and employees have been paid up to date.

21. 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.

DIRECTORS' REPORT

2023

22. Environmental Protection

The Directors, to the best of their knowledge and belief, are satisfied that the Company has not engaged in any activities, which have caused adverse effects on the environment and it has complied with the relevant environmental regulations.

23. Auditors

The Accounts for the year have been audited by the Auditor General as per Article 154 (3) of the Constitution of the Democratic Socialist Republic of Sri Lanka.



The Associated Newspapers of Ceylon Limited

Mrs. H.W.S. Prasanga

Company Secretary

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors' responsibility in relation to the Financial Statements is detailed below. The report of the Auditors sets out their responsibility in relation to the Financial Statements.

The Companies Act No. 07 of 2007 requires that the Directors prepare Financial Statements for each financial year, which reflects a true and fair view of the state of affairs of the Company as at the end of the financial year and the profit for the financial year. In preparation of these Statements, the Directors are required to ensure that:

1. Appropriate Accounting Policies have been selected and applied on consistent basis. Material departures, if any, are disclosed and explained.
2. Ensure that all applicable Accounting Standards have been followed.
3. The adjustments and estimates are reasonable and prudent.
4. The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose, with reasonable accuracy, the Financial Position of the Company and to enable them to ensure that the Financial Statements comply with the Companies Act. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to establish appropriate system of Internal Controls, which provide reasonable though not absolute assurance to the Directors that assets are safeguarded and Internal Controls are in place with a view to the prevention and detection of fraud and error.
5. The Directors are required to prepare the Financial Statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspection they consider to be appropriate for the purpose of enabling them to give their report.

The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

The Auditor General, the Auditors of the Company have examined the Financial Statements made available by the Board of Directors together with all the financial records, related data and minutes of Shareholders and Directors' meetings and express their opinion in their report presented in this Annual Report.

By order of the Board



The Associated Newspapers of Ceylon Limited

Mrs.H.W.S. Prasanga

Company Secretary

AUDITOR GENERAL'S REPORT

2023

CAM/C/ANCL/2/23/FA-1

20th June 2024

The Chairman
Associated Newspapers of Ceylon Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Associated Newspapers of Ceylon Limited and its Subsidiaries for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1 . Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Associated Newspapers of Ceylon Limited (“Company”) and its Subsidiaries (“ Group”) for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year then ended, and the notes in relation with the financial statements, including a summary of significant accounting policies was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018, My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company and Group as at 31 December 2023 and of

AUDITOR GENERAL'S REPORT

its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities.

1.2 Basis for Qualified Opinion

- (a) Although the financial reporting framework of the Company should be Sri Lanka Accounting Standards in terms of Section 5 of the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and Extraordinary Gazette No. 1074/7 dated 07 April 1999, the Company had adopted the Sri Lanka Accounting Standards for Small and Medium - sized Enterprises as its financial reporting framework.
- (b) Since the employee compensation of Rs 194,384,324 paid from the sale of the Company's equity investments had been recognized as an expense incurred from the government grant received in the year under review, in contrary to Paragraph 24.4 (b) of Section No. 24 of Sri Lanka Accounting Standards for Small and Medium - sized Entities, other income in the year under review had been overstated and trade and other payables in the statement of financial position as at the end of the year under review had been understated by the same amount.
- (c) The value of uncorrected accounting errors in the year under review, which was pointed out by the audit relating to the financial statements of the year 2022, was Rs.180,651,650 in terms of Paragraph 10.21 of Section No. 10 of Accounting Standards for Small and Medium - sized Entities.
- (d) Although computation of deferred tax liability/ (asset) as at the end of the year under review shall be computed at the rate of 30 per cent tax, in terms of Paragraph 29.27 of Section No. 29 of Accounting Standards for Small and Medium - sized Entities because of the Company had calculated under the tax rate of 28 per cent in contrary to that, there was a difference of Rs. 6,282,000 between the deferred tax asset to be existed as at the end of the year under review and the deferred tax asset as per the schedule. Further, although the relevant tax rate for the Company should be stated as

AUDITOR GENERAL'S REPORT

2023

30 per cent in notes No. 11 and 28 to the financial statements, it had been stated as 28 per cent.

- (e) Due to the recognition of only Rs 1,456,000 which was half of the value of the assets under computer and equipment installations that had used since June in the preceding year amounting to Rs 2,912,000 in contrary to Section 17.20 of Paragraph 17 of the Accounting Standards for Small and Medium - sized Entities, the opening balance of the asset in the year under review had been understated by that amount. Further, due to under-recognition of depreciation expense of the asset, the profit of the preceding year had been overstated by Rs. 212,333 and the depreciation of the year under review had been understated by Rs 60,666 .
- (f) The total value of the errors related to the previous period in bank loan interest, bank charges, assessments, lease loan interest and depreciation expenses etc. of the Company is Rs.3,014,489 had not retrospectively adjusted in the financial statements in terms of Paragraph 10.21 of Section 10 of Accounting Standard for Small and Medium - sized Entities.
- (g) Even though the Company had been ordered to pay Rs. 513,500,000 compensation as per the order of the District Court from the compensation claims related to defamation cases filed against the Company as at the end of the year under review, only a provision of Rs. 13,500,000 was made as full compensation, Only 0.4 per cent (0.004) that is Rs. 200,000 provision had been made for the compensation of Rs.500,000,000 ordered to be paid in relation to one defamation judgment. Further, even though the Company had filed an appeal case in the Supreme Court challenging to this order, the case had not been heard yet. Due to the failure of allocating of Rs. 498,000,000 which should be further allocated as per the above order of the District Court, it could not be ruled out in audit that the possibility of the Company's going concern being at risk. Further, even a disclosure of this compensation of Rs.500,000,000 had not been made in the notes to the financial statements in terms of 21.14 (b) of Paragraph No. 21 of Sri Lanka Accounting Standards for Small and Medium – sized Entities.

AUDITOR GENERAL'S REPORT

- (h) Due to failure of recognition of financial liability on transaction cost as per Paragraph No. 11.13 of Sri Lanka Accounting Standards for Small and Medium - sized Entities, creditors (foreign) balance as at the end of the year under review had been understated by Rs.642,925 in the financial statements.
- (i) Although the total of bank loans paid and lease installments paid under financial activities in the statement of cash flows for the year under review as per the calculation of the audit were Rs. 77,559,204 and Rs. 6,299,234 respectively, thus they were Rs. 78,725,804 and 6,631,273 respectively as per the calculation of the Company, the bank loans and lease installments paid in the year under review, had been overstated by Rs 1,166,600 and Rs 332,039 respectively.
- (j) Although the interest income received in cash and the building rent income received in cash under investment activities in the cash flow statement of the year under review were Rs.83,166,673 and Rs.76,935,000 respectively according to the calculation of the audit, thus those items were Rs. 89,478,835 and Rs. 82,294,000 respectively, according to the calculation of the Company, the interest income received in cash and the building rental income had been overstated by Rs.6,312,163 and Rs.5,358,000 respectively.
- (k) Although the interest expense paid under operating activities in the cash flow statement of the year under review was Rs. 65,452,270 as per calculation of the audit, thus it was Rs.63,835,035 as per the calculation of the Company, the interest expense paid had been understated by Rs.1,617,235. Further, the loss of Rs. 2,439,657 occurred due to the withdrawal of fixed deposits before maturity during the year under review had not been adjusted to profit before tax under operating activities and although the changes in trade and other payables under changes in working capital was Rs. 74,670,000 as per the calculation of audit, since the value stated by the Company was Rs. 77,861,000, the change in trade and other payables had been overstated by Rs.3,191,000.

AUDITOR GENERAL'S REPORT

2023

- (l) Interest income in respect of 05 fixed deposits as at the end of the year under review had been understated by Rs. 658,584 .
- (m) Due to the fact that the cheque valued at Rs. 517,822 had been issued for gratuity payments to an employee who had been terminated his service in the year 2022 was not submitted to the bank, since gratuity allocations had not been made for that employee at the end of the year the gratuity liabilities had been understated by that amount.
- (n) Actions had not been taken to identify the reasons related to the differences in the value of Rs. 5,336,985 between the physical stock balance and the balance according to the stock ledger in relation to 16 stock items as at the end of the year under review and correct. Further, debit notes related to stock receipts with a total value of Rs. 1,640,434 related to 08 stock items and credit notes related to 04 stock items with a total value of Rs. 1,981,555 had not been adjusted in the stock account balances in the preparation of financial statements.
- (o) Direct remittances totalled to Rs 13,950,096 had been accounted for during the year under review as miscellaneous income without doing a proper identification .
- (p) Even though the balance payable by the Company in the current account of the Subsidiary Company amounted to Rs 18,637,747, as at the end of the year under review should be mentioned under trade and other payables, as the balance was offset against trade and other receivables, trade and other receivables and trade and other payables of the Company had been understated in the financial statements by that amount.
- (q) Although the details of remuneration and allowance amounted to Rs. 43,342,795 paid to the Chairman and the Board of Directors were requested for the audit of the

AUDITOR GENERAL'S REPORT

financial statements of the year under review through the information calling letter dated 02 April 2024, the information was not submitted to the audit.

- (r) No evidence whatsoever was submitted to the audit to confirm the payment of Rs.4,252,100 in the other provision payment schedule submitted for audit for the year under review.
- (s) Due to non-submission of the lease agreements of 02 vehicles, which provide transport facilities on a rental basis by the Company for a long time it was not possible to verify the accuracy of the rental payments of Rs. 4,016,300 paid in relation to those 02 vehicles during the year under review.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other Information Included in the Annual Report 2023 of the Group

The other information comprises the information included in the Annual Report 2020 of the Group, but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. The Management is responsible for these other information.

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

In connection with my audit of the financial statements, my responsibility is to review the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

AUDITOR GENERAL'S REPORT

2023

When reading the Annual Report 2021 of the Group on the financial statements, if I conclude that there are material misstatements, the same should be communicated to the controlling parties for correction. If there are uncorrected misstatements appear furthermore, they will be included in the report tabled by me in Parliament in due course in terms of Article 154 (6) of the Constitution.

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

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, it is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Group.

AUDITOR GENERAL'S REPORT

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identifying and assessing 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 my 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.
- Though an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances was obtained, it was not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Concluded on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty

AUDITOR GENERAL'S REPORT

exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. However, future events or conditions may cause to cease to continue as a going concern.

- Evaluated 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.
- Obtained sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of audit of the Group. I am fully responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 Special provisions for following requirements are included in the National Audit Act, No. 19 of 2018.

2.1.1 I have obtained all the information and explanation that required for the audit and as far as appears from my examination except for the impact of the matters described in the section on the Basis for the Qualified Opinion in my report and proper accounting records had been kept by the Company as per the requirements in Section 163 (2) of the Companies Act No. 7 of 2007 and Section 12 (a) of the National Audit Act, No. 19 of 2018 .

AUDITOR GENERAL'S REPORT

- 2.1.2

The financial statements presented by the Company is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- 2.1.3

The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (i) (d) (iv) of the National Audit Act, No. 19 of 2018 except for the observations appear in the Paragraph on Basis for Qualified Opinion of this report. .
- 2.2

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention to make declaration on following;
- 2.2.1

To state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018 .
- 2.2.2

To state that the Company has not complied with any applicable written law, general and special directions issued by the Governing Body of the Company as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018 except for the observations appear below except for;

Reference to Laws, Rules/ Regulations	Observation
(a) Paragraph No. 2.6 of the Guidelines for Good Governance in Government Owned Companies	Although the position of Secretary to the Company in an organization should be maintained independently, the officer holding the position of Company Secretary herself had been appointed in contrary to that to look after the position of Head (Legal) of the Company.

AUDITOR GENERAL'S REPORT

2023

- (b) No.1 and No. 4 of Inland Revenue Department Circular No. SEC/2022 /E/03 dated 23 December 2022 and Circular No. SEC/2023/E/01 dated 14 February 2023 respectively. Although 10 per cent withholding tax on vehicle rental is subject to deduction, rental payments had been made without deducting Withholding Tax of Rs.389,288 out of vehicle rental payment of Rs.3,892,886 made during the year under review.
- (c) Section 38 (1) (e) of the National Audit Act No. 19 of 2018. Although the Accounting Officer of the institution is responsible for providing answers to all audit queries within a specified time limit as required by the Auditor General, actions had not been taken to provide answers to 11 audit queries issued from 10 November 2023 to 05 April 2024 even by 07 June 2024 .
- (d) Public Enterprises Circular PED 01/2021 (i). Without obtaining the approval of the Audit and Management Committee, the debtor balance of Rs 859,032 had been written off during the year under review , based on the decision of the Board of Directors No. Bp.331 – 34/23 only.
- (e) Section 13 of the Payment of Gratuity Act No. 12 of 1983. Although a labour shall be deprived of gratuity to the extent of the loss or damage caused by him, gratuity payment of Rs. 3,761,385 had been made without taking any action by the Company to recover the financial loss of

AUDITOR GENERAL'S REPORT

Rs. 18,719,995 caused to the Company due to the deviation of responsibilities of the former Head of the Marketing of the Company.

2.2.3 To state that the Company had not been performed according to its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act, No. 19 of 2018 except for;

(a) An approved set of guidelines had not been introduced even by now regarding the publication of newspaper advertisements, which were the main source of income of the Company and it had not been implemented by preparing a recognized system for giving discounts to advertisements and having an approval from the Board of Directors.

(b) Even though Lake House Property Development (Private) Company had been established to engage in property development business in the year 1985, no operational activities whatsoever had been carried out during the year under review.

2.2.4 To state that the resources of the Company had not procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018 except for;

(a) A sum of Rs. 1,200,000 had been spent by the Company to purchase 1200 shares of Lankapuvath Limited in December 2008. However, no benefit whatsoever had been received as at 31 December 2023.

(b) The 8 acre land in Hokandara, which was purchased in 1985 for the construction of a housing scheme and revaluated at Rs. 733,000,000 in 2021 had remained idle since the date of purchase.

AUDITOR GENERAL'S REPORT

2023

- (c) Out of 07 policies related to human resource management prepared by paying Rs.3,150,000 to a human resource consultant in the year 2017, six policies had not been approved by the Board of Directors and once again the same consultant was recruited on contract basis for the same work and a sum of Rs. 1,151,250 had been paid as consultant fees from November 2022 to June 2023. Further, the Board of Directors had decided in the year 2021, to prepare the Scheme of Recruitment of the Company and the approved cadre from a private human resource management agency at a cost of Rs. 1,300,000 during the same time as the service of this Human Resource Consultant was being obtained and the Human Resource Management Policy 06, Scheme of Recruitment and the approved cadre had not been prepared even as at the last day of the year under review.

2.3 Other Matters

- (a) The income of Lake House Media Academy under sundry income as at the end of the year under review was Rs.1,184,509 and since Rs. 1,340,015, which was the sum of resource contributions and other expenses related to programs, diplomas and various courses held in this academy, was offset against that income, it had not been identified as a profit center when accounting for Lake House Media Academy.
- (b) Due to the poor financial management of the Company, actions had been taken to withdraw 3 fixed deposits valued at Rs.88,553,368 invested for a period of one year before the due date of maturity during the year under review and as a result, an interest income of Rs 2,694,317 had been lost.
- (c) Because of, 694 debtors aggregating Rs.593,107,986 have not responded out of 748 debtors who had been sent letters of confirmation amounting to Rs.635,440,585 from the total debtors in the year under review, 93 per cent of outstanding balances were not confirmed in the statement of financial position. Further, out of the debtors who had responded, only 14 debtors amounting to Rs. 6,331,424 had agreed with the debtor balance of the Company and the

AUDITOR GENERAL'S REPORT

balance disagreed was Rs.31,026,124. Out of those 30 disagreed debtors only 10 had given cheques amounting to Rs.3,771,747 as at the end of the year under review. Accordingly, 60 per cent of the debtors responded had disagreed with the debtor balance of the Company and only 14 per cent had agreed.

- (d) As agreed in the Memorandum of Understanding with the Ministry on 23 June 2023 to obtain a government grant of Rs. 300,000,000 related to the Voluntary Retirement Scheme of the employees of the Company. The plans to be submitted to the Ministry of Mass Media by 31 December 2023 the Corporate Plan, Strategic Plan, Action Plan, Organizational Structure, Departmental Structure, the number of posts and the number of employees had not been presented and even though the agreed conditions had not been fulfilled, expenditure related to retirement of employees had been incurred from the government grant received.
- (e) The Company had published advertisements valued at Rs. 21,357,080 with 03 institutions without entering into valid countertrade agreements during the year under review and the agreement was reached with the Sri Lanka Television Corporation from the two organizations for the publication of counter-advertisements for the year under review, 03 days before the expiry of the validity period of the agreement and advertisements amounting to Rs.1,815,925 had been published exceeding the agreed value in the countertrade agreement made with another private media company.
- (f) The Company had published advertisements valued at Rs 18,595,910 in the years 2021 and 2022 without a countertrade agreement with the independent television media network and details related to the value of advertisements used by the Company in other media organizations under countertrade agreements during the year under review were not submitted to audit.
- (g) Actions had not been taken to recover the balances which were not recovered from 01 to 25 years from 17 employees who had left the Company due to retirement, termination of service or death as at the last day of the year under review aggregating to Rs. 6,359,729 .

AUDITOR GENERAL'S REPORT

2023

- (h) The Company had provided publications of the Company to Government Ministries, Departments, Corporations and various parties on a subscriber basis and there were 132 debtors who had exceeded 02 years totalled to Rs. 7,038,276 within the balance of Rs. 16,423,365 receivable at the end of the year under review.
- (i) Actions had not been taken to recover the balance of Rs. 2,209,560 shown as a receivable balance from the year 2014 belonging to the Divineguma Development Department, which became the Samurdhi Development Department from the year 2017 .

W.P.C. Wickramaratne
Auditor General

STATEMENT OF FINANCIAL POSITION

As at 31 st December	Notes	Company		Group	
		2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
ASSETS					
Non Current Assets					
Property, Plant & Equipment	06	1,466,458	1,541,115	1,466,458	1,541,115
Investment Property	07	18,211	19,866	18,211	19,866
Intangible Assets	08	783	3,575	783	3,575
Long Term Financial Assets	09	22,129	13,538	22,129	13,538
Investment in Subsidiaries	10	7,500	7,500	-	-
Deferred Tax Assets	11	69,276	69,276	69,276	69,276
Plan Assets	23	312,159	309,611	312,159	309,611
Staff Receivables	14	46,902	54,051	46,902	54,051
Total Non Current Assets		1,943,418	2,018,533	1,935,918	2,011,032
Current Assets					
Inventories	12	253,347	327,383	253,347	327,383
Trade & Other Receivables	13	765,527	652,212	784,165	670,886
Staff Receivables	14	35,146	51,872	35,146	51,872
Current Tax Assets	28	17,575	8,120	17,575	8,120
Cash & Cash Equivalents	15	180,057	272,163	180,057	272,163
Total Current Assets		1,251,653	1,311,751	1,270,290	1,330,424
Total Assets		3,195,071	3,330,284	3,206,208	3,341,457
EQUITY & LIABILITIES					
Equity					
Stated Capital	16	34,837	34,837	34,837	34,837
Revaluation Reserves		1,392,742	1,405,004	1,392,742	1,405,004
Retained Earnings		363,141	319,022	374,255	330,185
Total Equity		1,790,720	1,758,864	1,801,834	1,770,027
Liabilities					
Non-Current Liabilities					
Deposits	17	173,869	176,472	173,869	176,472
Borrowings	18	97,967	171,293	97,967	171,293
Leases	19	2,606	8,130	2,606	8,130
Provision for Claims	20	64,495	59,840	64,495	59,840
Provision - Others	21	6,600	-	6,600	-
Employee Benefit Obligations	23	676,914	769,628	676,914	769,628
Total Non-Current Liabilities		1,022,451	1,185,364	1,022,451	1,185,364
Current Liabilities					
Borrowings	18	120,688	178,004	120,688	178,004
Leases	19	2,037	3,143	2,037	3,143
Provisions - Others	21	30,330	56,588	30,330	56,588
Trade & Other Payables	22	228,845	148,321	228,868	148,331
Total Current Liabilities		381,900	386,056	381,923	386,056
Total Liabilities		1,404,351	1,571,420	1,404,374	1,571,430
Total Equity & Liabilities		3,195,071	3,330,284	3,206,208	3,341,457

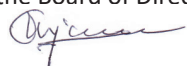
The accounting policies and notes to the Financial Statements form an integral part of these Financial Statements. It is certified that these Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007.



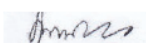
Virajith Bois

Additional General Manager

Board of Directors is responsible for the preparation and presentation of these Financial Statements which were approved by the Board of Directors and signed on their behalf.



Professor Harendra Kariyawasam
Chairman & Managing Director



Dr Sunil Nawaratne
Director - Finance



Janaka Ranatunga
Director - Legal & Administration

22nd February 2024
Colombo

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 st December	Notes	Company		Group	
		2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Revenue	24	2,203,263	1,854,347	2,203,263	1,854,347
Cost of sales		(973,939)	(844,851)	(973,939)	(844,851)
Gross profit		1,229,324	1,009,497	1,229,324	1,009,497
Other income	25	541,511	275,976	541,511	275,976
		1,770,835	1,285,473	1,770,835	1,285,473
Administrative expenses		(1,072,768)	(1,025,945)	(1,072,817)	(1,025,944)
Distribution expenses		(350,068)	(375,648)	(350,068)	(375,648)
Operating profit	26	348,000	(116,120)	347,951	(116,119)
Finance expenses		(63,894)	(75,817)	(63,894)	(75,817)
Profit before VRS		284,105	(191,937)	284,056	(191,936)
Voluntary Retirement Scheme (VRS) Costs	27	(261,331)	-	(261,331)	-
Profit before tax & FV adjustment		22,775	(191,937)	22,726	(191,936)
Tax expense	28	-	-	-	-
Fair value adjustment		8,591	(5,421)	8,591	(5,421)
Profit for the year		31,365	(197,358)	31,316	(197,357)
Profit attributable to owners of the parent		31,365	(197,358)	31,316	(197,357)
Other Comprehensive Income					
Revaluation of Lands		-	-	-	-
Revaluation of Motor Vehicles		-	120,975	-	120,975
Total Comprehensive income for the period		31,365	(76,383)	31,316	(76,382)
Profit attributable to owners of the parent		31,365	(76,383)	31,316	(76,382)

STATEMENT OF CHANGES IN EQUITY

Company

	Stated Capital LKR '000	Revaluation Reserves LKR '000	Retained Earnings LKR '000	Total LKR '000
Balance as at 1 st January 2022	34,837	1,284,029	516,380	1,835,245
Profit for the year 2022	-	-	(197,358)	(197,358)
Revaluation of Motor Vehicles	-	120,975	-	120,975
Dividends	-	-	-	-
Balance as at 31st December 2022	34,837	1,405,004	319,022	1,758,862
Profit for the year 2023	-	-	31,365	31,365
Prior Year Adjustments	-	-	491	491
Sale of Revalued of Motor Vehicles	-	(12,262)	12,262	-
Dividends	-	-	-	-
Balance as at 31st December 2023	34,837	1,392,742	363,141	1,790,718

Group

	Stated Capital LKR '000	Revaluation Reserves LKR '000	Retained Earnings LKR '000	Total LKR '000
Balance as at 1 st January 2022	34,837	1,284,029	527,542	1,846,412
Profit for the year 2022	-	-	(197,357)	(197,357)
Revaluation of Motor Vehicles	-	120,975	-	120,975
Dividends	-	-	-	-
Balance as at 31st December 2022	34,837	1,405,004	330,185	1,770,030
Profit for the year 2023	-	-	31,316	31,316
Prior Year Adjustments	-	-	491	491
Sale of Revalued Motor Vehicles	-	(12,262)	12,262	-
Balance as at 31st December 2023	34,837	1,392,742	374,255	1,801,838

STATEMENT OF CASH FLOWS

For the year ended 31 st December	Notes	Company		Group	
		2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Net profit before tax & fair value adjustment		22,775	(191,937)	22,726	(191,936)
Adjustments					
Depreciation/Amortization		74,402	62,429	74,402	62,429
Prior Year Adjustments		1,082	-	1,082	-
Provision for trade & other receivables		4,836	24,871	4,836	24,871
Provision for claims against the company		3,915	7,996	3,915	7,996
Provisions - Others		(12,369)	17,505	(12,320)	17,494
Income Tax written off		-	11,547	-	11,547
Gratuity provision		131,195	120,771	131,195	120,771
Finance expenses		63,894	75,817	63,894	75,817
Rental income		(82,476)	(77,922)	(82,476)	(77,922)
Interest income		(82,005)	(58,021)	(82,005)	(58,021)
Dividend income		-	(5,335)	-	(5,335)
(Profit)/loss on disposal of PPE		3,135	-	3,135	-
(Profit)/loss on disposal of shares		-	(7,145)	-	(7,145)
Operating cash flow before working capital changes		128,384	(19,425)	128,384	(19,434)
Changes in working capital					
(Increase)/decrease in inventories		74,036	96,597	74,036	96,597
(Increase)/decrease in trade & other receivables		(147,960)	166,324	(147,960)	166,324
Increase/(decrease) in trade & other payables		77,861	43,509	77,884	43,518
Cash generated from operations		132,321	287,006	132,344	287,006
Interest paid		(63,835)	(75,742)	(63,835)	(75,742)
Payment - other provisions		(7,289)	-	(7,312)	-
Gratuity paid	23	(223,909)	(29,576)	(223,909)	(29,576)
Income tax paid		-	-	-	-
Payment for/(Payment received)/ claims against the company		740	-	740	-
Cash flow from operating activities		(161,972)	181,687	(161,972)	181,688
Investing activities					
Purchase of property, plant & equipment		(10,142)	(20,271)	(10,142)	(20,271)
Sale of property, plant & equipment		11,120	-	11,120	-
Purchase of intangible assets		-	(354)	-	(354)
(Increase)/decrease in Plan Assets - Gratuity Trust Fund		(2,548)	(63,073)	(2,548)	(63,073)
Rental income		82,294	43,648	82,294	43,648
Interest received		89,478	46,519	89,478	46,519
Dividend received		-	5,335	-	5,335
Cash proceeds from sale of shares		-	203,906	-	203,906
Cash flow from investing activities		170,202	215,710	170,202	215,710
Financing activities					
Cash proceeds from loans obtained during the year		-	-	-	-
Loan repayments during the year		(78,726)	(86,828)	(78,726)	(86,828)
Repayment of lease		(6,632)	(2,887)	(6,632)	(2,887)
Cash flow from financing activities		(85,358)	(89,715)	(85,358)	(89,715)
Net change in cash & cash equivalents		(77,128)	307,682	(77,128)	307,683
Cash & cash equivalent as at 1st January		214,057	(93,626)	214,057	(93,626)
Cash & cash equivalent as at 31st December	15	136,929	214,057	136,929	214,057

NOTES TO THE FINANCIAL STATEMENTS

The Associated Newspapers of Ceylon Ltd

Notes to the Financial Statements for the year ended 31st December 2023

1. CORPORATE INFORMATION

1.1. General

The Associated Newspapers of Ceylon Limited is a limited liability Company and domiciled in Sri Lanka. The registered office and the principal place of business is located at No. 35, D.R. Wijewardene Mawatha, Colombo 10. Business activities are carried out in following locations too.

1. Kandy Branch :- No. 99, D.S. Senanayaka Street, Kandy
2. Kataragama Branch :- Sri Rewatha Mawatha, Kataragama
3. Matara Branch :- No. 29, 30, 31, New Bus Stand Shopping Complex, Matara
4. Anuradhapura Branch :- Harischandra Mawatha, New Town, Anuradhapura
5. Jaffna Branch :- No. 06, Srimpiady Lane, Off Stanley Road, Jaffna

The consolidated Financial Statements for the year ended 31st December 2023, comprise the Parent Company and its Subsidiaries (together referred to as the “Group”).

1.2. Principal Activities and Nature of Operations

Parent Company

During the year, the principal activities of the Company were printing and publishing newspapers, periodicals, magazines and the commercial printing. The Company has corporate headquarters and printing plants in Colombo and sells mainly in Sri Lanka.

Subsidiaries

During the year, the principal activity of the subsidiary is as follows;

■ Lake House Property Development (Pvt) Ltd

The Company formed its first fully owned subsidiary, Lake House Property Development (Pvt) Ltd in 1985 with the intention of diversifying into property development business but has not commenced operations yet.

2. BASIS OF PREPARATION

The statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with accounting policies and notes, (“Financial Statements”) of the Group as at 31st December 2023 and for the year then ended have been prepared in accordance with the Sri Lanka Accounting Standard for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka. (hereafter “ SLFRS for SMEs”).

These Financial Statements are presented in Sri Lankan Rupees and all financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS

2.1.1 Statement of Compliance

The Consolidated Financial Statements of the Group have been prepared in accordance with the SLFRS for SMEs. The preparation and presentation of these Financial Statements is in compliance with the Companies Act No. 07 of 2007.

2.1.2 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and not intend either to liquidate or to cease trading.

3. BASIS OF CONSOLIDATION

The consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31st December 2023.

Subsidiaries are consolidated from the date of incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The Financial Statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

Unrealized gains and losses on transactions between Group companies are eliminated. When unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment. Amounts reported in Financial Statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1. Foreign Currency Translation

The Financial Statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

4.2. Taxation

Current Taxation

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

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act. Tax is recognized in the income statement, except that a change attributable to an item of income or expense recognized as other comprehensive income is also recognized directly in other comprehensive income.

Deferred Taxation

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

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

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

Deferred income tax assets and liabilities are measured at the rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced by the extent that 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 reassessed 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.

NOTES TO THE FINANCIAL STATEMENTS

4.3. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.4. Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. Cost is determined using the first-in, first-out method except for reel newsprint which is valued at weighted average basis. Inventories are assessed for impairment at each reporting date. Impairment losses on inventory are recognized immediately in the profit and loss.

4.5. Cash and Cash Equivalents

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

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

The previous year's figures and phrases in the cash flow statement are rearranged wherever necessary to conform to the current year's position.

4.6. Property, Plant and Equipment

Cost

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

NOTES TO THE FINANCIAL STATEMENTS

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight line method. The following annual rates are used for the depreciation of property, plant and equipment:

Buildings - Old	25 years
Buildings - New	20 years
Plant and Machinery	08 years
Motor Vehicles	04 years
Furniture & Fittings	08 years
Computer and Installations	04 years
Air conditioners	04 years

Depreciation of an asset begins when it is available for use and ceases when the asset is derecognized. If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Capital Work-in Progress

Capital work-in progress is stated at cost. These are expenses of a capital nature directly include in the construction work of long term capital projects. Expenses that are in the capital nature are accounted for as capital work-in progress until the projects are completed and the related assets are available for use.

Revaluation

All lands owned by the Company were revalued as at 31st December 2021 and the carrying value amounted to LKR. 1,287 Mn (2020 - LKR. 3.8 Mn). The information related to revaluation is given in Note 6 to the Financial Statements.

All motor vehicles owned by the Company were revalued as at 31st December 2022 and the carrying value amounted to LKR 113.4 Mn (2021 - LKR. 17.9 Mn.). The information related to revaluation is given in Note 6 to the Financial Statements.

Derecognition

An item of property, plant and equipment any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Reclassification to Investment Property

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property and is stated at cost.

4.7. Investment property

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

Investment property is measured at its cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

Investment properties are de-recognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the Statement of Profit or Loss in the period of de-recognition.

Transfers are made to (or from) investment property only when there is a change in use. Transfers between investment property, owner - occupied property do not change the carrying amount of the property transferred from owned property to investment property is transferred at the carrying value, which would be the deemed cost for subsequent accounting purposes.

4.8. Leases

A lease is classified as a Finance Lease if it transfers substantially all the risks and rewards of ownership of the leased asset to the Group. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental costs, if any. A corresponding amount is recognized as a finance lease liability.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of lease payments is calculated using the effective interest method to represent a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease. All other leases are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

4.9. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expenses on intangible assets with finite lives are recognized in the income statement in the expense category consistent with the function of the intangible assets.

Computer Software

Computer Software is amortized over the 4 years from the date of acquisition or development.

4.10. Financial Instrument- Initial recognition and subsequent measurement

4.10.1. Financial Assets

Trade and Other Receivables and Cash and Cash Equivalents

These Financial Assets are recognized initially at the transaction price. Subsequently they are measured at amortized cost using the effective interest method, less provision for impairment. Sales are made on normal credit terms and trade receivables do not bear interest. Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognized in profit or loss. Trade receivables which are outstanding for more than a year are provided in full.

Long Term Financial Assets

Long term Financial Assets comprise investments in equity securities. They are recognized initially at transaction price. After initial recognition, investments in equities that are publicly traded or for which the fair value can be measured reliably, are measured at fair value with changes in fair value recognized in profit or loss. Other equity investments are measured at cost less any impairment.

4.10.2. Financial Liabilities

The Group's Financial Liabilities include borrowings and trade and other payables. Financial Liabilities are recognized initially at transaction price. After initial recognition they are measured at amortized cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

NOTES TO THE FINANCIAL STATEMENTS

4.11. Post Employment Benefits, Short-Term Employee Benefits and Termination Benefits

4.11.1. Post-employment Benefits

a) Defined Contribution Plans (EPF, ETF)

The group provides post-employment benefits through defined contribution plans (EPF, ETF) under which the Group pays fixed contributions to independent entities. Contributions to the plans are recognized as an expense in the period when the contributions are payable and any unpaid amounts are recognized in current liabilities.

b) Defined Benefit Plans (Gratuity)

The liability for retiring gratuity payable under Gratuity Act No. 12 of 1983 has been funded fully by creation of an Independent Trust. The extra retiring gratuity to make up the total payable in accordance with the scheme of the Company has been provided fully in the accounts of the Company in respect of all the employees from the commencement of the employment. The liability of the gratuity is calculated using the simplifications allowed under Section 28 of SLFRS for SMEs.

Basis of payment of retiring gratuity for employees joined before 05th of June 2008 under the Company's scheme is as follows :

Service at retirement in number of years	No. of weeks salary for each year of service
Over 25	6
20 to 25	4
05 to 20	3

Basis of payment of retiring gratuity for employees joined on or after 05th of June 2008 under the Company's scheme is as follows :

Service at retirement in number of years	No. of weeks salary for each year of service
Over 20	3
05 to 20	2

4.11.2. Short-Term Employee Benefits

Short-term Employee Benefits including holiday entitlement are current liabilities included in 'Other Payables' and are measured at the undiscounted amount the Group expects to pay as a result of the unused entitlement.

NOTES TO THE FINANCIAL STATEMENTS

4.12. Revenue Recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services rendered, excluding sales taxes, rebates and trade discounts. Nation Building Tax is included in Administrative Expenses.

4.12.1. Sale of Goods (Circulation)

The Group dispatches newspapers, periodicals and magazines to the newsagents, street sellers, corporate institutions and to individuals. Revenue is recognized when the customer has taken undisputed delivery of the goods.

4.12.2. Rendering of Services (Advertising)

The Group publishes numerous newspapers, periodicals and magazines and sells advertising space in each publication. Other than prepaid advertisements, revenue is recognized on the date of issue of the relevant publication.

4.12.3. Rental Income

Rental income from leased properties is recognized on accrual basis.

4.12.4. Interest and Dividend Income

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized at the time the right to receive payment is established.

4.12.5. Others

Other income is recognized on an accrual basis. Net gains and losses of a revenue nature on the disposal of property, plant & equipment have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

4.13. Significant Accounting Assumptions, Judgements and Estimates

In the process of applying the group accounting policies, management is required to make judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the Financial Statements. Further management is required to consider key assumptions concerning the future and other key sources of estimation uncertainty at the

NOTES TO THE FINANCIAL STATEMENTS

balance sheet date, 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. The respective carrying amounts of assets and liabilities are given in related notes to the Financial Statements. The key items as such are discussed below.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Accordingly, the thermal power plants in which the group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. The group exercised significant judgment in determining criteria that individually or in combination would lead to lease being classified as a finance lease or operating lease.

Fair Value of Financial Instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Reviews of Impairment Losses on non financial assets

The group determines whether assets have been impaired by performing an impairment review. This requires the estimation of the 'value in use' of the cash generating units. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires the group to make estimates about expected future cash flows and discount rates, and hence, they are subject to uncertainty.

Impairment Losses on Trade and Other Receivables

Trade and other receivables that have been assessed individually and found not to be impaired and all individually insignificant receivables are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the receivable portfolio (such as levels of arrears, credit utilization, etc.), and judgments on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

NOTES TO THE FINANCIAL STATEMENTS

Taxes

The Group is subject to income taxes and other taxes including VAT. Significant judgment was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS for SMEs in the Financial Statements and the taxable profit for the purpose of imposition of 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 Group recognized assets and liabilities for current, deferred and other taxes 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, deferred and tax amounts in the period in which the determination is made.

Deferred tax assets are recognized for unused tax losses & gratuity trust fund liability to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Useful lives of Property, Plant & Equipment

The group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date. Judgment by the management is exercised in the estimation of these values, rates and methods.

4.14. Related Party Transactions

The Group's related parties include its subsidiaries and key management personnel. None of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances were unsecured and are usually settled in cash.

4.14.1. Transactions with Key Management Personnel

Related parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the company. Key management personnel include members of the Board of Directors of the Company.

Name of the Director	Designation
Professor Harendra Kariyawasam	Chairman & Managing Director
Dr Sunil Nawaratne	Director
Manjula Makumbura	Director
Janaka Ranatunga	Director
Sisira Paranatantrie	Director

Directors' emoluments' amounted to LKR 43 Mn is disclosed in Note 26 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

4.14.2. Transactions with Subsidiaries

Lake House Property Development (Private) Ltd

The Subsidiary transferred its land & land development cost of LKR 3.8 Mn in the year 2014. During the year parent has not incurred any expenses on behalf of the subsidiary Company. The total amount payable to the subsidiary stood at LKR 18.64 Mn as at 31st December 2023.

4.15. Contingent Liabilities

There are 46 cases pending against the Company awaiting adjudication. Details of the provisions are disclosed in Note 20 to the Financial Statements. Board approval was granted to estimate 0.4% of the total value of claims as a provision for claims against the company in Financial Statements from the year 2020 onwards.

5.1. Comparatives

The Accounting Policies are consistently applied by the Company and are consistent with those of the previous year other than those required by the SLFRS for SMEs. The previous year's figures and phrases are re-arranged wherever necessary to conform to the current year's presentation.

5.2. Events occurring after the balance sheet date

All material events occurring after the balance sheet date are considered and where appropriate adjustments to or disclosures are made in the respective notes to the accounts.

NOTES TO THE FINANCIAL STATEMENTS

Note 06

6.1 Property, Plant & Equipment [PPE] - (Company)

Cost

Item	Balance 01/01/2023 LKR'000	Revaluation in 2023 LKR'000	Additions in 2023 LKR'000	Disposals in 2023 LKR'000	Transfers / Adjustments in 2023 LKR'000	Balance 31/12/2023 LKR'000
Free hold land	1,287,860	-	-	-	-	1,287,860
Building	113,351	-	-	-	-	113,351
Computer and installations	213,169	-	6,510	-	-	219,679
Plant & machinery	1,398,039	-	1,264	-	2,961	1,402,264
Motor vehicle & garage equipment	109,868	-	1,800	(5,550)	(3,932)	102,186
Leasehold Motor Vehicles	27,750	-	-	(11,000)	-	16,750
Furniture fittings & equipment	49,462	-	301	-	-	49,763
Total	3,199,500	-	9,875	(16,550)	(971)	3,191,853

Depreciation

Item	Balance 01/01/2023 LKR'000	Revaluation in 2023 LKR'000	Additions in 2023 LKR'000	Disposals in 2023 LKR'000	Transfers / Adjustments in 2023 LKR'000	Balance 31/12/2023 LKR'000
Free hold land	-	-	-	-	-	-
Building	79,604	-	2,565	-	-	82,169
Computer and installations	194,125	-	7,411	-	-	201,536
Plant & machinery	1,333,527	-	29,021	-	2,330	1,364,879
Motor vehicle & garage equipment	7,709	-	22,992	(463)	(2,710)	27,528
Leasehold Motor Vehicles	1,156	5,563	-	(1,833)	-	4,885
Furniture fittings & equipment	42,263	-	2,402	-	-	44,664
Total	1,658,384	5,563	64,392	(2,296)	(380)	1,725,662

Carrying value

Item	As at 31/12/2023 LKR'000	As at 31/12/2022 LKR'000
Free hold land	1,287,860	1,287,860
Building	31,182	33,747
Computer and installations	18,143	19,044
Plant & machinery	37,385	64,512
Motor vehicle & garage equipment	74,658	102,159
Leasehold Motor Vehicles	11,865	26,594
Furniture fittings & equipment	5,099	7,199
Capital work-in-progress	267	-
Total	1,466,458	1,541,115

NOTES TO THE FINANCIAL STATEMENTS

Note 06

6.2 Property, Plant & Equipment [PPE] - (Group)

Cost

Item	Balance 01/01/2023 LKR'000	Revaluation in 2023 LKR'000	Additions in 2023 LKR'000	Disposals in 2023 LKR'000	Transfers / Adjustments in 2023 LKR'000	Balance 31/12/2023 LKR'000
Free hold land	1,287,860	-	-	-	-	1,287,860
Building	113,351	-	-	-	-	113,351
Computer and installations	213,169	-	6,510	-	-	219,679
Plant & machinery	1,398,039	-	1,264	-	2,961	1,402,264
Motor vehicle & garage equipment	109,868	-	1,800	(5,550)	(3,932)	102,186
Leasehold Motor Vehicles	27,750	-	-	(11,000)	-	16,750
Furniture fittings & equipments	49,462	-	301	-	-	49,763
Total	3,199,498	-	9,875	(16,550)	(971)	3,191,854

Depreciation

Item	Balance 1/1/2023 LKR'000	Revaluation in 2023 LKR'000	Additions in 2023 LKR'000	Disposals in 2023 LKR'000	Transfers / Adjustments in 2023 LKR'000	Balance 31/12/2023 LKR'000
Free hold land	-	-	-	-	-	-
Building	79,604	-	2,565	-	-	82,169
Computer and installations	194,125	-	7,411	-	-	201,536
Plant & machinery	1,333,527	-	29,021	-	2,330	1,364,879
Motor vehicle & garage equipment	7,709	-	22,992	(463)	(2,710)	27,528
Leasehold Motor Vehicles	1,156	5,563	-	(1,833)	-	4,884
Furniture fittings & equipments	42,263	-	2,402	-	-	44,664
Total	1,658,384	5,563	64,392	(2,296)	(380)	1,725,661

Carrying value

Item	As at 31/12/2023 LKR'000	As at 31/12/2022 LKR'000
Free hold land	1,287,860	1,287,860
Building	31,182	33,747
Computer and installations	18,143	19,044
Plant & machinery	37,385	64,512
Motor vehicle & garage equipment	74,658	102,159
Leasehold Motor Vehicles	11,866	26,594
Furniture fittings & equipment	5,099	7,199
Capital work-in-progress	267	-
Total	1,466,458	1,541,115

NOTES TO THE FINANCIAL STATEMENTS

Note 06

6.3

Free Hold Land of ANCL

1. Land at Hokandara
2. Land at Kotahena

6.4

Head Office land which is on 99 year lease terms is treated as operating lease and the agreement will expire on 18th December 2024. Extension of lease period for a period of 30 years has been granted from the date on which the current lease period expires - Cabinet Paper No. 22/2165/609/029.

6.5

Kataragama land which is on 99 year lease terms is treated as operating lease and the agreement will expire on 13th July 2087.

6.6

Kataragama Building which was constructed in year 2015, was reclassified as "Investment Property" and is stated at cost.

6.7

During the period the Group acquired Property, Plant & Equipment to the aggregate value of LKR 9.8 Mn {year 2022 - LKR 20 Mn}.

6.8

Property, Plant and Equipment include fully depreciated assets at a cost of LKR. 1,549 Mn used to generate cash flows and company will reassess its useful life.

6.9 Revaluation of Lands

6.9.1 Accounting judgments, estimates and assumptions

The Company uses the revaluation model of measurement of lands. The Company engaged independent expert valuer to determine the fair value of its lands. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property.

These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs. The most recent revaluation was carried out during the period ended 31st December 2021.

The changes in fair value are recognized in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

The valuations as of 31st December 2021 were contained a higher estimation uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value, the value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement including SLFRS for SMEs.

NOTES TO THE FINANCIAL STATEMENTS

Note 06

6.9.2

Land	Name of the Chartered Valuation Surveyor	Estimated Price Per Perch	Method of Valuation
Hokandara	A.A.M. Fathihu	LKR 500,000 - LKR 1,250,000	Open market value adjusted based on the assumptions on National Development Plan
Kotahena	-Do-	LKR 4,750,000 - LKR 6,000,000	Open Market Value

Effective date of valuation was 31st December 2021

Revaluation of Motor Vehicles

6.9.3 Accounting judgements, estimates and assumptions

The Company uses the revaluation model of measurement of motor vehicles. The Company engaged independent expert valuer to determine the fair value of its motor vehicles. Fair value is determined by reference to market-approach comparative method and this is based on market transactions involving identical or comparable (i.e. similar) assets class. The fair value is usually supported by current prices in an active market for similar comparable in the condition and maintenance.

These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The most recent revaluation was carried out during the period ended 31st December 2022.

The changes in fair value are recognized in other comprehensive income and in the statement of equity. The valuer has used valuation techniques such as market approach and comparative method. The valuations as of 31st December 2022 were contained three levels of inputs to the valuation techniques used to measure the fair value. The aim of the hierarchy is to increase the consistency and comparability in fair value measurements and disclosures. The three levels of inputs are as follows :

Level 1 - Quoted Price (unadjusted) in an active market price for identical assets that the entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly.

Level 3 - Unobservable inputs for the assets.

Name of the Chartered Valuation Surveyor	Method of Valuation
A.A.M. Fathihu	Market Approach - Comparative Method

Effective date of valuation was 11th November 2022.

6.10 Board of Directors approval has been granted to dispose following fixed assets during the year.

42-3006	}	68-6791	}
43-5616		HQ-1843	
46-4745		HQ-1920	
49-9451 (Tractor)		LB-8977	
67-1212 (Trailer)		LB-8979	
NE-0865		LB-8984	
		LB-8985	

Disposed
during the Year

Pending

NOTES TO THE FINANCIAL STATEMENTS

Note 07

Investment Property

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Opening Balance	19,866	21,522	19,866	21,522
Changes in Fair Value	-	-	-	-
Depreciation/Amortization	(1,656)	(1,656)	(1,656)	(1,656)
Closing Balance	18,211	19,866	18,211	19,866

Kataragama Building at Sri Rewatha Mawatha, Kataragama which was constructed in year 2015, was reclassified as "Investment Property" and is stated at cost.

Note 08

Intangible Assets

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Opening Balance	3,575	7,471	3,575	7,471
Reclassification from PPE	-	-	-	-
Additions	-	354	-	354
Changes in Fair Value	-	-	-	-
Depreciation/Amortization	(2,792)	(4,249)	(2,792)	(4,249)
Closing Balance	783	3,575	783	3,575

NOTES TO THE FINANCIAL STATEMENTS

Note 09

Financial Assets and Financial Liabilities

As at 31 st December	2023		2022	
	LKR '000	No. of Shares	LKR '000	No. of Shares

Financial assets

Measured at fair value through profit or loss

Long term financial assets

Commercial Bank, NV ordinary shares of Rs 10/-	15,211	189,197	7,305	176,874
Housing Dev.Fin.Corp. Ordinary shares of Rs 10/-	5,688	180,000	5,004	180,000
Total	20,899		12,309	

Measured at cost less impairment

Long term financial assets

Lankapuvath Limited, Ordinary shares of Rs 1,000/-	1,213	1,213	1,213	1,213
Press Trust of Ceylon Ltd, Ord.shares of Rs 100/- *	60	600	60	600
National Newspapers & Paper Mills Ltd *	1	100	1	100
Associated Investments Ltd, Ord.shares of Rs 100/- *	29	3,480	29	3,480
Galle Face Hotel Co.Ltd, Ord.shares of Rs 100/-	16	4	16	4
Total	1,319		1,319	

Less-Provision for loss on Associate Companies	(90)	-	(90)	-
--	------	---	------	---

Total long term financial assets	22,129		13,538	
---	---------------	--	---------------	--

* In respect of investments of LKR. 60,000/- in Press Trust of Ceylon Ltd, LKR. 29,000/- in Associate Investments Ltd and Rs.1,000/- in National Newspapers & Paper Mills Ltd - 100% provision is made in the accounts as the amounts are unrecoverable.

Note 10

Investment in Subsidiaries

As at 31 st December	Share Holding		Company	
	2023 - %	2022 - %	2023 LKR '000	2022 LKR '000
Lake House Property Development (Pvt) Ltd	100%	100%	7,500	7,500
Provision for loss on investment in subsidiary companies			-	-
Total			7,500	7,500

NOTES TO THE FINANCIAL STATEMENTS

Note 11

Deferred Tax

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Net Deferred Tax Liabilities - 01st January	(69,276)	(69,276)	(69,276)	(69,276)
Deferred Tax Liabilities	-	-	-	-
Property, Plant & Equipment	-	-	-	-
Deferred Tax Assets				
Defined Benefit Obligations	-	-	-	-
Net Deferred Tax Liabilities - 31st December	(69,276)	(69,276)	(69,276)	(69,276)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced by the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Year 2022 deferred tax assets balance is evaluated and also future taxable profit will not be available due to the existence of unused tax losses.

Note 12

Inventories

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Newsprint	21,706	55,203	21,706	55,203
Machinery spares	134,356	135,971	134,356	135,971
Motor vehicle spares	5,450	6,744	5,450	6,744
Commercial printing materials	54,911	89,018	54,911	89,018
Others	39,957	39,274	39,957	39,274
Work-in-progress (Commercial Printing)	384	4,957	384	4,957
	256,764	331,166	256,764	331,166
Less - Provision for inventories	(3,417)	(3,783)	(3,417)	(3,783)
Total	253,347	327,383	253,347	327,383

NOTES TO THE FINANCIAL STATEMENTS

Note 13

Trade and Other Receivables

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Trade receivables				
Trade receivables	869,723	758,985	869,723	758,985
Provision for doubtful trade receivables	(183,755)	(178,561)	(183,755)	(178,561)
Net trade receivables	685,968	580,424	685,968	580,424
Other receivables				
Current accounts with subsidiaries	(18,638)	(18,673)	-	-
Other receivables	100,452	93,551	100,452	93,551
	81,814	74,878	100,452	93,551
Provision for doubtful other receivables	(2,255)	(3,090)	(2,255)	(3,090)
Net other receivables	79,559	71,788	98,197	90,461
Total	765,527	652,212	784,165	670,886

Note 14

Staff Receivables

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Non-current				
Staff Receivables	46,902	54,051	46,902	54,051
Total	46,902	54,051	46,902	54,051
Current				
Staff Receivables	35,146	51,872	35,146	51,872
Total	35,146	51,872	35,146	51,872
Total Staff Receivables	82,048	105,923	82,048	105,923

NOTES TO THE FINANCIAL STATEMENTS

Note 15

Cash and Cash Equivalents

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Cash at bank and in hand	24,733	61,035	24,733	61,035
Short term bank deposits	155,325	211,129	155,325	211,129
Total	180,057	272,163	180,057	272,163

Cash and cash equivalents include the following
for the purpose of the cash flow statement

Cash and cash equivalents as stated above	180,057	272,163	180,057	272,163
Bank overdrafts (Note 18)	(43,129)	(58,107)	(43,129)	(58,107)
	136,929	214,057	136,929	214,057

Cash Flow Statement

The previous year's figures and phrases are rearranged wherever necessary to conform to the current year's position.

Note 16

Stated Capital

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Authorized capital, 5,000,000 ordinary shares of Rs. 10/- each	50,000	50,000	50,000	50,000
Issued & fully paid capital, 3,483,714 ordinary shares of Rs. 10/- each	34,837	34,837	34,837	34,837

Note 17

Deposits

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Newspaper agents	99,989	105,302	99,989	105,302
Advertising Agencies & Regular Advertisers	49,969	49,709	49,969	49,709
Other deposits	23,910	21,461	23,910	21,461
Total	173,869	176,472	173,869	176,472

"Refundable deposit balance" previously included in other payable balance in Note 22 - Trade & Other Payables, has been rearranged in current year and included in other deposits balance.

NOTES TO THE FINANCIAL STATEMENTS

Note 18

Borrowings

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Non-current				
Bank loans	97,967	171,293	97,967	171,293
Total	97,967	171,293	97,967	171,293
Current				
Bank overdrafts	43,129	58,107	43,129	58,107
Bank loans	77,559	119,897	77,559	119,897
Total	120,688	178,004	120,688	178,004
Total borrowings	218,655	349,297	218,655	349,297

Assets Pledged

The Following Securities are given against the bank facilities.

Name of Bank	Nature of Liabilities	Facility Granted LKR '000	Balance as at 31.12.2023 LKR '000	Assets Pledged
Commercial Bank	Term Loan	270,000	131,776	Primary Mortgage over land at Hokandara
Bank of Ceylon	Import Loan	550,000	-	Negative Pledge over Property at No. 35, D.R. Wijewardene Mawatha, Colombo 10.
	Term Loan	140,000	43,750	
	Overdraft	200,000	-	
DFCC	Import Loan	100,000	-	Newsprint, Debtors
	Overdraft	150,000	-	

NOTES TO THE FINANCIAL STATEMENTS

Note 19

Leases

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Non-current				
Lease Creditor	2,747	8,965	2,747	8,965
Interest in Suspense	(141)	(835)	(141)	(835)
Total	2,606	8,130	2,606	8,130
Current				
Lease Creditor	2,354	3,984	2,354	3,984
Interest in Suspense	(318)	(841)	(318)	(841)
Total	2,037	3,143	2,037	3,143
Total Lease Creditors	4,642	11,274	4,642	11,274

The previous year's figures are rearranged wherever necessary to conform to the current year's position.

Note 20

Provision for claims against the Company

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Carrying amount at the beginning of the year	59,840	51,844	59,840	51,844
Provision for the year	3,915	7,996	3,915	7,996
Payments (made)/received during the year	740	-	740	-
Carrying amount at the end of the year	64,495	59,840	64,495	59,840

Note 21

Provision - Others

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Carrying amount at the beginning of the year	56,588	39,083	56,588	39,083
Under Provision/(Over Provision) for the year	(12,369)	17,505	(12,369)	17,505
Payments made during the year	(7,289)	-	(7,289)	-
Carrying amount at the end of the year	36,930	56,588	36,930	56,588
Non Current Liability	6,600	-	6,600	-
Current Liability	30,330	56,588	30,330	56,588
Carrying amount	36,930	56,588	36,930	56,588

NOTES TO THE FINANCIAL STATEMENTS

Note 22

Trade & Other Payables

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Trade payables	109,725	67,464	109,725	67,464
Value Added Tax	18,117	16,448	18,117	16,448
Unexpired Subscription & Deferred Revenue	45,082	4,361	45,082	4,361
Tender deposits	4,923	4,849	4,923	4,849
Other payables	50,998	55,199	51,021	55,209
Total	228,845	148,321	228,868	148,331

"Refundable deposit balance" previously included in other payable balance in Note 22 - Trade & Other Payables, has been rearranged in current year and included in "other deposits" balance in Note 17 - Deposits.

Note 23

Employee Benefits

Defined Benefit Plan - Gratuity

The liability for retiring gratuity payable under Payment of Gratuity Act No. 12 of 1983 has been funded fully by creation of an Independent Trust. The extra retiring gratuity to make up the total payable in accordance with the scheme of the company has been provided fully in the accounts of the company in respect of all the employees from commencement of the employment. The liability of the gratuity is calculated using the simplifications allowed in Section 28 of the SLFRS for SME and the calculations are based on the following :

1) Number of years of service

Service period up to the year end from the date of commencement of employment is considered. Though the entitlement commences from completion of five years of service, liability is recognized from the date of commencement of the employment. For calculation purposes, any fraction of year of service is considered as a full year.

2) Gratuity entitlement of employees joined before 05th June 2008

Service at retirement in number of years	No. of weeks salary entitled
Over 25	6
20 to 25	4
05 to 20	3

3) Gratuity entitlement of employees joined on or after 05th June 2008

Service at retirement in number of years	No. of weeks salary entitled
Over 20	3
05 to 20	2

4) The extra retiring gratuity to make up the total payable in accordance with the scheme of the Company has been provided fully in the accounts of the Company in respect of all the employees from commencement of the employment.

Two Weeks Liability - Gratuity Trust Fund

Others (Other than two weeks salary) - Company

NOTES TO THE FINANCIAL STATEMENTS

- 5) Following simplifications used in measuring Company's defined benefit obligation ;
- a) Ignored estimated future salary increases
 - b) Ignored future service of current employees
 - c) Assumed all current employees will receive the post-employment benefits
- 6) Two weeks gratuity provision has been fully funded by the Trust Fund and plan asset included in the Government Securities. Plan assets are stated at their investment value.

	As at 31.12.2023 LKR '000	As at 31.12.2022 LKR '000
Treasury Bills	-	-
Fixed Deposits	312,159	309,611
	312,159	309,611

Company provision has not been funded through plan assets.

Movement of gratuity liability - Company Provision

As at 31 st December	2023 LKR '000	2022 LKR '000
Provision available in the accounts		
Carrying amount at the beginning of the year	412,086	356,238
Payments made during the year	(126,639)	(15,815)
Provision for the year	82,030	71,663
Carrying amount at the end of the year	367,477	412,086

Movement of gratuity liability - Gratuity Trust Fund

As at 31 st December	2023 LKR '000	2022 LKR '000
Carrying amount at the beginning of the year	357,542	320,112
Payments made during the year	(97,270)	(11,678)
Provision /(over provision) for the year	49,165	49,108
Carrying amount at the end of the year	309,437	357,542

Movement of gratuity liability

As at 31 st December	2023 LKR '000	2022 LKR '000
Carrying amount at the beginning of the year	769,628	676,350
Payments made during the year	(223,909)	(27,493)
Provision/(over provision) for the year	131,195	120,771
Carrying amount at the end of the year	676,914	769,628

Note :

Due to the normal retirements during the year, 211 number of employees resigned from the company due to Voluntary Resignation Schemes.

NOTES TO THE FINANCIAL STATEMENTS

Note 24

Revenue

For the year ended 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Sunday Observer	367,099	326,974	367,099	326,974
Daily News	657,107	586,156	657,107	586,156
Dinamina	413,757	349,357	413,757	349,357
Silumina	196,990	144,276	196,990	144,276
Thinakaran	304,914	259,983	304,914	259,983
Varamanjaree	57,682	42,121	57,682	42,121
Tharunee	12,025	22,203	12,025	22,203
Mihira	6,859	10,388	6,859	10,388
Sarasaviya	526	734	526	734
Budusarana	26,974	16,893	26,974	16,893
Subasetha	2,375	3,875	2,375	3,875
Arogya	-	357	-	357
Manchu	-	(607)	-	(607)
Vidunena	-	175	-	175
Vanna Vaanavil	-	463	-	463
Sithmina - 6	-	314	-	314
Sithmina - 7	-	205	-	205
Sithmina - 8	-	96	-	96
Sithmina - 9	-	93	-	93
Sithmina - 10	-	265	-	265
Sithmina - 11	-	645	-	645
Athurumithuru	-	4,122	-	4,122
Muthu Ahura - 1	-	4,922	-	4,922
Muthu Ahura - 2	-	4,149	-	4,149
Muthu Ahura - 3	-	3,860	-	3,860
Muthu Ahura - 4	-	3,553	-	3,553
Muthu Ahura - 5	-	2,642	-	2,642
Muthu Ahura English - 1	-	220	-	220
Muthu Ahura English - 2	-	167	-	167
Muthu Ahura English - 3	-	150	-	150
Muthu Ahura English - 4	-	93	-	93
Muthu Ahura English - 5	-	(27)	-	(27)
Budusarana Dahampasal	-	133	-	133
Kutti Chutti	-	411	-	411
Google	2,509	5,422	2,509	5,422
Web	7,412	3,650	7,412	3,650
Government Relations Dept.	16,555	19,801	16,555	19,801
Vesak Kalapaya	-	-	-	-
Vidunena Books	-	3	-	3
Special Publication	48	-	48	-
Lester the Legend	53	-	53	-
Sithmina Book	770	2,681	770	2,681
Total Papers	2,073,655	1,820,919	2,073,655	1,820,919
Commercial Printing	129,529	33,183	129,529	33,183
Digital Printing	79	246	79	246
Total	2,203,263	1,854,347	2,203,263	1,854,347

NOTES TO THE FINANCIAL STATEMENTS

Note 25

Other Income

For the year ended 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Interest income	82,005	58,021	82,005	58,021
Sale of old newspapers	59,398	81,888	59,398	81,888
Rent income	82,476	77,922	82,476	77,922
Dividends	-	5,335	-	5,335
Branch office	9,915	7,560	9,915	7,560
Profit on disposal of assets	(3,135)	-	(3,135)	-
Government Grant	261,331	-	261,331	-
Sundry	49,521	45,249	49,521	45,249
Total	541,511	275,976	541,511	275,976

Note : Government Grant for Voluntary Resignation Scheme - VRS

In order to finance the VRS cost of the Company, a Memorandum of Understanding (MOU) has been entered with the Ministry of Mass Media on 23.06.2023. This MOU is valid for a period of 5 years commencing from 23.06.2023 to 22.06.2028. The total financial assistance is Rs. 300 Mn and Rs. 273.6 Mn has been received during the year 2023. Since the Government Grant imposes specified future performance conditions, income from the grant for year 2023 is recognized only for the VRS cost incurred during the period.

Note 26

Operating Profit

Operating profit for the year has been arrived after charging all expenses including those disclosed below:

For the year ended 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Directors' emoluments	43,343	36,358	43,343	36,358
Depreciation/Amortization	74,370	62,429	74,370	62,429
Auditors' remuneration	2,392	2,699	2,415	2,708
Donations	175	-	175	-
Contributions to defined contribution plan -EPF	70,676	80,444	70,676	80,444
Contributions to defined contribution plan -ETF	14,129	16,091	14,129	16,091
Contributions to defined benefit plan -Gratuity	131,195	120,771	131,195	120,771

NOTES TO THE FINANCIAL STATEMENTS

Note 27

Voluntary Resignation Scheme (VRS) Costs

During the year 2023, 211 employees have resigned from the company and VRS cost of LKR 261.33 Mn was incurred and recognized in the statement of Income of the Company.

Note 28

Tax expense

Income Tax

The parent company is liable for taxation at 28%, Lake House Property Development (Pvt) Ltd. is liable at 28%, The group tax expense for the year is as follows;

For the year ended 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Accounting Profit/(Loss) before tax	22,775	(191,937)	22,775	(191,937)
Taxable Profit/(Loss)	(174,215)	(154,923)	(174,215)	(154,923)
Tax on taxable profit	-	-	-	-
Under/(Over) provision	-	-	-	-
Income tax expense	-	-	-	-

Deferred Tax

For the year ended 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000

Deferred Tax Expense	Note 11	-	-
Total		-	-
Tax Expense		-	-

Tax Payable/(Receivable)

As at 31 st December	Company		Group	
	2023 LKR '000	2022 LKR '000	2023 LKR '000	2022 LKR '000
Opening balance	(8,120)	(19,667)	(8,120)	(19,667)
Tax expense	-	-	-	-
Income Tax - Unrecoverable ESC written off	-	11,547	-	11,547
Tax paid & credits	(9,455)	-	(9,455)	-
Tax liability at the end of the year	(17,575)	(8,120)	(17,575)	(8,120)

NOTES TO THE FINANCIAL STATEMENTS

Note 29

Prior Period Adjustments

The Company has corrected prior year accounting errors through retained earnings for the year ended 31st December 2023 in accordance with "Section 10 - Accounting Policies, Estimates and Errors" as follows :

- 01) Over recognition of petty cash expense in the previous year has been adjusted

LKR '000
29
29

- 02) Under recognition of rent income from October 2022 to December 2022 of Ministry of Finance due to non-finalization of the rental value from October 2022 to December 2022 has been now adjusted.

LKR '000
1,053
1,053

- 03) Non-recognition of loss from Refurbishment of Tax Appeal Commission of previous year has been now adjusted.

LKR '000
(591)
(591)

- 04) Classification of previous year's lease creditor is rearranged wherever necessary to conform to the current year's position.

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

2023

1.2 Basis for Qualified Opinion

- a) The financial reporting framework of the Company has been decided and financial statements have been maintaining since 2011 in terms of Part 1 of Sri Lanka Accounting Standard for Small and Medium-sized Entities. The National Audit Office too has been approved the same and expressed its opinion for each year since then.
- b) The Due to the impact of events such as the Easter attacks, the COVID-19 pandemic, and the economic crisis, the company faced a significant financial crisis. The surplus workforce led to a situation where a larger percentage of the income was spent on salaries and wages, causing difficulties in maintaining the institution. The best possible alternative was decided in 2022, which was to reduce the expenses on salaries and wages by minimizing the workforce. Therefore, a voluntary retirement scheme was implemented quickly.

Considering the possibility of obtaining provisions from the Treasury and the time required for that, the voluntary retirement scheme was initiated in 2022 and payments were made in 2023 until the provisions from the Treasury were obtained or covered. Accordingly, the amount of Rs. 194,384,324 for small and medium-sized assets is not in line with Section 24.4 (a) of the Sri Lanka Accounting Standards, and no changes were observed in other income and expenses or trade payments.

- c) The related adjustments amounting to Rs.455,715 will be made in the year 2024. A sum of Rs.180,195,935 has been identified accurately in the year 2023.
- d) Agreed. However, as there are brought forward tax losses to set off against the tax liabilities in the current year, there is no impact to the financial statements.
- e) Not agreed. Provisions for depreciation had been recognized in year 2022 as the asset was physically received and used for operations in year 2022. As there was a technical problem, capitalization of the amount of 50 per cent was not made.
- f) Some of the items included in this value are immaterial for prior year adjustments and the total value of the impact to the profit is Rs.17,211/- .
- g) Not Agreed. Rs. 13,050,000/- has been provided for the decided cases. As an appeal is being heard in the Supreme Court for defamation case of Rs. 500 million and if provision is needed in the future, necessary actions will be taken by considering its progress.
- h) Agreed. Foreign creditor has been recognized based on the import documents. However, actions will be taken to avoid such errors in the future.
- i) As bank loan interest and lease instalments have been accounted for in the year 2023, corresponding adjustments have been made in the statement of cash flows.
- j) Interest income received consists of withholding tax of Rs 3.8 million and a loss of Rs. 2.4 million due to early withdrawals. As these 2 items related to fixed deposits have been categorized under investment activity. The reason for this difference in the rental income received is the inclusion of withholding taxes.

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

- k) As bank loan interest and lease instalments have been accounted for the year 2023, the relevant adjustments have been made in the statement of cash flows and the loss occurred after the maturity has been classified and shown under investment activities.
- l) Relevant adjustments will be made in this regard in the future.
- m) Not agreed. Gratuity has been paid for the respective employee and therefore, there is no need to make provisions for gratuity again.
- n) Necessary actions will be taken to make corrections in relation with these differences in the stock during the year 2024.
- o) Agreed. Although it has been informed that direct transfers should be made in a way that verifies the identity of the client, some clients do not follow this procedure, leading to identification issues. Even though the necessary information is collected for verification and matching, some transfers cannot be identified. As a result, they have been accounted for under sundry income category. However, further steps are being taken to obtain accurate information regarding direct transfers from clients.
- p) Agreed. The current account balance of Lake House Property Development (Pvt) Ltd has continuously been classified under current assets. This has no impact on the company's total net assets. However, steps will be taken to classify it as a current liability in the next financial year.
- q) Not agreed. Due to the economic downturn in the country, the company's financial difficulties were taken into consideration, and as a result, the Board of Directors and other employee allowances were not fully paid in 2022. However, as the financial position of the institution stabilized, these allowances were gradually paid during the 2023 financial year. The salary schedules of the company's Chairman and Board of Directors were submitted to the audit office on August 25, 2023.
- r) In addition to the payments made, this also includes adjustments and reservations. Evidence related to payments has been provided to audit.
- s) Necessary steps have been taken to prepare and sign the agreements regarding 2 related vehicles.

2. Report on Other Legal and Regulatory Requirements

2.2.2

- a) Amidst the severe financial difficulties faced by the Company, we have been maintaining a minimal workforce by utilizing our existing employees for all possible tasks without new recruitments. Accordingly, instead of hiring a new candidate for the position of Head of Legal, the Company's Secretary, who is already serving as a legal officer, has been appointed to fulfill this role.

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

2023

- b) These payments are made for transportation services obtained and not for vehicles leased on a rental basis. Therefore, the applicable procedure for the payment of these transportation costs is outlined in Section 3 of the Inland Revenue Department Circular No. SEC/2023/01, dated February 14, 2023.

The following three criteria, as defined in this section, apply to the payments made by the institution to transportation service providers:

- The driver, fuel, maintenance, and lubricants are provided by the vehicle supplier.
 - Although the vehicle is parked within the company's premises, its physical ownership remains with the vehicle owner.
 - The vehicles obtained for transportation services are assigned to specific tasks and are used exclusively by the company.
- c) Actions will be taken to provide responses to audit queries on time.
- d) The Associated Newspapers of Ceylon Limited is not an institution subject to the supervision of the Department of Public Enterprises. Therefore, there is no requirement to adhere to the circulars issued by that department. This has been officially confirmed in writing by the Director General of the said department.

The Board of Directors, through decision BP 331-34/23, has approved only the debtors related to dishonored cheques of less than Rs. 25,000, out of a total outstanding debt value of Rs. 1,588,832/=.

- e) According to an agreement entered into with the Management of the Company and Former Head of Sales, it was revealed that an amount equal to the gratuity to which he entitled has been paid on the instructions of the Management on an agreement entered into by him to withdraw from the proceedings filed against the Company before the Labour Tribunal and the Labour Office.

2.2.3

- a) The process of posting advertisements happens as per the methods adopted over the years and arrangements are being made to update it and implement a code of policies and guidelines related to publishing of advertisements before 31 August 2024.
- b) This company is currently a non-operating company. However, actions are being taken to operate this company in the future.

2.2.4

- a) Lankapuvath Company, which is under the Ministry of Media, is a non-operating company since 2014.
- b) Necessary arrangements are being made to effectively use the 8 acres of land in Hokandara area.

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

- c) Obtaining the services of a consultant on a monthly payment basis, in the year 2017 to prepare a method of evaluating the performance of employees and she has successfully completed the task during that time.

2.3

- a) Agreed. The related income and expenses have been separately identified and accounted for. However, in the year 2024, it will be accounted for as a profit center.
- b) The 3 relevant fixed deposits had to be released before maturity for the payment of gratuity to employees who had retired voluntarily in the year 2023.
- c) The company sent letters for balance confirmations for debts exceeding Rs.200,000.00 with the agreement of the Auditor General's Department. Although only a few debtors responded, this situation is beyond our control.

Although there was no response to the letters sent for balance confirmation, the relevant debtors have taken steps to settle the debts in the year 2024.

- d) The Action Plan, Organizational Structure, Departmental Structure, posts to be retained and number of employees have now been submitted to the Ministry of Mass Media. Arrangements have been planned to send the draft of the Corporate Plan of the institution which has been prepared and completed to the Ministry before the end of May 2024 after receiving the approval of the Board of Directors.

e) & f)

Through the advertising agreements, the company engages in advertising with television institutions in the following ways:

1. Promoting the Lake House institutional and newspaper brands to increase readership in newspapers, thereby increasing the number of advertisements published by both government and private institutions, which in turn boosts revenue.
2. Encouraging readers to purchase newspapers, thereby increasing newspaper sales revenue, which is a recognized marketing strategy.

The responsibility for managing the advertising agreements was assigned to the advertising department in September 2022. During the process of signing agreements for the year 2023, it was discovered that agreements had not been signed for the previous years (2021, 2022). Consequently, immediate action was taken to draft agreements for the years 2021 and 2022 and send them to the relevant institutions. These agreements were signed by the National Television and sent to Lake House. Subsequently, the 2023 National Television agreement was drafted and sent to the institution, and the agreement signed on 28/12/2023 was received by Lake House.

However, Lake House noted that advertisements were published exceeding the agreed value for the year 2022. Independent television institutions did not sign agreements for

CHAIRMAN'S COMMENTS ON AUDIT OBSERVATIONS

2023

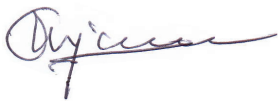
the years 2021, 2022, and 2023, and reminders were sent via email to those institutions. The sales department of the independent television institution has assured that the agreements will be signed and sent properly.

As mentioned above, if advertisements were published exceeding the values for the 2023 agreements, the matter will be investigated, and approval from the Board of Directors will be sought for the relevant amounts (by 31/07/2024). In the future, steps have been taken to issue a series of instructions to the relevant officers to ensure that the management of advertising agreements is conducted more efficiently.

- g) Letters and reminders were sent to these 17 employees requesting payments. Since no response was received, the matter has been referred to the legal department for the initiation of debt recovery procedures, and the recovery process is currently ongoing.
- h) Due to the COVID-19 pandemic and the disruptions to all operations during that period, it was difficult for the relevant institutions to recover the outstanding debt balances at the time.

However, the outstanding debt from the past two years has largely been recovered from the previous balances, and efforts are still ongoing to recover the remaining balance.

- i) A number of 192665 copies of Budusarana newspapers were given in the year 2014, at the request of Samurdhi Authority and an amount of Rs.2, 400,000/- had been received from that value. The remaining amount has not yet been received and a provision for bad debts has been made in this regard.

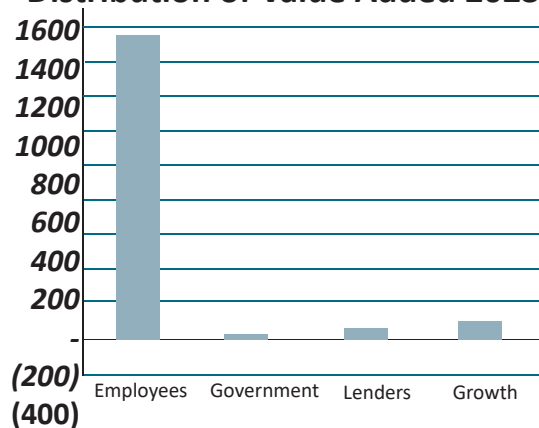


Prof. Harendra Kariyawasam
Chairman & Managing Director

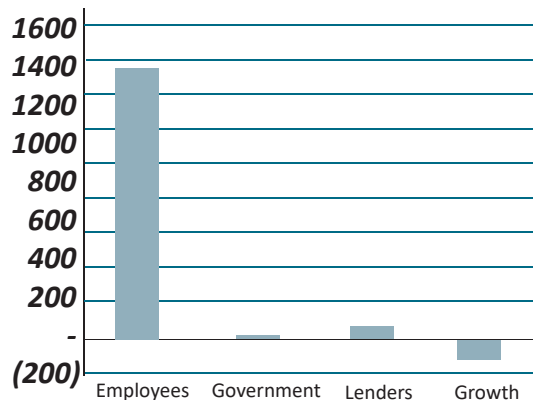
STATEMENT OF VALUE ADDED

	2023		2022	
	LKR Mn.	%	LKR Mn.	%
Value added				
Revenue	2,203		1,854	
Other Income	542		276	
	2,745		2,130	
Brought in Material & Service	(1,008)		(798)	
	1,737		1,332	
Distribution of Value Added				
To Employees				
Salaries, Wages & Other Benefits	1,284	74%	1,362	102%
VRS Expenses	261	15%	-	0%
To Government				
Income Tax	-	0%	-	0%
Rates	31	2%	24	2%
To Lenders				
Interest & Related Charges	64	4%	76	6%
To Providers of Capital				
Dividend to Shareholders	-	0%	-	0%
To Business Expansion & Growth				
Depreciation	74	4%	62	5%
Reserves	23	1%	(192)	-14%
	1,737	100%	1,332	100%

Distribution of Value Added 2023



Distribution of Value Added 2022



TEN YEAR SUMMARY

2023

	2023	2022	2021	2020	2019	2018	2017 Restated	2016 Restated	2015 Restated	2014 Restated
Selected Financial Data (LKR Mn)										
Operational Results										
Revenue	2,203	1,854	2,218	1,911	2,912	2,976	2,972	3,050	2,954	3,187
Annual Sales Growth (%)	19	(16)	16	(34)	(2)	0	(3)	3	(7)	(11)
Profit Before Taxation	23	(192)	332	(218)	(216)	(167)	270	29	16	72
Taxation on Profit	-	-	4	22	26	13	64	9	5	27
Profit / (Loss) After Taxation	31	(197)	345	(187)	(197)	(133)	208	21	40	61
Shareholders' Fund										
Share Capital	35	35	35	35	35	35	35	35	35	35
Reserves	1,767	1,735	1,811	182	369	572	709	508	482	443
	1,802	1,770	1,846	217	404	607	744	542	517	477
Non Current Liabilities	1022	1,186	1,160	1,103	937	876	889	1,029	597	659
Capital Employed	2,824	2,956	3,006	1,320	1,341	1,483	1,633	1,571	1,114	1,136
Assets Employed										
Fixed Assets (including Motor Vehicle Revaluation)	1,466	1,541	1,461	198	249	289	325	358	253	327
Investment Property	18	20	22	23	25	26	28	30	31	-
Intangible Assets	1	4	7	13	21	17	19	-	-	-
Long Term Investments	22	14	216	207	197	204	183	180	180	151
Deferred Tax Assets	69	69	69	65	43	21	19	32	37	31
Plan Assets	312	310	247	201	313	313	283	265	-	-
Staff Receivables	47	54	77	88	76	38	-	-	-	-
Working Capital	888	945	907	525	416	575	775	706	613	627
	2,824	2,956	3,006	1,320	1,341	1,483	1,633	1,571	1,114	1,136
Ratio Analysis										
Profitability										
Profit Before Taxation to Gross Turnover (%)	1	(10)	15	(11)	(7)	(6)	9	1	1	2
Profit Before Taxation to Shareholders' Fund (%)	1	(11)	18	(100)	(53)	(27)	36	5	3	15
Profit After Taxation to Shareholders' Fund (%)	2	(11)	19	(86)	(49)	(22)	28	4	8	13
Earnings Per Share (LKR)	9	(57)	99	(53)	(56)	(38)	60	6	11	17
Liquidity										
Current Assets to Current Liabilities (Ratio)	3.3:1	3.4:1	3.1:1	1.7:1	1.5 :1	1.6:1	2.50:1	2.13:1	2.05:1	1.66:1
Quick Assets to Current Liabilities (Ratio)	2.7:1	2.6:1	2.1:1	1.3:1	1.1:1	0.9:1	2.08:1	1.60:1	1.58:1	1.09:1
Dividends Proposed										
Dividends (Gross)	-	-	-	-	7	3	6	-	-	-
Dividends Per Share (LKR)	-	-	-	-	2	1	2	-	-	-
Long Term Solvency										
Non Current Assets to Shareholders' Fund (%)	107	114	114	366	229	150	115	159	97	107
Non Current Assets to Working Capital (%)	218	213	231	151	222	158	111	122	82	81
Net Assets Per Share at year end (LKR)	517	508	530	62	116	174	213	156	148	137

SHARE INFORMATION

Shareholders

		2023		2022	
		No. of Shares	%	No. of Shares	%
1.	Public Trustee on behalf of the GOSL	3,050,378	87.56	3,050,380	87.56
2.	Ceylon Petroleum Corporation	61,206	1.76	61,206	1.76
3.	Insurance Corporation of Sri Lanka	61,206	1.76	61,206	1.76
4.	Ceylon Shipping Corporation	31,206	0.90	31,206	0.90
5.	Phillip Sivali Wijewardene	20,000	0.57	20,000	0.57
6.	Parackrama Sujana Wijewardene	20,000	0.57	20,000	0.57
7.	National Savings Bank	20,000	0.57	20,000	0.57
8.	Paddy Marketing Board	20,000	0.57	20,000	0.57
9.	National Film Corporation of Sri Lanka	20,000	0.57	20,000	0.57
10.	National Gem & Jewellery Authority	20,000	0.57	20,000	0.57
11.	Sriyan Rajitha Gomes	15,821	0.45	15,821	0.45
12.	Rukmalie Shalini Hurulle	14,822	0.43	14,822	0.43
13.	Ceylon Port Services Ltd.	10,000	0.29	10,000	0.29
14.	Ceylon Shipping Lines Ltd.	10,000	0.29	10,000	0.29
15.	Colombo Dockyard Ltd.	10,000	0.29	10,000	0.29
16.	Asoka Chandralal Wijewardene	7,925	0.23	7,925	0.23
17.	Aswini Kumar Wijewardene	7,919	0.23	7,919	0.23
18.	Kamalika Janaki Wijewardene	6,944	0.20	6,944	0.20
19.	Ranil Wickremasinghe	6,786	0.19	6,786	0.19
20.	Amitha Lal Gooneratne	5,967	0.17	5,967	0.17
21.	Arjun Indrajit Gooneratne	5,967	0.17	5,967	0.17
22.	Ayoma Irandathi Wijesundere	5,967	0.17	5,967	0.17
23.	Other Shareholders	51,600	1.48	51,598	1.48
	Total	3,483,714	100	3,483,714	100

Shareholdings as at 31st December 2023

	No. of Shareholders	No. of Shares	%
1 - 1,000	58	4,992	0%
1,001 - 5,000	11	20,310	0%
5,001 - 10,000	15	103,773	3%
10,001 - 50,000	9	181,849	5%
50,001 - 100,000	2	122,412	4%
Over 100,000	1	3,050,378	88%
Total	96	3,483,714	100%

Categories of Shareholders

	No. of Shareholders	No. of Shares	%
Public Trustee	1	3,050,378	88%
Institutions	10	263,618	7%
Individuals	85	169,718	5%
Total	96	3,483,714	100%

NOTICE OF MEETING

2023

Notice is hereby given that 51st Annual General Meeting of the Shareholders of the Company will be held in terms of the Associated Newspapers of Ceylon Limited (Special Provisions) Law No. 28 of 1973, at the Registered Office of the Company at No.35, D.R.Wijewardene Mawatha, Colombo 10 at 3.00 p.m. on 23rd May 2025.

1. To read the Notice convening the meeting.
2. To confirm the minutes of the Annual General Meeting held on 26th February 2024.
3. To confirm the minutes of the Extra Ordinary General Meeting held on 18th November 2024.
4. To receive and consider the report of the Directors and the Financial Statements of the Company for the year ended 31st December 2023 with the Auditor's Report thereon.
5. The appointment of three Directors by the Public Trustee.
6. To elect two Directors in terms of provision (1) to Section 6 (i) (g) of the Associated Newspapers of Ceylon Limited (Special Provisions) Law No. 28 of 1973.
7. To fix remuneration of the Directors.
8. To authorize Directors to determine contribution to charities.

Notes:

1. Any shareholder unable to attend the meeting may appoint another person who is a member of the Company to act for him/her proxy. The proxy form is annexed for this purpose and must be deposited at the registered office of the Company not less than 48 hours before the time appointed for the holding of meeting.
2. In the case of corporation and corporate bodies which are shareholders of the Company, attention is invited in regard to their representation at the Annual General Meeting, to Section 138(1) (a) of the Companies Act No. 07 of 2007, which read as follows:

"A corporation, whether a Company within the meaning of this Act or not, may where it is a member of another corporation, being a Company within the meaning of this Act, by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company".

By order of the Board of Directors,



Mrs.H.W.S. Prasanga

Company Secretary

CORPORATE INFORMATION

Name of the Company	The Associated Newspapers of Ceylon Limited
Registered Office	No.35, D.R. Wijewardene Mawatha, Colombo 10.
Legal Form	The Associated Newspapers of Ceylon Limited is a Public Limited Liability Company incorporated in 1926 and governed by The Associated Newspapers of Ceylon Limited (Special Provisions) Law No.28 of 1973 (as amended), the relevant Gazette Notifications published in time to time, Companies Act No.07 of 2007 and Finance Act No.38 of 1971 (For Accounts and Audit) At present, The Associated Newspapers of Ceylon Limited operates as a Statutory Company under the purview of the Ministry of Mass Media.
Accounting Year End	31st December
Principal Line of Business	- Printing & Publishing Newspapers, Periodicals & Magazines - Commercial Printing
Subsidiaries	- Observer Jobs (Private) Limited - Lake House Connect (Private) Limited - Lake House Property Development (Private) Limited - (Non Operating) } Under Liquidation
Company Secretary	Mrs. H.W.S. Prasanga
Bankers	- Bank of Ceylon - People's Bank - Commercial Bank of Ceylon PLC - Seylan Bank - Hatton National Bank PLC - DFCC Bank
Auditors	Auditor General, National Audit Office, No. 306/72, Polduwa Road, Battaramulla.

FORM OF PROXY

2023

ANCL Annual Report 2023

I / We of
.....Member/s of the Associated Newspapers of Ceylon Limited
hereby appoint.....
..... (NIC No.....)
of as my/our proxy to represent me / us and vote for me/us on my/
our behalf at the Annual General Meeting of the Associated Newspapers of Ceylon Limited to be held on
.....or at any adjournment thereof.

As witness my / our hand this day of..... 20.....

.....
Signature/s of Shareholder/s

.....
NIC/PP/Co.Reg.No. of Shareholder/s

Notes:

Instructions as to completion of this Form of Proxy are given below:

- (1) If the Form of Proxy is signed by an Attorney, the relative Power of Attorney (POA) should accompany the completed Form of Proxy for registration in the event such POA has not already been registered with the Company.
- (2) If the shareholder is a Company or a Corporate Body, the Form of Proxy should be executed under its common seal or in such other manner as may be provided for in its constitutional documents, if any, or signed by its Attorney or by an Officer on behalf of the Company/Corporate Body in accordance with its Articles of Association/Statute.
- (3) Every alteration or addition to the Form of Proxy must be duly authenticated by the full signature of the Shareholder signing the Form of Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.
- (4) The use of the word "Member/s" herein is a reference to "Shareholder/s".



THE ASSOCIATED NEWSPAPERS OF CEYLON LIMITED

ශ්‍රී ලාංකේය පුවත්පත් කලාවේ මහගෙදර

No.35, D.R. Wijewardene Mawatha, Colombo 10.
Email: info@lakehouse.lk / webmarketing@lakehouse.lk
Tel: 011 2 429 429 / 011 2 421 181 / 011 2 331 181
Fax: 011 2 429 329 / 011 2 449 069