

CHAIRMAN'S REVIEW

It gives me great pleasure in presenting the Annual Report and Accounts for the year 2002.

PERFORMANCE

Your Corporation recorded a turnover Rs. 132.2 million as against Rs. 111.8 million in the year 2001. Increase in the Turnover is mainly due to increasing of the Foreign Tourist arrivals and positive movements of local tourists in the year 2002 with the Government peace initiative. Even though the turnover has increased the Corporation has made a loss of Rs.13.3. Million Compared to a loss of Rs.9.3 Million in 2001.

It was very necessary to re-develop and re furbish all rest houses Snack Bars & Restaurants in order to improve and maintain the expected standards required by the foreign and local tourist and to match our competitors. In addition to this, development work was done for the 100 day programme launched by the Government on the direction of the Secretary Ministry of Tourism. The benefits of these developments are now being derived.

TRAVEL DEPARTMENT

Travel Operation recorded a profit of Rs. 630,958 /- during the year 2002 compared to a profit of Rs. 277,363 in the previous year.

SUBSIDIARY COMPANIES - UNITED HOTELS CO. LTD.

This Company recorded a Turnover of Rs. 5.6 million in the year 2002 compared to a Turnover of Rs. 3.6 million in the previous year and incurred a loss of Rs. 1.3 million in the Year 2002.

KANDY HOTELS CO. (1938) LTD.

This Company recorded a Turnover of Rs.78.7 million in the year 2002 compared to a Turnover of Rs.81.1 million in the previous year and recorded a loss of Rs. 1.6 million (including Rs.20.6 Extraordinary item) against the loss of Rs.26.2 million in the previous year.

ASSOCIATED HOTELS CO. LTD.

This company recorded a loss of Rs. 9.5 million for the year ended 31 March 2002 compared to a loss of Rs. 6.4 million in the previous year.

AIRLINE SERVICES (PVT) LTD.

This Company ceased to be the General Sales Agency for British Airways on 31st December 1994 and the Company has been kept dormant since the transfer of the General Sales Agency to a private firm on 01.01.95. The Company's Net Asset Value was Rs. 4,046,238/- as at 31.12.1994.

HUMAN RESOURCES DEVELOPMENT

For the year 2002, the Corporation selected “employee of the month” from each location run by the corporation and awarded cash prizes and certificates by The Honorable Minister of tourism.

Training Programmes were conducted at Sri Lanka Institute of Tourism & Hotel Management for all levels of Rest House & Hotel employees to enable them to improve their knowledge and to create awareness about the expected standards in the Tourist Industry.

A Canteen for employees of the head office was opened on the 3rd floor of the Head Office premises

NIWAHANA

The Corporation took over the Management of Sri Lanka Broadcasting Corporations circuit bungalow situated at Nuwara Eliya with effect from 23rd December 2002.

Nivahana has ten well-appointed double bed rooms with hot and cold-water restaurant bar and a car park.

Nivahana is the latest addition to the growing chain of properties of the Corporation. It has become the 3rd Resort to the Corporation network among 21 properties.

COMPUTERISATION

It has been decided to computerize all key areas of the corporation, Commencing 1st stage eight major locations have already started issuing guest bills and inventory controlling through the computerized system.

FUTURE PROSPECTS

The peace process initiated by the Government of Sri Lanka has no doubt given a boost, both to the Tourism Industry as well as to the economy. In anticipation of growth in Travel Industry, we are strengthening our marketing efforts and up grading our properties and skills of the staff to meet the demanding challenges of the hospitality industry.

ACKNOWLEDGEMENT

I am thankful to the Hon. Gamini Lokuge Minister of Tourism, the Secretary and his officials of the Ministry for their valuable guidance and support and the interest in the affairs of the Corporation.

I wish to thank the Tour Operators, Travel Agents and our valuable clients for their patronage, which helped the Corporation achieve reasonably good results under trying circumstances.

I also wish to thank the General Manager and the staff at all levels for their dedication and commitment in achieving the goals of the Corporation in the year under review.

In conclusion, I like to place on record my appreciation to the Board of Directors for their guidance and support

Chairman
Ceylon Hotels Corporation

Directors Report

The Directors take pleasure in presenting their Report together with the Accounts for the year ended 31st December 2002

TURNOVER

The corporation recorded a Turnover of Rs.132.2 million in the year 2002 as compared to Rs. 111.8 million in the year 2001.

PROFIT

The Corporation incurred a loss of Rs. 13.3 million before taxation as compared to Rs.9, 3 million loss in the previous year.

LEISURE SECTOR

Leisure sector recorded a Net Income of Rs.11.4 million for the year 2002 as compared to Rs.10.4 Million in the year 2001.

UNITED HOTELS CO. LTD. (SUBSIDIARY COMPANY)

Hotel Seruwa recorded a Turnover of Rs.5.5 million compared to Rs.3.6 million in the previous year and incurred a loss of Rs.1.2 million in the year 2002 as compared to a loss of Rs.1.3 million in the year 2001. Kotmale Holiday Resort recorded a Turnover of Rs.7.5 million and incurred a loss of Rs.1.8 in the year 2002 as compared to a profit of Rs.1.4 million in the year2001

KANDY HOTELS CO. LTD. .(SUBSIDIARY COMPANY)

Kandy Hotels Co Ltd. recorded a Turnover of Rs. 78.7 million and loss of Rs.1.6 million in the year 2002 (including Rs. 20 million profit from extra ordinary items) compared to a loss of Rs.26.2 million in the year 2001.

The Shareholdings of Directors of Ceylon Hotels Corporation as at 31.12.2002 are as follows:-

	31.12.2002
	Share Holdings
(1) Mr. B.J.Ranasingha	-
(2) Mr. Janake Bogollagama	2,500
(3) Deshabandu George Ondaatjie	2,500
(4) Mr.Charitha Ratwatte	-
(5) Mr. Sanjeev Gardiner	5,992

INTEREST OF DIRECTORS

The Directors have no direct or indirect interest in any of the contracts entered into by the corporation.

By Order of the Board.
Chairman

CEYLON HOTELS CORPORATION
BALANCE SHEET AS AT 31 MARCH 2002

	Note	2002 Rs.	2001 Rs.
ASSETS			
Non current Assets			
Fixed Assets	07	117,073,415.53	102,413,828.06
Lease Hold Assets		1,021,200.00	4,223,750.00
Work In Progress	08	1,407,779.71	4,085,993.71
Quoted Investments	09	23,090,107.00	23,090,107.00
Un Quoted Investments	10	6,601,050.00	6,601,050.00
Debentures	11	5,000,000.00	5,000,000.00
Deferred Revenue Expe.		1,462,579.37	1,787,197.39
		155,656,131.61	147,201,926.16
Current Assets			
Inventories		5,523,194.08	5,449,793.44
Trade Other Receivables	12	36,521,884.27	32,870,799.85
Cash & Cash Equivalents	13	37,369,420.10	57,678,322.38
		79,414,498.45	95,998,915.67
Total Assets		235,070,630.06	243,200,841.83
EQUITY & LIABILITIES			
Capital & Reserves			
Preference Shares		2,400,000.00	2,400,000.00
Ordinary Shares		6,000,000.00	6,000,000.00
Treasury Grant		2,200,000.00	2,200,000.00
Permanent Reserve		8,092,827.83	8,092,827.83
Forfeited Shares		35,182.80	35,182.80
Share Premium		8,406,500.00	8,406,500.00
General Reserve		166,718,392.80	166,718,392.80
Leasehold Right Reserve		12,539,750.41	12,681,091.42
Profit & Loss A/C		(21,089,026.38)	(6,740,089.97)
Total Equity		185,303,627.46	199,793,904.88
Non - Current Liabilites			
Inter Dept Current A/C		-	
Retirement Gratuity		21,540,588.64	19,966,535.24
National Development Bank		1,246,911.36	3,596,273.08
Interest in Suspense		(1,421,980.23)	(1,763,249.63)
		21,365,519.77	21,799,558.69
Current Liabilites	14	23,603,673.79	21,607,378.26
Total Equity & Liabilities		230,272,821.02	243,200,841.83

(4,797,809.04)