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STATEMENT OF PROFIT OR LOSS

For the Year Ended 31st March	Note	Page No.	Company			Group		
			2024 Rs. '000	2023 Rs. '000	Change %	2024 Rs. '000	2023 Rs. '000	Change %
Gross income	5	297	31,036,624	32,018,308	(3.07)	37,552,858	39,162,645	(4.11)
Interest income	6.1	298	28,853,306	30,196,588	(4.45)	32,216,697	33,406,918	(3.56)
Less: Interest expense	6.2	298	17,200,885	18,206,943	(5.53)	18,266,659	19,270,402	(5.21)
Net interest income	6	298	11,652,421	11,989,645	(2.81)	13,950,038	14,136,516	(1.32)
Net earned premium	7	299	-	-	-	3,735,325	4,673,853	(20.08)
Fee and commission income	8	300	1,544,820	1,265,287	22.09	979,395	691,195	41.70
Net gains/(losses) on financial assets - FVTPL	9	301	135,892	9,143	1,386.30	124,229	4,168	2,880.54
Other operating income	10	301	502,606	547,290	(8.16)	497,212	386,511	28.64
Total operating income			13,835,739	13,811,365	0.18	19,286,199	19,892,243	(3.05)
Less: Impairment charges for loans and receivables and other losses	11	302	(1,155,776)	568,485	(303.31)	(1,354,204)	703,962	(292.37)
Impairment charges for goodwill	34	354	-	-	-	-	-	-
Net operating income			14,991,515	13,242,880	13.20	20,640,403	19,188,281	7.57
Less: Expenses								
Personnel expenses	12	305	4,248,112	4,488,546	(5.36)	5,541,660	5,731,934	(3.32)
Depreciation and amortisation	13	305	669,936	698,572	(4.10)	613,868	660,133	(7.01)
Benefits, claims and underwriting expenditure	14	306	-	-	-	2,668,198	3,251,671	(17.94)
Other operating expenses	15	307	2,776,611	2,082,538	33.33	3,391,028	2,540,760	33.47
Total operating expenses			7,694,659	7,269,656	5.85	12,214,754	12,184,498	0.25
Operating profit before taxes on financial services			7,296,856	5,973,224	22.16	8,425,649	7,003,783	20.30
Less : Tax on financial services	16	307	1,920,924	1,631,468	17.74	1,996,425	1,673,580	19.29
Profit before income tax expense			5,375,932	4,341,756	23.82	6,429,224	5,330,203	20.62
Less : Income tax expense	17	308	1,835,435	1,324,118	38.62	2,231,793	1,888,502	18.18
Profit for the year			3,540,497	3,017,638	17.33	4,197,431	3,441,701	21.96
Profit attributable to								
Equity holders of the Company			3,540,497	3,017,638	17.33	3,994,917	3,507,014	13.91
Non-controlling interest	49	374	-	-	-	202,514	(65,313)	(410.07)
Profit for the year			3,540,497	3,017,638	17.33	4,197,431	3,441,701	21.96
Basic / Diluted earnings per ordinary share (Rs.)	18	311	1.64	1.40	17.14	1.85	1.63	13.50
Dividend per Ordinary share (Rs.)	19	312	1.40	0.50	180.00			

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

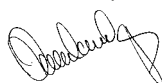
For the Year Ended 31st March	Note	Page No.	Company			Group		
			2024 Rs. '000	2023 Rs. '000	Change %	2024 Rs. '000	2023 Rs. '000	Change %
Profit for the year			3,540,497	3,017,638	17.33	4,197,431	3,441,701	21.96
Other comprehensive income, net of tax								
Items to be reclassified to profit or loss in subsequent years (net of tax):								
Net gains/(losses) arising from translating the Financial Statements of the foreign subsidiary	48.4	374	-	-	-	(625,269)	(594,615)	5.16
Net items to be reclassified to profit or loss in subsequent years			-	-	-	(625,269)	(594,615)	5.16
Items not to be reclassified to profit or loss in subsequent years (net of tax):								
Net actuarial gains/(losses) on defined benefit plans								
Actuarial gains and losses on retirement benefit obligation	43	367	(17,890)	57,764	(130.97)	(26,787)	67,120	(139.91)
Deferred tax effect on actuarial gains and losses	44.1	370	5,368	(17,329)	130.98	8,139	(20,136)	140.42
Financial assets - Fair value through other comprehensive income								
Gains/(losses) on re-measuring	48.3	373	214,016	(195,940)	209.23	329,798	(248,491)	232.72
Deferred tax effect on above	44.1	370	(64,200)	58,789	(209.20)	(97,944)	74,554	(231.37)
Net items not to be reclassified to profit or loss in subsequent years			137,294	(96,716)	241.96	213,206	(126,953)	267.94
Other comprehensive income for the year, net of tax			137,294	(96,716)	241.96	(412,063)	(721,568)	(42.89)
Total comprehensive income for the year			3,677,791	2,920,922	25.91	3,785,368	2,720,133	39.16
Attributable to:								
Equity holders of the Company			137,294	(96,716)	241.96	(124,716)	(426,193)	(70.74)
Non-controlling interest	49	374	-	-	-	(287,347)	(295,375)	2.72
Other comprehensive income for the year, net of tax			137,294	(96,716)	241.96	(412,063)	(721,568)	(42.89)
Total comprehensive income for the year			3,677,791	2,920,922	25.91	3,785,368	2,720,133	39.16

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STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Page	Company			Group		
			2024 Rs. '000	2023 Rs. '000	Change %	2024 Rs. '000	2023 Rs. '000	Change %
Assets								
Cash and cash equivalents	22	321	9,728,132	5,844,798	66.44	10,636,505	6,316,003	68.41
Balances with banks & financial institutions	23	322	14,288,282	29,839,914	(52.12)	17,562,955	34,224,917	(48.68)
Financial assets - Fair value through profit or loss	24	322	1,339,867	203,975	556.88	1,451,613	345,093	320.64
Loans and receivables - Amortised cost	25	324	103,650,453	114,277,945	(9.30)	116,919,950	125,377,904	(6.75)
Insurance and reinsurance receivables	26	340	-	-	-	1,586,697	1,498,065	5.92
Financial assets - Fair value through other comprehensive income	27	341	1,158,669	944,653	22.66	1,720,475	1,372,962	25.31
Debt instrument - Amortised cost	28	342	18,372,055	10,903,577	68.50	23,826,514	15,859,672	50.23
Investments in subsidiaries	29	344	3,455,229	3,291,604	4.97	-	-	-
Investment property	30	346	295,465	284,961	3.69	1,305,512	1,200,317	8.76
Other assets	31	347	3,981,818	1,030,138	286.53	4,166,268	1,281,022	225.23
Property, plant and equipment	32	349	1,361,384	1,481,005	(8.08)	3,779,689	3,971,219	(4.82)
Right of use assets	33	353	1,360,775	1,615,939	(15.79)	1,287,033	1,372,423	(6.22)
Deferred tax assets	44	369	818,949	1,335,460	(38.68)	829,351	1,419,836	(41.59)
Goodwill and intangible assets	34	354	41,010	19,193	113.67	185,304	137,436	34.83
Total assets			159,852,088	171,073,162	(6.56)	185,257,866	194,376,869	(4.69)
Liabilities								
Due to banks	35	356	2,263,494	7,724,671	(70.70)	7,181,365	11,068,522	(35.12)
Due to customers	36	358	97,437,726	100,935,114	(3.46)	103,843,054	107,979,956	(3.83)
Debt securities issued	37	359	11,032,248	16,706,049	(33.96)	11,032,248	16,564,956	(33.40)
Other financial liabilities	38	361	3,188,693	1,457,388	118.80	3,926,092	1,709,574	129.65
Insurance liabilities and reinsurance payable	39	362	-	-	-	5,508,693	5,206,622	5.80
Lease Liabilities	40	364	1,636,537	1,753,723	(6.68)	1,554,027	1,477,875	5.15
Current tax liabilities	41	365	295,474	1,013,703	(70.85)	536,436	1,406,648	(61.86)
Other liabilities	42	366	1,393,241	1,016,790	37.02	1,632,768	1,202,218	35.81
Retirement Benefit Obligation	43	367	778,537	673,659	15.57	897,355	756,320	18.65
Total liabilities			118,025,950	131,281,097	(10.10)	136,112,038	147,372,691	(7.64)
Equity								
Stated capital	45	371	19,230,479	18,015,559	6.74	19,230,479	18,015,559	6.74
Statutory reserve fund	46	372	2,967,853	2,790,828	6.34	3,107,595	2,905,660	6.95
Retained earnings	47	372	19,884,827	19,556,826	1.68	23,976,101	23,248,550	3.13
Other reserves	48	373	(257,021)	(571,148)	(55.00)	431,456	349,380	23.49
Total equity attributable to equity holders of the Company			41,826,138	39,792,065	5.11	46,745,631	44,519,149	5.00
Non-controlling interest	49	374	-	-	-	2,400,197	2,485,029	(3.41)
Total equity			41,826,138	39,792,065	5.11	49,145,828	47,004,178	4.56
Total liabilities and equity			159,852,088	171,073,162	(6.56)	185,257,866	194,376,869	(4.69)
Contingent liabilities and commitments	50	374	14,240,316	5,626,774	153.08	14,402,895	5,750,578	150.46
Net asset value per ordinary share (Rs.)	51	376	19.41	19.49	(0.38)	21.70	21.80	(0.48)

We certify that these Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

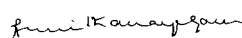


Omali Sumanasiri
Deputy General Manager - Finance

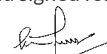


Udesh Gunewardena
Chief Operating Officer / Acting CEO

The Board of Directors is responsible for these Financial Statements. Approved and signed for and on behalf of the Board by:



Pradeep Amirthanayagam
Chairman



Clive Fonseka
Director

28 May 2024
Colombo

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - COMPANY

Company			Other Reserves		Retained Earnings	Total Equity
	Capital	Statutory Reserve Fund	Regulatory loss allowance reserve	Fair Value Reserve		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Balance as at 1st April 2022	17,071,961	2,639,945	-	(375,208)	19,481,612	38,818,310
Adjustment for Surcharge Tax levied under Surcharge Tax Act No. 14 of 2022	-	-	-	-	(1,947,167)	(1,947,167)
Adjusted balance as at 1st April 2022	17,071,961	2,639,945	-	(375,208)	17,534,445	36,871,143
Total comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	3,017,638	3,017,638
Other comprehensive income (net of tax)	-	-	-	(195,940)	99,224	(96,716)
Total comprehensive income for the year	-	-	-	(195,940)	3,116,862	2,920,922
Transactions with equity holders, recognised directly in equity						
Transfers to reserves	-	150,883	-	-	(150,883)	-
Dividend paid - Final	943,598	-	-	-	(943,598)	-
Total transactions with equity holders	943,598	150,883	-	-	(1,094,481)	-
Balance as at 31st March 2023	18,015,559	2,790,828	-	(571,148)	19,556,826	39,792,065
Balance as at 1st April 2023	18,015,559	2,790,828	-	(571,148)	19,556,826	39,792,065
Total comprehensive income for the year						
Profit/(loss) for the year	-	-	-	-	3,540,497	3,540,497
Other comprehensive income (net of tax)	-	-	-	214,016	(76,722)	137,294
Total comprehensive income for the year	-	-	-	214,016	3,463,775	3,677,791
Transactions with equity holders, recognised directly in equity						
Transfers to reserves	-	177,025	100,111	-	(277,136)	-
Dividend paid - scrip	1,214,920	-	-	-	(1,429,319)	(214,399)
- cash	-	-	-	-	(1,429,319)	(1,429,319)
Total transactions with equity holders	1,214,920	177,025	100,111	-	(3,135,774)	(1,643,718)
Balance as at 31st March 2024	19,230,479	2,967,853	100,111	(357,132)	19,884,827	41,826,138

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

Group	Other Reserves							Total	Non-controlling Interest	Total Equity
	Capital	Statutory Reserve Fund	Regulatory allowance reserve	Fair Value Reserve	Foreign Currency Translation Reserve	Retained Earnings				
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1st April 2022	17,071,961	2,729,352	-	(379,348)	1,276,459	23,122,851	43,821,275	3,154,527	46,975,802	
Adjustment for Surcharge Tax levied under Surcharge Tax Act No. 14 of 2022						(2,382,947)	(2,382,947)	(110,146)	(2,493,093)	
Adjusted balance as at 1st April 2022	17,071,961	2,729,352	-	(379,348)	1,276,459	20,739,904	41,438,328	3,044,381	44,482,709	
Total comprehensive income for the year						3,507,014	3,507,014	(65,313)	3,441,701	
Profit/(loss) for the year						121,538	(426,193)	(295,375)	(721,568)	
Other comprehensive income (net of tax)				(248,491)	(299,240)	121,538	(426,193)	(295,375)	(721,568)	
Total comprehensive income for the year				(248,491)	(299,240)	3,628,552	3,080,821	(360,688)	2,720,133	
Transactions with equity holders, recognised directly in equity										
Transfers to reserves		176,308				(176,308)				
Dividend paid - Final	943,598					(943,598)		(198,664)	(198,664)	
Total transactions with equity holders	943,598	176,308				(1,119,906)		(198,664)	(198,664)	
Balance as at 31st March 2023	18,015,559	2,905,660		(627,839)	977,219	23,248,550	44,519,149	2,485,029	47,004,178	
Balance as at 1st April 2023	18,015,559	2,905,660		(627,839)	977,219	23,248,550	44,519,149	2,485,029	47,004,178	
Total comprehensive income for the year						3,994,917	3,994,917	202,514	4,197,431	
Profit/(loss) for the year						(106,681)	(124,716)	(287,347)	(412,063)	
Other comprehensive income (net of tax)				300,852	(318,887)	(106,681)	(124,716)	(287,347)	(412,063)	
Total comprehensive income for the year				300,852	(318,887)	3,888,236	3,870,201	(84,833)	3,785,368	
Transactions with equity holders, recognised directly in equity										
Transfers to reserves		201,936	100,111			(302,047)				
Dividend paid - Scrip	1,214,920					(1,429,319)	(214,399)		(214,399)	
Cash						(1,429,319)	(1,429,319)		(1,429,319)	
Total transactions with equity holders	1,214,920	201,936	100,111			(3,160,685)	(1,643,718)		(1,643,718)	
Balance as at 31st March 2024	19,230,479	3,107,596	100,111	(326,987)	658,332	23,976,101	46,745,632	2,400,196	49,145,828	

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Accounting Policy

The Statement of Cash Flows has been prepared by using the 'Direct Method' of preparing cash flows in accordance with the Sri Lanka Accounting Standard - LKAS 7 on 'Statement of Cash Flows', whereby operating activities, investing activities and financing activities are separately recognised. Cash and Cash Equivalents comprise of short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the year ended 31st March	Page	Note	Company		Group	
			2024	2023	2024	2023
	No.		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities						
Income from cash and cash equivalent	6.1	298	532,545	877,597	562,002	884,520
Payments to loans and receivables			(82,001,794)	(49,479,705)	(92,308,567)	(56,532,319)
Receipts from loans and receivables			118,689,051	108,112,701	128,330,292	116,824,867
Investment in balances with banks & financial institutions			(83,467,031)	(96,735,535)	(85,259,719)	(102,232,584)
Receipts from balances with banks & financial institutions			101,913,162	74,982,057	105,971,828	81,747,062
Investment in debt instrument at amortised cost			(64,224,591)	(40,967,052)	(68,672,625)	(45,032,821)
Receipts from debt instrument at amortised cost			57,374,968	42,620,849	61,324,640	47,916,827
Payment of due to customers			(130,632,152)	(164,570,652)	(135,582,552)	(169,175,292)
Receipts from due to customers			111,782,579	147,334,387	115,507,546	150,395,668
Receipt from other income			14,285	4,259	184,865	184,223
Investment in financial assets - fair value through profit or loss			(1,200,000)	(189,797)	(1,200,000)	(286,151)
Proceeds from financial assets - fair value through profit or loss			200,000	1,616	217,709	794,525
Receipt from Financial assets - fair value through OCI			81,549	313,654	103,589	566,386
Investment in Financial assets - fair value through OCI			-	-	-	(452,420)
Payment for personnel expenses			(4,158,611)	(4,724,920)	(5,419,653)	(5,986,957)
Payment for operating lease liability			(658,199)	(651,359)	(436,000)	(438,364)
Payment for other operating activities			(4,567,545)	(3,796,402)	(5,073,934)	(4,577,598)
Premium received from customers			-	-	3,646,693	4,498,316
Claims paid			-	-	(2,366,126)	(3,948,414)
Dividend income from investments			257,556	343,930	9,772	7,014
Gratuity paid	43	367	(88,382)	(92,658)	(107,113)	(100,021)
Income tax paid	41.1	366	(1,836,478)	(4,256,539)	(2,142,485)	(5,317,964)
Net cash generated from/(used in) operating activities			18,010,912	9,126,431	17,290,162	9,738,503
Cash flows from investing activities						
Purchase of property, plant and equipment	32	349	(168,935)	(253,253)	(206,483)	(234,426)
Proceeds from the sale of property, plant and equipment			236,008	39,867	256,152	88,898
Purchase of intangible assets	34	354	(30,248)	(7,684)	(64,610)	(12,781)
Net cash (used in)/generated from investing activities			36,825	(221,070)	(14,941)	(158,309)
Cash flows from financing activities						
Payment for due to banks	35.1	356	(6,598,526)	(7,618,774)	(8,041,178)	(9,082,471)
Borrowing from due to banks	35.1	356	-	2,000,000	2,581,519	2,799,279
Payment for debt securities issued	37.1	359	(6,594,697)	(2,093,667)	(6,450,482)	(2,077,567)
Borrowing from debt securities issued			-	-	-	-
Dividend paid to shareholders			(1,426,208)	17	(1,426,208)	17
Dividend paid to non-controlling interest			-	-	-	(123,900)
Net cash (used in)/generated from financing activities			(14,619,431)	(7,712,424)	(13,336,349)	(8,484,642)
Net (decrease) in cash & cash equivalents			3,428,306	1,192,937	3,938,872	1,095,552
Cash and cash equivalents at the beginning of the year			5,792,078	4,599,141	5,172,639	4,077,087
Cash and cash equivalents at the end of the year			9,220,384	5,792,078	9,111,511	5,172,639
Cash and cash equivalents			9,728,132	5,844,798	10,636,506	6,316,003
Bank overdraft			(507,748)	(52,720)	(1,524,995)	(1,143,364)
Cash and cash equivalents at the end of the year			9,220,384	5,792,078	9,111,511	5,172,639

The Notes appearing on pages 289 to 411 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

1.1 Corporate Information

People's Leasing & Finance PLC (the 'Company'), is a Public Limited Liability Company incorporated on 22 August 1995 and domiciled in Sri Lanka. It is a licensed finance company under the Finance Business Act No. 42 of 2011. The Company has a primary listing on the Colombo Stock Exchange on 24 November 2011. The Company was re-registered under the Companies Act No. 07 of 2007.

Its registered office and the principal place of the business is at No. 1161, Maradana Road, Colombo 08.

Consolidated Financial Statements

The consolidated financial statements of the Group for the year ended 31 March 2024 comprise People's Leasing & Finance PLC (Parent Company), its subsidiaries (together referred to as the 'Group').

Parent Entity and Ultimate Parent Entity

The Company's parent entity is People's Bank which is a Government owned entity.

Number of Employees

The staff strength of the Company and Group as at 31st March 2024 is 2,052 and 2,902 respectively. (2,245 and 2,974 as at 31st March 2023).

1.2 Group Information

Principal Activities and Nature of Operations

Company

People's Leasing & Finance PLC

The principal business activities are providing finance leases term loans, Islamic finance, margin trading, share trading, issue of debt instruments, factoring, gold loans and mobilisation of public deposits.

Subsidiaries

Name of the Subsidiaries	Principal activities	Country of Incorporation	% Equity interest	
			2024	2023
People's Leasing Fleet Management Limited	Vehicle valuation and insurance assessment	Sri Lanka	100%	100%
People's Leasing Property Development Limited	Carrying out mixed development projects and property development activities.	Sri Lanka	100%	100%
People's Insurance PLC	Carrying out general insurance business	Sri Lanka	75%	75%
People's Leasing Havelock Properties Limited	Construct and operate an office complex.	Sri Lanka	100%	100%
People's Micro-commerce Ltd	Providing non-bank financial services to low income earners and micro enterprises.	Sri Lanka	100%	100%
Alliance Finance PLC	Providing lease/loans and advances, issue of debt instruments and mobilisation of public deposits	Bangladesh	51%	51%

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The consolidated Financial Statements of the Group and Separate Financial Statements of the Company, as at 31st March 2024 and for the year then ended, have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 07 of 2007, the Finance Business Act No. 42 of 2011, Insurance Industry Act No. 43 of 2000 and the Listing Rules of the Colombo Stock Exchange. These Financial Statements, except for information on cash flows have been prepared following the accrual basis of accounting.

Sri Lanka Accounting Standards are available at 'www.casrilanka.com / www.slaasc.lk'.

The Group did not adopt any inappropriate accounting treatments, which are not in compliance with the requirements of the SLFRSs and LKASs, regulations governing the preparation and presentation of the Financial Statements.

Details of the Group's General Accounting Policies followed during the year are given in Notes 3.

2.2 Responsibility for Financial Statements

The Board of Directors is responsible for these Financial Statements of the Company and the Group as per the provision of the Companies Act No. 07 of 2007 and SLFRSs and LKASs.

The Board of Directors acknowledges their responsibility as set out in the "Annual Report of the Board of Directors on the Affairs of the Company", "Directors' Responsibility for Financial Reporting" and in the certification on the Statement of Financial Position.

These financial statements include the following components:

- » Statement of Profit or Loss and Statement of Comprehensive Income providing the information on the financial performance of the Company and the Group for the year under review;
- » Statement of Financial Position providing the information on the financial position of the Company and the Group as at the year-end;

NOTES TO THE FINANCIAL STATEMENTS

- » Statement of Changes in Equity depicting all changes in shareholders' equity during the year under review of the Company and the Group;
- » Statement of Cash Flows providing the information to the users, on how the company and the group generated and distribute cash and cash equivalents during the period
- » Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.3 Approval of Financial Statements by the Board of Directors

The Financial Statements of the Company and the Group for the year ended 31 March 2024 (including comparatives) were approved and authorised for issue on 28 May 2024 in accordance with the resolution of the Board of Directors on 28 May 2024.

2.4 Basis of Measurement

The Financial Statements of the Company and the Group have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

Item	Basis of measurement	Note	Page No.
Financial assets -Fair value through profit or loss	Fair Value	24	322
Financial assets - Fair value through other comprehensive income	Fair Value	27	341
Investment property	Fair Value	30	346
Retirement benefit obligation	Liability is recognised as the present value of the retirement benefit obligation, plus actuarial gains and losses .	43	367

2.5 Presentation of Financial Statements

The assets and liabilities of the Company and the Group in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 52 on page 376 (Current/ non-current analysis). No adjustments have been made for inflationary factors affecting the Financial Statements.

2.6 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the consolidated Statement of Profit or Loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

2.7 Functional and Presentation Currency

The Financial Statements of the Group and the Company are presented in Sri Lanka Rupees (Rs.), which is the currency of primary economic environment, in which the Group operates (Group functional currency).

2.8 Rounding

The amounts in the Financial Statements have been rounded-off to the nearest Rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard- LKAS 01 on "Presentation of Financial Statements".

2.9 Materiality and Aggregation

In compliance with the Sri Lanka Accounting Standard - LKAS 01 on 'Presentation of Financial Statements', each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions too are presented separately, unless they are immaterial.

2.10 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Financial Statements of the Company and the Group in conformity with SLFRSs and LKASs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Further, management is also required to consider key assumptions

concerning the future and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Actual results may differ from these estimates.

Accounting judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key significant accounting judgments, estimates and assumptions involving uncertainty are discussed below, whereas the respective carrying amounts of such assets and liabilities are as given in related Notes.

Going Concern

The directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the current economic developments, in order to make projections for future economic conditions of the environment in which it operates. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

Specifically, the high degree of uncertainty that characterizes the internal economic environmental led to deterioration in the creditworthiness of corporate and individuals. This resulted in an increase of non-performing loans and therefore the recognition of significant impairment losses by the Company and by the sector in general. Based on the above along with the Group's capital adequacy levels and the ability of the Company to access the liquidity mechanisms, the Group estimates that the conditions for the application of the going concern principle in preparation of its financial statements are met. Therefore, the financial statements continue to be prepared on the going concern basis.

Classification of Financial Assets and Liabilities

As per SLFRS 9, the Significant Accounting Policies of the Group provides scope for financial assets to be classified and subsequently measured into different categories, namely, at Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL) based on the following criteria;

- » The entity's business model for managing the financial assets as set out in Note 3.5.2 on page 293

» The contractual cash flow characteristics of the financial assets as set out in Note 3.5.2 on page 293

Classification of investment property

Management uses its judgment to classify properties as investment properties if they are held to earn rental income or for capital appreciation, generating independent cash flows. Properties used in production, supply, or administrative purposes, generating cash flows with other assets, are classified as Property, Plant & Equipment. The Group annually reassesses the classification based on the current use of the properties

Impairment Losses on Financial Assets

The measurement of impairment losses both under SLFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses.

The Group/Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets are impaired.

Impairment Losses on Loans and Receivables

Accordingly, the Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be provided in the Statement of Profit or Loss. In particular, the Management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

These estimates are based on assumptions about a number of factors and hence actual results may differ, resulting in future changes to the impairment allowance made.

Details of the 'impairment losses on loans and receivables' are given in Note 25.7 to the financial statements on page 336.

Impairment Charges on Financial Investments

Financial investments are categorised under amortised cost subject to Impairment in accordance with SLFRS 9 -Financial Investment. The Company/Group does not have historical loss experience on debt instruments at amortised cost. Thus the Group considers PDs published by the external sources i.e. - Bloomberg for external credit rating, LGD for debt securities issued by the Government of Sri Lanka in rupees is considered as 0%, and for all other instruments, industry average is considered as LGD.

Credit risk has not increased significantly relating to financial investments, since initial recognition. Therefore Group did not record expected credit loss in the financial statements for those investments.

Impairment of FVOCI

Details of the 'Impairment of FVOCI' are given in Note 27 to the financial statements on page 341.

Useful Life Time of the Property, Plant and Equipment

The Group reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

Useful Life Time of the Intangible Assets

Details of the 'useful life-time of the intangible assets' are given in Note 34 to the financial statements on page 354.

Fair Value of Investment Property

Significant judgments and estimates are used to determine the fair value, including comparable sales, future rental income, and discount rates. Details of the Fair Value of Investment Property are given in Note 30 on page 346.

SLFRS 16 Lease Liabilities and Right-of-Use Assets

Significant Judgments are required for lease terms and incremental borrowing rates, with estimates for renewal options and calculating lease liabilities and right-of-use assets. Details of the Lease liabilities and Right-of-use assets are given in note 40 and 33 on page 364/353.

 GRI 207-1,207-2,207-3,207-4,3-3

Transfer Pricing Regulation

The Company is subject to income taxes and other taxes including transfer pricing regulations. Prevailing uncertainties with respect to the interpretation of respective transfer pricing regulations, necessitated using management judgment to determine the impact of transfer pricing regulations. Accordingly critical judgments and estimates were used in applying the regulations in aspects including but not limited to identifying associated undertakings, estimation of the respective arm's length prices and selection of appropriate pricing mechanism. The current tax charge is subject to such judgments. Differences between estimated income tax charge and actual payable may arise as a result of management's interpretation and application of transfer pricing regulation.

 GRI 207-1,207-2,207-3,207-4,3-3

Deferred Tax

Details of the 'deferred tax' are given in Note 44 to the financial statements on page 369.

 GRI 201-3

Retirement Benefit Obligation

Details of the 'retirement benefit obligation' are given in Note 43 to the financial statements on page 367.

Provisions for Liabilities, Commitments, and Contingencies:

Significant Judgments are made to recognize provisions for present obligations, estimating the outflow of resources. Contingent liabilities are disclosed when outflows are not probable or cannot be reliably measured. Commitments are disclosed as future contractual obligations. Details of Provisions for Liabilities, Commitments, and Contingencies are given in note no 42 and 50 on page 366/374.

Valuation of General Insurance Contract Liabilities of Subsidiary People's Insurance PLC

The estimates of general insurance contracts have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims Incurred, But Not yet Reported, at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty. The main assumption underlying estimating the amounts of outstanding claims is the past claims development experience.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjusted estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims, inflation or loss ratios.

Events After the Reporting Date:

Management reviews events after the reporting date for adjustments or disclosures. Adjusting events provide evidence of conditions at the end of the reporting period, while non-adjusting events are disclosed if material. Details of Events after the Reporting Date are given in note 57 on page 411.

2.11 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and

NOTES TO THE FINANCIAL STATEMENTS

to enhance the inter period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3. MATERIAL ACCOUNTING POLICIES

3.1 Basis of Consolidation

The Consolidated Financial Statements of the Group for the year ended 31st March 2024 include the Company, its subsidiaries and its associate company. The financial statements of the Company's subsidiaries and associate are prepared for the same reporting year except for People's Insurance PLC, a subsidiary of People's Leasing & Finance PLC, whose financial year ends on December 31st. For consolidation purpose same reporting year has been used.

3.1.1 Business Combination and Goodwill

Business combinations are accounted for using the Acquisition method as per the requirements of Sri Lanka Accounting Standard - SLFRS 03 (Business Combinations).

The Group and the Company measure goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in Statement of Profit or Loss.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net amount of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the Statement of Profit or Loss.

3.1.2 Common Control Business Combination

Common control business combinations are accounted using the guidelines issued under Statement of Recommended Practice (SoRP) - Merger accounting for common control business combination issued by The Institute of Chartered Accountants of Sri Lanka.

3.1.3 Loss of Control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in Statement of Profit or Loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

3.1.4 Transactions Eliminated on Consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign Currency Transactions and Balances

All foreign currency transactions are translated into the functional currency which is Sri Lankan Rupees (Rs.) at the spot exchange rate at the date of the transactions were affected. In this regard, the Group's practice is to use the middle

rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the spot rate of exchange at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year adjusted for effective interest and payments during the year and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non-monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

3.3 SLFRS 15 – Revenue From Contracts With Customers

SLFRS 15 replaces revenue recognition guidance, including LKAS 18 on "Revenue", LKAS 11 on "Construction Contracts" and IFRIC 13 on "Customer Loyalty Programmes" and is effective for annual reporting periods beginning on or after 1 April, 2018.

SLFRS 15 provides a comprehensive framework for determining whether, how much, and when revenue is recognised. SLFRS 15 requires new qualitative and quantitative disclosure aimed at enabling users of Financial Statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Entities are required to apply five-step model to determine when to recognise revenue and at what amount. The model specifies that revenue is recognised when or as an entity transfers control of goods and services to a customer at the amount at which the entity expects to be entitled.

3.4 New and Amended Standard and Interpretation

In these financial statements, the Group has applied Sri Lanka Accounting Standard - Amendments to LKAS 8, LKAS 12 and LKAS 1 for financial reporting which became effective for the annual reporting periods beginning on or after 1st January 2023, for the first time. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not effective.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

Disclosure of Accounting Policies - Amendments to LKAS 1 and SLFRS Practice Statement 2

Amendments to LKAS 1 and SLFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- » Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies
- » Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

3.5 Financial Instruments - Initial Recognition and Subsequent Measurement

3.5.1 Date of Recognition

All financial assets and liabilities except 'regular way trades' are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. 'Regular way trades' means purchases or sales of financial assets that requires delivery of assets within the time frame generally established by regulation or convention in the market place.

Those trades are initially recognised on the settlement date.

3.5.2 Classification and Subsequent Measurement of Financial Assets

As per SLFRS 9, the Group classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms measured at either;

- » Amortised cost
- » Fair value through other comprehensive income (FVOCI)
- » Fair value through profit or loss (FVTPL)

The subsequent measurement of financial assets depends on their classification.

Business Model Assessment

With effect from 1 April 2018, the Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level and not assessed on instrument-by- instrument basis because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- » the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- » how the performance of the portfolio is evaluated and reported to the Group's management;
- » the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- » how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- » the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows

after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

As a second step of its classification process the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

"Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In contrast, contractual terms that introduce a more than the minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest on principal amount outstanding, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- » Contingent events that would change the amount and timing of cash flows;
- » Leverage features;
- » Prepayment and extension terms;
- » Terms that limit the Group's claim to cash flows from specified assets; and
- » Features that modify consideration of the time value of money.

NOTES TO THE FINANCIAL STATEMENTS

The Group holds a portfolio of long-term fixed rate loans for which the Group has the option to propose to revise the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The borrowers have an option to either accept the revised rate or redeem the loan at par without penalty. The Group has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies the interest rate in a way that is consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Details on different types of financial assets recognised on the SOFP.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Financial assets measured at amortised cost are given in Notes 22,23,25,26,28 and 35 to 40 on page 321/322/324/340/342 and 356 to 364.

Financial assets measured at FVOCI

Financial assets at FVOCI include debt and equity instruments measured at fair value through other comprehensive income. Financial assets measured at FVOCI are given in Notes 27 on page 341.

Financial assets measured at FVTPL

As per SLFRS 9, all financial assets other than those classified at amortised cost or FVOCI are classified as measured at FVTPL. Financial assets at fair value through profit or loss include financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis as they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets and financial assets designated upon initial recognition at fair value through profit or loss which are discussed in Notes 24 on page 322.

Financial assets designated at fair value through profit or loss

As per SLFRS 9, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL when such designation eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss as at the end of the reporting period.

3.5.3 Reclassification of Financial Instruments

Financial assets are not reclassified after their initial recognition, except in rare circumstances when the Group changes its business model for managing those financial assets. This may occur due to the acquisition, disposal, or termination of a business line.

From FVTPL:

To FVOCI: Fair value on reclassification date becomes the new gross carrying amount. EIR is recalculated. Subsequent fair value changes go to OCI.

To Amortised Cost: Fair value on reclassification date becomes the new carrying amount. EIR is recalculated.

From FVOCI:

To FVTPL: Accumulated OCI balance is transferred to profit or loss.

To Amortised Cost: Asset is reclassified at fair value, OCI balance adjusts this value to become amortised cost. EIR and initial carrying amount remain unchanged.

From Amortised Cost:

To FVOCI: Asset is remeasured to fair value, differences are recognised in OCI. EIR remains unchanged.

To FVTPL: Fair value on reclassification date becomes the new carrying amount. Difference between amortised cost and fair value goes to profit or loss.

There is no reclassification within the Group during the financial year.

3.5.4 Classification and Subsequent Measurement of Financial Liabilities

The Group classifies financial liabilities, excluding financial guarantees and loan commitments, into the following categories:

Financial Liabilities at FVTPL:

- » Held-for-Trading
- » Designated at FVTPL

Financial Liabilities Measured at Amortised Cost

Financial Liabilities at FVTPL

The Group currently has no financial liabilities classified as at FVTPL as of the end of the reporting period.

Financial Liabilities at Amortised Cost

Financial liabilities not measured at FVTPL are classified as financial liabilities at amortised cost, which include:

Due to Banks: Details in Note 35 on page 356.

Due to Customers: Details in Note 36 on page 358.

Debt securities Issued: Details in Note 37 on page 359.

Other Financial Liabilities: Details in Note 38 on page 361.

After initial recognition, these financial liabilities are measured at amortised cost using the Effective Interest Rate (EIR) method. The EIR amortisation is included in "Interest expense" in profit or loss. Gains and losses are recognised in profit or loss upon derecognition of the liabilities

3.5.5 Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when;

- » The rights to receive cash flows from the asset which have expired;
- » The Group and Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either;
- » The Group and Company has transferred substantially all the risks and rewards of the asset; or
- » The Group and Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received and any cumulative gain or loss that has been recognised in Statement of Comprehensive

Income is recognised in Statement of Profit or Loss.

When the Group and Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in Statement of Profit or Loss.

3.5.6 Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the Statement of Financial Position.

Income and expenses are presented on a net basis only when permitted under LKASs / SLFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

3.5.7 Determination of Fair Value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long

positions and ask price for short positions), without any deduction for transaction costs.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 21 on page 314.

3.6 Impairment of Non-financial Assets

The carrying amounts of the Group's non financial assets, other than deferred tax assets are reviewed at each Reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing of an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. Where the carrying amount of an asset or cash – generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may have decreased. If such indication exists the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation/ amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in Statement of Profit or Loss.

3.7 Property, Plant, and Equipment

Policies regarding the recognition, measurement, depreciation, and impairment of tangible assets include Note 32 on page 349.

3.8 Right of use asset

Policies for recognising, measuring, and depreciating right-of-use assets arising from lease contracts include Note 33 on page 353.

3.9 Intangible Assets

Policies on recognising and measuring intangible assets such as software and goodwill, including their amortisation and impairment includes Note 34 on page 354.

3.10 Lease liability

Policies for recognising, measuring, and presenting lease contracts includes Note 40 on page 364.

3.11 Retirement Benefit obligation

Policies for recognising and measuring post-employment benefits includes Note 43 on page 367.

3.12 Provisions

Provisions are recognised in the Statement of Financial Position when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with the Sri Lanka Accounting Standard - LKAS 37 on 'Provision, Contingent Liabilities and Contingent Assets'. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation at that date. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

3.13 Borrowing Costs

As per Sri Lanka Accounting Standard-LKAS 23 on 'Borrowing Costs', the Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of the asset. A qualifying asset is an asset which takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are recognised in the Statement of Profit or Loss in the period in which they occur.

3.14 Income tax

 GRI 207-1,207-2,207-3,207-4,3-3

3.14.1 Current tax

Details of the 'income tax expense' are given in Note 17 on page 308 to the financial statements. Accordingly, income tax rate

NOTES TO THE FINANCIAL STATEMENTS

of 30% was applied as per Inland Revenue (amendment) Act No.45 of 2022.

 GRI 207-1,207-2,207-3,207-4,3-3

3.14.2 Deferred Tax

Details of the 'deferred tax' are given in Note 44 on page 369 to the financial statements. Deferred tax assets and liabilities are estimate based on the income tax rate 30%.

3.15 Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No.12 of 2013, the CIL was introduced with effect from April 1, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

3.16 Value Added tax on financial services

Details of the 'VAT, SSCL on financial services' are given in Note 16 to the financial statements. VAT on FS calculates at the rate of 18% based on the value addition attributable to the financial services of the Company.

3.17 Social Security Contribution Levy (SSCL)

Details of the "SSCL on financial services" are given in Note 16 on page 307 to the financial statements. The Company liable to pay SSCL on FS at the rate of 2.5% based on the value addition attributable to the financial services. Further, company non-financial services liable on the turnover at the rate of 2.5%.

3.18 Value Added Tax (VAT)

VAT rate had been increased from 15% to 18% with effect from 1st January 2024.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following Sri Lanka Accounting Standards and interpretations were issued by The Institute of Chartered Accountants of Sri Lanka but not yet effective as at 31st March 2024. Accordingly these accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 March 2024. Following amendment is not expected to have a material impact on the Financial Statements of the Company/Group in the foreseeable future.

4.1 IFRS 17- Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- » A specific adaptation for contracts with direct participation features (the variable fee approach).
- » A simplified approach (the premium allocation approach) mainly for short-duration contracts.

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2023. Early application is permitted, if the entity is applying both Sri Lanka Accounting Standard - SLFRS 9 "Financial Instruments" and Sri Lanka Accounting Standard - SLFRS 15 "Revenue from Contracts with Customers" on or before the date on which it first apply SLFRS 17.

4.2 Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

4.3 Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information

about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

4.4 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application

4.5 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

5. GROSS INCOME

Accounting Policy

Income is recognised to the extent that it is probable that the economic benefits will flow to the Company/Group and revenue can be reliably measured. The specific recognition criteria, for each type of income, given under the respective income notes.

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	6.1	298	28,853,306	30,196,588	32,216,697	33,406,918
Net earned premium	7	299	-	-	3,735,325	4,673,853
Fee and commission income	8	300	1,544,820	1,265,287	979,395	691,195
Net gains/(losses) on financial assets - FVTPL	9	301	135,892	9,143	124,229	4,168
Other operating income	10	302	502,606	547,290	497,212	386,511
Total			31,036,624	32,018,308	37,552,858	39,162,645

6. NET INTEREST INCOME

Accounting Policy

For all financial instruments measured at amortised cost, interest income or expense is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

Interest income on financial assets measured at amortised cost (AC) including Cash and cash equivalents, Balances with banks & financial institutions, Loans and receivables and Debt instruments are calculated using Effective interest rate

The carrying amount of the financial asset or financial liability is adjusted if the Group revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income' for financial assets and 'Interest expense' for financial liabilities. However, for a reclassified financial asset for which the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

Revenue can be recognised only when it is probable that the economic benefit associate with the transaction will flow to the entity. However when uncertainty arise about the recoverability, revenue recognition should be ceased. With the adoption of SLFRS 9 –“Financial instrument”, Customer default point (Uncertainty about the recoverability) has been change to 90 days past due. Accordingly interest income can be recognised only up to 90 days past due in accordance with SLFRS 9.

Interest on Overdue Rentals

Interests from overdue rentals have been accounted for on a cash basis.

NOTES TO THE FINANCIAL STATEMENTS

6. NET INTEREST INCOME

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	6.1	298	28,853,306	30,196,588	32,216,697	33,406,918
Interest expenses	6.2	298	17,200,885	18,206,943	18,266,659	19,270,402
Net interest income			11,652,421	11,989,645	13,950,038	14,136,516

6.1 Interest income

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents			532,545	877,597	562,002	884,520
Balances with banks & financial institutions			3,087,990	2,968,570	3,699,208	3,611,575
Loans and receivables	6.1.1	298	21,578,075	23,517,789	23,692,636	25,479,889
Debt instrument - Amortised cost			3,654,696	2,832,632	4,262,851	3,430,934
Total interest income			28,853,306	30,196,588	32,216,697	33,406,918

6.1.1 Interest income - Loans and receivables

For the year ended 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	11,605,428	11,349,795	11,606,944	11,353,503
Hire-Purchase/ Murabah receivable	1,643	1,119	853,194	758,514
Term loans and receivables	9,971,004	12,166,876	11,232,498	13,367,873
Total interest loans and receivables	21,578,075	23,517,789	23,692,636	25,479,889

6.2 Interest expenses

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to banks	6.2.1	299	682,321	1,611,082	1,190,871	2,233,489
Due to customers	6.2.1	299	15,352,185	14,803,475	15,938,105	15,305,829
Debt securities issued	6.2.1	299	920,896	1,555,403	917,774	1,539,300
SLFRS 16-Incremental Borrowing Cost	40	364	245,483	236,983	219,909	191,784
Total interest expenses			17,200,885	18,206,943	18,266,659	19,270,402

6. NET INTEREST INCOME (CONTD...)

6.2.1 Interest expenses - product wise

For the Year ended 31st March	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Due to banks						
Interest on bank overdraft			1,272	605	129,425	193,068
Interest on short term loan			-	49,260	-	49,260
Interest on term loan			436,604	954,474	817,001	1,384,418
Interest on securitisation			244,445	606,743	244,445	606,743
Subtotal			682,321	1,611,082	1,190,871	2,233,489
Due to customers						
Interest cost on deposits			15,352,185	14,803,475	15,938,105	15,305,829
Subtotal			15,352,185	14,803,475	15,938,105	15,305,829
Debt securities issued						
Interest on debentures	37.1	359	920,896	1,555,403	917,774	1,539,300
Subtotal			920,896	1,555,403	917,774	1,539,300
Lease Liabilities						
SLFRS 16-Incremental Borrowing Cost			245,483	236,983	219,909	191,784
Subtotal			245,483	236,983	219,909	191,784
Total interest expenses			17,200,885	18,206,943	18,266,659	19,270,402

7. NET EARNED PREMIUM

Accounting Policy

Product classification of insurance and investment contracts

SLFRS 4 - "Insurance Contracts", requires contracts written by insurer to be classified as either 'Insurance contracts' or 'Investment contracts' depending in the level of insurance risk transferred.

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders, if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits paid with benefits payable, if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk, and no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

All the products sold by the People's Insurance PLC (Subsidiary of PLC) are insurance contracts and therefore classified as insurance contracts under SLFRS 4 - Insurance Contracts. Thus, the Company does not have any investment contracts within its product portfolio as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Revenue recognition of gross written premium

Gross written premium (GWP) represents the premium charged by the Company to underwrite risks. GWP is accounted on accrual basis.

Gross written premium comprises the total premiums received/receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

Rebates that form part of the premium rate, such as no claim rebates are deducted from GWP.

Insurance - Revenue Recognition Gross Written Premium

Non-life insurance gross written premium comprises the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

Reinsurance Premium

Non-life gross reinsurance premium written comprises the total premium payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premium includes any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned Premium Reserve

Unearned premium reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 365 basis.

Unearned Reinsurance Premium Reserve

Unearned reinsurance premium is the proportion of premium written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies.

For the Year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Gross written premium	-	-	5,482,095	5,819,786
Less : Premium ceded to reinsurers	-	-	2,236,515	1,383,534
Less : Change in reserve unearned premium	-	-	(489,745)	(237,601)
Total	-	-	3,735,325	4,673,853

8. FEE AND COMMISSION INCOME

Accounting Policy

Fee and commission income that are integral to the EIR of a financial asset are capitalised and included in the measurement of the EIR and recognised in the Income Statement over the expected life of the instrument.

As per SLFRS 15, the Group adopts principles based five step model for revenue recognition.

Accordingly, revenue is recognised only when all of the following criteria are met :

- » The parties to the contract have approved the contracts;
- » The Group can identify each party's rights regarding the goods or services to be transferred;
- » The Group can identify the payment terms for the goods or services to be transferred;
- » The contract has the commercial substance;
- » It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.
- » The applicability of SLFRS 15 to the Company is limited for fee and commission income.

For the Year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Service charges	424,985	494,523	69,548	107,464
Other fees and commission	1,119,835	770,764	909,847	583,731
Total	1,544,820	1,265,287	979,395	691,195

9. NET GAINS/(LOSSES) ON FINANCIAL ASSETS - FVTPL

Accounting Policy

Net gains/(losses) on financial assets - FVTPL comprises gains less losses related to trading assets, and include all realised and unrealised fair value changes, related capital gains and losses, from trading assets.

For the Year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Net mark-to-market (losses)/gain	128,951	9,053	114,938	(6,133)
Net capital gains	6,941	90	9,291	10,301
Total	135,892	9,143	124,229	4,168

10. OTHER OPERATING INCOME

Accounting Policy

Other Operating income includes income earned on other sources ,which are not directly related to the normal operations of the group, these are recognised on accrual basis.

Dividend Income

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

Operating lease income

Income arising on operating leases is accounted for on a straight-line basis over the lease terms on ongoing leases and is recorded in the Statement of Profit or Loss in other operating income.

Gain or Losses on Disposal of Property, Plant & Equipment

Gains or losses resulting from the disposal of property, plant and equipment are accounted for on cash basis in the Statement of Profit or Loss, in the period in which the sale occurs.

Hiring Income

Hiring income from vehicle on hire is recognised in the Statement of Profit or Loss based on the agreement entered between the owner and tenner for the year.

Valuation income

Valuation income is recognised when they are realised or realisable.

Insurance fee income

Insurance Policy holders are charged for policy administration services and other contract fees. These fees are recognised as income upon receipt or become due.

Other Income

Other income is recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Gain on sale of property, plant and equipment	111,049	22,189	126,037	22,189
Hiring income	-	-	-	463
Operating leases income	-	-	-	7,366
Rent income from investment property	-	-	81,846	78,392
Dividend income from - FVOCI	1,422	4,487	1,422	4,487
- Subsidiaries	373,334	513,828	-	-
- FVTPL	2,516	2,527	8,350	2,527
Gain/(Loss) of investment properties	10,504	-	105,195	94,692
Valuation income	-	-	56,682	55,363
Insurance fee income	-	-	87,335	82,590
Other income	3,781	4,259	30,345	38,442
Total	502,606	547,290	497,212	386,511

11. IMPAIRMENT CHARGES FOR LOANS AND RECEIVABLES AND OTHER LOSSES

Accounting Policy

The Company and the Group recognise the changes in the impairment provisions for loans and receivables which are assessed as per the SLFRS 9 - Financial Instruments. The methodology adopted by the Company and the Group is explained in Note 25 on page 324 to these financial statements.

Loss on disposal of collaterals including write offs

Loans and receivables (and the related impairment allowance accounts) are normally written off, either partially or in full, when there is no realistic prospect of recovery. Where loans and receivables are secured, this is generally after receipt of any proceeds from the realisation of security.

Recovery of written off debts and disposal losses

Recovery of written off debts and disposal losses are recognised on a cash basis.

For the year ended 31st March	Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Individual impairment	11.3/11.4	304	114,912	490,044	41,704	490,044
Collective impairment	11.3/11.4	304	(1,669,381)	31,642	(1,784,977)	213,684
Loss on Other receivable			(121)	-	(8,234)	(43,760)
Loss on disposal of collaterals including write offs			463,002	96,679	463,002	96,679
Recovery of written-off debts/disposal losses			(64,188)	(49,880)	(65,699)	(52,685)
Total	11.1/11.2	303	(1,155,776)	568,485	(1,354,204)	703,962

11. IMPAIRMENT CHARGES FOR LOANS AND RECEIVABLES AND OTHER LOSSES (CONTD...)**11.1 Impairment charge/(reversal) for loans and other losses - Company**

For the year ended 31st March	2024			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	364,140	561,926	(1,616,235)	(690,169)
Hire-Purchase/ Murabah receivable	(5,135)	4,582	(11,149)	(11,702)
Term Loan and receivables	39,809	870,241	(1,363,834)	(453,784)
Other receivables	(121)	-	-	(121)
Total	398,814	1,436,749	(2,991,339)	(1,155,776)

For the year ended 31st March	2023			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	46,181	1,280,342	(1,457,062)	(130,539)
Hire-Purchase/ Murabah receivable	(6,795)	7,442	(9,307)	(8,660)
Term Loan and receivables	7,413	2,101,526	(1,401,255)	707,684
Other receivables	-	-	-	-
Total	46,799	3,389,310	(2,867,624)	568,485

11.2 Impairment charge/(reversal) for loans and other losses - Group

For the year ended 31st March	2024			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	362,629	561,926	(1,616,235)	(691,680)
Hire-Purchase/ Murabah receivable	(5,135)	4,582	(59,080)	(59,633)
Term Loan and receivables	39,809	615,455	(1,249,921)	(594,657)
Other receivable	(8,234)	-	-	(8,234)
Total	389,069	1,181,963	(2,925,236)	(1,354,204)

For the year ended 31st March	2023			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	46,181	1,280,342	(1,457,062)	(130,539)
Hire-Purchase/ Murabah receivable	(6,795)	7,441	(153,797)	(153,151)
Term Loan and receivables	4,608	2,428,059	(1,401,255)	1,031,412
Other receivable	-	(43,760)	-	(43,760)
Total	43,994	3,672,082	(3,012,114)	703,962

NOTES TO THE FINANCIAL STATEMENTS

11.3 Impairment charge to the income statement – Company

For the year ended 31st March	2024			
	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	27,335	87,577	114,912
- Collective impairment	(593,483)	(609,876)	(466,022)	(1,669,381)
Total	(593,483)	(582,541)	(378,445)	(1,554,469)

For the year ended 31st March	2023			
	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	-	490,044	490,044
- Collective impairment	(429,686)	(67,893)	529,221	31,642
Total	(429,686)	(67,893)	1,019,265	521,686

11.4 Impairment charge to the income statement – Group

For the year ended 31st March	2024			
	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	-	41,704	41,704
- Collective impairment	(591,263)	(719,810)	(473,904)	(1,784,977)
Total	(591,263)	(719,810)	(432,200)	(1,743,273)

For the year ended 31st March	2023			
	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	-	490,044	490,044
- Collective impairment	(454,680)	117,728	550,636	213,684
Total	(454,680)	117,728	1,040,680	703,728

12. PERSONNEL EXPENSES

Accounting Policy

Personnel expenses include salaries, bonus, terminal benefit charges and other related expenses. The provision for bonus is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Employees are eligible for Employees' Provident Fund (EPF) contribution and Employees' Trust Fund (ETF) contributions in accordance with the respective statutes and regulations.

Retirement benefit obligation is recognised in the Statement of Profit or Loss based on an actuarial valuation carried out for the gratuity liability in accordance with Sri Lanka Accounting Standard - LKAS 19 - Employee Benefits.

For the year ended 31st March	Page No.	Company		Group	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Remuneration		3,816,895	4,071,654	4,985,581	5,221,557
Employee benefit - Defined contribution plans - EPF		204,678	208,985	269,510	270,711
Employee benefit - Defined contribution plans - ETF		51,169	52,237	65,208	65,149
Employee benefit - Retirement benefit obligation - Gratuity	43 367	175,370	155,670	221,361	174,517
Total		4,248,112	4,488,546	5,541,660	5,731,934

13. DEPRECIATION AND AMORTISATION

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the Income Statement. Freehold land is not depreciated. Right-of-use assets are depreciated over the useful lives of the assets. However, if there is no reasonable certainty that the Group will obtain the ownership by the end of the lease term, the assets are depreciated over the shorter of the estimated useful lives and the lease terms.

The estimated useful lives are as follows;

Class of asset	% per annum	Period
Freehold buildings	2	50 years
Improvement of leasehold property	25	4 years
Motor vehicles	12.5 - 20	5 - 8 years
Computer hardware	20	5 years
Office equipments	10 - 20	5 -10 years
Furniture and fittings	20	5 years

The above rates are consistently used by all the Group entities. The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and commence to depreciate when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

All classes of property, plant and equipment together with the reconciliation of carrying amounts and accumulated depreciation at the beginning and at the end of the year are given in Note 32 on page 349.

Amortisation of Right of Use assets

The right of use asset is subsequently depreciated. Depreciation is over the shorter of the useful life of the asset and the lease term.

Amortisation of intangible assets

Intangible assets are amortised using the straight-line method to write down the cost over its estimated useful economic lives from the date on which it is available for use at the rates as specified below;

Class of asset	% per annum	Period
Computer software	20	5 years

NOTES TO THE FINANCIAL STATEMENTS

The unamortised balances of intangible assets with finite lives are reviewed for impairment annually and whenever there is an indication for impairment and recognised in Statement of Profit or Loss to the extent that they are no longer probable of being recovered from the expected future benefits.

All classes of intangible assets together with the reconciliation of carrying amounts and accumulated amortisation at the beginning and at the end of the year are given in Note 33 on page 353.

For the year ended 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deprecation of property, plant and equipment	32	349	159,024	165,015	262,934	284,076
Amortisation of Right of use assets	33	353	502,481	523,101	332,642	361,012
Amortisation of intangible assets	34	354	8,431	10,456	18,292	15,045
Total			669,936	698,572	613,868	660,133

14. BENEFITS CLAIMS AND UNDERWRITING EXPENDITURE

Accounting Policy

Recognition of gross claims

Gross claims for non-life insurance include all claims occurring during the year, whether reported or not, related external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years. Claims outstanding are assessed by review of individual claim files and estimating changes in the ultimate cost of settling claims.

Claims expenses and liabilities for outstanding claims are recognised in respect of direct insurance business. The liability covers claims reported but not yet paid, incurred but not reported claims (IBNR) and the anticipated direct and indirect costs of settling those claims. The provision in respect of IBNR is actuarially valued on a quarterly basis to ensure a more realistic estimation of the future liability based on past experience and trends.

While the Directors consider that the provision for claims is fairly stated on the basis of information currently available, the ultimate liability will vary as a result of subsequent information and events. This may result in adjustment to the amounts provided. Such amounts are reflected in the financial statements for that period. The methods used and the estimates made are reviewed regularly.

Recognition of reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

Claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the re-insured business.

For the year ended 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net Benefits and claims	-	-	2,501,723	2,790,316
Underwritings and net acquisition costs	-	-	166,475	461,355
Total	-	-	2,668,198	3,251,671

15. OTHER OPERATING EXPENSES

Accounting Policy

Other operating expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to the Statement of Profit or Loss in arriving at the profit for the year.

Directors' emoluments

Directors' emoluments include fees paid to Non-Executive Directors.

Crop Insurance Levy (CIL)

As per the provisions of the Section 14 of the Finance Act No.12 of 2013, the CIL was introduced with effect from April 1, 2013 and is payable to the National Insurance Trust Fund. Currently, the CIL is payable at 1% of the profit after tax.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Directors' emoluments	18,727	5,726	37,865	14,794
Auditors' remunerations	7,032	7,032	14,959	14,630
Non-audit fees to auditors	1,351	1,406	1,466	1,406
Professional fees	108,084	37,658	123,231	41,813
Advertising expenses	56,582	39,529	107,460	75,804
Legal fees	9,594	7,529	17,587	15,492
Deposits Insurance Premium	134,224	147,584	134,224	147,584
Crop Insurance Levy	35,911	37,689	35,911	37,689
Operational expenses arising from investment property	-	-	18,186	9,700
Office administration and establishment expenses	2,405,106	1,798,385	2,900,139	2,181,848
Total	2,776,611	2,082,538	3,391,028	2,540,760

16. TAX ON FINANCIAL SERVICES

Accounting Policy

VAT on financial services

VAT on financial services is calculated in accordance with Value Added Tax(VAT) Act No. 14 of 2002 and subsequent amendments thereto. The value base for the computation of value added tax on financial services is calculated by adjusting the economic depreciation computed on rates prescribed by the Department of Inland Revenue to the accounting profit before income tax and emoluments payable. Emoluments payable include cash benefits, non cash benefits including terminal benefits. VAT on financial services rate applied for the current financial year is 18% (2022/2023-18%).

SSCL on Financial Services

Social Security Contribution Levy (SSCL) shall be paid by any person carrying on the business of supplying financial services, on the liable turnover specified in the Second Schedule of the Social Security Contribution Levy Act No.25 of 2022 (SSCL Act), at the rate of 2.5%, with effect from 01 October 2022. SSCL is payable on 100% of the Value Addition attributable to financial services. The Value Addition attributable to financial services shall be computed for the payment of SSCL on the business of supplying financial services by applying the attributable method referred in to Chapter III A of the Value Added Tax Act No. 14 of 2002.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
VAT on financial services	1,691,301	1,526,568	1,758,576	1,565,971
SSCL on financial services	229,623	104,900	237,849	107,609
Total	1,920,924	1,631,468	1,996,425	1,673,580

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX EXPENSE

Accounting Policy

This Note includes the major components of tax expense, the effective tax rates and a reconciliation between the profit before tax and tax expense, as required by the Sri Lanka Accounting Standard – LKAS 12 on “Income Taxes”. As per Sri Lanka Accounting Standard - LKAS 12 “Income Taxes”, tax expense is the aggregate amount included in determination of profit or loss for the period in respect of current and deferred taxation.

Current Tax

Current tax assets and liabilities for the current and prior years 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 reporting date.

Accordingly, The Company computed the income tax liability for the first six month of the year of assessment 2022/2023 by applying the income tax rate of 24%. The revised income tax rate of 30% and other amendments in line with the Inland Revenue (Amendment) Act No. 45 of 2022 were considered to calculate the income tax liability of the Company for second six month of the year of assessment 2022/2023.

A 30% income tax rate was also applied in the income tax calculation during the year of assessment 2023/24.

Surcharge Tax

As per the Surcharge Tax Act No. 14 of 2022, the Company is liable for the surcharge tax of Rs.1,947.16 Million out of the taxable income of Rs.7,788.66 Million pertaining to the year of assessment 2020/21. According to the said Act, the surcharge tax shall be deemed to be an expenditure in the financial statements commenced on 01 January 2020. Since the Act supersedes the requirements of the Sri Lanka Accounting Standards, the surcharge tax expense has been accounted as recommended by the SoAT on Accounting for Surcharge Tax issued by the Institute of Chartered Accountants of Sri Lanka. Accordingly, during the year ended 31 December 2022, the Company has recognised the total liability to the Surcharge Tax as an adjustment to the opening retained earnings as at 01 April 2022.

Company	Note	Page No.	Current Tax rate	
			2024	2023
People's Leasing & Finance PLC			30%	24%-30%
People's Leasing Fleet Management Limited			30%	24%-30%
People's Micro-commerce Ltd			30%	24%-30%
People's Insurance PLC	17.1	308	30%	24%-30%
People's Leasing Property Development Limited	17.2	309	20%-30%	20%-30%
People's Leasing Havelock Properties Limited	17.3	309	10%	10%
Alliance Finance PLC	17.4	309	40%	40%

17.1 People's Insurance PLC

Current tax is the expected tax payable on the taxable income for the year using tax rate enacted or substantively enacted on the reporting date and any adjustment to tax payable in respect of previous year. Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of the previous period. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate. The Company is liable for the first six month of the year of assessment 2022/2023 by applying the income tax rate income tax at 24%.The revised income tax rate of 30% and other amendments in line with the Inland Revenue (Amendment) Act No. 45 of 2022 were considered to calculate the income tax liability of the Company for second six month of the year of assessment 2022/2023.

17. INCOME TAX EXPENSE (CONTD...)**17.2 People's Leasing Property Development Limited**

Pursuant to the agreement dated 3rd December 2008 entered into by People's Leasing Property Development Limited with the Board of Investment under Section 17 of the Board of Investment Law, for the business of setting up and operating a mixed development project, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of five years reckoned from the year in which the Company makes profit or any year of assessment not later than two years reckoned from the date of commencement of its commercial operations whichever is earliest. The Company is eligible for a 10% concessional tax rate for a period of 2 years immediately succeeding the last date of tax exemption period and a 20% concessional tax rate after the expiration of the 10% concessional tax period. Non BOI income is liable for normal rate of 30%.

17.3 People's Leasing Havelock Properties Limited

Pursuant to the agreement dated 16th December 2010 entered into by People's Leasing Havelock Properties Limited with the Board of Investment under Section 17 of the Board of Investment Law, for the business of setting up and operating a mixed development project, the Inland Revenue Act relating to the imposition, payment and recovery of income tax shall not apply for a period of five years reckoned from the year in which the Company makes profit or any year of assessment not later than two years reckoned from the date of commencement of its commercial operations whichever is earliest. The Company is eligible for a 10% concessional tax rate for a period of 2 years immediately succeeding the last date of tax exemption period and a 20% concessional tax rate after the expiration of the 10% concessional tax period.

17.4 Alliance Finance PLC

According to Bangladesh Income Tax Ordinance, 1984 and amendments made thereto, tax rate applicable for Alliance Finance PLC is 40%.

17.5 Income tax expense

For the year ended 31st March	Page	Company		Group		
		Note	No.	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000
Statement of Profit or Loss						
Current income tax charge	17.6	310	1,377,756	1,471,393	1,731,114	2,132,725
Deferred tax (reversal)/charge for the year	44	369	457,679	(147,275)	500,679	(244,223)
Income tax expense recognised in Statement of Profit or Loss			1,835,435	1,324,118	2,231,793	1,888,502
Statement of Comprehensive Income						
Deferred tax charge/(reversal) for the year	44	369	58,832	(41,460)	89,805	(54,418)
Income tax charge/(reversal) recognised in Statement of Comprehensive Income			58,832	(41,460)	89,805	(54,418)
Effective tax rate (excluding deferred tax)			25.63%	33.89%	26.93%	40.01%
Effective tax rate			34.14%	30.50%	34.71%	35.43%

NOTES TO THE FINANCIAL STATEMENTS

17. INCOME TAX EXPENSE (CONTD...)

17.6 Reconciliation of Accounting Profit and Taxable Income

For the year ended 31st March	Page Note	No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit as per Statement of Profit or Loss			5,375,932	4,341,756	6,429,224	5,330,203
Add: Disallowable expenses			1,302,721	3,216,890	1,478,041	4,159,442
Add: Lease capital recoverable			165,688	817,039	165,688	817,039
Less: Allowable expenses			1,380,520	2,709,307	2,013,309	2,859,307
Less: Exempted /allowable income			377,272	319,717	839,391	402,401
Statutory income			5,086,549	5,346,661	5,220,253	7,044,976
Less: Tax loss utilised during the year	17.7	310	-	-	-	-
Assessable income			5,086,549	5,346,661	5,220,253	7,044,976
Taxable income			5,086,549	5,346,661	5,220,253	7,044,976
Income tax expense at the statutory income	17.8	310	1,525,924	1,471,393	1,876,053	2,132,725
(Over)/ under provision- previous years			(148,168)	-	(144,939)	-
Current tax on profits for the year			1,377,756	1,471,393	1,731,114	2,132,725
Deferred tax charged/(reversal) for the year	44	369	457,679	(147,275)	500,679	(244,223)
Tax expense for the year			1,835,435	1,324,118	2,231,793	1,888,502

17.7 Tax Losses Brought Forward and Utilised during the Year

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Tax losses brought forward	-	-	67,971	67,971
Tax losses utilised during the year	-	-	-	-
Tax losses not utilised and carried forward	-	-	67,971	67,971

17.8 Income tax expense at the statutory income

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
People's Leasing & Finance PLC	1,525,924	1,471,393	1,525,924	1,471,393
People's Leasing Fleet Management Limited	-	-	14,548	20,363
People's Micro-commerce Ltd	-	-	34,868	28,333
People's Insurance PLC	-	-	227,776	458,219
People's Leasing Property Development Limited	-	-	32,716	36,096
Alliance Finance PLC	-	-	40,221	118,321
Total income tax at the effective rate	1,525,924	1,471,393	1,876,053	2,132,725

17. INCOME TAX EXPENSE (CONTD...)**17.9 Summary of the taxes paid during the year**

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Direct taxes				
Income tax	1,836,478	2,309,372	2,142,485	2,619,752
Value added tax on financial services	1,750,444	1,629,017	1,805,240	1,668,229
SSCL on financial services	228,534	77,808	236,760	79,857
Crop insurance levy	29,752	39,637	33,791	47,817
Surcharge tax	-	1,947,167	-	2,493,093
Total direct taxes	3,845,208	6,003,001	4,218,276	6,908,748
Indirect taxes (collected and paid)				
Value added tax	290,857	138,697	1,074,467	736,548
SSCL on other income base	33,416	11,060	202,158	78,479
Stamp Duty	296,808	141,341	305,308	149,012
Withholding tax on dividend and interest	920,867	100,781	971,089	105,142
PAYE/APIIT	311,661	87,568	341,058	95,828
Total indirect taxes	1,853,609	479,447	2,894,080	1,165,009
Total taxes paid during the financial year	5,698,817	6,482,448	7,108,317	8,073,757

18. BASIC / DILUTED EARNINGS PER ORDINARY SHARE (EPS)**Accounting Policy**

Basic earning per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, as per Sri Lanka Accounting Standard - LKAS 33 - Earnings per share.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Profit attributable to equity holders (Rs.)	3,540,498,468	3,017,638,245	3,994,916,903	3,507,013,959
Number of ordinary shares as at 31st March 2024 (Restated-2023)	2,154,375,750	2,154,375,750	2,154,375,750	2,154,375,750
Basic/ Diluted earnings per ordinary share (Rs.)	1.64	1.40	1.85	1.63

NOTES TO THE FINANCIAL STATEMENTS

19. DIVIDEND PER ORDINARY SHARE

For the year ended 31st March	Company	
	2024	2023
Cash dividend Paid (Rs.'000)	1,429,319	-
Scrip dividend Paid (Rs.'000)	1,429,319	943,598
Total dividend paid (Rs.'000)	2,858,638	943,598
Dividend per Ordinary share (Rs.)	1.40	0.50

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

Accounting Policy

Financial instruments are measured on an ongoing basis either at fair value or at amortised cost. The summary of significant accounting policies describes how each category of financial instruments is measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of the financial instruments by category as defined in Sri Lanka Accounting Standard - SLFRS 9 'Financial Instruments : Recognition and Measurement' under the headings of the Statement of Financial Position.

20.1 Company

As at 31st March 2024	Page		Financial instruments recognised at fair value through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	22	321	-	9,728,132	-	9,728,132
Balances with banks & financial institutions	23	322	-	14,288,282	-	14,288,282
Financial assets -Fair value through profit or loss	24	322	1,339,867	-	-	1,339,867
Loans and receivables-Amotised Cost	25	324	-	103,650,453	-	103,650,453
Financial assets - Fair Value through other comprehensive income	27	341	-	-	1,158,669	1,158,669
Debt Instrument at amortised cost	28	342	-	18,372,055	-	18,372,055
Other financial assets	31	347	-	69,989	-	69,989
Total financial assets			1,339,867	146,108,911	1,158,669	148,607,447
Liabilities						
Due to banks	35	356	-	2,263,494	-	2,263,494
Due to customers	36	358	-	97,437,726	-	97,437,726
Debt securities issued	37	359	-	11,032,248	-	11,032,248
Other financial liabilities	38	361	-	3,188,693	-	3,188,693
Lease Liability	40	364	-	1,636,537	-	1,636,537
Total financial liabilities			-	115,558,698	-	115,558,698

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (CONTD...)

20.2 Company

As at 31st March 2023			Financial instruments recognised through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	22	321	-	5,844,798	-	5,844,798
Balances with banks & financial institutions	23	322	-	29,839,914	-	29,839,914
Financial assets - Fair value through profit or loss	24	322	203,975	-	-	203,975
Loans and receivables - Amortised Cost	25	324	-	114,277,945	-	114,277,945
Financial assets - Fair Value through other comprehensive income	27	341	-	-	944,653	944,653
Debt Instrument at amortised cost	28	342	-	10,903,577	-	10,903,577
Other financial assets	31	347	-	100,306	-	100,306
Total financial assets			203,975	160,966,540	944,653	162,115,168
Liabilities						
Due to banks	35	356	-	7,724,671	-	7,724,671
Due to customers	36	358	-	100,935,114	-	100,935,114
Debt securities issued	37	359	-	16,706,049	-	16,706,049
Other financial liabilities	38	361	-	1,457,388	-	1,457,388
Lease Liability	40	364	-	1,753,723	-	1,753,723
Total financial liabilities			-	128,576,945	-	128,576,945

20.3 Group

As at 31st March 2024			Financial instruments recognised at fair value through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	22	321	-	10,636,505	-	10,636,505
Balances with banks & financial institutions	23	322	-	17,562,955	-	17,562,955
Financial assets - Fair value through profit or loss	24	322	1,451,613	-	-	1,451,613
Loans and receivables - Amortised cost	25	324	-	116,919,950	-	116,919,950
Insurance and reinsurance receivables	26	340	-	1,586,697	-	1,586,697
Financial assets - Fair Value through other comprehensive income	27	341	-	-	1,720,475	1,720,475
Debt Instrument at amortised cost	28	342	-	23,826,514	-	23,826,514
Total financial assets			1,451,613	170,532,621	1,720,475	173,704,709
Liabilities						
Due to banks	35	356	-	7,181,365	-	7,181,365
Due to customers	36	358	-	103,843,054	-	103,843,054
Debt securities issued	37	359	-	11,032,248	-	11,032,248
Other financial liabilities	38	361	-	3,926,092	-	3,926,092
Insurance liabilities and reinsurance payable	39	362	-	5,508,693	-	5,508,693
Lease liability	40	364	-	1,554,027	-	1,554,027
Total financial liabilities			-	133,045,479	-	133,045,479

NOTES TO THE FINANCIAL STATEMENTS

20.4 Group

As at 31st March 2023			Financial instruments recognised at fair value through profit or loss (FVTPL)	Financial instruments at amortised cost (AC)	Financial instruments at fair value through other comprehensive income (FVOCI)	Total
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	22	321	-	6,316,003	-	6,316,003
Balances with banks & financial institutions	23	322	-	34,224,917	-	34,224,917
Financial assets - Fair value through profit or loss	24	322	345,093	-	-	345,093
Loans and receivables - Amortised cost	25	324	-	125,377,904	-	125,377,904
Insurance and reinsurance receivables	26	340	-	1,498,065	-	1,498,065
Financial assets - Fair Value through other comprehensive income	27	341	-	-	1,372,962	1,372,962
Debt Instrument at amortised cost	28	342	-	15,859,672	-	15,859,672
Total financial assets			345,093	183,276,561	1,372,962	184,994,616
Liabilities						
Due to banks	35	356	-	11,068,522	-	11,068,522
Due to customers	36	358	-	107,979,956	-	107,979,956
Debt securities issued	37	359	-	16,564,956	-	16,564,956
Other financial liabilities	38	361	-	1,709,574	-	1,709,574
Lease liability	40	364	-	1,477,875	-	1,477,875
Insurance liabilities and reinsurance payable	39	362	-	5,206,622	-	5,206,622
Total financial liabilities			-	144,007,505	-	144,007,505

21. FAIR VALUE OF ASSETS AND LIABILITIES

Accounting Policy

The following is a description of how fair values are determined for financial and non-financial assets and liabilities that are recorded at fair value using valuation techniques. These incorporate the Group's/Company's estimate of assumptions that a market participant would make when valuing the instruments.

21.1 Determination of Fair Value and Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

21.2 Financial assets - Fair Value through other comprehensive income

Financial assets - Fair Value through other comprehensive income valued using valuation techniques or pricing models primarily consist of quoted investment securities. These quoted investment securities are valued using quoted market price in an active market of each securities.

21.3 Financial assets - Fair value through profit or loss

Financial assets - Fair value through profit or loss valued using valuation techniques primarily consist of quoted investments. These quoted assets are valued using quoted market price in an active market of each securities.

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

21.4 Financial Assets and Liabilities Carried at Amortised Cost

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated based on the Discounted Cash Flow approach. This approach employs the current market interest rates of similar financial instruments as a significant unobservable input in measuring the fair value and hence it is categorised under level 3 in the fair value hierarchy.

21.5 Property, Plant and Equipment Disclosed at Fair Value

Freehold land and buildings are disclosed at revalued amount, being their fair value at the revaluation date less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

21.6 Valuation Model

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an inactive market, direct observation of a traded price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Valuation Framework

The Company has an established control framework with respect to the measurement of fair values of trading and investment operations and all other significant assets and liabilities. Specific controls include;

- » Periodic (daily, monthly or quarterly) reviewing of fair value measurements against observable market data.
- » Periodic (at least annually) reviewing of fair value measurement models against changes in market conditions, significant judgments and assumptions.

The following table shows an analysis of assets and liabilities recorded/disclosed at fair value by level of the fair value hierarchy:

31 March 2024 Company	Note	Page No.	Date of Valuation	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Quoted Investments	27	341	31.03.2024	234,492	-	-	234,492
Debentures			31.03.2024	-	924,177	-	924,177
Subtotal				234,492	924,177	-	1,158,669
Financial assets -Fair value through profit or loss							
Quoted Investments	24	322	31.03.2024	280,717	-	-	280,717
Investment in Unit Trust	24	322	31.03.2024	-	1,059,150	-	1,059,150
Subtotal				280,717	1,059,150	-	1,339,867
Non financial assets - Investment property							
Land and building	30	346	31.03.2024	-	-	295,465	295,465
Subtotal				-	-	295,465	295,465
Total				515,209	1,983,327	295,465	2,794,001
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	352		-	-	1,243,058	1,243,058
Total				-	-	1,243,058	1,243,058

NOTES TO THE FINANCIAL STATEMENTS

31st March 2023		Page	Date of	Level 1	Level 2	Level 3	Total
Company	Note	No.	Valuation	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Quoted Investments	27	341	31.03.2023	228,541	-	-	228,541
Debentures			31.03.2023	-	716,112	-	716,112
Subtotal				228,541	716,112	-	944,653
Financial assets - Fair value through profit or loss							
Quoted Investments	24	322	31.03.2023	203,975	-	-	203,975
Subtotal				203,975	-	-	203,975
Non financial assets - Investment property							
Lands and buildings	31	347	31.03.2023	-	-	284,961	284,961
Subtotal				-	-	284,961	284,961
Total				432,516	716,112	284,961	1,433,589
Non financial assets disclosed at fair value							
Freehold lands & buildings (included under property, plant & equipment).	32.4	352		-	-	1,243,058	1,243,058
Total				-	-	1,243,058	1,243,058

The following table shows an analysis of assets and liabilities recorded/disclosed at fair value by level of the fair value hierarchy:

31st March 2024		Page	Date of	Level 1	Level 2	Level 3	Total
Group	Note	No.	Valuation	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Quoted Investments	27	341	31.03.2024	234,492	-	-	234,492
Treasury bills	27	341	31.03.2024	-	561,806	-	561,806
Debentures	27	341	31.03.2024	-	924,177	-	924,177
Subtotal				234,492	1,485,983	-	1,720,475
Financial assets - Fair value through profit or loss							
Quoted Investments	24	322	31.03.2024	392,463	-	-	392,463
Investment in Unit Trust	24	322	31.03.2024	-	1,059,150	-	1,059,150
Subtotal				392,463	1,059,150	-	1,451,613
Non financial assets - Investment property							
Land and building	30	346	31.03.2024	-	-	1,305,512	1,305,512
Subtotal				-	-	1,305,512	1,305,512
Total				626,955	2,545,133	1,305,512	4,477,600
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	352	-	-	-	7,893,058	7,893,058
Total				-	-	7,893,058	7,893,058

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

As at 31st March 2023 Group	Note	Page No.	Date of Valuation	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000	Total Rs. '000
Financial Assets							
Financial assets - Fair value through other comprehensive income							
Treasury bills	27	341	31.03.2023	-	428,309	-	428,309
Quoted Investments	27	341	31.03.2023	228,541	-	-	228,541
Debentures	27	341	31.03.2023	-	716,112	-	716,112
Subtotal				228,541	1,144,421	-	1,372,962
Financial assets - Fair value through profit or loss							
Quoted Investments	24	322	31.03.2023	345,093	-	-	345,093
Subtotal				345,093	-	-	345,093
Non financial assets - Investment property							
Land and building	30	346	31.03.2023	-	-	1,200,317	1,200,317
Subtotal				-	-	1,200,317	1,200,317
Total				573,634	1,144,421	1,200,317	2,918,372
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	352		-	-	7,143,058	7,143,058
Total				-	-	7,143,058	7,143,058

There were no material transfers between level 1 and level 2 during the 2023/2024 and 2022/2023. Valuation was carried out for lands and buildings by professionally qualified independent valuer in compliance with Sri Lanka Accounting Standard - SLFRS 13 - Fair Value Measurement. Details of qualified independent valuer are given Note 32.4 Page 352.

The following table show total fair value gains/losses recognised in Statement of Profit or Loss during the year relating to assets and liabilities held at the respective year ended.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Financial Assets				
Financial assets - Fair value through profit or loss				
Quoted Investments	135,892	9,143	124,229	4,168
Total	135,892	9,143	124,229	4,168

NOTES TO THE FINANCIAL STATEMENTS

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

Level 3 fair value measurement

Reconciliation

The following note shows a reconciliation from the beginning balances to the ending balances of fair value measurements in level 3 of the fair value hierarchy. The Company has disclosed fair value of following non financial assets except investment property which is accounted for fair value in the Financial Statements.

	Note	Page No.	Company			Group		
			Investment property	Freehold Land Buildings	Total	Investment property	Freehold Land Buildings	Total
			Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April 2022			-	1,047,943	1,047,943	820,664	5,477,279	6,297,943
Additions			284,961	-	284,961	284,961	-	284,961
Disposals / transfers			-	-	-	-	-	-
Total gains / (losses) recognised in profit or loss;								
Fair value recognised during the year			-	-	-	94,692	-	94,692
Depreciation of buildings			-	-	-	-	(63,805)	(63,805)
Fair value disclosed during the year			-	195,115	195,115	-	814,228	814,228
Balance as at 31 March 2023	32.4	352	284,961	1,243,058	1,528,019	1,200,317	6,227,702	7,428,019
Balance as at 1 April 2023			284,961	1,243,058	1,528,019	1,200,317	6,227,702	7,428,019
Additions			-	-	-	-	-	-
Disposals / transfers			-	-	-	-	-	-
Fair value recognised during the year			10,504	-	10,504	105,195	-	105,195
Depreciation of buildings			-	-	-	-	(63,805)	(63,805)
Fair value disclosed during the year			-	-	-	-	708,610	708,610
Balance as at 31 March 2024	32.4	352	295,465	1,243,058	1,538,523	1,305,512	6,872,507	8,178,019

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)**Unobservable inputs used in measuring fair value**

The table below sets out information about significant unobservable inputs used at 31st March 2024 and 31st March 2023 in measuring non financial instruments categorised as level 3 in the fair value hierarchy. The Company has disclosed fair value of following non financial assets except investment property which is accounted for fair value in the Financial Statements.

Type of instrument	Date of Valuation	Fair value Rs. '000	Valuation Technique	Significant unobservable inputs	Weighted average range of estimates for unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Company						
As at 31st March 2024						
Investment Property						
Freehold lands	31.03.2024	231,325	MCM	Estimated price per perch	Rs.375,000-8,000,000	*
Freehold buildings	31.03.2024	64,140	MCM	Estimated price per sq.ft	Rs 4,000	*
Property, plant and equipment						
Freehold lands	31.12.2022	1,167,058	MCM	Estimated price per perch	Rs. 60,000 - 6,000,000	*
Freehold buildings	31.12.2022	76,000	MCM	Estimated price per sq.ft	Rs. 1,000 - 4,000	*
			Income basis	Estimated rental value per sq.ft.	Rs. 20 - 60	*
As at 31st March 2023						
Property, plant and equipment						
Freehold lands	31.12.2022	1,167,058	MCM	Estimated price per perch	Rs. 60,000 - 6,000,000	*
Freehold buildings	31.12.2022	76,000	MCM	Estimated price per sq.ft	Rs. 1,000 - 4,000	*
			Income basis	Estimated rental value per sq.ft.	Rs. 20 - 60	*
Group						
As at 31st March 2024						
Investment Property						
Freehold lands	31.12.2023	343,500	MCM	Estimated price per perch	Rs. 6,000,000 - 17,500,000	*
Freehold buildings	31.12.2023	666,547	MCM	Estimated price per sq.ft	Rs. 17500	*
			Income basis	Estimated rental value per sq.ft.	Rs. 175 - 310	*
Property, plant and equipment						
Freehold lands	31.12.2023	3,663,558	MCM	Estimated price per perch	Rs. 50,000 - 13,000,000	*
Freehold buildings	31.12.2023	3,219,453	MCM	Estimated price per sq.ft	Rs. 500 - 11,000	*
			Income basis	Estimated rental value per sq.ft.	Rs. 15 - 250	*
As at 31st March 2023						
Investment Property						
Freehold lands	31.12.2022	302,287	MCM	Estimated price per perch	Rs. 600,000 - 13,000,000	*
Freehold buildings	31.12.2022	613,068	MCM	Estimated price per sq.ft	Rs. 14,500	*
			Income basis	Estimated rental value per sq.ft.	Rs. 200 - 300	*
Property, plant and equipment						
Freehold lands	31.12.2022	3,704,771	MCM	Estimated price per perch	Rs. 50,000 - 13,000,000	*
Freehold buildings	31.12.2022	2,522,932	MCM	Estimated price per sq.ft	Rs. 500 - 11,000	*
			Income basis	Estimated rental value per sq.ft.	Rs. 15 - 250	*

MCM - Market comparable method

* Significant increases / (decreases) in any of these inputs in isolation would result in a significantly higher / (lower) fair value.

NOTES TO THE FINANCIAL STATEMENTS

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

21.7 FAIR VALUE OF ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

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

As at 31st March Company	2024					2023				
	Level 1	Level 2	Level 3	Total fair Value	Carrying amount	Level 1	Level 2	Level 3	Total fair Value	Carrying amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets										
Cash and cash equivalents	-	9,728,132	-	9,728,132	9,728,132	-	5,844,798	-	5,844,798	5,844,798
Balances with banks & financial institutions	-	15,136,114	-	15,136,114	14,288,282	-	29,900,057	-	29,900,057	29,839,914
Loans and receivables (Gross)	-	130,253,601	-	130,253,601	112,505,240	-	122,796,426	-	122,796,426	124,687,201
Debt instrument - Amortised cost	-	18,463,247	-	18,463,247	18,372,055	-	10,936,265	-	10,936,265	10,903,577
Other financial assets	-	69,989	-	69,989	69,989	-	100,306	-	100,306	100,306
Total	-	173,651,083	-	173,651,083	154,963,698	-	169,577,852	-	169,577,852	171,375,796
Financial Liabilities										
Due to banks	-	2,261,237	-	2,261,237	2,263,494	-	7,450,914	-	7,450,914	7,724,671
Due to customers	-	99,373,010	-	99,373,010	97,437,726	-	101,524,558	-	101,524,558	100,935,114
Debt Securities issued	-	9,178,853	-	9,178,853	11,032,248	-	13,139,340	-	13,139,340	16,706,049
Other Financial liabilities	-	3,188,693	-	3,188,693	3,188,693	-	1,457,388	-	1,457,388	1,457,388
Lease Liabilities	-	1,534,352	-	1,534,352	1,636,537	-	1,570,117	-	1,570,117	1,753,723
Total	-	115,536,145	-	115,536,145	115,558,698	-	125,142,317	-	125,142,317	128,576,945

As at 31st March Group	2024					2023				
	Level 1	Level 2	Level 3	Total fair Value	Carrying amount	Level 1	Level 2	Level 3	Total fair Value	Carrying amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets										
Cash and cash equivalents	-	10,636,505	-	10,636,505	10,636,505	-	6,316,003	-	6,316,003	6,316,003
Balances with banks & financial institutions	-	18,528,137	-	18,528,137	17,562,955	-	34,164,468	-	34,164,468	34,224,917
Loans and receivables (Gross)	-	144,313,634	-	144,313,634	126,632,467	-	135,077,403	-	135,077,403	136,885,374
Insurance and reinsurance receivables	-	1,586,697	-	1,586,697	1,586,697	-	1,498,065	-	1,498,065	1,498,065
Debt instrument - Amortised cost	-	24,739,582	-	24,739,582	23,826,514	-	15,854,167	-	15,854,167	15,859,672
Total	-	199,804,555	-	199,804,555	180,245,138	-	192,910,106	-	192,910,106	194,784,031
Financial Liabilities										
Due to banks	-	7,317,086	-	7,317,086	7,181,365	-	10,340,197	-	10,340,197	11,068,522
Due to customers	-	105,426,170	-	105,426,170	103,843,054	-	108,431,346	-	108,431,346	107,979,956
Debt Securities issued	-	9,178,853	-	9,178,853	11,032,248	-	12,998,247	-	12,998,247	16,564,956
Other Financial liabilities	-	3,926,092	-	3,926,092	3,926,092	-	1,709,574	-	1,709,574	1,709,574
Insurance liabilities and reinsurance payable	-	5,508,693	-	5,508,693	5,508,693	-	5,206,622	-	5,206,622	5,206,622
Lease Liabilities	-	1,496,451	-	1,496,451	1,554,027	-	1,328,797	-	1,328,797	1,477,875
Total	-	132,853,345	-	132,853,345	133,045,479	-	140,014,783	-	140,014,783	144,007,505

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The valuation techniques used to establish the Group's fair values are consistent with those used to calculate the fair values of financial instruments carried at fair value. The fair values calculated are for disclosure purposes only and do not have any impact on the Group's reported financial performance or position. The fair values calculated by the Group may be different from the actual amount that will be received / paid on the settlement or maturity of the financial instrument. As certain categories of financial instruments are not traded there is a significant level of management judgment involved in calculating the fair values.

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

21. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)

Balances with Banks and Financial Institutions

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Loan and Receivables

The fair value of loans and advances to customers with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of loans and advances with maturity of more than one year represents the discounted amount of future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Due to Customers

The estimated fair value of deposits with no maturity period (Savings Deposits) is the amount repayable on demand. The estimated fair value of fixed interest bearing deposits (Fixed Deposits) without quoted market prices is based on discounting cash flows using the prevailing market rates for debts with a similar risk and remaining maturity.

Due to Banks and Debt Securities Issued

Variable rate is a fair measure which reflects market movements. Hence the carrying value represents the fair value of the variable rate instruments.

The fair value of fixed rate borrowings with a maturity of less than one year generally approximates the carrying value, subject to any significant movement in credit spreads. The estimated fair value of fixed rates borrowing with maturity of more than one year represents the discounted amount of future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value.

Lease Liabilities

Estimated fair value of the lease liability represents the discounted amount of lease payment expected to be paid in the future. Expected cash flows are discounted using incremental borrowing rate at the reporting date.

22. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash in hand, placements with banks and loans at call and at short notice that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. They are brought to financial statements at their face values or the gross values, where appropriate. There were no cash and cash equivalent held by the Group companies that were not available for use by the Group.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Securities Purchased Under Reverse Repurchase Agreements

Securities purchased under agreements to re-sell at a specified future date are recognised in the Statement of Financial Position. The consideration paid, including accrued interest, is recorded in the Statement of Financial Position, within 'Cash and cash equivalents', reflecting the transaction's economic substance as alone by the Group. The difference between the purchase and resale prices is recorded in 'Interest income' and is accrued over the life of the agreement using the EIR.

As at 31st March	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Cash in hand			1,174,532	1,004,152	1,211,180	1,018,947
Balance with banks	22.1	321	1,368,045	1,748,726	1,795,308	2,097,659
Savings account with banks			976,423	231,172	1,420,885	338,649
Saving deposit in foreign currency			33	35	33	35
Call Deposits			-	2,860,713	-	2,860,713
Securities under reverse repurchase agreement			6,209,099	-	6,209,099	-
Total			9,728,132	5,844,798	10,636,505	6,316,003
Fair value			9,728,132	5,844,798	10,636,505	6,316,003

22.1 Balance with banks

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Local banks	1,368,045	1,748,726	1,795,308	2,097,659
Total	1,368,045	1,748,726	1,795,308	2,097,659

NOTES TO THE FINANCIAL STATEMENTS

23. BALANCES WITH BANKS & FINANCIAL INSTITUTIONS

Accounting Policy

Balances with banks & financial institutions include fixed deposits and deposits in foreign currency. Balances with banks & financial institutions are carried at amortised cost in the statement of financial position.

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Fixed deposits				
Local currency	14,288,282	29,839,914	17,551,790	34,171,461
Foreign currency	-	-	11,165	53,456
Total	14,288,282	29,839,914	17,562,955	34,224,917
Fair value	15,136,114	29,900,057	18,528,137	34,164,468

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

The Group classifies financial assets as financial assets recognised through profit or loss (FVTPL) when they have been purchased primarily for short term profit making through trading activities. FVTPL are recorded and measured at fair value and changes in fair value are recognised in the Net gains/(losses) on financial assets - FVTPL in the Statement of Profit or Loss.

SLFRS 9 requires financial instruments to be classified based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. FVTPL include quoted equity securities that have been acquired principally for short term profit making and are recorded at fair value using the market prices published by the Colombo Stock Exchange.

Further as per SLFRS 9, financial assets recognised through profit or loss includes all financial assets other than those classified under FVOCI and amortised cost.

Dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to receive the payment has been established.

The Group evaluates its portfolio of assets FVOCI, to determine if the intention to sell them in the near future is still appropriate. When the Group can not sell these financial assets due to inactive markets and the management intention to sell them in the foreseeable future significant changes, the Group may choose to reclassify these financial assets. Financial assets FVOCI measure the fair value using the prices obtained from Colombo Stock Exchanges.

As at 31st March	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Quoted equity securities	24.1	323	280,717	203,975	392,463	345,093
Investment in Unit Trust	24.3	324	1,059,150	-	1,059,150	-
Total			1,339,867	203,975	1,451,613	345,093
Fair value			1,339,867	203,975	1,451,613	345,093

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS (CONTD...)

24.1 Quoted equity securities

As at 31st March	2024			2023		
	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Company		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Capital Goods						
John Keells Holdings PLC	1,364,108	188,294	264,637	1,364,108	188,294	190,975
Hemas Holding PLC	200,000	14,157	16,080	200,000	14,157	13,000
Sub total		202,451	280,717		202,451	203,975
Total		202,451	280,717		202,451	203,975
Mark to market gains/(losses)		78,266			1,524	
Market value of equity securities		280,717			203,975	

As at 31st March	2024			2023		
	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Group		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Shares Listed In Sri Lanka						
Capital Goods						
John Keells Holdings PLC	1,364,108	188,294	264,637	1,364,108	188,294	190,975
Hemas Holding PLC	200,000	14,157	16,080	200,000	14,157	13,000
Subtotal		202,451	280,717		202,451	203,975
Shares Listed In Bangladesh						
British American Tobacco Bangladesh	10,000	17,977	11,081	10,000	19,990	15,829
Berger Paints Bangladesh Ltd.	999	4,919	4,901	999	5,470	5,284
Beximco Pharma	12,000	6,459	3,833	12,000	7,182	5,354
BRAC Bank Ltd.	32,250	4,094	3,558	30,000	4,552	3,525
City Bank Ltd.	114,750	8,005	7,274	112,500	8,902	7,484
Dutch Bangla Bank Ltd.	59,125	11,280	9,054	55,000	12,543	10,507
Eastern Bank Ltd.	30,000	2,483	2,635	35,000	3,666	3,396
Grameenphone Limited	28,000	26,427	18,273	28,000	29,386	24,488
Marico Bangladesh Ltd.	1,000	6,805	6,710	1,000	7,567	7,389
Reckitt Benckiser	310	4,411	3,988	390	6,171	5,666
Global Islami Bank Limited	433,955	11,342	9,289	413,291	12,612	11,351
Square Pharmaceuticals Ltd.	30,000	19,464	17,923	30,000	21,644	19,207
Summit Power	150,000	19,738	9,838	150,000	21,947	15,563
Walton Hi-Tech Industries	1,900	5,754	3,389	1,900	6,398	6,075
Subtotal		149,158	111,746		168,030	141,118
Total		351,609	392,463		370,481	345,093
Mark to market gains/(losses)		40,854			(25,388)	
Market value of equity securities		392,463			345,093	

NOTES TO THE FINANCIAL STATEMENTS

24.2 Industry/sector composition of equity securities – Company and Group

As at 31st March	2024			2023		
	Total Cost	Market Value	Composition	Total Cost	Market Value	Composition
Company	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Industry/Sector						
Capital Goods	202,451	280,717	100.00%	202,451	203,975	100.00%
Subtotal	202,451	280,717	100.00%	202,451	203,975	100.00%
Mark to market gains/(losses)	78,266			1,524		
Market value of equity securities	280,717			203,975		
Group						
Capital Goods	202,451	280,717	71.53%	202,451	203,975	59.11%
Shares Listed In Bangladesh	149,158	111,746	28.47%	168,030	141,118	40.89%
Subtotal	351,609	392,463	100.00%	370,481	345,093	100.00%
Mark to market gains/(losses)	40,854			(25,388)		
Market value of equity securities	392,463			345,093		

Sensitivity analysis of financial assets - FVTPL - equity is given in Note 56.4.3. on page no. 407.

24.3 Investment in Unit Trust

As at 31st March	No. of Units	Company		No. of Units	Group	
		2024	2023		2024	2023
		Rs. '000	Rs. '000		Rs. '000	Rs. '000
CAL Investment	32,237,882	1,059,150	-	32,237,882	1,059,150	-
		1,059,150	-		1,059,150	-

25. LOANS AND RECEIVABLES - AMORTISED COST

Accounting Policy

Financial assets classified as loans and receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- » Those that the Group and Company intends to sell immediately or in the near term and those that, upon initial recognition, designates as at fair value through profit or loss
- » Those that the Group and Company, upon initial recognition, designates as FVOCI
- » Those for which the Group and Company may not recover substantially all of its initial investment, other than because of credit deterioration

'Loans and receivables' are measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest income' in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in 'impairment charges for loans and receivables and other losses'.

Leasing

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

Group/Company as a Lessee

Leases that do not transfer to the Group/Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

Group/Company as a Lessor

Leases where the Group/Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Receivables on Lease, Hire Purchase and Islamic Finance

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Group recognises assets held under finance lease in the Statement of Financial Position and present them as a lease receivable at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs. The finance income receivable is recognised in "interest income" over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases.

'Day 1' Difference for Staff Loans

All staff loans granted at below market interest rates were recognised at fair value. The difference between the fair value and the amount disbursed were treated as 'day 1' difference and amortised as staff cost over the loan period by using effective interest rate (EIR). The staff loans were subsequently measured at amortised costs. Refer Note 31.2. Page 348.

Renegotiated Loans and Receivables

Where possible, the Group/Company seeks to restructure loans and receivables rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new receivable conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the receivable is no longer considered past due. Management continually reviews renegotiated loans and receivables to ensure that all criteria are met and that future payments are likely to occur. The receivable continue to be subject to any criteria are met and that future payments are likely to occur. The loans and receivables continue to be measured at amortised cost using original EIR and subject to an individual or collective impairment assessment.

Impairment allowance for loans and receivable to customers

Details on the Impairment allowance for loans and receivable to customers disclosed in the note 25.6. Page 334.

Reversals of Impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the impairment allowance account accordingly. The write-back is recognised in the Statement of Profit or Loss.

Written off of loans and receivables

Loans and receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Collateral Valuation

Revaluation of immovable properties obtained as collaterals against any accommodation granted are assessed based on the requirements in the Direction No 04 of 2018 on "Valuation of Immovable Properties" and subsequent amendments thereto issued by the Central Bank of Sri Lanka (CBSL). The assessment of immovable properties is carrying out by independent professional valuers as required by the said direction issued by CBSL.

The assessed fair value of the immovable properties does not consider for the measurement of regulatory provisions for bad and doubtful debts as per Direction No 01 of 2020 and subsequent amendments thereto issued by CBSL.

Collateral Repossessed

Repossessed collateral will not be taken into books of accounts unless the Group has taken those collaterals into its business operations. However such additions from the repossessed collaterals to the business operations are not significant.

Non-Accrual Receivables

Interest income recognition stops when receivables are over 90 days past due, involved in legal action, backed by untraceable or unattainable collaterals, or deemed uncollectible. For non-accrual receivables, financing revenue is recognised only when payments are received, with payments applied first to outstanding interest and then to the principal balance.

NOTES TO THE FINANCIAL STATEMENTS

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

As at 31st March	Page	Note	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Loans and receivables	25.1.2	328	112,505,240	124,687,201	126,632,467	136,885,374
(Less):						
Individual impairment Allowance	25.7	336	2,260,418	2,145,506	2,187,210	2,145,506
Collective impairment Allowance	25.7	336	6,594,369	8,263,750	7,525,307	9,361,964
Net loans and receivables			103,650,453	114,277,945	116,919,950	125,377,904
Fair value			130,253,601	122,796,426	144,313,634	135,077,403

25.1 Analysis

25.1.1 Analysis by stage wise

Company

As at 31st March 2024	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	84,239,819	10,439,263	17,826,158	112,505,240
(Less):				
Individual impairment Allowance	-	27,335	2,233,083	2,260,418
Collective impairment Allowance	315,054	213,357	6,065,958	6,594,369
Net loans and receivables	83,924,765	10,198,571	9,527,117	103,650,453

As at 31st March 2023	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	92,643,506	14,701,075	17,342,620	124,687,201
(Less):				
Individual impairment Allowance	-	-	2,145,506	2,145,506
Collective impairment Allowance	908,537	823,233	6,531,980	8,263,750
Net loans and receivables	91,734,969	13,877,842	8,665,134	114,277,945

Group

As at 31st March 2024	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	95,124,774	12,411,576	19,096,116	126,632,467
(Less):				
Individual impairment Allowance	-	-	2,187,210	2,187,210
Collective impairment Allowance	609,726	434,107	6,481,475	7,525,308
Net loans and receivables	94,515,048	11,977,469	10,427,431	116,919,949

As at 31st March 2023	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	100,865,905	17,257,359	18,762,110	136,885,374
(Less):				
Individual impairment Allowance	-	-	2,145,506	2,145,506
Collective impairment Allowance	1,252,668	1,153,917	6,955,379	9,361,964
Net loans and receivables	99,613,237	16,103,442	9,661,225	125,377,904

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.1.2 Analysis by product**

As at 31st March	Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
By product						
Lease/Ijarah receivable	25.4.1/25.5.1	330/332	61,953,264	55,764,729	61,950,810	55,759,186
Hire-Purchase/ Murabah receivable	25.4.2/25.5.2	330/332	184,992	196,060	3,020,693	2,918,779
Term Loan and receivables	25.4.3/25.5.3	331/333	48,977,273	67,089,647	61,660,964	78,207,409
Related party receivables	25.2	328	1,389,711	1,636,765	-	-
Gross total			112,505,240	124,687,201	126,632,467	136,885,374

25.1.3 Analysis by Currency

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Sri Lankan Rupee	112,505,240	124,687,201	114,047,504	125,832,413
Bangladesh Taka	-	-	12,584,963	11,052,961
Gross total	112,505,240	124,687,201	126,632,467	136,885,374

25.1.4 Analysis by Industry

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Agriculture, Forestry & Fishing	24,068,961	27,151,036	24,631,279	27,709,320
Arts, Entertainment & Recreation	847,930	954,545	851,205	956,091
Construction & Infrastructure Development	7,357,034	8,528,731	7,308,784	9,433,072
Consumption	7,297,156	8,013,864	8,443,036	8,781,028
Education	2,060,396	1,707,696	2,060,832	1,707,696
Financial Services	7,482,293	8,776,851	10,357,850	12,776,951
Health Care, Social Services & Support Services	7,001,076	7,354,251	7,501,618	9,185,041
Information Technology And Communication	1,413,598	1,304,974	2,556,816	1,399,371
Manufacturing	7,097,228	7,247,716	12,396,221	10,617,109
Professional, Scientific & Technical Activities	8,989,175	10,064,883	10,384,508	10,069,976
Tourism	2,478,577	2,689,999	2,491,645	2,699,305
Transportation & Storage	20,245,475	24,861,237	20,346,201	24,989,315
Wholesale & Retail Trade	15,198,784	14,994,171	15,618,303	15,481,123
Other	967,557	1,037,247	1,684,169	1,079,976
Gross total	112,505,240	124,687,201	126,632,467	136,885,374

NOTES TO THE FINANCIAL STATEMENTS

25.2 Related Party Receivables

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
People's Leasing Property Development Limited	462,396	528,249	-	-
People's Leasing Fleet Management Limited	-	1,320	-	-
People's Leasing Havelock Properties Limited	843,719	1,043,582	-	-
People's Micro-commerce Ltd.	9,554	10,405	-	-
People's Insurance PLC	47,532	26,589	-	-
Alliance Finance PLC	26,510	26,620	-	-
Total	1,389,711	1,636,765	-	-

25.3 Movement in gross loan and receivables during the year

Movement in gross loan and receivables 2023/24 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2023	92,643,506	14,701,075	17,342,620	124,687,201
New assets originated or purchased	37,489,556	975,258	108,152	38,572,966
Assets derecognised or repaid (excluding write offs)	(42,133,378)	(7,305,534)	(1,316,015)	(50,754,927)
Transfers to Stage 2 and 3	(7,175,071)	5,589,122	1,585,949	-
Transfers to Stage 1 and 3	2,484,625	(4,379,148)	1,894,523	-
Transfers to Stage 1 and 2	930,581	858,490	(1,789,071)	-
Amounts written off	-	-	-	-
Gross carrying amount as at 31st March 2024	84,239,819	10,439,263	17,826,158	112,505,240

Movement in gross loan and receivables 2022/23 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2022	124,054,490	16,207,503	20,900,031	161,162,024
New assets originated or purchased	24,572,528	361,926	77,170	25,011,624
Assets derecognised or repaid (excluding write offs)	(47,358,272)	(7,465,019)	(6,656,062)	(61,479,353)
Transfers to Stage 2 and 3	(14,813,857)	9,470,397	5,343,460	-
Transfers to Stage 1 and 3	4,048,153	(5,547,139)	1,498,986	-
Transfers to Stage 1 and 2	2,140,464	1,673,407	(3,813,871)	-
Amounts written off	-	-	(7,094)	(7,094)
Gross carrying amount as at 31st March 2023	92,643,506	14,701,075	17,342,620	124,687,201

Movement in gross loan and receivables 2023/24 - Group

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2023	100,865,905	17,257,359	18,762,110	136,885,374
New assets originated or purchased	42,673,551	1,462,666	129,929	44,266,146
Assets derecognised or repaid (excluding write offs)	(43,713,985)	(7,981,447)	(1,414,388)	(53,109,820)
Transfers to Stage 2 and 3	(7,318,572)	5,700,904	1,617,668	-
Transfers to Stage 1 and 3	2,733,088	(4,817,063)	2,083,975	-
Transfers to Stage 1 and 2	1,023,639	944,339	(1,967,978)	-
Amounts written off	-	-	-	-
Foreign exchange adjustments	(1,138,851)	(155,182)	(115,200)	(1,409,233)
Gross carrying amount as at 31st March 2024	95,124,774	12,411,576	19,096,116	126,632,467

Movement in gross loan and receivables 2022/23 - Group

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2022	134,631,929	17,272,072	22,258,981	174,162,982
New assets originated or purchased	31,727,096	1,085,962	82,391	32,895,449
Assets derecognised or repaid (excluding write offs)	(56,107,111)	(6,223,770)	(6,319,132)	(68,650,012)
Transfers to Stage 2 and 3	(15,110,134)	9,659,805	5,450,329	-
Transfers to Stage 1 and 3	4,452,968	(6,101,853)	1,648,885	-
Transfers to Stage 1 and 2	2,354,510	1,840,748	(4,195,258)	-
Amounts written off	-	-	(15,922)	(15,922)
Foreign exchange adjustments	(1,083,353)	(275,605)	(148,164)	(1,507,122)
Gross carrying amount as at 31st March 2023	100,865,905	17,257,359	18,762,110	136,885,374

NOTES TO THE FINANCIAL STATEMENTS

25.4 Remaining Contractual Maturity Analysis -Company

25.4.1 Lease/ljarah receivable

As at 31st March	2024				2023			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross rentals receivable	37,665,486	41,791,184	14,207	79,470,877	34,877,887	33,566,958	35,300	68,480,145
Less: Unearned income	9,353,538	8,163,090	296	17,516,924	7,634,808	5,078,328	1,477	12,714,614
Net rentals receivable	28,311,948	33,628,094	13,911	61,953,953	27,243,079	28,488,630	33,823	55,765,531
Less : Rentals received in advance				688				803
Lease/ljarah receivable before impairment provision				61,953,265				55,764,728
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Total individual impairment	-	-	-	-	-	-	-	-
Collective Impairment								
Stage 1	-	-	-	231,521	-	-	-	622,874
Stage 2	-	-	-	159,977	-	-	-	559,881
Stage 3	-	-	-	2,175,315	-	-	-	2,438,367
Total collective impairment	-	-	-	2,566,813	-	-	-	3,621,122
Total net rentals receivable	28,311,948	33,628,094	13,911	59,386,452	27,243,079	28,488,630	33,823	52,143,606

25.4.2 Hire-Purchase/ Murabah receivable

As at 31st March	2024				2023			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross rentals receivable	196,280	2,516	-	198,796	207,793	3,211	-	211,004
Less: Unearned income	13,591	38	-	13,629	14,705	65	-	14,770
Net rentals receivable	182,689	2,478	-	185,167	193,088	3,146	-	196,234
Less : Rentals received in advance	-	-	-	174	-	-	-	174
Hire-Purchase/ Murabah receivable before impairment provision	-	-	-	184,993	-	-	-	196,060
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-	-
Total individual impairment	-	-	-	-	-	-	-	-
Collective Impairment								
Stage 1	-	-	-	1,145	-	-	-	81
Stage 2	-	-	-	-	-	-	-	-
Stage 3	-	-	-	180,808	-	-	-	188,440
Total collective impairment	-	-	-	181,953	-	-	-	188,521
Total net rentals receivable	182,689	2,478	-	3,040	193,088	3,146	-	7,539

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.4.3 Term Loan and receivables**

For the year ended 31st March	2024				2023			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Motor Loans	7,501,218	7,746,909	1,784	15,249,911	12,132,928	18,250,910	41,723	30,425,561
Short and medium loans	4,502,741	1,929,926	7,196	6,439,863	4,960,282	3,555,325	43,594	8,559,201
Clean Basis Loan	821,567	15,511	-	837,078	836,317	29,316	-	865,633
Self E Cash Loan	3,564,760	1,161,484	-	4,726,244	3,465,791	1,606,759	-	5,072,551
Fast Track Loan	1,033,287	245,514	-	1,278,801	896,100	92,235	-	988,335
Trading Murabah	209,839	23,017	-	232,856	181,068	22,846	45,535	249,449
Musharakah	742,240	712,869	-	1,455,109	1,136,527	1,435,060	8,052	2,579,639
Gold Loan	10,957,789	-	-	10,957,789	9,194,726	-	-	9,194,726
Factoring receivable	1,122,792	-	-	1,122,792	1,507,410	-	-	1,507,410
Margin trading	5,714,267	-	-	5,714,267	6,632,491	-	-	6,632,491
Staff loans	200,464	577,107	54,890	832,461	180,883	454,141	192,458	827,481
Sundry loans	126,141	4,143	-	130,284	164,157	23,312	-	187,470
Less ; Prepaid Rentals	(181)	-	-	(181)	(300)	-	-	(300)
Loan receivable before impairment provision	36,496,924	12,416,480	63,870	48,977,274	41,288,381	25,469,904	331,362	67,089,647
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				2,187,210				2,145,506
Total individual impairment				2,187,210				2,145,506
Collective Impairment								
Stage 1				82,388				285,582
Stage 2				53,380				263,352
Stage 3				3,709,835				3,905,173
Total collective impairment				3,845,603				4,454,107
Total net rentals receivable	36,496,924	12,416,480	63,870	42,944,461	41,288,381	25,469,904	331,362	60,490,034

NOTES TO THE FINANCIAL STATEMENTS

25.5 Remaining Contractual Maturity Analysis -Group

25.5.1 Lease/ljarah receivable

As at 31st March	2024				2023			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross rentals receivable	37,662,701	41,791,183	14,208	79,468,092	34,876,040	33,560,590	35,300	68,471,930
Less: Unearned income	9,353,207	8,163,090	296	17,516,593	7,635,488	5,077,648	1,477	12,714,614
Net rentals receivable	28,309,494	33,628,093	13,912	61,951,499	27,240,552	28,482,942	33,823	55,757,316
Less : Rentals received in advance				688				803
Lease/ljarah receivable before impairment provision				61,950,811				55,756,513
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				231,521				622,874
Stage 2				159,977				559,881
Stage 3				2,175,316				2,438,367
Total collective impairment				2,566,814				3,621,122
Total net rentals receivable	28,309,494	33,628,093	13,912	59,383,997	27,240,552	28,482,942	33,823	52,135,391

25.5.2 Hire-Purchase/ Murabah receivable

As at 31st March	2024				2023			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gross rentals receivable	2,159,024	1,982,320	-	4,141,344	1,779,431	2,177,217	-	3,956,648
Less: Unearned income	614,308	506,168	-	1,120,476	536,448	501,248	-	1,037,696
Net rentals receivable	1,544,716	1,476,152	-	3,020,868	1,242,983	1,675,969	-	2,918,952
Less : Rentals received in advance				174				174
Hire-Purchase/ Murabah receivable before impairment provision				3,020,694				2,918,778
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				28,015				86,167
Stage 2				40,286				92,156
Stage 3				308,762				326,611
Total collective impairment				377,063				504,933
Total net rentals receivable	1,544,716	1,476,152	-	2,643,631	1,242,983	1,675,969	-	2,413,845

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

25.5.3 Term Loan and receivables

As at 31st March	2024				2023			
	Within one year	1-5 years	Over 5 years	Total	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Motor Loans	7,501,218	7,746,909	1,784	15,249,911	12,132,928	18,250,910	41,723	30,425,561
Short and medium loans	10,809,630	6,227,625	1,983,669	19,020,924	9,664,686	9,326,044	639,014	19,629,744
Clean Basis Loan	821,567	15,511	-	837,078	836,317	29,316	-	865,633
Self E Cash Loan	3,564,760	1,161,484	-	4,726,244	3,465,791	1,606,759	-	5,072,551
Fast Track Loan	1,033,287	245,514	-	1,278,801	896,100	92,235	-	988,335
Trading Murabah	209,839	23,017	-	232,856	181,068	22,846	45,535	249,449
Musharakah	742,240	712,869	-	1,455,109	1,136,527	1,435,060	8,052	2,579,639
Gold Loan	10,957,789	-	-	10,957,789	9,194,726	-	-	9,194,726
Factoring receivable	1,122,792	-	-	1,122,792	1,507,410	-	-	1,507,410
Margin trading	5,714,267	-	-	5,714,267	6,632,491	-	-	6,632,491
Staff loans	224,357	637,140	73,593	935,090	191,331	479,967	203,403	874,700
Sundry loans	126,141	4,143	-	130,284	164,157	23,312	-	187,470
Less :Prepaid Rentals	(181)	-	-	(181)	(300)	-	-	(300)
Loan receivable before impairment provision	42,827,706	16,774,212	2,059,046	61,660,964	46,003,233	31,266,450	937,727	78,207,409
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				2,187,210				2,145,506
Total individual impairment				2,187,210				2,145,506
Collective Impairment								
Stage 1				350,190				543,627
Stage 2				233,844				501,880
Stage 3				3,997,397				4,190,401
Total collective impairment				4,581,431				5,235,908
Total net rentals receivable	42,827,706	16,774,212	2,059,046	54,892,323	46,003,233	31,266,450	937,727	70,825,995

NOTES TO THE FINANCIAL STATEMENTS

25.6 Impairment Allowance for Loans and Receivables

Accounting Policy

The Group recognises impairment (Expected Credit Loss) on Loan and Receivables in accordance with SLFRS 9 - Financial Instrument.

Allowance for Expected Credit Loss

The Group records an allowance for expected credit loss (ECL) for all loans and receivables and other financial assets without held at Fair Value through Profit or Loss (FVPL), including loan commitments, financial guarantee contracts, and letters of credit, collectively referred to as "financial instruments." Equity instruments are not subject to impairment under SLFRS 9.

The Expected Credit Loss (ECL) allowance is based on the credit losses expected to arise over the life of the asset [Life Time Expected Credit Loss (LTECL)] when there is a significant increase in credit risk since origination. In all other instances, ECL is based on the 12-month ECL (12mECL). The Group's policies for determining if there has been a significant increase in credit risk are detailed in the relevant company policy documents.

The 12-month ECL represents the portion of lifetime ECLs that results from default events on financial instruments possible within 12 months after the reporting date.

Both lifetime ECLs and 12-month ECLs are calculated either on an individual basis or a collective basis, based on a predetermined threshold of customer exposures. If a particular loan is credit impaired under individual impairment (Explained in Note 56.2.2), the amount of loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows. If an individually assessed asset is determined not to be credit impaired under individual impairment, such financial assets are then collectively assessed for impairment along with other portfolios having similar risk characteristics under collective impairment. The Group's policy for grouping financial assets measured on a collective basis is explained in the relevant company policy documents.

In accordance with SLFRS 9, the Group adopts a three-stage model for impairment based on changes in credit quality since initial recognition

Stage 1: Initial Recognition and Performing Assets

A financial asset that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their Expected Credit Loss (ECL) measured at an amount equal to the portion of Lifetime Expected Credit Loss (LTECL) resulting from default events possible within the next 12 months (12mECL). This stage also includes financial assets for which the credit risk has improved and have been reclassified from Stage 2 and Stage 3.

Stage 2: Significant Increase in Credit Risk (SICR)

A financial asset is moved to Stage 2 if a significant increase in credit risk (SICR) since origination is identified. In this stage, the Group records an allowance for LTECL. This reflects the credit losses expected to arise over the life of the asset, considering all possible default events. Stage 2 also includes financial assets for which the credit risk has improved and have been reclassified from Stage 3.

Stage 3: Credit-Impaired Assets

If a financial asset is credit-impaired, it is moved to Stage 3. In this stage, the Group recognises an allowance for LTECL, with the probability of default set at 100%. This reflects the full extent of expected credit losses due to impairment. Credit impairment is identified based on criteria outlined in the relevant policy documents.

Significant Increase in Credit Risk

When determining whether the risk of default on financial instruments has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without incurring excessive cost or effort. This evaluation includes both quantitative and qualitative analyses based on the Group's historical experience, expert credit assessment, and forward-looking information

The Group considers a financial exposure to have significantly increased credit risk when contractual payments are more than 30 days past due, in accordance with the rebuttable presumption in SLFRS 9. Additionally, other factors such as changes in economic conditions, the creditworthiness of counterparties, and adverse changes in industry outlooks are also taken into account."

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)

25.6 Impairment Allowance for Loans and Receivable to Customers (Cond...)

Calculation of Expected Credit Loss (ECL)

The Group calculates Expected Credit Losses (ECLs) using a three-stage approach to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate (EIR). A cash shortfall is defined as the difference between the cash flows due to the entity in accordance with the contract and the cash flows the entity expects to receive.

The calculation of ECLs, including the estimation of the expected period of exposure and discount rate, is performed on an individual basis or a collective basis according to the Group's impairment policy. Collective assessments are conducted separately for portfolios of facilities with similar credit risk characteristics.

The mechanics of ECL calculations are outlined below, with key elements under collective impairment assessment, such as Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), explained as follows:

Probability of Default (PD)

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may occur at a specific time during the assessed period if the facility has not been previously derecognised and remains in the portfolio.

Exposure at Default (EAD)

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and expected drawdowns on committed facilities. To calculate EAD for a Stage 1 loan, the Group assesses possible default events within 12 months. For all other loans, EAD is considered for default events over the lifetime of the financial instruments.

Loss Given Default (LGD)

The Loss Given Default (LGD) is an estimate of the loss arising in the event of a default at a given time. It is based on the difference between the contractual cash flows due and those the lender expects to receive, including from the realisation of any collateral. LGD is calculated on a discounted cash flow basis using EIR as the discounting factor and is usually expressed as a percentage of the EAD.

These parameters are generally derived from internally developed statistical models and historical data, adjusted to reflect forward-looking information."

Forward-Looking Information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. When estimating ECLs, the Group considers three economic scenarios: base case, best case, and worst case. Quantitative economic factors are based on economic data and forecasts published by CBSL and other reliable sources.

In its ECL models, the Group relies on a broad range of forward-looking information, such as:

Quantitative factors: GDP growth, unemployment rate, rate of inflation, interest rate, and exchange rate.

Qualitative factors: government policies, Status of the Industry Business and Regulatory Impact .

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the Financial Statements."

Revolving Facilities

The Company offers revolving facilities, such as Fast Track, and calculates only the 12-month Expected Credit Loss (12mECL) allowance on these facilities. The Exposure at Default (EAD) is determined by taking the higher of either the sanctioned limit adjusted for the Credit Conversion Factor (CCF) or the gross carrying amount of the loan (utilised amount).

For Stage 3 contracts, the EAD is limited to the gross carrying amount, which is the utilised amount, as the Group freezes the limits of these contracts up to the utilised amount. The expected 12-month default probabilities are then applied to the EAD, multiplied by the expected Loss Given Default (LGD), and discounted using an approximation to the original Effective Interest Rate (EIR)."

NOTES TO THE FINANCIAL STATEMENTS

25.7 Movement in Individual and collective impairment charges during the year

A reconciliation of the allowance for impairment losses for loans and receivables, by class, is as follows:

Company	Lease	Hire	Ijarah	Term	Re-finance	Related	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase	Rs. '000	Loans	loans	Party Loans	Rs. '000	Murabah	Rs. '000	Rs. '000
		Rs. '000		Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
At 1st April 2022	3,686,757	182,871	111,085	4,423,908	23,447	-	7,515	199,055	1,252,932	9,887,570
Charge/(Reversal) for the year	(157,838)	1,422	(18,882)	518,903	26,050	-	(3,287)	(2,077)	157,395	521,686
At 31st March 2023	3,528,919	184,293	92,203	4,942,811	49,497	-	4,228	196,978	1,410,327	10,409,256

Individual impairment

Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	717,122	16,886	-	-	1,171	1,410,327	2,145,506
Total Individual impairment	-	-	-	717,122	16,886	-	-	1,171	1,410,327	2,145,506

Collective impairment

Stage 1	602,883	78	19,991	284,319	-	-	3	1,263	-	908,537
Stage 2	545,564	-	14,317	261,332	-	-	-	2,020	-	823,233
Stage 3	2,380,472	184,215	57,895	3,680,038	32,611	-	4,225	192,524	-	6,531,980
Total Collective impairment	3,528,919	184,293	92,203	4,225,689	32,611	-	4,228	195,807	-	8,263,750
Total	3,528,919	184,293	92,203	4,942,811	49,497	-	4,228	196,978	1,410,327	10,409,256

Company	Lease	Hire	Ijarah	Term	Re-finance	Related	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase	Rs. '000	Loans	loans	Party Loans	Rs. '000	Murabah	Rs. '000	Rs. '000
		Rs. '000		Rs. '000	Rs. '000	Rs. '000		Rs. '000	Rs. '000	Rs. '000
At 1st April 2023	3,528,919	184,293	92,203	4,942,811	49,497	-	4,228	196,978	1,410,327	10,409,256
Charge/(Reversal) for the year	(1,028,832)	(5,423)	(25,477)	(280,156)	(2,007)	73,208	(1,145)	27,144	(311,781)	(1,554,469)
At 31st March 2024	2,500,087	178,870	66,726	4,662,655	47,490	73,208	3,083	224,122	1,098,546	8,854,787
Individual impairment										
Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	27,335	-	-	-	27,335
Stage 3	-	-	-	1,071,777	16,887	45,873	-	-	1,098,546	2,233,083
Total Individual impairment	-	-	-	1,071,777	16,887	73,208	-	-	1,098,546	2,260,418
Collective impairment										
Stage 1	221,584	1,075	9,937	57,548	-	-	70	24,840	-	315,054
Stage 2	155,470	-	4,507	53,380	-	-	-	-	-	213,357
Stage 3	2,123,033	177,795	52,282	3,479,950	30,603	-	3,013	199,282	-	6,065,958
Total Collective impairment	2,500,087	178,870	66,726	3,590,878	30,603	-	3,083	224,122	-	6,594,369
Total	2,500,087	178,870	66,726	4,662,655	47,490	73,208	3,083	224,122	1,098,546	8,854,787

25.7 Movement in Individual and collective impairment charges during the year

A reconciliation of the allowance for impairment losses for loans and receivables, by class, is as follows:

Group	Lease	Hire	Ijarah	Term	Re-finance	Related	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase	Rs. '000	Loans	loans	Party Loans	Rs. '000	Murabah	Rs. '000	Rs. '000
		Rs. '000		Rs. '000	Rs. '000	Rs. '000		Rs. '000		Rs. '000
At 1st April 2022	3,686,757	643,775	111,085	4,790,308	23,447	-	7,515	326,317	1,252,932	10,842,136
Charge/(Reversal) for the year	(157,838)	(143,069)	(18,882)	972,698	26,050	-	(3,287)	(129,339)	157,395	703,728
Exchange rate variance	-	-	-	(38,394)	-	-	-	-	-	(38,394)
At 31st March 2023	3,528,919	500,706	92,203	5,724,612	49,497	-	4,228	196,978	1,410,327	11,507,470

Individual impairment

Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	717,122	16,886	-	-	1,171	1,410,327	2,145,506
Total Individual impairment	-	-	-	717,122	16,886	-	-	1,171	1,410,327	2,145,506

Collective impairment

Stage 1	602,883	86,164	19,991	542,364	-	-	3	1,263	-	1,252,668
Stage 2	545,564	92,156	14,317	499,860	-	-	-	2,020	-	1,153,917
Stage 3	2,380,472	322,386	57,895	3,965,266	32,611	-	4,225	192,524	-	6,955,379
Total Collective impairment	3,528,919	500,706	92,203	5,007,490	32,611	-	4,228	195,807	-	9,361,964
Total	3,528,919	500,706	92,203	5,724,612	49,497	-	4,228	196,978	1,410,327	11,507,470

Group	Lease	Hire	Ijarah	Term	Re-finance	Related	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase	Rs. '000	Loans	loans	Party Loans	Rs. '000	Murabah	Rs. '000	Rs. '000
		Rs. '000		Rs. '000	Rs. '000	Rs. '000		Rs. '000		Rs. '000
At 1st April 2023	3,528,919	500,706	92,203	5,724,612	49,497	-	4,228	196,978	1,410,327	11,507,470
Charge/(Reversal) for the year	(1,028,832)	(126,726)	(25,477)	(274,449)	(2,007)	-	(1,145)	27,144	(311,781)	(1,743,273)
Exchange rate variance	-	-	-	(51,680)	-	-	-	-	-	(51,680)
At 31st March 2024	2,500,087	373,980	66,726	5,398,483	47,490	-	3,083	224,122	1,098,546	9,712,517
Individual impairment										
Stage 1	-	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	1,071,777	16,887	-	-	-	1,098,546	2,187,210
Total Individual impairment	-	-	-	1,071,777	16,887	-	-	-	1,098,546	2,187,210
Collective impairment										
Stage 1	221,584	27,945	9,937	325,350	-	-	70	24,840	-	609,726
Stage 2	155,470	40,286	4,507	233,844	-	-	-	-	-	434,107
Stage 3	2,123,034	305,749	52,282	3,767,512	30,603	-	3,013	199,282	-	6,481,475
Total Collective impairment	2,500,087	373,980	66,726	4,326,706	30,603	-	3,083	224,122	-	7,525,307
Total	2,500,087	373,980	66,726	5,398,483	47,490	-	3,083	224,122	1,098,546	9,712,517

NOTES TO THE FINANCIAL STATEMENTS

25.8 Movement in provision for impairment during the year

Movement in impairment 2023/24 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2023	908,537	823,233	8,677,486	10,409,256
New assets originated or purchased	124,238	16,890	13,209	154,337
Assets derecognised or repaid (excluding write offs)	(752,469)	(532,260)	(207,637)	(1,492,366)
Transfers to Stage 2 and 3	(395,514)	103,481	292,033	-
Transfers to Stage 1 and 3	23,800	(352,159)	328,359	-
Transfers to Stage 1 and 2	15,274	24,783	(40,057)	-
Impact on year end ECL of exposures transferred between stages during the year	434,676	152,962	(703,029)	(115,391)
Changes to models and inputs used for ECL calculations	-	-	-	-
Amounts written off	(16,153)	(23,573)	(61,323)	(101,049)
Balance as at 31st March 2024	342,389	213,357	8,299,041	8,854,787

Movement in impairment 2022/23 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2022	1,338,223	891,126	7,658,221	9,887,570
New assets originated or purchased	54,520	18,525	29,519	102,564
Assets derecognised or repaid (excluding write offs)	(111,628)	(687,814)	(201,356)	(1,000,798)
Transfers to Stage 2 and 3	(1,415,730)	421,383	994,347	-
Transfers to Stage 1 and 3	80,509	(289,082)	208,573	-
Transfers to Stage 1 and 2	76,260	103,778	(180,038)	-
Impact on year end ECL of exposures transferred between stages during the year	477,074	(160,731)	(143,386)	172,957
Changes to models and inputs used for ECL calculations	409,309	526,048	318,700	1,254,057
Amounts written off	-	-	(7,094)	(7,094)
Balance as at 31st March 2023	908,537	823,233	8,677,486	10,409,256

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**Movement in impairment 2023/24 - Group**

For the year ended 31st March	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2023	1,252,668	1,153,917	9,100,885	11,507,470
New assets originated or purchased	308,796	54,063	20,334	383,193
Assets derecognised or repaid (excluding write offs)	(791,756)	(782,736)	(355,134)	(1,929,626)
Transfers to Stage 2 and 3	(613,424)	315,551	297,874	-
Transfers to Stage 1 and 3	26,180	(447,375)	421,195	-
Transfers to Stage 1 and 2	16,801	27,261	(44,063)	-
Impact on year end ECL of exposures transferred between stages during the year	456,410	157,551	(680,315)	(66,354)
Changes to models and inputs used for ECL calculations	(16,961)	(24,280)	(60,097)	(101,338)
Amounts written off	-	-	-	-
Foreign exchange adjustments	(28,988)	(19,845)	(31,994)	(80,827)
Balance as at 31st March 2024	609,726	434,107	8,668,685	9,712,517

Movement in impairment 2022/23 - Group

For the year ended 31st March	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2022	1,745,742	1,036,189	8,060,205	10,842,136
New assets originated or purchased	262,396	105,963	31,453	399,812
Assets derecognised or repaid (excluding write offs)	(169,818)	(708,045)	(213,595)	(1,091,458)
Transfers to Stage 2 and 3	(1,654,045)	639,811	1,014,234	-
Transfers to Stage 1 and 3	88,560	(377,990)	289,430	-
Transfers to Stage 1 and 2	83,886	114,156	(198,042)	-
Impact on year end ECL of exposures transferred between stages during the year	500,928	(165,553)	(149,346)	186,028
Changes to models and inputs used for ECL calculations	429,774	541,829	312,326	1,283,930
Amounts written off	-	-	(7,094)	(7,094)
Foreign exchange adjustments	(34,756)	(32,442)	(38,686)	(105,884)
Balance as at 31st March 2023	1,252,668	1,153,917	9,100,885	11,507,470

NOTES TO THE FINANCIAL STATEMENTS

26. INSURANCE AND REINSURANCE RECEIVABLES

Accounting Policy

Insurance - Product Classification

Insurance contracts are those contracts when the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders, if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable, if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance Receivables

Insurance receivables satisfy the contractual cash flow characteristic test (SPPI test) as the return solely represent capital and interest. Even though there were no interest charge for insurance receivables, they satisfy the SPPI test as they are considered to be short term and credit risk doesn't exist to charge interest. Upon completion of the SPPI test, the management elected the business model of hold to collect the contractual cash flows and measure the instrument at amortised cost as these are short term in nature. Since these are short term balances without a financing component, amortised cost will be equal to carrying value. Based on the three stages; performing (stage 1), under-performing (stage 2), non performing (stage 3), the Company provides ECL on 12 months ECL and lifetime ECL weighted among several scenarios.

De-recognition due to substantial modification of terms and conditions

Group de-recognises premium receivables, when the terms and conditions have been re-negotiated to the extent that, substantially, it becomes a new insurance contract, with the difference recognised as a separate asset or liability. The newly recognised insurance contracts are classified as stage 1 for ECL measurement purposes.

When assessing whether or not to de-recognise a insurance premium receivable, amongst others, Group considers the following factors:

- » Loss of insurable interest
- » Change in counterparty

Assessment of impairment of insurance receivables

The Group assessed the impairment provision based on the ECL method.

Reinsurance receivable

The Company cedes insurance risk to reinsurance in the normal course of business. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

According to the characteristics relating to reinsurance receivables, the instruments qualify the contractual cash flow characteristic test (SPPI test) as the return solely represent capital and interest. Even though there were no interest charge for reinsurance receivables, they satisfy the SPPI test as they are considered to be short-term and credit risk doesn't exist to charge interest. Upon completion of the SPPI test, the management elected the business model of hold to collect the contractual cash flows and measure the instrument at amortised cost as these are short-term in nature. Since these are short-term balances without a financing component, the amortised cost will be equal to carrying value.

Assessment of impairment of reinsurance receivables

Reinsurance receivables of the Company are not qualified for ECL model based on SLFRS 4 - Insurance Contracts, section 20. Impairment losses will be recognised on reinsurance receivables, if and only if, there is no objective evidence, as a result that occurred after initial recognition of the reinsurance assets, that the Company may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

26. INSURANCE AND REINSURANCE RECEIVABLES (CONTD...)**Deferred Expenses****Deferred Acquisition Costs (DAC)**

Costs of acquiring new businesses including commission, underwriting, marketing and policy issuance expenses which vary with and directly related to production of new businesses are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Subsequent to initial recognition, deferred acquisition costs (DAC) are amortised over the period on the basis unearned premium is amortised.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period and are treated as a change in an accounting estimate.

DAC are derecognised when the related contracts are either expired or cancelled.

An impairment review of DAC is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss. DACs are also considered in the liability adequacy test for each reporting period.

Reinsurance Commissions

Commissions receivable on outwards reinsurance contracts are deferred and amortised on a straight line basis over the term of the expected premiums payable.

As at 31st March	Note	Company		Group	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Reinsurance receivables		-	-	469,767	521,091
Insurance Receivables		-	-	1,116,930	976,974
Total		-	-	1,586,697	1,498,065
Fair value		-	-	1,586,697	1,498,065

27. FINANCIAL ASSETS - FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**Accounting Policy**

Upon initial recognition, the Company occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established. Equity instruments at FVOCI are not subject to an impairment assessment.

Unrealised gains and losses were recognised in Equity through OCI in the "Fair value reserve". When these financial investments were disposed, the cumulative gain or loss previously recognised in fair value reserve transferred to retained earnings. Dividend earned while holding financial assets - FVOCI were recognised in the Income Statement as "Operating income" when the right to receive the payment had been established. Equity Instruments at FVOCI are not subject to an impairment assessment.

As at 31st March	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Equity securities	27.1	342	234,492	228,541	234,492	228,541
Treasury bills			-	-	561,806	428,309
Debentures	27.1	342	924,177	716,112	924,177	716,112
Total			1,158,669	944,653	1,720,475	1,372,962
Fair value			1,158,669	944,653	1,720,475	1,372,962

NOTES TO THE FINANCIAL STATEMENTS

27.1 Equity & Debt securities - Company

As at 31st March			2024			2023		
	Page		No of	Cost of	Market	No of	Cost of	Market
	Note	No.	Shares	Investment	Value	Shares	Investment	Value
				Rs. '000	Rs. '000		Rs. '000	Rs. '000
Quoted Investments								
People's Merchant Finance PLC			25,014,002	237,633	117,566	25,014,002	237,633	130,073
Asiri Hospital Holdings PLC			500,000	20,730	12,500	500,000	20,730	12,450
Windforce PLC			1,000,000	18,489	19,600	1,000,000	18,489	16,500
Lanka credit and business Finance PLC			5,000,000	50,000	11,000	5,000,000	50,000	12,500
Sanasa Development Bank PLC			2,271,260	213,853	73,816	2,271,260	213,853	57,008
Subtotal				540,705	234,482		540,705	228,531
Unquoted Investments								
Credit Information Bureau of Sri Lanka	27.2	342	200	10	10	200	10	10
Subtotal				10	10		10	10
Debenture investments								
Ceylon Electricity Board			9,180,900	1,000,086	924,177	9,180,900	1,000,086	716,112
Subtotal				1,000,086	924,177		1,000,086	716,112
Total				1,540,801	1,158,669		1,540,801	944,653

27.2 Credit Information Bureau of Sri Lanka

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	10	10	10	10
Remeasurement recognised in OCI	-	-	-	-
Balance as at 31st March	10	10	10	10

28. DEBT INSTRUMENT - AMORTISED COST

Accounting Policy

As per SLFRS 9, "Financial investments" are measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

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

After initial measurement, these are subsequently measured at amortised cost (gross carrying amount using the EIR, less provision for impairment). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "Interest Income" while the losses arising from impairment are recognised in "impairment charges for loans and other losses" in the Income Statement.

28. DEBT INSTRUMENT - AMORTISED COST (CONTD...)

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Treasury bills	18,372,055	10,903,577	18,372,055	10,903,577
Treasury bonds	-	-	3,429,548	2,242,156
Unquoted preference shares	-	-	420,538	630,330
Debentures	-	-	1,604,373	2,083,609
Total	18,372,055	10,903,577	23,826,514	15,859,672
Fair value	18,463,247	10,936,265	24,739,582	15,854,167

28. DEBT INSTRUMENT- AMORTISED COST**28.1 Debentures**

As at 31st March	Rate	Maturity date	Group			
			2024		2023	
			No. of Debentures	Carrying Value Rs. '000	No. of Debentures	Carrying Value Rs. '000
Sampath Bank PLC	13.90%	24-Feb-24	-	-	1,000,000	101,152
Siyapatha Finance PLC	13.33%	8-Aug-24	1,500,000	162,636	1,500,000	162,605
National Development Bank PLC	13.95%	30-Mar-24	2,000,000	228,031	2,000,000	200,149
	12.75%	9-Nov-23	1,000,000	-	1,000,000	104,925
DFCC Bank PLC	13.00%	29-Mar-25	844,500	95,539	844,500	84,538
	13.50%	28-Mar-24	1,000,000	-	1,000,000	100,143
	11.00%	12-Jun-25	1,190,000	129,435	1,190,000	129,407
MTD Walkers PLC	11.75%	30-Sep-19	254,784	26,954	254,784	26,954
Commercial Bank PLC	12.00%	22-Jul-23	881,700	-	881,700	90,106
Hatton National Bank PLC	13.00%	1-Nov-23	193,300	-	193,300	20,332
	12.30%	22-Sep-24	413,300	43,901	413,300	43,894
Nations Trust Bank PLC	12.80%	23-Dec-24	2,000,000	206,602	2,000,000	206,566
Hayleys PLC	12.50%	31-Jul-23	1,000,000	-	1,000,000	101,972
Ceylon Electricity Board	9.35%	15-Apr-26	4,000,000	435,794	4,000,000	435,688
LOLC PLC	10.25%	24-Feb-26	3,000,000	302,892	3,000,000	302,819
Subtotal				1,631,784		2,111,250
Less : Allowance for expected credit losses				(27,412)		(27,641)
Total				1,604,373		2,083,609

Total allowance for expected credit loss stemmed from 12 months ECL since all investments under this category are investment grade instruments.

NOTES TO THE FINANCIAL STATEMENTS

29. INVESTMENTS IN SUBSIDIARIES

Accounting Policy

Investments in subsidiaries are stated at cost, net of any impairment losses which are charged to the Statement of Profit or Loss in the Company's Financial Statements and it is in accordance with the Sri Lanka Accounting Standard LKAS 27 on 'Consolidated and Separate Financial Statements'.

Subsidiaries are entities that are controlled by the Group/Company. Subsidiaries are consolidated from the date on which control is transferred to the Company and continue to be consolidated until the date when such control ceases. The Company is presumed to control an investee when it is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Intra-group balances and transactions, income, expenses and any unrealised gains arising from intra-group transactions are eliminated in full in preparing the Consolidated Financial Statements.

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned, directly or indirectly, by the Company.

Non-controlling interests are presented separately in the consolidated Statement of Profit or Loss and within equity in the consolidated Statement of Financial Position, but separate from parent shareholders' equity. Any losses applicable to the non-controlling interests are allocated against the interests of the non-controlling interest even if this results in a deficit balance. Acquisitions of non-controlling interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the fair value of the share of the net assets acquired is recognised as equity.

All subsidiaries of the Company have been incorporated in Sri Lanka other than Alliance Finance PLC which is incorporated in Bangladesh. A list of subsidiaries with their principal activities are given in the Note 1.2 on page 289.

As at 31st March	2024			2023		
	Holding	Cost	Directors'/ market valuation	Holding	Cost	Directors'/ market valuation
Company	%	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000
People's Leasing Fleet Management Limited	100.00	175,000	201,797	100.00	175,000	353,841
People's Leasing Property Development Limited	100.00	713,625	2,524,509	100.00	550,000	2,081,892
People's Leasing Havelock Properties Limited	100.00	600,000	1,779,117	100.00	600,000	1,525,743
People's Micro-commerce Ltd	100.00	150,000	628,627	100.00	150,000	479,547
People's Insurance PLC	75.00	600,000	3,450,000	75.00	600,000	3,255,000
Alliance Finance PLC	51.00	1,216,604	1,667,335	51.00	1,216,604	1,920,742
Total		3,455,229	10,251,385		3,291,604	9,616,765

Subsidiaries are not quoted in the Colombo stock exchange except People's Insurance PLC. The directors' valuation of investment in subsidiaries except for People's has been carried out on net asset basis. People's Insurance PLC has been valued at market value basis.

29. INVESTMENTS IN SUBSIDIARIES (CONTD...)

The following table summaries the information relating to the Group's subsidiary that has a material non-controlling interest (NCI).

For the year ended 31st March	2024			2023		
	People's Insurance PLC	Alliance Finance PLC	Total	People's Insurance PLC	Alliance Finance PLC	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non-controlling interest (NCI) percentage	25%	49%	-	25%	49%	-
Net operating income	4,674,252	624,005	5,298,257	5,505,104	557,249	6,062,353
Less : Operating expenses	4,028,321	333,794	4,362,115	4,395,453	734,304	5,129,757
Profit before income tax	645,931	290,211	936,142	1,109,651	(177,055)	932,596
Less : Income tax expense	208,243	100,227	308,470	442,306	296,718	739,024
Profit after tax	437,688	189,984	627,672	667,345	(473,773)	193,572
Profit allocated to Non-controlling interest (NCI)	109,422	93,092	202,514	166,836	(232,149)	(65,313)
As at 31st March						
	People's Insurance PLC	Alliance Finance PLC	Total	People's Insurance PLC	Alliance Finance PLC	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	732,308	139,371	871,679	259,422	126,354	385,776
Balances with banks & financial institutions	3,410,573	884,700	4,295,273	3,665,082	1,390,392	5,055,474
Loans and receivables	97,634	12,474,999	12,572,633	42,539	10,949,870	10,992,409
Insurance and reinsurance receivables	2,096,469	-	2,096,469	2,111,871	-	2,111,871
Financial assets - Fair value through other comprehensive income	561,806	-	561,806	428,309	-	428,309
Debt Instrument at amortised cost	5,033,920	420,538	5,454,458	4,466,859	630,330	5,097,189
Property, plant and equipment & intangible assets	309,916	138,237	448,153	367,958	165,712	533,670
Other assets	203,630	284,722	488,352	386,208	381,610	767,818
Total assets	12,446,256	14,342,567	26,788,823	11,728,248	13,644,268	25,372,516
Due to banks	11,944	2,787,553	2,799,497	192,027	1,047,214	1,239,241
Due to customers	-	7,756,925	7,756,925	-	8,109,008	8,109,008
Other financial liabilities	1,000,130	415,726	1,415,856	871,770	624,228	1,495,998
Other liabilities	459,526	113,079	572,605	493,820	97,658	591,478
Insurance liabilities and reinsurance payable	5,605,452	-	5,605,452	5,296,906	-	5,296,906
Total liabilities	7,077,052	11,073,283	18,150,335	6,854,523	9,878,108	16,732,631
Net assets value	5,369,204	3,269,284	8,638,488	4,873,723	3,766,160	8,639,885

NOTES TO THE FINANCIAL STATEMENTS

30. INVESTMENT PROPERTY

Accounting Policy

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

Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair values, which reflect market conditions at the Statement of Financial Position date. Gains or losses arising from changes in fair value are included in the Statement of Profit or Loss in the year in which they arise.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements, and accounted for as per Sri Lanka Accounting Standard - LKAS 16 - "Property, Plant and Equipment".

Derecognition

Investment properties are derecognised when either 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. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Profit or Loss in the year of retirement or disposal.

Subsequent Transfers to/from Investment Property

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development.

Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Company as an owner occupied property becomes an investment property, the Company, accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of Profit or Loss. When the Company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the Statement of Profit or Loss.

Fair Value of Investment Property

Investment property of the Group and Company is reflected at fair value. When current market prices of similar assets are available, such evidences are considered in estimating fair values of these assets. In the absence of such information, the Group and Company determines within a reasonable fair value estimates, amounts that can be attributed as fair values, taking into consideration of the discounted cash flow projections based on the estimates, derived from the evidence such as current market rents for similar properties and using discount rates that reflect uncertainty in the amount and timing of cash flows.

Determining Fair Value

External and independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the investment property portfolio every year. In financial periods within that period the fair value is determined by the board of directors.

The fair values are based on market values, being the estimated amount for which a property could be sold in an orderly transaction between market participants at the measurement date.

Investment Property Leased within the Group

Any property leased out to parent or subsidiary is considered as owner-occupied from the perspective of the Group and adjustments are made for consolidation purposes.

Owner Occupied Properties and Investment Property:

In determining if a property qualifies as Investment Property the Group/Company makes a judgment whether the property generates independent cash flows rather than cash flows that are attributable not only to the property but also other assets. Judgment is also applied in determining if ancillary services are significant, so that a property does not qualify as investment property.

30. INVESTMENT PROPERTY (CONTD...)

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Balance as at 1st April	284,961	-	1,200,317	820,664
Addition during the year	-	284,961	-	284,961
Gain from fair value adjustment	10,504	-	105,195	94,692
Balance as at 31st March	295,465	284,961	1,305,512	1,200,317

Company**30.1 Valuation of investment properties**

Location	Address	Date of Valuation	Method of Valuation	Land Extent (Perches)	Number of Building	Building Area (Sq.ft)	2024 Cost Rs. '000	2024 Revaluation Rs. '000	2023 Revaluation Rs. '000
Penideniya - Kandy	No. 210, Daulagala Road, Penideniya	31.03.2024	MCM	13.50	1	10,948	60,000	61,340	60,000
Uragasmanhandiya - Ambalangoda	No. 490D, Siripura, Nawadagala	31.03.2024	MCM	35.00	-	-	11,961	13,125	11,961
Katugasthota - Kandy	No. 396, Katugasthota Road, Kandy	31.03.2024	MCM	26.45	1	2,355	213,000	221,000	213,000
Total					2		284,961	295,465	284,961

The company carries investment property at Market value. Valuation of the above company investment properties were carried out as at 31.03.2024 by S.A.M.A Perera (MRICS.U.K), Chartered valuation Surveyor, who is professional independent valuer. There are three lands located at ;Pendeniya - Kandy , Katugasthota - Kandy and Uragasmanhandiya - Ambalangoda

Group

Land and building at No. 7 and 9, Havelock Road, Colombo 5 is rented to People's Bank, People's Insurance PLC and People's Leasing & Finance PLC by the People's Leasing Havelock Properties Limited during the year. In the Group Financial Statements, such property have separated and part rented to People's Bank has been classified as Investment Property to the Group. Basis for the separation is based on the number of Sq.ft. rented.

The Group carries investment property at Market value. Market valuation of the above investment property (except for Company investment property) was carried out as at 31st December 2023 by Mr. K.T.D. Tissera, FRICS (Eng), who is independent valuer not connected with the Company. Details of valuation of Group investment properties other than company included in note 32.4 on page 352.

Rent income recognised in respect to the above investment property is disclosed in Note 10 on page 301.

Direct operational expenses recognised in respect to the above investment property is disclosed in Note 15 on page 307.

31. OTHER ASSETS**Accounting Policy**

The Company and the Group classify all their other assets as other financial assets and other non financial assets. Other non financial assets mainly comprises of advance payments, VAT recoverable, inventory and sundry receivables. Advance payments are carried at historical cost.

	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March						
Other financial assets - Insurance Commission			69,989	100,306	-	-
Non financial assets	31.1	348	3,911,829	929,832	4,166,268	1,281,022
Total			3,981,818	1,030,138	4,166,268	1,281,022

NOTES TO THE FINANCIAL STATEMENTS

31.1 Non Financial Assets

As at 31st March	Page	Company		Group		
		2024	2023	2024	2023	
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Advance payments			145,494	118,813	139,875	91,853
Dividend receivable			-	110,768	-	-
Inventories			45,404	47,018	81,845	67,150
Prepaid Expense			187,305	127,533	102,919	48,467
Unamortised cost on staff loans (Day 1 difference)	31.2	348	383,859	370,151	384,218	370,235
Differed expenses			-	-	1,366	178,931
Other receivables			3,149,767	155,549	3,456,045	524,386
Total			3,911,829	929,832	4,166,268	1,281,022

31.2 Unamortised cost on staff loans (Day 1 difference)

As at 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	370,151	54,211	370,235	54,360
Charge for the year	13,708	315,940	13,983	315,875
Balance as at 31st March	383,859	370,151	384,218	370,235

32. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Basis of Recognition

Property, Plant and Equipment are tangible items that are held for servicing, or for administrative purposes, and are expected to be used during more than one year.

Property, Plant and Equipment is recognised if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured reliably.

Basis of Measurement

An item of Property, Plant and Equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to or replace a part of it. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring at the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as a part of computer equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The Company and Group apply the cost model to property, plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

Subsequent Costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of day to day servicing of property, plant and equipment are charged to the Statement of Profit or Loss as incurred.

Repairs & Maintenance

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits in excess of the most recently assessed standard of performance of the existing assets will flow to the Company and Group and the renovation replaces an identifiable part of the asset. Major renovations are depreciated during the remaining useful life of the related asset.

Derecognition

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the Statement of Profit or Loss in the year the asset is derecognised.

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

32. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

The estimated useful lives are as follows;

Class of asset	% per annum	Period
Freehold buildings	2	50 years
Improvement of leasehold property	25	4 years
Motor vehicles	12.5 - 20	5 - 8 years
Computer hardware	20	5 years
Office equipments	10 - 20	5 -10 years
Furniture's and fittings	20	5 years

The above rates are consistently used by all the Group entities. The depreciation rates are determined separately for each significant part of an item of property, plant and equipment and commence to depreciate when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised. Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

Useful Lives of Property, Plant and Equipment

The Group and Company depreciates the property, plant and equipment, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group and Company intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual value reflects management's estimated amount that the Group/Company would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges.

32.1 Property, Plant and Equipment - Company

	Freehold Land and Buildings Rs. '000	Improvement of Leasehold Properties Rs. '000	Motor Vehicles Rs. '000	Computer Hardware Rs. '000	Office Equipments Rs. '000	Furniture and Fittings Rs. '000	Total Rs. '000
Cost							
Balance as at 1st April 2023	723,542	56,872	592,523	833,105	699,495	442,805	3,348,343
Additions	-	-	555	44,323	106,306	17,751	168,935
Disposals	-	-	(165,100)	(74,146)	(5,766)	(23,573)	(268,585)
Balance as at 31st March 2024	723,542	56,872	427,978	803,282	800,035	436,983	3,248,693
(Less): Accumulated depreciation							
Balance as at 1st April 2023	4,176	56,872	120,922	688,623	579,519	417,227	1,867,338
Charge for the year	471	-	36,261	59,648	52,584	10,060	159,024.00
Disposals	-	-	(38,731)	(74,053)	(2,696)	(23,573)	(139,053.00)
Balance as at 31st March 2024	4,647	56,872	118,452	674,218	629,407	403,714	1,887,309
Net book value at 31st March 2024	718,895	-	309,526	129,064	170,629	33,270	1,361,384
Cost							
Balance as at 1st April 2022	723,542	56,872	438,804	874,947	666,126	440,498	3,200,789
Additions	-	-	182,800	14,113	49,359	6,981	253,253
Disposals	-	-	(29,081)	(55,955)	(15,990)	(4,673)	(105,699)
Transfers/adjustments	-	-	-	-	-	-	-
Balance as at 31st March 2023	723,542	56,872	592,523	833,105	699,495	442,805	3,348,343
(Less): Accumulated depreciation							
Balance as at 1st April 2022	3,705	56,872	97,669	675,663	547,092	406,012	1,787,013
Charge for the year	471	-	32,151	68,915	47,712	15,765	165,015
Disposals	-	-	(8,898)	(55,955)	(15,286)	(4,551)	(84,690)
Balance as at 31st March 2023	4,176	56,872	120,922	688,623	579,519	417,227	1,867,338
Net book value at 31st March 2023	719,366	-	471,601	144,482	119,977	25,579	1,481,005

32.2 Property, Plant and Equipment - Group

	Freehold Land and Buildings Rs. '000	Improvement of Leasehold Properties Rs. '000	Motor Vehicles Rs. '000	Computer Hardware Rs. '000	Office Equipments Rs. '000	Furniture and fittings Rs. '000	Total Rs. '000
Cost							
Balance as at 1st April 2023	3,687,089	58,583	449,737	984,343	1,044,769	553,643	6,778,164
Additions	-	-	14,567	53,727	114,087	24,102	206,483
Disposals	-	-	(192,400)	(74,146)	(5,766)	(23,706)	(296,018)
Exchange rate variance	-	-	(1,706)	(3,879)	(1,614)	(3,453)	(10,652)
Fair value adjustments	-	-	-	-	-	-	-
Balance as at 31st March 2024	3,687,089	58,583	270,198	960,045	1,151,476	550,586	6,677,977
(Less): Accumulated depreciation							
Balance as at 1st April 2023	509,327	57,349	150,522	810,707	781,163	497,877	2,806,945
Charge for the year	63,805	-	40,206	73,772	69,368	15,783	262,934
Disposals	-	-	(60,357)	(77,021)	(3,299)	(24,219)	(164,896)
Transfers	-	-	-	-	-	-	-
Exchange rate variance	-	-	(562)	(2,616)	(2,465)	(1,052)	(6,695)
Balance as at 31st March 2024	573,132	57,349	129,809	804,842	844,767	488,389	2,898,288
Net book value at 31st March 2024	3,113,957	1,234	140,389	155,203	306,709	62,197	3,779,689

	Freehold Land and Buildings Rs. '000	Improvement of Leasehold Properties Rs. '000	Motor Vehicles Rs. '000	Computer Hardware Rs. '000	Office Equipments Rs. '000	Furniture and fittings Rs. '000	Total Rs. '000
Cost							
Balance as at 1st April 2022	3,687,089	58,583	432,006	1,019,057	998,494	544,638	6,739,867
Additions	-	-	124,531	26,691	64,575	18,629	234,426
Disposals	-	-	(104,490)	(55,955)	(15,990)	(4,673)	(181,108)
Exchange rate variance	-	-	(2,310)	(5,450)	(2,310)	(4,951)	(15,021)
Balance as at 31st March 2023	3,687,089	58,583	449,737	984,343	1,044,769	553,643	6,778,164
(Less): Accumulated depreciation							
Balance as at 1st April 2022	445,522	57,349	148,561	783,400	735,591	478,762	2,649,185
Charge for the year	63,805	-	44,007	86,924	64,179	25,161	284,076
Disposals	-	-	(41,374)	(55,955)	(15,286)	(4,551)	(117,166)
Exchange rate variance	-	-	(672)	(3,662)	(3,321)	(1,495)	(9,150)
Balance as at 31st March 2023	509,327	57,349	150,522	810,707	781,163	497,877	2,806,945
Net book value at 31st March 2023	3,177,762	1,234	299,215	173,636	263,606	55,766	3,971,219

32.3 Fully Depreciated Property, Plant and Equipment

The initial cost of fully depreciated property, plant and equipment, which are still in use as at reporting date is as follows.

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Improvement of leasehold properties	56,872	56,872	56,872	56,872
Motor vehicles	49,745	18,860	50,149	36,864
Computer hardware	534,609	526,546	621,252	596,593
Office equipment	503,641	457,782	565,953	513,045
Furniture and fittings	372,139	382,967	425,832	433,490
Total	1,517,006	1,443,027	1,720,058	1,636,864

NOTES TO THE FINANCIAL STATEMENTS

32. PROPERTY, PLANT AND EQUIPMENT (CONTD...)

32.4 Group Freehold lands & buildings

Location	Address	Date of Valuation	Method of Valuation	Land Extent (Perches)	Number of Building	Building Area (Sq.ft)	2024 Cost Rs. '000	2024 Revaluation Rs. '000	2023 Revaluation Rs. '000
People's Leasing & Finance PLC									
Vehicle yards									
Makola	No. 496, Makola North, Makola	31.12.2022	MCM	90	1	11,600	7,632	53,000	53,000
Mabima	No. 225/D, Nayagala Road, Heiyantuduwa, Mabima	31.12.2022	MCM	330.75	1	820	22,532	88,000	88,000
Meegahamulla	Kandepalla, Beligamuwa, Galewala	31.12.2022	MCM	260	1	1,836	27,558	31,000	31,000
Monaragala	No. 10, Pothuwil Road, Monaragala	31.12.2022	MCM	125.9	1	1,376	46,905	100,000	100,000
Administrative purpose									
Bandarawela	No. 35/2D, Welimada Road, Bandarawela	31.12.2022	MCM	8.3	1	5,194	31,257	50,000	50,000
Jaffna	No. 10, Mahathma Gandhi Road, Jaffna	31.12.2022	MCM	44.72	-	-	45,764	155,063	155,063
Matara	No. 367, Anagarila Darmapala Mawatha Matara	31.12.2022	MCM	40	-	-	93,599	120,000	120,000
Kandy	No. 296, Senanayaka Road, Kandy	31.12.2022	MCM	47.1	-	-	142,711	203,700	203,700
Anuradhapura	No. 50, Maithripala Senanayake Road, Anuradhapura	31.12.2022	MCM	40.51	-	-	155,882	182,295	182,295
Colombo	No 10d/8 Kaduwela	31.12.2022	MCM	94.3	-	-	149,702	260,000	260,000
Subtotal					5		723,542	1,243,058	1,243,058
People's Leasing Property Development Limited									
Borella	No. 1161, Maradana Road, Colombo 08	31.12.2023	MCM	104.9	2	127,621	1,532,414	3,450,000	3,000,000
Subtotal					2		1,532,414	3,450,000	3,000,000
People's Leasing Havelock Properties Limited									
Colombo 05*	No. 07, Havelock Road, Colombo 05	31.12.2023	MCM	111.45	1	84,024	2,059,690	3,200,000	2,900,000
Subtotal					1		2,059,690	3,200,000	2,900,000
Total					8		4,315,646	7,893,058	7,143,058

MCM : Market Comparable Method

* Land and building value of Rs. 628,556,600 is classified as investment property and Rs. 1,431,133,056 is classified as property, plant and equipment in the group financial statements.

Market valuation of the above Land & Buildings was carried out by Mr. K.T.D. Tissera, FRICS (Eng), who is independent valuer not connected with the Company. Investment method, Contractor's Test method and Comparison method have been used for the valuation. Freehold land and buildings of the Company are considered under Level 3 of fair value hierarchy.

Temporarily idle property, plant and equipment

There were no property, plant and equipment of the Group/Company idle as at 31st March 2024 and 31st March 2023.

Property, plant and equipment retired from active use

There were no property, plant and equipment of the Group/Company retired from active use as at 31st March 2024 and 31st March 2023.

Title restriction on property, plant and equipment

There were no restriction on the title of property, plant and equipment of the Group/Company as at 31st March 2024 and 31st March 2023.

Property, plant and equipment pledged as security for liabilities

There were no items of property, plant and equipment of the Group/Company pledged as securities for liabilities other than disclosed in Note 54 380 (asset pledged) to the Financial Statements.

Compensation from third parties for items of property, plant and equipment

There were no compensation received during the year from third parties for items of property, plant and equipment of the Group/Company that were impaired, lost or given up (2023 : Nil).

Unobservable input used in measuring fair value

Significant unobservable input used in measuring non-financial assets categorised as level 3 in fair value hierarchy disclosed in to Note - 21.6 on page 315 to the Financial Statements.

33. RIGHT OF USE ASSETS**Accounting Policy****SLFRS 16 – Leases****Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts for branches/head office that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation of the leased asset).

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided. Leasehold property comprising of land use rights and is amortised on a straight line basis over the remaining lease term.

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Cost				
Balance as at 1st April	3,639,518	3,502,568	2,606,244	2,469,636
Transfer from other asset (Prepaid rentals)	11,747	54,279	11,747	54,279
	3,651,265	3,556,847	2,617,991	2,523,915
Additions	283,704	161,309	293,956	191,169
Disposals	(119,054)	(78,638)	(119,054)	(78,638)
Exchange rate variance	-	-	(26,763)	(30,202)
Balance as at 31st March	3,815,915	3,639,518	2,766,130	2,606,244
(Less): Accumulated amortisation				
Balance as at 1st April	2,023,579	1,530,188	1,233,821	930,152
Amortisation	502,481	523,101	332,642	361,012
Disposal	(70,920)	(29,710)	(70,920)	(29,710)
Exchange rate variance	-	-	(16,445)	(27,633)
Balance as at 31st March	2,455,140	2,023,579	1,479,098	1,233,821
Net book value at 31st March	1,360,775	1,615,939	1,287,032	1,372,423

NOTES TO THE FINANCIAL STATEMENTS

34. GOODWILL AND INTANGIBLE ASSETS

Accounting Policy

The Group's intangible assets include the goodwill and customer list which acquired in business combination and value of computer software.

Basis of Recognition

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group/Company in accordance with the Sri Lanka Accounting Standard- LKAS 38 - 'Intangible Assets'.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated in the Statement of Financial Position at cost less any accumulated amortisation and any accumulated impairment losses if any.

Subsequent Expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Useful Economic Lives, Amortisation and Impairment

The useful economic lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates in accordance with LKAS 8. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight- line method to write down the cost of intangible assets to their residual values over their estimated useful economic lives at the rates as specified below;

Class of asset	% per annum	Period
Computer software	20	5 years

The unamortised balances of intangible assets with finite lives are reviewed for impairment annually and whenever there is an indication for impairment and recognised in Statement of Profit or Loss to the extent that they are no longer probable of being recovered from the expected future benefits.

Goodwill that arises upon the acquisition of subsidiary is included in intangible assets. Goodwill is initially measured at cost. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss in such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

Goodwill with infinite useful lives are assessed for impairment annually. The assessment of infinite life is reviewed annually to determine whether the infinite life continues to be supportable.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit or Loss in the year the asset is derecognised.

	Company			Group		
	Computer software	Goodwill	Total	Computer software	Goodwill	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost						
Balance as at 1st April 2023	217,862	308,545	526,407	259,290	417,099	676,389
Additions	30,248	-	30,248	67,916	-	67,916
Disposals	-	-	-	-	-	-
Exchange rate variance	-	-	-	(2,524)	-	(2,524)
Balance as at 31st March 2024	248,110	308,545	556,655	324,682	417,099	741,781
(Less): Accumulated amortisation						
Balance as at 1st April 2023	198,669	308,545	507,214	230,408	308,545	538,953
Amortisation	8,431	-	8,431	18,292	-	18,292
Impairment	-	-	-	-	-	-
Exchange rate variance	-	-	-	(768)	-	(768)
Balance as at 31st March 2024	207,100	308,545	515,645	247,932	308,545	556,477
Net book value at 31st March 2024	41,010	-	41,010	76,750	108,554	185,304

Cost

Balance as at 1st April 2022	210,178	308,545	518,723	247,069	417,099	664,168
Additions	7,684	-	7,684	12,781	-	12,781
Exchange rate variance	-	-	-	(560)	-	(560)
Balance as at 31st March 2023	217,862	308,545	526,407	259,290	417,099	676,389
(Less): Accumulated amortisation						
Balance as at 1st April 2022	188,213	308,545	496,758	216,020	308,545	524,565
Amortisation	10,456	-	10,456	15,045	-	15,045
Impairment	-	-	-	-	-	-
Exchange rate variance	-	-	-	(657)	-	(657)
Balance as at 31st March 2023	198,669	308,545	507,214	230,408	308,545	538,953
Net book value at 31st March 2023	19,193	-	19,193	28,882	108,554	137,436

Intangible assets include fully amortised software amounting to Rs. 184,373,402 for the company and Rs. 185,272,902 for the Group as at 31st March 2024 (Rs. 177,147,838 for Company and Rs. 178,049,338 for Group as at 31st March 2023), which are still in use as at the reporting date.

Impairment Tests for Goodwill

The Group undertakes an annual test for impairment, based on value in use computation using cash flow projections based on financial budgets approved by the senior management. The discount rate of 17.86% and the projected growth rate based on GDP are the key assumptions used for this purpose. The discount rate was estimated based on an average percentage of cost of equity of the company. Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the units to exceed their recoverable amount.

There were no restrictions existed on the title of the intangible assets of the Group/Company as at the reporting date. Further, there were no items pledged as securities for liabilities. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year 2023/24.

NOTES TO THE FINANCIAL STATEMENTS

35. DUE TO BANKS

Accounting Policy

Due to banks include bank overdrafts and long term and short term loans obtained from banks. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Statement of Profit or Loss. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognise as well as through the EIR amortisation process.

Company has not had any defaults of principal, interest or other breaches with regard to Due to Banks during 2024 or 2023.

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Overdrafts	507,748	52,720	1,524,995	1,143,364
Term loans	1,755,746	4,089,382	5,656,370	6,342,589
Asset backed securities	-	3,582,569	-	3,582,569
Total	2,263,494	7,724,671	7,181,365	11,068,522
Fair value	2,261,237	7,450,914	7,317,086	10,340,197

35.1 Movement of due to banks

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance as at 1 April	7,671,951	11,679,642	9,925,158	13,974,861
Amount borrowed during the year	-	2,000,000	2,581,519	2,799,279
Repayments during the year	(6,598,526)	(7,618,773)	(8,041,178)	(9,082,471)
Interest expenses during the year	682,321	1,611,082	1,190,871	2,233,489
Subtotal	1,755,746	7,671,951	5,656,370	9,925,158
Overdrafts	507,748	52,720	1,524,995	1,143,364
Balance as at 31 March	2,263,494	7,724,671	7,181,365	11,068,522

35.2 Long term loan details

Name of the borrower	Granted date	Facility amount Rs. '000	Period	Interest Rate	Security status
Commercial Bank of Ceylon PLC	11.11.2021	3,000,000	03 years	9.25%	Secured
Hatton National Bank PLC	16.11.2021	4,000,000	03 years	AWPLR + 0.5%	Secured

Asset backed securities

Name of the borrower	Granted date	Facility amount Rs. '000	Period	Interest Rate	Security status
Hatton National Bank PLC	29.06.2018	2,000,000	05 years	12.27%	Secured
Hatton National Bank PLC	13.03.2019	2,000,000	05 years	13.08%	Secured

* The interest rate for each securitisation is given as the weighted average interest rate.

Details of the securities disclosed in Note 54 on page 380 - 'Asset pledged' to the Financial Statements.

35.3 Contractual Maturity Analysis**35.3.1 Remaining Contractual Maturity Analysis of Due to bank -Company**

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	507,748	-	-	507,748
Long term loans	1,755,746	-	-	1,755,746
Total	2,263,494	-	-	2,263,494

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	52,720	-	-	52,720
Long term loans	2,340,573	1,748,809	-	4,089,382
Asset backed securities	3,582,569	-	-	3,582,569
Total	5,975,862	1,748,809	-	7,724,671

35.3.2 Remaining Contractual Maturity Analysis of Due to bank -Group

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,524,995	-	-	1,524,995
Long term loans	3,270,653	2,385,717	-	5,656,370
Total	4,795,648	2,385,717	-	7,181,365

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,143,364	-	-	1,143,364
Long term loans	3,974,140	2,368,449	-	6,342,589
Asset backed securities	3,582,569	-	-	3,582,569
Total	8,700,073	2,368,449	-	11,068,522

NOTES TO THE FINANCIAL STATEMENTS

36. DUE TO CUSTOMERS

Accounting Policy

Due to customers include fixed deposits and savings deposits. Subsequent to initial recognition, these are measured at their amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Statement of Profit or Loss. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised.

Deposits of 12.1 billion (2022/23 Rs.11.5 billion) held as collateral for Loans against deposits were included in Due to customers.

In compliance with the Finance Companies (Insurance of Deposit Liabilities) Direction No. 02 of 2010 all the eligible deposit liabilities have been insured with the Sri Lanka Deposit Insurance and Liquidity Support Scheme, as a safety net measure that will safeguard customer rights and confidence. The company has paid Rs. 134.22 Mn as the premium for the above insurance scheme during the year. (2022/23 -147.58 Mn).

	Company		Group	
	2024	2023	2024	2023
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	92,577,092	96,761,645	99,027,354	103,843,184
Savings Deposits	4,860,634	4,173,469	4,815,700	4,136,772
Total	97,437,726	100,935,114	103,843,054	107,979,956
Fair value	99,373,010	101,524,558	105,426,170	108,431,346

36.1 Remaining Contractual Maturity Analysis of Due to Customers - Company

	2024			
	Within one year	1-5 years	Over 5 years	Total
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	74,366,470	18,210,622	-	92,577,092
Savings Deposits	4,571,920	94,918	193,796	4,860,634
Total	78,938,390	18,305,540	193,796	97,437,726

	2023			
	Within one year	1-5 years	Over 5 years	Total
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	71,191,079	25,570,566	-	96,761,645
Savings Deposits	3,904,347	83,300	185,822	4,173,469
Total	75,095,426	25,653,866	185,822	100,935,114

36.2 Remaining Contractual Maturity Analysis of Due to Customers - Group

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	81,482,883	17,544,471	-	99,027,354
Savings Deposits	4,526,986	94,918	193,796	4,815,700
Total	86,009,869	17,639,389	193,796	103,843,054

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	78,092,707	25,750,477	-	103,843,184
Savings Deposits	3,862,675	83,300	190,797	4,136,772
Total	81,955,382	25,833,777	190,797	107,979,956

37. DEBT SECURITIES ISSUED**Accounting Policy**

Debt Securities issued represent the funds borrowed by the Company and Group for long term and short term liquidity fund requirements. Subsequent to initial recognition, these are measured at their amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in 'interest expenses' in the Statement of Profit or Loss. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised.

As at 31st March	Page	Company		Group		
		2024	2023	2024	2023	
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Listed Debentures	Note 37.2	360	11,032,248	16,706,049	11,032,248	16,564,956
Total			11,032,248	16,706,049	11,032,248	16,564,956
Fair value			9,178,853	13,139,340	9,178,853	12,998,247

37.1 Movement of debt securities issued

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	16,706,049	17,244,313	16,564,956	17,103,223
Redemption of debt securities issued	(5,295,400)	(704,600)	(5,169,620)	(704,600)
Interest expenses on debt securities issued	920,896	1,555,403	917,774	1,539,300
Interest paid on debt securities issued	(1,299,297)	(1,389,067)	(1,280,862)	(1,372,967)
Balance as at 31 March	11,032,248	16,706,049	11,032,248	16,564,956

NOTES TO THE FINANCIAL STATEMENTS

37. DEBT SECURITIES ISSUED (CONTD...)

37.2 Listed debentures

As at 31st March	Issued date	Maturity date	Face value Rs. '000	Interest rate	Repayment term	Type	Company		Group	
							2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Senior, unsecured, redeemable, A+ rated										
	18-Apr-2018	18-Apr-2023	-	12.80%	Annually	Type B	-	5,943,391	-	5,802,298
	5-Aug-2021	5-Aug-2024	2,942,940	8.00%	Annually	Type A	3,091,864	3,089,465	3,091,864	3,089,465
	5-Aug-2021	5-Aug-2024	2,419,929	8.00%	At Maturity	Type B	2,944,024	2,743,781	2,944,024	2,743,781
	5-Aug-2021	5-Aug-2026	4,272,360	9.00%	Annually	Type C	4,539,490	4,509,198	4,539,490	4,509,198
	5-Aug-2021	5-Aug-2026	364,766	9.00%	At Maturity	Type D	456,870	420,214	456,870	420,214
			9,999,995				11,032,248	16,706,049	11,032,248	16,564,956

37.2.1 Utilisation of Funds Raised via Capital Market

Objective as per Prospectus	Amount allocated as per Prospectus	Proposed date of utilisation as per Prospectus	Amount allocated from proceeds in	% of total proceeds	Amounts utilised in Rs.	% of utilisation against allocation	Clarification if not fully utilised including where the funds are invested
	Rs. '000		Rs. '000(A)		(B)	(B/A)	
Issue of listed, senior, unsecured, redeemable, rated debentures during the year 2021/22							
The funds raised through the Debenture Issue will be utilised to expand the lending portfolio of the Company	10,000,000	within 06 months from the Date of Allotment	10,000,000	100	10,000,000	100	N/A

Remaining Contractual Maturity Analysis of Debt Security -Company

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	6,400,684	4,631,564	-	11,032,248
Total	6,400,684	4,631,564	-	11,032,248

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	6,718,166	9,987,883	-	16,706,049
Total	6,718,166	9,987,883	-	16,706,049

Remaining Contractual Maturity Analysis of Debt Security -Group

As at 31st March	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	6,400,684	4,631,564	-	11,032,248
Total	6,400,684	4,631,564	-	11,032,248

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	6,577,073	9,987,883	-	16,564,956
Total	6,577,073	9,987,883	-	16,564,956

38. OTHER FINANCIAL LIABILITIES

Accounting Policy

Other financial liabilities includes amount payable to suppliers, insurance payable, dividend payable and other payables. These liabilities are non interest bearing and recorded at amounts expected to be payable as at the reporting date.

All other financial liabilities are recognised initially at fair value and Subsequently measured at amortised cost.

Amount payable to suppliers

Amount payable to suppliers includes obligation to pay for vehicle suppliers in the ordinary course of business.

Insurance payable

Insurance payable includes premium amount payable to insurance companies in relation to vehicles.

As at 31st March	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount payable to suppliers	2,009,627	204,319	2,347,382	243,157
Insurance payable	509,772	613,806	-	-
Other payables	669,294	639,263	1,578,710	1,466,417
Total	3,188,693	1,457,388	3,926,092	1,709,574

NOTES TO THE FINANCIAL STATEMENTS

39. INSURANCE LIABILITIES AND REINSURANCE PAYABLE

Accounting Policy

Provision for net unearned premium

Provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income. At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for liability adequacy.

As required by SLFRS 4 - Insurance Contracts, the Group performs a liability adequacy test (LAT) in respect of non-life contract liabilities with the assistance of an external actuary.

Provision for gross outstanding claims

Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries.

The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are de-recognised when the contract expires, is discharged or is cancelled.

Provision for gross incurred but not reported claims

Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation.

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder method, Bornheutter-Ferguson method and Frequency/Severity method.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium.

Insurance Contract Liabilities

Non-life Insurance Contract Liabilities

Non-life insurance contract liabilities are recognised when contracts are entered and premiums are charged. These liabilities are known as the outstanding claims provision, which are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally, the reserve is released over the term of the contract and is recognised as premium income. At each reporting date, the Group reviews its unexpired risk and a liability adequacy test is performed to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums is inadequate, the deficiency is recognised in the statement of income by setting up a provision for liability adequacy.

De-recognition of Insurance Payable

Insurance payables are derecognised when the obligation under the liability is discharged, cancelled or expired.

Unexpired Risk Reserve

The calculation of premium liability requires a comparison between the Company's held unearned premium reserves less deferred acquisition cost with the expected amount decided based on the significant management judgment. In estimating the unexpired risk liability, assumptions are made on the expected net claim ratio for each of business and claim management expenses incurred whilst these policies remain exposed for claims.

Non-life Insurance Contract Liabilities

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter- Ferguson methods and frequency/severity method.

The main assumption underlying these techniques is that a company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident periods and significant business lines, but can also be further analysed by geographical area and claim types. Large claims may be separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

All general insurance contracts are subject to a Liability Adequacy Test (LAT). The LAT was carried out by M/s. NMG Financial Services Consulting Pte Limited, Singapore.

Reinsurance liabilities represent balances due to insurance companies. Reinsurance assets or liabilities are de-recognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

NOTES TO THE FINANCIAL STATEMENTS

39. INSURANCE LIABILITIES AND REINSURANCE PAYABLE (CONTD...)

As at 31st March	Page Note	Page No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Insurance Liabilities	39.1	364	-	-	4,326,861	4,800,973
Reinsurance payables			-	-	1,181,832	405,649
Total			-	-	5,508,693	5,206,622

39.1 Insurance Liabilities

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Outstanding claims provision	-	-	814,643	1,288,755
Provision for unearned premiums (net)	-	-	3,512,218	3,512,218
Total	-	-	4,326,861	4,800,973

40. LEASE LIABILITIES

Accounting Policy

The Company recognises lease liabilities measured at present value of lease payments to be made over the lease term at the commencement date of the lease. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments.

The Group applied modified retrospective approach in accordance with SLFRS 16 when adopting the standards and used 14.91% as a weighted average incremental borrowing rate in order to record the right of use assets and Lease Liabilities (2023 - 19.68%).

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance as at 1st April	1,753,723	2,059,050	1,477,875	1,588,115
Additions/renewal of operating lease agreements during the year	283,704	161,309	293,956	191,169
Accretion of interest	245,483	236,983	219,909	191,784
Payments to lease creditors	(586,137)	(651,359)	(377,477)	(438,364)
Expiration of operating lease agreements during the year	(60,236)	(52,260)	(60,236)	(54,829)
Balance as at 31st March	1,636,537	1,753,723	1,554,027	1,477,875

Sensitivity analysis of Lease liability

The impact arising from the possible changes in the incremental borrowing rate on the lease liability disclosed in Risk Management Disclosure 56.4.1 on page 402.

Remaining Contractual Maturity Analysis of Lease Liability

As at 31st March Company	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	397,870	1,013,774	224,893	1,636,537
Total	397,870	1,013,774	224,893	1,636,537

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	461,803	1,127,460	164,460	1,753,723
Total	461,803	1,127,460	164,460	1,753,723

As at 31st March Group	2024			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	389,352	957,817	206,858	1,554,027
Total	389,352	957,817	206,858	1,554,027

As at 31st March	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	265,413	1,048,002	164,460	1,477,875
	265,413	1,048,002	164,460	1,477,875

41 CURRENT TAX LIABILITIES

Accounting Policy

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

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

	Page	Company		Group		
		2024	2023	2024	2023	
As at 31st March	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current tax payable	41.1	366	295,474	1,013,703	536,436	1,406,648
Total			295,474	1,013,703	536,436	1,406,648

NOTES TO THE FINANCIAL STATEMENTS

41 CURRENT TAX LIABILITIES (CONTD...)

41.1 Current tax liability

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
Balance as at 1st April	1,013,703	1,851,676	1,406,648	2,098,784
Provision for the year	1,525,924	1,471,393	1,876,053	2,132,725
Under/(Over) provision in respect of previous year	(148,168)	-	(144,939)	-
Payment of income tax	(1,836,478)	(4,256,539)	(2,142,485)	(5,317,964)
Tax credits(*)	(259,507)	1,947,173	(458,841)	2,493,103
Balance as at 31st March	295,474	1,013,703	536,436	1,406,648

41.2 Withholding Tax (WHT) On Fixed Deposits And Saving Accounts

WHT has been reinstated in accordance with Sections 84 and 85 of the Inland Revenue Act No. 24 of 2017 and the amendments thereto (No. 10 of 2021 and No. 45 of 2022). As a result, starting on January 1, 2023, 5% will be applied to service fees for persons that exceed Rs. 100,000, 10% to rent for anyone that exceeds Rs. 100,000, 5% to any amount of interest, and 15% to dividends. On the income tax payment, this WHT deduction can be claimed as a tax credit.

42. OTHER LIABILITIES

Accounting Policy

Other liabilities include VAT on financial services payable, Social Security Contribution Levy, Value Added Tax (VAT) payable, other tax payable and other payable. These Non-Financial Liabilities should be measured at amounts that would rationally be paid to settle the present obligation or amount to transfer it to a third party on the balance sheet date.

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March				
VAT on financial services Payable	249,569	308,716	270,349	317,732
SSCL payable	31,781	31,195	53,036	53,268
Value Added Tax (VAT) payable	68,571	13,235	201,942	116,449
W.H.T. Payable	46,627	-	48,592	3,402
Crop Insurance Levy Payable	17,806	11,647	17,806	11,647
Amount payable to customers	478,329	272,956	478,618	273,303
Stamp Duty Payable	133,907	34,365	136,554	36,971
Other Payable	366,336	344,676	425,871	389,446
Total	1,393,241	1,016,790	1,632,768	1,202,218

 GRI 201-3

43. RETIREMENT BENEFIT OBLIGATION

Employee Benefits

Retirement Benefit Obligation - Gratuity

The Group/Company measures the present value of the promised retirement benefits for gratuity, which is a retirement benefit plan with the advice of an independent professional actuary using the 'Projected Unit Credit method' (PUC) as required by the Sri Lanka Accounting Standard-LKAS 19 - 'Employee Benefits'.

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

Recognition of Actuarial Gains and Losses

The Group/Company recognises the total actuarial gains and losses that arise in calculating the Company's obligation in respect of the plan in Statement of Comprehensive Income during the period in which it occurs.

Funding Arrangements

The gratuity liability is not externally funded.

Defined Contribution Plans -Employees' Provident Fund & Defined Contribution Plans - Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee services in the current and prior periods as defined in the Sri Lanka Accounting Standard - LKAS 19 (Employee Benefits)

The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense when they become due. Unpaid contributions are recorded as a liability.

The Group/Company and employees contribute to the Employees' Provident Fund managed by the Central Bank of Sri Lanka at 12% and 8% respectively on the gross salary of each employee.

The Group/Company contributes to the Employees' Trust Fund at 3% on the gross salary of each employee.

Retirement Benefit Obligation

The cost of the retirement benefit obligation is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future gratuity increases. Due to the long term nature of such obligation, these estimates are subjected to significant uncertainty. All assumptions are reviewed at each reporting date.

	Page	Company		Group	
		2024	2023	2024	2023
Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April		673,659	668,411	756,320	748,944
Amount recognise in Statement of Profit or Loss	43.1	368	175,370	155,670	221,361
Amount recognise in Statement of Comprehensive Income	43.2	368	17,890	(57,764)	26,787
Benefits paid during the year			(88,382)	(92,658)	(107,113)
Balance as at 31st March			778,537	673,659	897,355

NOTES TO THE FINANCIAL STATEMENTS

43. RETIREMENT BENEFIT OBLIGATION (CONTD...)

43.1 Amount recognise in Statement of Profit or Loss

	Company		Group	
	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current service cost	54,111	55,362	77,202	65,812
Net interest on the net defined benefit liability	121,259	100,308	144,159	108,705
Total amount recognised in Statement of Profit or Loss	175,370	155,670	221,361	174,517

43.2 Amount recognise in Statement of Comprehensive Income

	Company		Group	
	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Losses/(Gains) due to changes in assumptions	56,806	(45,364)	63,097	(56,903)
Experience Losses/(Gains) arising during the year	(38,916)	(12,400)	(36,310)	(10,217)
Total actuarial (losses)/gain recognised in Statement of Comprehensive Income	17,890	(57,764)	26,787	(67,120)

An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2024 by Messrs Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries (31 March 2023 by Messrs Actuarial & Management Consultants (Private) Limited. The valuation method used by the actuaries to value the liability is the 'Projected Unit Credit (PUC), the method recommended by the Sri Lanka Accounting Standard, LKAS 19 - 'Employee Benefits'.

As at 31st March	2024	2023
Company /Group		
Actuarial assumptions		
Discount rate	12.00%	18.00%
Future salary increment rate	10.00%	15.00%
Mortality	A1967/70 ultimate mortality	A1967/70 ultimate mortality
Disability	Standard RI rates	Standard RI rates
Retirement age	60 Years	60 Years

Expected average working life of the active participants is 6.0 years for the year ended 31st March 2024. (7.9 - 2023)

43.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measures.

The sensitivity of the Statement of Comprehensive Income and the Statement of Financial Position is the effect of the assumed changes in discount rate & salary increment rate on the employment benefit obligation for the year.

For the year ended 31st March	2024		2023	
	Effect on Statement of Comprehensive Income increase (reduction) in results for the year Rs. '000	Effect on employee benefit obligation increase/ (reduction) in the liability Rs. '000	Effect on Statement of Comprehensive Income increase (reduction) in results for the year Rs. '000	Effect on employee benefit obligation increase/ (reduction) in the liability Rs. '000
Increase/ (decrease) in discount rate				
1%	35,693	(35,693)	35,475	(35,475)
-1%	(39,166)	39,166	(39,307)	39,307
Increase/ (decrease) in salary Increment				
1%	39,246	(39,246)	39,800	(39,800)
-1%	(36,357)	36,357	(36,451)	36,451

43.4 Analysis of retirement benefit obligation by Maturity Profile

Following note analysed the defined benefit obligation by expected future working life time of each individual employee. The expected future working life considers the probability of an exit due to withdrawal, death or disability prior to retirement date.

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Within the next 12 months	121,465	85,296	138,366	95,970
Between 1-5 years	376,817	288,778	423,931	322,789
Beyond 5 years	280,255	299,585	335,058	337,561
Total	778,537	673,659	897,355	756,320

GRI 2-207-1,207-2,207-3,207-4,3-3

44. DEFERRED TAX LIABILITIES / (ASSETS)

Accounting Policy

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- » Where the deferred tax liability arises from the initial recognition of goodwill or 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
- » In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- » Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- » In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the Statement of Profit or Loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Recognised under assets	(818,949)	(1,335,460)	(875,915)	(1,477,554)
Recognised under liabilities	-	-	46,564	57,718
Deferred tax liability/(Asset)	(818,949)	(1,335,460)	(829,351)	(1,419,836)

NOTES TO THE FINANCIAL STATEMENTS

44. DEFERRED TAX ASSETS/LIABILITIES (CONTD...)

Net deferred tax assets/liabilities of one entity cannot set-off against another entity's assets/liabilities since there is no legally enforceable right to set-off. Therefore net deferred tax assets and liabilities of deferent entities are separately recognised in the Statement of Financial Position.

44.1 Movement in Deferred Tax

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	(1,335,460)	(1,146,726)	(1,419,836)	(1,121,196)
Charge for the year	457,679	(147,275)	500,679	(244,222)
Deferred Tax charge relating to components of Statement of Comprehensive Income	58,832	(41,460)	89,805	(54,418)
Balance as at 31st March	(818,949)	(1,335,460)	(829,351)	(1,419,836)

	Company					Group				
	Deferred Tax Assets	Deferred Tax Liabilities	Statement of Profit or Loss	Statement of Comprehensive Income	Statement of Changes in Equity	Deferred Tax Assets	Deferred Tax Liabilities	Statement of Profit or Loss	Statement of Comprehensive Income	Statement of Changes in Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2024										
Retirement benefit obligation	233,561	-	(8,761)	(5,368)	(5,368)	264,520	-	(4,109)	(8,139)	(8,139)
Carry forward tax losses	-	-	-	-	-	63,798	-	(25,130)	-	-
Impairment allowances for loan receivables	781,223	-	542,852	-	-	805,012	-	501,110	-	-
Deffered tax on transitional Adjustment	-	-	-	-	-	-	-	-	-	-
Accelerated depreciation allowance for tax purpose (Lease)	-	185,881	(48,374)	-	-	-	194,226	(53,078)	-	-
Accelerated depreciation allowance for tax purpose (PPE)	-	55,880	(27,468)	-	-	-	163,148	50,297	-	-
Deferred Tax on SLFRS 16	51,342	-	(570)	-	-	51,342	-	(570)	-	-
Deferred Tax on FVOCI	-	5,416	-	64,200	64,200	-	19,541	-	97,944	97,944
Fair value gains/losses - investment property	-	-	-	-	-	21,594	-	32,159	-	-
	1,066,126	247,177	457,679	58,832	58,832	1,206,266	376,915	500,679	89,805	89,805
Deferred tax effect on Profit or Loss and Other Comprehensive Income for the year	-	-	457,679	58,832	-	-	-	500,679	89,805	-
Recognised under equity	-	-	-	-	58,832	-	-	-	-	89,805
Recognised under assets	-	(818,949)	-	-	-	-	(875,915)	-	-	-
Recognised under liabilities	-	-	-	-	-	-	46,564	-	-	-
Net deferred tax liability/ (assets) as at 31 March	-	(818,949)	-	-	-	-	(829,351)	-	-	-

	Company					Group				
	Deferred Tax Assets	Deferred Tax Liabilities	Statement of Profit or Loss	Statement of Comprehensive Income	Statement of Changes in Equity	Deferred Tax Assets	Deferred Tax Liabilities	Statement of Profit or Loss	Statement of Comprehensive Income	Statement of Changes in Equity
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March 2023										
Retirement benefit obligation	219,433	-	(92,311)	17,329	17,329	334,546	-	(112,446)	20,136	20,136
Carry forward tax losses	-	-	-	-	-	-	-	-	-	-
Impairment allowances for loan receivables	2,577,454	1,522,025	94,267	-	-	2,575,291	1,304,309	69,200	-	-
Deffered tax on transitional Adjustment	268,638	-	(53,728)	-	-	268,638	-	(53,727)	-	-
Accelerated depreciation allowance for tax purpose (Lease)	-	234,255	(106,329)	-	-	-	234,255	(147,839)	-	-
Accelerated depreciation allowance for tax purpose (PPE)	-	83,348	57,026	-	-	-	258,965	57,026	-	-
Deferred Tax on SLFRS 16	95,947	45,173	(37,235)	-	-	67,227	45,173	(8,515)	-	-
Deferred Tax on FVOCI	58,789	-	(8,965)	(58,789)	(58,789)	74,554	-	49,817	(74,554)	(74,554)
Fair value gains/losses - investment property	-	-	-	-	-	-	57,718	(97,739)	-	-
	3,220,261	1,884,801	(147,275)	(41,460)	(41,460)	3,320,256	1,900,420	(244,223)	(54,418)	(54,418)

Deferred tax effect on Profit or Loss and Other Comprehensive Income for the year		-	(147,275)	(41,460)	-	-	-	(244,223)	(54,418)	-
Recognised under equity		-	-	-	(41,460)	-	-	-	-	(54,418)
Recognised under assets		(1,335,460)	-	-	-	(1,477,554)	-	-	-	-
Recognised under liabilities		-	-	-	-	57,718	-	-	-	-
Net deferred tax liability as at 31 March 2023		(1,335,460)	-	-	-	(1,419,836)	-	-	-	-

Deferred tax assets/liabilities have been calculated at the rate specific to each company.

45. STATED CAPITAL

Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the Central Bank of Sri Lanka. The adequacy of the Company's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Sri Lanka.

The Company has complied in full with all its externally imposed capital requirements over the reported period.

Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities.

	Company/Group		Company/Group	
	2024		2023	
	Number	Rs. '000	Number	Rs. '000
Balance as at 1 April	2,041,883,116	18,015,559	1,887,195,002	17,071,961
Scrip Dividend	112,492,634	1,214,920	154,688,114	943,598
Balance as at 31 March	2,154,375,750	19,230,479	2,041,883,116	18,015,559

NOTES TO THE FINANCIAL STATEMENTS

45. STATED CAPITAL (CONTD...)

Rights, preferences and restrictions of classes of capital

The ordinary shares of the Company are quoted in the Colombo Stock Exchange. The holders of ordinary shares have the right to receive dividend as declared from time to time and are entitled to one vote per share at the Annual General Meeting of the Company.

Regulatory capital

	2024		2023	
	Actual	Required	Actual	Required
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March				
Tier 1 Capital/ Core capital	40,454,374	2,000,000	36,238,022	2,000,000
Tier 1 Capital Ratio / Core capital ratio	30.00%	10.00%	25.76%	10.00%
Total Capital Ratio / Total risk weighted capital ratio	29.70%	14.00%	26.61%	14.00%

As per Finance Business Act Directions No 3 of 2018, regulatory capital consists of Tier 1 capital, which comprises stated capital, statutory reserved fund, retained earnings including current year profit, general & other reserves less goodwill, other intangible assets, other comprehensive income losses, shortfall of the cumulative impairment to total provisions and interest in suspense and 50% of investment in banking and financial companies.

46. STATUTORY RESERVE FUND

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	2,790,828	2,639,945	2,905,660	2,729,352
Transfer during the year	177,025	150,883	201,935	176,308
Balance as at 31st March	2,967,853	2,790,828	3,107,595	2,905,660

People's Leasing & Finance PLC

According to the Paragraph 3 (a) of Finance Companies (Capital Funds) Direction No.1 of 2003, every finance company shall maintain reserve fund and as per Paragraph 3 (b) (i) of the said direction, so long the capital funds are not less than twenty five (25) per cent of total deposit liabilities, a sum equal to not less than five (5) per cent of the net profits shall be transferred to reserve fund each year.

Since the capital funds are not less than twenty five (25) per cent of total deposit liabilities, company has transferred five (5) per cent of the net profits to reserve fund.

Alliance Finance PLC

As per Financial regulation 1994, every Non-Banking Financial Institution is required to transfer at least 20% of it's current years profit to the fund until such reserve fund equal to its paid up share capital and share premium (if any). In conformity with the above requirement the Company transferred 20% of net profit to statutory reserve before declaration of dividend.

47. RETAINED EARNINGS

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	19,556,826	19,481,612	23,248,550	23,122,851
Profit for the year	3,540,497	3,017,638	3,994,917	3,507,014
Comprehensive income	(76,722)	99,224	(106,681)	121,538
Transfers to reserves	(277,136)	(150,883)	(302,047)	(176,308)
Dividend paid	(2,858,638)	(943,598)	(2,858,638)	(943,598)
Surcharge Tax	-	(1,947,167)	-	(2,382,947)
Balance as at 31st March	19,884,827	19,556,826	23,976,101	23,248,550

48. OTHER RESERVES

Equity Reserves

The reserves recorded in equity (Statement of Comprehensive Income) on the Statement of Financial Position include;

- » The fair value reserve comprises the cumulative net change in fair value of financial assets measured at fair value through other comprehensive income (Refer Note 48.3) on page 373.
- » Foreign currency translation reserve
As at the reporting date, the assets and liabilities of the Alliance Finance PLC a subsidiary of the Company was translated into the presentation currency (Sri Lankan Rupee) at the exchange rate ruling at the reporting date and the Statement of Profit or Loss and Statement of Other Comprehensive Income was translated at the average exchange rate for the period. The exchange differences arising on the translation of these Financial Statement is taken to foreign currency translation reserve through Statement of other comprehensive income (Refer Note 48.4) on page 374.
- » Regulatory loss allowance reserve

In accordance with Section 7.1 of the Finance Business Act Directions (Classification and Measurement of Credit Facilities) No. 01 of 2020, a non-distributable regulatory loss allowance reserve must be established through an appropriation of retained earnings whenever the loss allowance for expected credit loss (impairment) is less than the regulatory provision. Consequently, the company has transferred Rs.100MN from retained earnings to the regulatory loss allowance reserve during the year.

48.1 Current Year 2024

			Company			Group		
	Page	Note	Opening balance at	Movement transfers	Closing balance at	Opening balance at	Movement transfers	Closing balance at
			01-04-2023	Rs. '000	Rs. '000	31-03-2024	Rs. '000	Rs. '000
Regulatory loss allowance reserve			-	100,111	100,111	-	100,111	100,111
Fair value reserve	48.3	373	(571,148)	214,016	(357,132)	(627,839)	300,852	(326,987)
Foreign currency translation reserve	48.4	374	-	-	-	977,219	(318,887)	658,332
Total			(571,148)	314,127	(257,021)	349,380	82,076	431,456

48.2 Previous year 2023

			Company			Group		
	Page	Note	Opening balance at	Movement transfers	Closing balance at	Opening balance at	Movement transfers	Closing balance at
			01-04-2022	Rs. '000	Rs. '000	31-03-2023	Rs. '000	Rs. '000
Fair value reserve	48.3	373	(375,208)	(195,940)	(571,148)	(379,348)	(248,491)	(627,839)
Foreign currency translation reserve	48.4	374	-	-	-	1,276,459	(299,240)	977,219
Total			(375,208)	(195,940)	(571,148)	897,111	(547,731)	349,380

48.3 Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of financial assets measured at fair value through other comprehensive income until such investments are derecognised or impaired.

	Company		Group	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	(571,148)	(375,208)	(627,839)	(379,348)
Net fair value gains/(losses) on remeasuring financial investments	214,016	(195,940)	329,798	(248,491)
Transfer to NCI	-	-	(28,946)	-
Balance as at 31st March	(357,132)	(571,148)	(326,987)	(627,839)

NOTES TO THE FINANCIAL STATEMENTS

48. OTHER RESERVES (CONTD...)

48.4 Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the Financial Statements of foreign subsidiary.

	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Balance as at 01st April	-	-	977,219	1,276,459
Net gains/(losses) arising from translating the Financial Statements	-	-	(625,269)	(594,615)
Transfer to NCI	-	-	306,382	295,375
Balance as at 31st March	-	-	658,332	977,219

49. NON-CONTROLLING INTEREST

Non controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Non controlling interest represents 25% of net assets of the Subsidiary, People's Insurance PLC and 49% of net assets of the subsidiary, Alliance Finance PLC.

	Group	
	2024 Rs. '000	2023 Rs. '000
As at 31st March		
Balance as at 01st April	2,485,030	3,154,527
Acquisition of a subsidiary with non-controlling interest	-	74,764
Profit for the year	202,514	(65,313)
Other comprehensive income	(287,347)	(295,375)
Dividend paid for the year	-	(273,428)
Surcharge Tax	-	(110,146)
Balance as at 31st March	2,400,197	2,485,029

50. CONTINGENT LIABILITIES AND COMMITMENTS

Commitments and Contingencies

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured as defined in the Sri Lanka Accounting Standard- LKAS 37 - 'Provisions, Contingent Liabilities and Contingent Assets'. Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless its occurrence is remote.

	Page	Note	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
As at 31st March						
Contingent liabilities	50.1	375	353,254	338,408	515,833	462,212
Commitments	50.2	375	13,887,062	5,288,366	13,887,062	5,288,366
Total			14,240,316	5,626,774	14,402,895	5,750,578

50.1 Contingent Liabilities

In the normal course of business, the Group and Company makes various irrecoverable commitments and incur certain contingent liabilities with legal recourse to its customers and would be a party to litigation due to its operations. Even though these obligations may not be recognised in the Statement of Financial Position, they do contain operational risk and therefore form a part of the overall risk profile of the Group and Company. However no material losses are anticipated as a result of these transactions.

As at 31st March	Page	No.	Company		Group	
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Litigation against the Company	50.1.1	375	294,821	252,572	294,821	252,572
Guarantees - Others	50.1.2	375	58,433	58,825	58,433	58,825
Assessment received from Inland Revenue Department			-	27,011	162,579	150,815
Total			353,254	338,408	515,833	462,212

50.1.1 Litigation against the Company

Litigation is a common occurrence in the finance industry due to the nature of the business undertaken. The Company has formal controls and policies for managing legal claims. Pending legal claims where the Company had already made provisions for possible losses in its Financial Statements or has a reasonable security to cover the damages are not included below as the Company does not expect cash outflows from such claims.

As of the date of the Statement of Financial Position, forty six (46) clients have filed cases against the company. The Company's legal counsel is of the opinion that litigation which is currently pending will not have a material impact on the reported financial results or future operations of the Company.

50.1.2 Guarantees - Other

Guarantee provided by the Company with the request of Fixed deposits customers to third party and assure to make the obligation at the time of customer is unable to settle the payment.

50.2 Commitments

The Group/Company has commitments for acquisition of property, plant and equipment, intangible assets and un-utilised facilities incidental to the ordinary course of business as at 31st March as follows:

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Capital Commitments				
Approved but not contracted for	1,870,197	1,001,417	1,870,197	1,001,417
Subtotal	1,870,197	1,001,417	1,870,197	1,001,417
Un-utilised facilities				
Margin trading	6,794,683	4,130,745	6,794,683	4,130,745
Fast track	144,472	105,270	144,472	105,270
selfy e cash	5,072,542	-	5,072,542	-
Gold loan -Wadiah	5,168	50,934	5,168	50,934
Subtotal	12,016,865	4,286,949	12,016,865	4,286,949
Total	13,887,062	5,288,366	13,887,062	5,288,366

In the computation of Expected Credit Loss company consider un utilised amount of revolving facility. Therefore allowance for un utilised facility is included in Note 25.7 on page 337.

NOTES TO THE FINANCIAL STATEMENTS

51. NET ASSETS VALUE PER ORDINARY SHARE

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Total equity attributable to equity holders of the Company (Rs. '000)	41,826,138	39,792,065	46,745,631	44,519,149
Total number of shares	2,154,375,750	2,041,883,116	2,154,375,750	2,041,883,116
Net assets value per share (Rs.)	19.41	19.49	21.70	21.80

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2024			2023		
	Within 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	Within 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
Company						
Assets						
Cash and cash equivalents	9,728,132	-	9,728,132	5,844,798	-	5,844,798
Balances with banks & financial institutions	14,288,282	-	14,288,282	29,839,914	-	29,839,914
Financial assets -Fair value through profit or loss	1,339,867	-	1,339,867	203,975	-	203,975
Loans and receivables	59,170,793	44,479,660	103,650,453	58,456,983	55,820,962	114,277,945
Financial assets - Fair value through other comprehensive income	1,158,659	10	1,158,669	944,643	10	944,653
Debt instrument - Amortised cost	18,372,055	-	18,372,055	10,903,577	-	10,903,577
Investments in subsidiaries	-	3,455,229	3,455,229	-	3,291,604	3,291,604
Investment property	-	295,465	295,465	-	284,961	284,961
Other assets	3,829,337	152,481	3,981,818	872,589	157,549	1,030,138
Property, plant and equipment	-	1,361,384	1,361,384	-	1,481,005	1,481,005
Right of use assets	-	1,360,775	1,360,775	-	1,615,939	1,615,939
Deferred tax assets	-	818,949	818,949	-	1,335,460	1,335,460
Goodwill and intangible assets	-	41,010	41,010	-	19,193	19,193
Total assets	107,887,125	51,964,963	159,852,088	107,066,479	64,006,683	171,073,162
Liabilities						
Due to banks	2,263,494	-	2,263,494	5,975,862	1,748,809	7,724,671
Due to customers	78,938,390	18,499,336	97,437,726	75,095,424	25,839,690	100,935,114
Debt securities issued	6,400,684	4,631,564	11,032,248	6,718,166	9,987,883	16,706,049
Other financial liabilities	3,188,693	-	3,188,693	1,457,388	-	1,457,388
Lease Liabilities	344,617	1,291,920	1,636,537	461,803	1,291,920	1,753,723
Current tax liabilities	295,474	-	295,474	1,013,703	-	1,013,703
Other liabilities	1,393,241	-	1,393,241	1,016,790	-	1,016,790
Retirement Benefit Obligation	121,465	657,072	778,537	85,296	588,363	673,659
Total liabilities	92,946,058	25,079,892	118,025,950	91,824,433	39,456,664	131,281,097
Net assets	14,941,067	26,885,071	41,826,138	15,242,046	24,550,019	39,792,065

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2024			2023		
	Within 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000	Within 12 months Rs. '000	After 12 months Rs. '000	Total Rs. '000
Assets						
Cash and cash equivalents	10,636,505	-	10,636,505	6,316,003	-	6,316,003
Balances with banks & financial institutions	17,562,955	-	17,562,955	34,224,917	-	34,224,917
Financial assets - Fair value through profit or loss	1,451,613	-	1,451,613	345,093	-	345,093
Loans and receivables	66,223,220	50,696,730	116,919,950	66,298,700	59,079,204	125,377,904
Reinsurance and insurance receivables	1,586,697	-	1,586,697	1,498,065	-	1,498,065
Financial assets - Fair value through other comprehensive income	1,720,465	10	1,720,475	1,372,952	10	1,372,962
Debt instrument - Amortised cost	22,787,970	1,038,544	23,826,514	12,810,585	3,049,087	15,859,672
Investment properties	-	1,305,512	1,305,512	-	1,200,317	1,200,317
Other assets	4,013,787	152,481	4,166,268	1,123,473	157,549	1,281,022
Property, plant and equipment	-	3,779,689	3,779,689	-	3,971,219	3,971,219
Right to use assets	-	1,287,033	1,287,033	-	1,372,423	1,372,423
Deferred tax assets	-	829,351	829,351	-	1,419,836	1,419,836
Goodwill and intangible assets	-	185,304	185,304	-	137,436	137,436
Total assets	125,983,212	59,274,654	185,257,866	123,989,788	70,387,081	194,376,869
Liabilities						
Due to banks	4,795,648	2,385,717	7,181,365	8,700,073	2,368,449	11,068,522
Due to customers	86,009,869	17,833,185	103,843,054	81,955,382	26,024,574	107,979,956
Debt securities issued	6,400,684	4,631,564	11,032,248	6,577,073	9,987,883	16,564,956
Other financial liabilities	3,926,092	-	3,926,092	1,709,574	-	1,709,574
Insurance and reinsurance payable	-	5,508,693	5,508,693	-	5,206,622	5,206,622
Lease Liabilities	341,565	1,212,462	1,554,027	265,413	1,212,462	1,477,875
Current tax liabilities	536,436	-	536,436	1,406,648	-	1,406,648
Other liabilities	1,632,768	-	1,632,768	1,202,218	-	1,202,218
Retirement benefit obligation	138,366	758,989	897,355	95,970	660,350	756,320
Total liabilities	103,781,428	32,330,610	136,112,038	101,912,351	45,460,340	147,372,691
Net assets	22,201,784	26,944,044	49,145,828	22,077,437	24,926,741	47,004,178

NOTES TO THE FINANCIAL STATEMENTS

53. FINANCIAL REPORTING BY SEGMENT

Accounting Policy

The group's segmental reporting is based on the Business Segments.

A segment is a distinguishable component of the Group that is engaged in providing products and services. (Business segment, which is subject to risks and rewards that are different from those of other segments).

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The accounting policies adopted for segment reporting are those accounting policies adopted for preparing the Financial Statements of the Group.

Inter-segment transfers are accounted for at competitive fair market prices charged to intercompany counterparts for similar services. Such services are eliminated on consolidation.

As per the provision of Sri Lanka Reporting Standard -SLFRS- 8, the operating segment of the group has been identify based on the product and services offered by the group of which level of risk and rewards are significantly differ from one another.

Top management of the Group consider the operating results and condition of its business segments in their decision making process and performance evaluation. Types of products and services from which each operating segment derives its revenues described as follows.

Lease & Hire-purchase

This segment includes Leasing and Hire Purchase products offered to the customers.

Loans

This segment includes Loan products offered to the customers.

Islamic

This segment includes Ijarah, Murabah, Musharakah and Trading Murabah products offered to the customers.

Insurance business

Insurance business segment includes general insurance

Other business

This segment include all other business activities that group engaged other than above segments.

For the year ended 31st March	Lease & HP		Loans		Islamic		Insurance		Other		Eliminations		Group	
	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000	2024 Rs.'000	2023 Rs.'000
Interest income	12,333,980	11,413,366	10,589,539	13,140,899	828,950	948,386	1,391,108	1,452,100	7,530,937	6,911,484	(457,817)	(459,317)	32,216,697	33,406,918
Net earned premium	-	-	-	-	-	-	3,969,415	4,873,871	-	-	(234,090)	(200,018)	3,735,325	4,673,853
Net fee and commission income	936,245	669,324	803,828	770,633	62,924	55,617	-	-	288,531	282,204	(1,112,133)	(1,086,583)	979,395	691,195
Net trading income	-	-	-	-	-	-	-	2,249	124,229	1,919	-	-	124,229	4,168
Other operating income	286,042	101,678	245,586	117,068	19,225	8,449	118,785	84,546	178,366	634,727	(350,792)	(559,957)	497,212	386,511
Gross income	13,556,267	12,184,368	11,638,953	14,028,600	911,099	1,012,452	5,479,308	6,412,766	8,122,063	7,830,334	(2,154,832)	(2,305,875)	37,552,858	39,162,645
Interest expenses	7,415,894	6,857,480	6,367,036	7,895,432	498,413	569,818	-	-	4,443,135	4,406,988	(457,819)	(459,316)	18,266,659	19,270,402
Total Operating income	6,140,373	5,326,888	5,271,917	6,133,168	412,686	442,634	5,479,308	6,412,766	3,678,928	3,423,346	(1,697,013)	(1,846,559)	19,286,199	19,892,243
Credit loss expenses	(726,672)	(227,806)	(617,527)	1,128,996	(1,771)	(153,467)	-	-	(8,234)	(43,761)	-	-	(1,354,204)	703,962
Net operating income	6,867,045	5,554,694	5,889,444	5,004,172	414,457	596,101	5,479,308	6,412,766	3,687,162	3,467,106	(1,697,013)	(1,846,559)	20,640,403	19,188,281
Depreciation	262,673	228,090	238,117	294,633	21,548	21,830	102,678	103,645	157,365	181,774	(168,513)	(169,839)	613,868	660,133
Segment result	3,196,557	2,111,289	2,744,453	2,430,855	214,836	175,436	627,587	1,246,908	1,915,172	1,356,827	(272,956)	(317,532)	8,425,649	7,003,783
Less: Tax on financial services	-	-	-	-	-	-	-	-	-	-	-	-	1,996,425	1,673,580
Income tax expense	-	-	-	-	-	-	-	-	-	-	-	-	2,231,793	1,888,502
Profit attributable to equity holder	-	-	-	-	-	-	-	-	-	-	-	-	4,197,431	3,441,701
As at 31st March														
Segment assets	69,085,195	59,409,781	62,626,580	76,742,103	5,667,203	5,686,110	12,446,256	11,728,248	41,388,072	47,346,146	(5,955,440)	(6,535,520)	185,257,866	194,376,868
Total assets	69,085,195	59,409,781	62,626,580	76,742,103	5,667,203	5,686,110	12,446,256	11,728,248	41,388,072	47,346,146	(5,955,440)	(6,535,520)	185,257,866	194,376,868
Segment liabilities	51,431,804	45,552,968	46,623,559	58,842,676	4,219,058	4,359,875	7,077,051	6,854,524	30,812,144	36,303,070	(4,051,578)	(4,540,422)	136,112,038	147,372,691
Total liability	51,431,804	45,552,968	46,623,559	58,842,676	4,219,058	4,359,875	7,077,051	6,854,524	30,812,144	36,303,070	(4,051,578)	(4,540,422)	136,112,038	147,372,691

NOTES TO THE FINANCIAL STATEMENTS

54. ASSETS PLEDGED

The following assets have been pledged as securities for liabilities.

Nature of Assets	Nature of Liabilities	Carrying Amount Pledged				Included under
		Company		Group		
		31 March 2024 Rs. '000	31 March 2023 Rs. '000	31 March 2024 Rs. '000	31 March 2023 Rs. '000	
Rentals receivables on lease	Securitisation	-	5,042,359	-	5,042,359	Loans and receivables
	Term loan	2,179,094	4,845,020	2,179,094	4,845,020	Loans and receivables
	Short term loans	23,509,389	14,911,377	23,509,389	14,911,377	Loans and receivables
Rentals receivables on hire-purchase	Term loan	-	-	1,037,255	1,037,255	Loans and receivables
	Short term loans	-	-	46,705	46,705	Loans and receivables
Rentals receivables on loans	Securitisation	-	-	-	-	Loans and receivables
	Short term loans	-	8,697,471	-	8,697,471	Loans and receivables
Fixed deposits	Bank guarantee for assessment	-	-	125,700	21,500	Contingent liabilities and commitments
Fixed deposits	Overdrafts	-	-	75,000	75,000	Balances with banks & financial institutions
Freehold lands and buildings	Term loan	-	-	3,818,007	3,818,007	Property, plant & equipment & investment property

55. RELATED PARTY DISCLOSURE

The Company and the Group out transactions in the ordinary course of business with the parties who are defined as related parties in the Sri Lanka Accounting Standards – LKAS 24 (Related Party Disclosure), the details of which are reported below:

55.1 Parent and ultimate controlling party

The immediate Parent of the Company is People's Bank which is a Government owned entity.

55.2 Transactions with Key Management Personnel (KMP) and their Family Members

As per the Sri Lanka Accounting Standard - LKAS -24) - "Related Party Disclosures", the KMPs include those who are having authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors of the Company, Immediate parent Company and members of the Corporate Management of the Company have been classified as KMPs of the Company.

The Company carries out transactions with KMPs & their close family members in the ordinary course of its business on an arms length basis at commercial rates.

Close family members of KMPs are those family members who may be expected to influence, or be influenced by, those KMPs in their dealing with the entity.

55.2.1 Transactions with Key Management personnel and their Close Family Members**Remuneration to Key Management Personnel****(a) Remuneration to Board of Directors**

	Company		Group	
	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	18,727	5,726	37,865	14,794
Total	18,727	5,726	37,865	14,794

(b) Remuneration to Corporate Management

	Company		Group	
	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	270,450	197,483	342,398	282,087
Post employment benefits	19,647	47,426	22,111	50,499
Total	290,097	244,909	364,509	332,586

In addition to the above, the Company has also provided non cash benefits such as Company maintained vehicles to KMPs in line with the approved employment terms of the Company.

55.2.2 Share Transactions with Key management Personnel

	Company		Group	
	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
No. of ordinary shares held	972,820	747,831	1,078,985	929,331
Cash dividend paid (Rs. '000)	681	-	681	-
Scrip dividend (No. of shares)	53,588	73,165	58,088	77,665

55.2.3 Transactions, Arrangements and Agreements involving Key Management Personnel (KMPs), includes Key Management personnel, his/her Close Family Members (CFMs) and entities where the Key Management Personnel and his/her Close Family Member have control or joint control.**(a) Items in Statement of Profit or Loss**

	Board of Directors		Corporate Management		Total	
	2024	2023	2024	2023	2024	2023
For the year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	57	316	806	3,176	863	3,492
Interest expense	1,619	3,223	37,031	54,770	38,650	57,993

(b) Items in Statement of Financial Position

	Board of Directors		Corporate Management		Total	
	2024	2023	2024	2023	2024	2023
As at 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Loans and receivables	-	1,612	6,475	10,547	6,475	12,159
Total	-	1,612	6,475	10,547	6,475	12,159
Liabilities						
Due to customers	10,723	19,936	213,326	316,155	224,049	336,091
Total	10,723	19,936	213,326	316,155	224,049	336,091

NOTES TO THE FINANCIAL STATEMENTS

55. RELATED PARTY DISCLOSURE (CONTD...)

55.3 Net accommodation and Net accommodation as a Percentage of Capital funds

As at 31st March	2024 Rs. '000	2023 Rs. '000	2024 %	2023 %
People's Bank				
People's Leasing Property Development Limited	462,396	528,249	1.11	1.33
People's Leasing Fleet Management Limited	-	1,320	-	-
People's Leasing Havelock Properties Limited	843,719	1,043,582	2.02	2.62
People's Microfinance Ltd	80,044	10,405	-	-
People's Insurance PLC	47,532	26,589	0.11	0.07
Alliance Finance PLC	26,510	26,620	0.06	0.07
Board of Directors	-	1,612	-	-
Corporate management	6,475	10,547	0.02	0.03
Total net accommodation	1,466,676	1,648,924	3.32	4.12

55.4 Transactions with Related Entities

Transactions with Government of Sri Lanka and Government Related Entities

The immediate parent of the Company is People's Bank which is Government owned entity. The Company enters into transactions, arrangements and agreements with Government of Sri Lanka and its related entities. The significant financial dealings during the year and as at the Statement of Financial Position date are as follows:

a. Items in Statement of Profit or Loss

For the year ended 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest income	1,332	7,663	1,332	7,663
Interest expenses	1,129,126	375,363	1,129,126	375,363

b. Items in Statement of Financial Position

As at 31st March	Company		Group	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Assets				
Loans and receivables	5,679	10,429	5,679	10,429
Total	5,679	10,429	5,679	10,429
Liabilities				
Due to banks	-	-	-	-
Due to customer	3,415,159	2,167,874	3,415,159	2,167,874
Total	3,415,159	2,167,874	3,415,159	2,167,874

Further, transactions as detailed below, relating to the ordinary course of business, are entered into with the Government of Sri Lanka and its related entities

- » Investments in Treasury Bills, Treasury Bonds
- » Payments of statutory rates and taxes
- » Payments for utilities mainly comprising of telephone, electricity and water
- » Payments for employment retirement benefits - ETF
- » Payment of incidentals such as RMV charges and CRIB fees that are paid based on standard rates.

c. Individual Significant Transactions

There were no individual significant transactions with the Government of Sri Lanka and Government related entities, other than on normal day-to-day business operations.

55.4.1 Company

The Company had the under mentioned financial dealings during the financial year with the following related entities

a. Items in Statement of Profit or Loss

As at 31st March	Parent		Subsidiaries	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Interest income	6,201,705	6,432,847	272,829	312,463
Interest expense	410,497	129,395	226,191	217,166
Fee and Commission income	-	-	690,539	678,554
Other operating income	-	-	377,135	531,930
Benefits, claims and underwriting expenditure	-	-	220,573	189,231
Depreciation and amortisation	4,301	4,567	215,824	215,824
Other operating expenses	-	-	16,986	16,067

b. Items in Statement of Financial Position

As at 31st March	Parent		Subsidiaries	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Assets				
Cash and cash equivalents	2,340,575	4,701,513	-	-
Balances with banks & financial institutions	2,989,538	26,680,324	-	-
Loans and receivables	-	-	1,462,655	1,642,309
Financial assets - Amortised cost	18,372,055	10,903,577	-	-
Investments in subsidiaries / Associate (net of impairment)	-	-	3,455,229	3,291,604
Other assets	4,670	-	111,842	253,877
Right of use asset	14,430	19,878	152,524	368,349
Total	23,721,268	42,305,292	5,182,250	5,556,139
Liabilities				
Due to banks	498,705	43,736	-	-
Due to customers	3,415,159	554,386	1,350,179	1,062,879
Other Financial liabilities	-	-	601,598	700,811
Other liabilities	-	-	15,929	9,460
Lease liability	23,962	23,962	189,003	432,635
Total	3,937,826	622,084	2,156,709	2,346,878

NOTES TO THE FINANCIAL STATEMENTS

55. RELATED PARTY DISCLOSURE (CONTD...)

c. Transactions

For the year ended 31st March	Parent		Subsidiaries	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Purchase of vehicles	-	-	-	103,550
Building rent paid	4,035	6,516	284,342	284,342
Building rent received	-	-	13,217	13,637
Cash and cash equivalents - Repo investments	65,410,137	6,150,000	-	-
Cash and cash equivalents - Repo settlements	65,461,426	6,665,168	-	-
Cash and cash equivalents - Money market account investments	33,616,500	24,451,334	-	-
Cash and cash equivalents - Money market account withdrawals	32,924,701	25,620,116	-	-
Cash and cash equivalents - Call Deposit Investments	7,662,226	22,255,000	-	-
Cash and cash equivalents - Call Deposit withdrawals	10,814,419	20,178,665	-	-
Balances with banks and financial institutions - FD investments	56,680,782	93,389,656	-	-
Balances with banks and financial institutions - FD withdrawals	82,695,645	71,514,078	-	-
Loans and receivables - Grantings	-	-	351,395	347,337
Loans and receivables - Repayments	-	-	339,732	338,514
Debt instrument - Amortised cost - Investments	64,224,591	40,967,052	-	-
Debt instrument - Amortised cost - Settlements	60,074,968	43,255,119	-	-
Due to banks - Repayment	295,487	295,487	-	-
Due to customers - Investments	3,558,902	3,141,782	1,063,578	1,063,578
Due to customers - Settlements	3,536,263	3,619,098	945,304	945,304
Other financial liabilities - Services obtained	-	-	10,203	10,203
Other financial liabilities - Repayment	-	-	10,910	10,910
Dividend paid	2,143,977	707,698	-	-
Dividend received	-	-	367,500	513,828
Insurance premium paid in respect of customers introduced by People's Leasing & Finance PLC	-	-	1,884,034	2,581,127
Total	489,104,059	362,216,769	5,270,215	6,212,330

55.4.2 Group

The group had the under mentioned financial dealings during the financial year with the following related entities.

a. Items in Statement of Profit or Loss

As at 31st March	Immediate Parent	
	2024 Rs. '000	2023 Rs. '000
Interest income	6,463,156	6,710,304
Interest expenses	419,069	147,035
Net earned premiums	347,954	359,945
Fee and commission income	26,316	28,061
Other operating income	112,227	115,746
Benefits, claims and underwriting expenditure	34,790	56,650
Depreciation and amortisation	4,301	4,567

b. Items in Statement of Financial Position

As at 31st March	Immediate Parent	
	2024 Rs. '000	2023 Rs. '000
Assets		
Cash and cash equivalents	2,584,359	4,902,129
Balances with banks & financial institutions	4,441,178	28,366,010
Insurance and reinsurance receivables	294,726	291,717
Financial assets - Amortised cost	18,372,055	10,903,577
Other assets	4,670	4,592
Right of use assets	14,430	19,878
Total	25,711,418	44,487,903
Liabilities		
Due to banks	540,649	295,763
Due to customers	3,415,159	554,386
Other liabilities	7,851	8,369
Lease liabilities	23,962	23,962
Total	3,987,621	882,480

NOTES TO THE FINANCIAL STATEMENTS

55. RELATED PARTY DISCLOSURE (CONTD...)

55.5 Transactions exceeding 10% of the gross income of the Company.

For the Ended 31st March	Relationship	Nature of the transaction	Transaction value		Transaction value as a % of gross income		Terms and conditions
			2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000	
People's Bank	Immediate Parent	Repo investments	65,410,137	6,150,000	210.75%	19.21%	Normal terms
		Repo settlements	65,461,426	6,665,168	210.92%	20.82%	Normal terms
		FD investments	56,680,782	93,389,656	182.63%	291.68%	Normal terms
		FD withdrawals	82,695,645	71,514,078	266.45%	223.35%	Normal terms
		Tbill investments	64,224,591	40,967,052	206.93%	127.95%	Normal terms
		Tbill settlements	60,074,968	43,255,119	193.56%	135.09%	Normal terms
		Call deposit investments	7,662,226	22,255,000	24.69%	69.51%	Normal terms
		Call deposit Withdrawals	10,814,419	20,178,665	34.84%	63.02%	Normal terms
People's Insurance PLC	Subsidiary	Insurance premium	1,884,034	2,581,127	6.07%	8.06%	Normal terms

56. RISK MANAGEMENT (COMPANY/GROUP)

56.1 Introduction

Risk is inherent in the Group's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability, sustainability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is primarily exposed to credit risk, liquidity risk and market risk. It is also subject to various operating risks. Detailed risk analysis is given in risk management section.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has appointed a subcommittee, Integrated Risk Management (IRM) Committee, which has the responsibility to monitor the overall risk process within the Company.

The IRM Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The IRM Committee is responsible for managing risk decisions and monitoring risk levels and reports on a periodical basis to the Board.

The Risk Management & Control Unit is responsible for monitoring compliance with risk principles, policies and limits across the Company.

Assets and Liabilities Committee (ALCO)

ALCO is chaired by the Chief Executive Officer. Other permanent members of the ALCO include, Senior Deputy General Managers-Operations, Deputy General Manager-Risk & Control, Deputy General Manager- Recoveries & Administration, Deputy General Manager-Marketing, Head of Deposits, Head of Finance, Head of Treasury and the Committee Secretary. The Committee meetings should be held at least once a month to monitor and manage the assets and liabilities of the Company and also overall liquidity position to keep the Company's liquidity at healthy levels, whilst satisfying regulatory requirements. The Chairman of ALCO upon a request of any permanent member may convene a special meeting of the Committee when an issue arises that cannot wait until the next regularly scheduled meeting.

Integrated Risk Management Operating Committee (IRMOC)

Integrated Risk Management Operating Committee ("IRMOC" or "the Committee") has been formed as a management level committee to further strengthen the Risk Governance Structure of the Company and support the Board, Board Sub-Committees and the Corporate Management in managing the risks associated with the business operations of the Company in an integrated manner.

The TOR of the Committee clearly set out the authority, constitution, meeting frequency, accountability and responsibilities, quorum, reporting and other procedures of the Committee. This TOR has been adopted by the Board in March 2019.

IRMOC is chaired by the Head of Risk. The members of the Committee include the members of Corporate Management, Chief Managers-Operations and Senior Managers (except the Senior Managers attached to Branches). All business managers that involved in the operations of the Company can be recognised as "Risk Owners" as they negotiate to assume risk exposures with potential customers within the Board approved Risk Management policies and Risk Tolerance limits. Accordingly, Members of Senior Management involved in business operations can be considered as Senior Risk Owners. Therefore, At IRMOC, it is mandatory to have a higher level of involvement by the Senior Risk Owners of the Company.

The Committee shall focus on reviewing assumed risks at the front-line, specifically focusing on Credit Risk, Operational Risk and Compliance Risk.

The IRMOC shall meet at least quarterly or more frequently as and when required. The Committee met four (04) times quarterly during the year under review. The IRMOC is accountable to the Integrated Risk Management Committee (IRMC). The Committee submitted the highlights of the Minutes of IRMOC Meetings to the IRMC for seeking the Committee's views, concurrence and or specific directions.

56.2 Credit risk

Credit risk refers to the potential loss a company may incur if its customers or counterparties fail to fulfill their contractual obligations. To manage and control this risk, the company establishes limits on the level of risk it is willing to accept from individual and group counterparties, as well as from specific geographical regions and industries. The company also monitors exposures to ensure they remain within these predetermined limits.

56.2.1 Credit Risk Management

Recognising the critical importance of managing Default Risk, the Company employs a comprehensive array of tools and techniques. The process begins with rigorous credit evaluation, guided by a Board-approved Credit Policy and Standard Operating Procedures (SOPs). Credit proposals undergo thorough review by the Central Credit Department, with high-limit cases scrutinised by the Management Credit Committee. Retail and SME exposures are assessed using CRIB data, while corporate borrowers undergo individual evaluation.

Post-disbursement, the Company conducts independent monthly reviews, ensuring any identified gaps are promptly addressed. The focus on vehicle leasing/mortgages necessitates maintaining a pool of registered property values. Monitoring Default Risk is a shared responsibility, with Corporate Management providing oversight to ensure adherence to internal controls and SOPs. Recovery structures guide branch teams, and centralised units monitor early warning signals and handle litigation.

Credit Concentration Risk is managed within Board-approved thresholds. Regular monitoring by the Risk and Control Department ensures adherence to these limits, with a robust credit stress testing program in place. In FY 2023/24, the Company maintained a cautious lending stance initially, gradually expanding into low-risk lending in response to economic recovery. A new Credit Evaluation System and dedicated Credit Department were implemented to streamline processes and enhance credit quality. Post-disbursement reviews were expanded, providing greater insights into concentration risks, which were closely monitored and reported to executive committees for review and action.

Impairment assessment

At each reporting date, an allowance for expected credit losses (ECL) is recorded. This allowance is determined based on either 12-month ECLs or lifetime ECLs, contingent upon whether there has been a significant increase in credit risk for the financial instrument since its initial recognition. Any changes to the ECL allowance are recognised in the profit and loss statement as an impairment gain or loss. (Explained in Note 25.6) on page 335.

Definition of Default

The company defines default and classification as Stage 3 (credit-impaired) for ECL calculations for collective purpose when contractual payments are overdue by more than 90 days or exceed the sanctioned limit for a similar duration. Additionally, any credit facilities classified as Stage 3 under SLFRS 9 are considered defaulted.

Reschedule and Refinance Facilities

Rescheduled and refinance contracts undergo an upgrade only after demonstrating satisfactory performance throughout the relevant monitoring period, during which the customer adheres to the applicable terms of repayment.

Significant Increase in Credit Risk

The Company continuously monitors assets for Expected Credit Losses (ECL). To determine whether an instrument or portfolio falls under 12-month ECL or Lifetime ECL (LTECL), the Company assesses if there has been a significant increase in credit risk since initial recognition. Additionally, the Company uses qualitative methods to identify significant increases in credit risk, such as moving an account to the watch list due to restructuring or refinancing or/and other qualitative indicators.

For estimating ECLs collectively, the Company categorises credit exposures into below stages:

Stage 1: Accounts with no signs of deterioration since origination, considered Low Credit Risk (LCR), and less than or equal to 30 days past due. A 12-month ECL is applied

Stage 2: Accounts showing significant credit deterioration since origination, 31 to 90 days past due. Lifetime ECLs are applied.

Stage 3: Impaired assets, including those more than 90 days past due. Lifetime ECLs are applied

Individual Impairment

As detailed in Note 25.6 on page 335, the Company calculates Expected Credit Losses (ECLs) either collectively or individually based on certain factors. An individual impairment assessment is conducted for exposures exceeding the Individually Significant Threshold of LKR 50 Million. The company performs both qualitative and quantitative evaluations of default for its individually significant customers. This involves analysing a variety of indicators that signal the likelihood of payment default, which could result in the reclassification of a customer to either Stage 3 or Stage 2.

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56. RISK MANAGEMENT (CONTD...)

Exposures assessed individually and recognised with an impairment provision are excluded from the collective impairment assessment. If no objective evidence of expected loss is found for an individually assessed exposure, it is included in a group of similar credit risk exposures for collective impairment assessment.

56.2.2 Maximum exposure to credit risk

Credit quality by class of financial assets

The Company manages the credit quality of financial assets using internal credit evaluation system. The tables below show the credit quality by the class of asset for all financial assets exposed to credit risk, based on the Company's internal credit evaluation system. The amounts presented are gross of impairment allowances.

Definition of Past Due

The Company considers that any amounts uncollected one day or more beyond their contractual due date as 'past due'.

Company As at 31st March 2024	Neither past due nor impaired Rs. '000	Past due but not impaired				Individually impaired Rs. '000	Total Rs. '000
		1-30 Days	31-60 days	61-90 days	Over 90 days		
		Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Cash and cash equivalents (excluding cash in hand)	8,553,600	-	-	-	-	-	8,553,600
Balances with banks & financial institutions	14,288,282	-	-	-	-	-	14,288,282
Financial assets - Fair value through profit or loss	1,339,867	-	-	-	-	-	1,339,867
Loans and receivables - Amortised cost	69,528,049	14,711,770	7,068,333	3,822,291	13,123,549	4,251,247	112,505,240
Financial assets - Fair value other comprehensive income	1,158,669	-	-	-	-	-	1,158,669
Debt instrument - Amortised cost	18,372,055	-	-	-	-	-	18,372,055
Other financial assets	69,989	-	-	-	-	-	69,989
Total	113,310,511	14,711,770	7,068,333	3,822,291	13,123,549	4,251,247	156,287,702

Company As at 31st March 2023	Neither past due nor impaired Rs. '000	Past due but not impaired				Individually impaired Rs. '000	Total Rs. '000
		1-30 Days	31-60 days	61-90 days	Over 90 days		
		Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Cash and cash equivalents (excluding cash in hand)	4,840,646	-	-	-	-	-	4,840,646
Balances with banks & financial institutions	29,839,914	-	-	-	-	-	29,839,914
Financial assets - Fair value through profit or loss	203,975	-	-	-	-	-	203,975
Loans and receivables - Amortised cost	76,024,330	16,619,175	10,000,432	4,700,643	14,733,157	2,609,464	124,687,201
Financial assets - Fair value other comprehensive income	944,653	-	-	-	-	-	944,653
Debt instrument - Amortised cost	10,903,577	-	-	-	-	-	10,903,577
Other financial assets	100,306	-	-	-	-	-	100,306
Total	122,857,401	16,619,175	10,000,432	4,700,643	14,733,157	2,609,464	171,520,272

Group As at 31st March 2024	Neither past due nor impaired Rs. '000	Past due but not impaired				Individually impaired Rs. '000	Total Rs. '000
		1-30 Days	31-60 days	61-90 days	Over 90 days		
		Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Cash and cash equivalents (excluding cash in hand)	9,425,325	-	-	-	-	-	9,425,325
Balances with banks & financial institutions	17,562,955	-	-	-	-	-	17,562,955
Financial assets - Fair value through profit or loss	1,451,613	-	-	-	-	-	1,451,613
Loans and receivables - Amortised cost	80,563,974	14,560,800	7,475,834	4,935,743	16,178,828	2,917,288	126,632,467
Insurance and reinsurance receivables	1,586,697	-	-	-	-	-	1,586,697
Financial assets - Fair value other comprehensive income	1,720,475	-	-	-	-	-	1,720,475
Debt instrument - Amortised cost	23,826,514	-	-	-	-	-	23,826,514
Total	136,137,553	14,560,800	7,475,834	4,935,743	16,178,828	2,917,288	182,206,046

Group As at 31st March 2023	Neither past due nor impaired Rs. '000	Past due but not impaired				Individually impaired Rs. '000	Total Rs. '000
		1-30 Days	31-60 days	61-90 days	Over 90 days		
		Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Cash and cash equivalents (excluding cash in hand)	5,297,056	-	-	-	-	-	5,297,056
Balances with banks & financial institutions	34,224,917	-	-	-	-	-	34,224,917
Financial assets - Fair value through profit or loss	345,093	-	-	-	-	-	345,093
Loans and receivables - Amortised cost	83,670,400	17,195,506	11,679,224	5,578,135	16,152,645	2,609,464	136,885,374
Insurance and reinsurance receivables	1,498,065	-	-	-	-	-	1,498,065
Financial assets - Fair value other comprehensive income	1,372,962	-	-	-	-	-	1,372,962
Debt instrument - Amortised cost	15,859,672	-	-	-	-	-	15,859,672
Total	142,268,165	17,195,506	11,679,224	5,578,135	16,152,645	2,609,464	195,483,139

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56, 2, 3 Analysis of Risk Concentration by Industry

The following table shows the risk concentration by industry for the components of the statement of financial position.

Industry analysis

Company

31 March 2024	Financial Services*	Agriculture	Manufacturing	Tourism	Transport	Construction	Traders	Services	Industry	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	9,728,132	-	-	-	-	-	-	-	-	-	9,728,132
Balances with banks & financial institutions	14,288,282	-	-	-	-	-	-	-	-	-	14,288,282
Financial assets - Fair value through profit or loss	1,059,150	-	-	-	-	-	-	280,717	-	-	1,339,867
Loans and receivables - Amortised cost	7,482,293	24,068,961	7,097,228	2,478,577	20,245,475	7,357,034	15,198,784	18,050,647	2,261,527	8,264,713	112,505,240
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	8,854,787
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	103,650,453
Financial assets - Fair value other comprehensive income	202,382	-	-	-	-	-	-	956,287	-	-	1,158,669
Debt instrument - Amortised cost	18,372,055	-	-	-	-	-	-	-	-	-	18,372,055
Other financial assets	69,989	-	-	-	-	-	-	-	-	-	69,989

Company

31 March 2023	Financial Services*	Agriculture	Manufacturing	Tourism	Transport	Construction	Traders	Services	Industry	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	5,844,798	-	-	-	-	-	-	-	-	-	5,844,798
Balances with Banks & financial institutions	29,839,914	-	-	-	-	-	-	-	-	-	29,839,914
Financial assets - Fair value through profit or loss	190,975	-	-	-	-	-	-	13,000	-	-	203,975
Loans and receivables - Amortised cost	8,776,851	27,151,036	7,247,716	2,689,999	24,861,237	8,528,731	14,994,171	19,126,829	2,259,519	9,051,111	124,687,201
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	10,409,256
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	114,277,945
Financial assets - Fair value other comprehensive income	199,581	-	-	-	-	-	-	745,072	-	-	944,653
Debt instrument - Amortised cost	10,903,577	-	-	-	-	-	-	-	-	-	10,903,577
Other financial assets	100,306	-	-	-	-	-	-	-	-	-	100,306

* Financial services include banks, finance institutions, insurance companies, stock brokering companies and fund management companies, venture capital companies and investment advisory services companies.

Industry analysis

Group

31 March 2024	Financial Services*	Agriculture	Manufacturing	Tourism	Transport	Construction	Traders	Services	Industry	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	10,636,505	-	-	-	-	-	-	-	-	-	10,636,505
Balances with banks & financial institutions	17,562,955	-	-	-	-	-	-	-	-	-	17,562,955
Financial assets - Fair value through profit or loss	1,090,960	-	-	-	-	-	-	360,653	-	-	1,451,613
Loans and receivables - Amortised cost	10,357,850	24,631,279	12,396,221	2,491,645	20,346,201	7,308,784	15,618,303	19,946,958	3,408,020	10,127,205	126,632,467
Less - Impairment charges											9,712,517
Net loans and receivables											116,919,950
Reinsurance and insurance receivable	-	-	-	-	-	-	-	-	-	1,586,697	1,586,697
Financial assets - Fair value other comprehensive income	764,188	-	-	-	-	-	-	956,287	-	-	1,720,475
Debt instrument - Amortised cost	23,826,514	-	-	-	-	-	-	-	-	-	23,826,514
31 March 2023	Financial Services*	Agriculture	Manufacturing	Tourism	Transport	Construction	Traders	Services	Industry	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	6,316,003	-	-	-	-	-	-	-	-	-	6,316,003
Balances with banks & financial institutions	34,224,917	-	-	-	-	-	-	-	-	-	34,224,917
Financial assets - Fair value through profit or loss	215,485	-	-	-	-	-	-	129,608	-	-	345,093
Loans and receivables - Amortised cost	12,776,951	27,709,320	10,617,109	2,699,305	24,989,315	9,433,072	15,481,123	20,962,712	2,355,462	9,861,004	136,885,374
Less - Impairment charges											11,507,470
Net loans and receivables											125,377,904
Reinsurance and insurance receivable	-	-	-	-	-	-	-	-	-	1,498,065	1,498,065
Financial assets - Fair value other comprehensive income	627,891	-	-	-	-	-	-	745,071	-	-	1,372,962
Debt instrument - Amortised cost	15,859,672	-	-	-	-	-	-	-	-	-	15,859,672

* Financial services include banks, finance institutions, insurance companies, stock brokering companies and fund management companies, venture capital companies and investment advisory services companies.

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

Geographical distribution of loans and receivables

Provincial breakdown for loans and receivable within Sri Lanka is as follows;

Company	Lease/Ijarah receivable	Hire-Purchase/Murabah receivable	Term Loan and receivables	Related party receivables	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 March 2024					
Central	7,408,537	11,142	3,744,741	-	11,164,420
Eastern	2,923,457	8,370	2,444,336	-	5,376,164
North Central	3,681,503	7,955	1,376,644	-	5,066,102
Northern	5,800,516	13,753	2,422,502	-	8,236,770
North Western	2,348,189	2,065	2,454,552	-	4,804,806
Sabaragamuwa	4,983,146	7,917	1,822,552	-	6,813,615
Southern	9,147,608	19,536	4,585,224	-	13,752,368
Uva	4,431,732	11,151	1,627,351	-	6,070,234
Western	21,228,576	103,103	28,499,371	1,389,711	51,220,760
Total	61,953,264	184,992	48,977,273	1,389,711	112,505,240

As at 31 March 2023

Central	6,820,293	16,804	3,476,303	-	10,313,400
Eastern	2,823,384	8,616	2,282,945	-	5,114,945
North Central	3,311,761	8,906	2,050,647	-	5,371,314
Northern	1,870,740	2,265	2,775,154	-	4,648,159
North Western	5,484,869	13,948	3,707,618	-	9,206,435
Sabaragamuwa	4,250,399	8,719	2,083,365	-	6,342,483
Southern	8,394,590	19,845	6,648,866	-	15,063,301
Uva	3,887,879	11,368	2,418,103	-	6,317,349
Western	18,920,814	105,589	41,646,648	1,636,765	62,309,815
Total	55,764,729	196,060	67,089,647	1,636,765	124,687,201

Geographical distribution of loans and receivables

Group	Lease/Ijarah receivable	Hire- Purchase/ Murabah receivable	Term Loan and receivables	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 March 2024				
Central	7,408,537	440,260	3,747,875	11,596,672
Eastern	2,923,457	436,760	2,447,146	5,807,364
North Central	3,681,503	452,817	1,378,918	5,513,238
Northern	5,800,516	13,753	2,422,502	8,236,770
North Western	2,348,189	103,476	2,455,541	4,907,206
Sabaragamuwa	4,983,146	223,634	1,824,148	7,030,928
Southern	9,147,608	259,383	4,587,105	13,994,096
Uva	4,431,732	650,373	1,631,473	6,713,578
Western	21,226,122	440,237	28,581,293	50,247,651
Bangladesh	-	-	12,584,963	12,584,963
Total	61,950,810	3,020,693	61,660,964	126,632,467
As at 31 March 2023				
Central	6,820,293	451,109	3,479,437	10,750,839
Eastern	2,823,384	397,963	2,285,755	5,507,102
North Central	3,311,761	323,994	2,052,921	5,688,676
Northern	1,870,740	2,265	2,775,154	4,648,159
North Western	5,484,869	150,930	3,708,607	9,344,406
Sabaragamuwa	4,250,399	229,935	2,084,961	6,565,295
Southern	8,394,590	280,546	6,650,747	15,325,883
Uva	3,887,879	582,481	2,422,225	6,892,585
Western	18,915,271	499,556	41,694,643	61,109,469
Bangladesh	-	-	11,052,961	11,052,961
Total	55,759,186	2,918,779	78,207,409	136,885,374

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.2.3 Fair value of collateral and credit enhancements held

As a general principle, the Company endeavours to obtain adequate collateral to secure its credit portfolios. The Company focuses on quality and responsibility of such collateral to mitigate potential credit losses. Management monitors the market value of collateral, and requests additional collateral in accordance with the underlying agreement. A reasonable margin of safety is maintained in collateral values.

The main types of collateral obtained are, as follows:

- » For commercial lending, charges over real estate properties, inventory and trade receivables and transfer of ownership over the vehicles.
- » For retail lending, mortgages over residential properties and transfer of ownership over the vehicles.

The general creditworthiness of significant customers tends to be the most relevant indicator of credit quality of a facility extended to those parties. However, collateral provides additional security and the Company generally requests large borrowers to provide same. The Company may take collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. As Company's focus on corporate customers is mainly based on their credit worthiness, business standing and reputation, Company does not insist on updated valuation of collateral from corporate clients. Such valuations will only be called for from corporate clients only if there is a foreseeable deterioration in credit standing or evidence of possible credit risk. Accordingly, the Company does not routinely update the valuation of collateral held against all facilities to significant customers. For impaired facilities, the Company usually obtains the current market value of the collateral, since it may be an input to the impairment measurement.

The following tables show the fair value of collateral and credit enhancements held by the Company & the Group.

Company	As at 31st March 2024		As at 31st March 2023	
	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	8,553,600	8,553,600	4,840,646	4,840,646
Balances with banks & financial institutions	14,288,282	14,288,282	29,839,914	29,839,914
Financial assets - Fair value through profit or loss	1,339,867	1,339,867	203,975	203,975
Loans and receivables - Amortised cost	103,650,453	201,752	114,277,945	306,052
Financial assets - Fair value through other comprehensive income	1,158,669	1,158,669	944,653	944,653
Debt instrument - Amortised cost	18,372,055	18,372,055	10,903,577	10,903,577
Other financial assets	69,989	69,989	100,306	100,306
Total	147,432,915	43,984,214	161,111,016	47,139,123

Group	31 March 2024		31 March 2023	
	Maximum exposure to credit risk	Net exposure	Maximum exposure to credit risk	Net exposure
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents (excluding cash in hand)	9,425,325	9,425,325	5,297,056	5,297,056
Balances with banks & financial institutions	17,562,955	17,562,955	34,224,917	34,224,917
Financial assets - Fair value through profit or loss	1,451,613	1,451,613	345,093	345,093
Loans and receivables - Amortised cost	116,919,950	201,752	125,377,904	306,052
Reinsurance and insurance receivable	1,586,697	1,586,697	1,498,065	1,498,065
Financial assets - Fair value through other comprehensive income	1,720,475	1,720,475	1,372,962	1,372,962
Debt instrument - Amortised cost	23,826,514	23,826,514	15,859,672	15,859,672
Total	172,493,529	55,775,331	183,975,669	58,903,817

The below table provides an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even if the future value of collateral is forecasted using multiple economic scenarios. However, the Stage 3 ECL can be higher than net exposure shown below when the future value of collateral, measured using multiple economic scenarios, is expected to decline.

Type of collateral or credit enhancement	Fair value of collateral and credit enhancements held under the base case scenario			Total collateral	Net exposure	Associated ECL
	Maximum exposure to credit risk	Movable securities	Immovable securities			
Rs.'000						
Company						
As at 31 March 2024						
Loans and receivables	17,826,158	11,926,818	9,111,034	21,037,852	(3,211,694)	8,299,041
As at 31 March 2023						
Loans and receivables	17,342,620	11,958,881	13,685,174	25,644,055	(8,301,435)	8,677,486
Group						
As at 31 March 2024						
Loans and receivables	19,096,116	12,294,550	9,112,244	21,406,794	(2,310,678)	8,668,685
As at 31 March 2023						
Loans and receivables	18,762,110	12,294,149	13,800,662	26,094,811	(7,332,701)	9,100,885

56.2.5 Offsetting financial assets & liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when the group has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

56.2.6 Financial assets & liabilities not subject to offsetting

Amounts that do not qualify for offsetting include netting arrangements that only permit outstanding transactions with the same counterparty to be offset in an event of default or occurrence of other predetermined events. Such netting arrangements include repurchase agreements and other similar secured lending and borrowing arrangements.

The amount of the financial collateral received or pledged subject to netting arrangements but not qualified for offsetting are disclosed below.

As at 31st March	2024			2023		
	Gross amount	Amount subject to netting but do not qualify for offsetting	Net amount	Gross amount	Amount subject to netting but do not qualify for offsetting	Net amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets						
Loans & receivables	12,109,103	4,767,983	7,341,120	11,521,174	5,161,420	6,359,754

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.2.7 Sensitivity of impairment provision on loans and receivables

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income Rs. '000
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	
Company - As at 31 March 2024					
PD 1% increase across all age buckets	2,917	2,236	-	5,153	5,153
PD 1% decrease across all age buckets	(2,917)	(2,236)	-	(5,153)	(5,153)
LGD 5% increase	13,308	10,651	98,370	122,329	122,329
LGD 5% decrease	(13,308)	(10,651)	(98,370)	(122,329)	(122,329)
Probability weighted Economic Scenarios					
- Base case 10% increase, worst case 5% decrease and best case 5% decrease	(91)	(173)	-	(264)	(264)
- Base case 10% decrease, worst case 5% increase and best case 5% increase	91	173	-	264	264

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income Rs. '000
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	
Company - As at 31 March 2023					
PD 1% increase across all age buckets	8,786	8,044	-	16,830	16,830
PD 1% decrease across all age buckets	(8,786)	(8,044)	-	(16,830)	(16,830)
LGD 5% increase	43,932	41,088	175,012	260,032	260,032
LGD 5% decrease	(43,932)	(41,088)	(175,012)	(260,032)	(260,032)
Probability weighted Economic Scenarios					
- Base case 10% increase, worst case 5% decrease and best case 5% decrease	(5,683)	(4,376)	-	(10,059)	(10,059)
- Base case 10% decrease, worst case 5% increase and best case 5% increase	5,683	4,376	-	10,059	10,059

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income Rs. '000
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	
Group - As at 31 March 2024					
PD 1% increase across all age buckets	3,085	2,365	-	5,450	5,450
PD 1% decrease across all age buckets	(3,085)	(2,365)	-	(5,450)	(5,450)
LGD 5% increase	14,373	11,503	106,240	132,115	132,115
LGD 5% decrease	(14,373)	(11,503)	(106,240)	(132,115)	(132,115)
Probability weighted Economic Scenarios					
- Base case 10% increase, worst case 5% decrease and best case 5% decrease	(92)	(176)	-	(268)	(268)
- Base case 10% decrease, worst case 5% increase and best case 5% increase	92	176	-	268	268

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income Rs. '000
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	
Group - As at 31 March 2023					
PD 1% increase across all age buckets	9,292	8,507	-	17,799	17,799
PD 1% decrease across all age buckets	(9,292)	(8,507)	-	(17,799)	(17,799)
LGD 5% increase	47,447	44,375	189,013	280,835	280,835
LGD 5% decrease	(47,447)	(44,375)	(189,013)	(280,835)	(280,835)
Probability weighted Economic Scenarios					
- Base case 10% increase, worst case 5% decrease and best case 5% decrease	(5,768)	(4,442)	-	(10,210)	(10,210)
- Base case 10% decrease, worst case 5% increase and best case 5% increase	5,768	4,442	-	10,210	10,210

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56. RISK MANAGEMENT (CONTD...)

56.3 Liquidity Risk and Funding Management

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. To limit this risk, the management has arranged diversified funding sources in addition to its deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a daily basis.

In compliance with Finance Companies (Liquid Assets) Direction No: 4 of 2013 which shall not as the close of the business on any day, be less than the total of;

- (a) 10% of the outstanding value of the time deposits and accrued interest payable at the close of the business on such day and
- (b) 15% of outstanding value of the saving deposit and accrued interest payable at the close of the business on such day and
- (c) 10% of the total outstanding borrowings

Further the company shall maintaining liquid assets in the form of Sri Lankan government Treasury Bills & Government securities equivalent to 7.5% of the average of its month end total deposit liabilities and borrowings of the 12 months preceding financial year.

The Company stresses the importance of savings accounts as sources of funds to finance lending to customers. They are monitored using the advances to deposit ratio, which compares loans and advances to customers as a percentage of customer savings accounts and fixed deposits.

The ratios at the end of the year was as follows:

	Company		Group	
	2024	2023	2024	2023
As at 31 March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Liquidity ratios				
Advances to deposit ratios (Times)	1.06	1.13	1.13	1.16
Liquidity Assets to Deposit (%)	36	45	38	45

56.3.1 Analysis of Financial Assets and Liabilities by Remaining Contractual Maturities

The table below summaries the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March 2024.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date the Company could be required to pay and the table does not reflect the expected cash flows indicated by the Company's deposit retention history.

56.3.2 Remaining Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities

Company As at 31st March 2024	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
Financial Asset							
Cash and cash equivalents	3,519,033	6,276,202	-	-	-	-	9,795,235
Balances with banks & financial institutions	-	11,913,537	-	-	4,785,519	-	16,699,056
Financial assets -Fair value through profit or loss	-	1,339,867	-	-	-	-	1,339,867
Loans and receivables - Amortised cost	13,751,137	28,274,112	39,597,951	43,027,687	8,868,749	204,166	133,723,803
Financial assets - Fair value through other comprehensive income	-	1,158,659	-	-	-	10	1,158,669
Debt instrument - Amortised cost	-	9,123,110	9,736,373	-	-	-	18,859,483
Other financial assets	-	69,989	-	-	-	-	69,989
Total undiscounted financial assets	17,270,170	58,155,476	49,334,324	43,027,687	13,654,268	204,176	181,646,102
Financial liabilities							
Due to banks	507,748	604,341	1,179,341	-	-	-	2,291,430
Due to customers	4,652,100	42,133,884	37,162,583	11,101,283	15,431,220	193,796	110,674,866
Debt securities issued	-	-	6,611,425	5,602,650	-	-	12,214,075
Other financial liabilities	-	3,188,693	-	-	-	-	3,188,693
Lease Liabilities	-	171,599	346,687	915,909	472,468	262,692	2,169,354
Total undiscounted financial liabilities	5,159,848	46,098,517	45,300,036	17,619,842	15,903,688	456,488	130,538,418
Net undiscounted financial assets/ (liabilities)	12,110,322	12,056,959	4,034,288	25,407,845	(2,249,419)	(252,311)	51,107,684
Company As at 31st March 2023							
	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
Financial Asset							
Cash and cash equivalents	2,984,085	2,860,713	-	-	-	-	5,844,798
Balances with banks & financial institutions	-	30,160,220	-	-	7,478	-	30,167,698
Financial assets -Fair value through profit or loss	-	203,975	-	-	-	-	203,975
Loans and receivables - Amortised cost	14,866,751	30,620,220	37,234,467	55,520,225	9,655,890	436,428	148,333,981
Financial assets -Fair value through profit or loss	-	944,643	-	-	-	10	944,653
Debt instrument - Amortised cost	-	10,017,190	1,357,841	-	-	-	11,375,031
Other financial assets	-	100,306	-	-	-	-	100,306
Total undiscounted financial assets	17,850,836	74,907,267	38,592,308	55,520,225	9,663,368	436,438	196,970,442
Financial liabilities							
Due to banks	52,720	2,113,653	4,174,310	1,778,223	-	-	8,118,906
Due to customers	3,949,686	54,318,028	45,926,481	19,604,178	17,464,082	185,824	141,448,279
Debt securities issued	-	5,973,211	619,948	6,995,938	5,218,138	-	18,807,234
Other financial liabilities	-	1,457,388	-	-	-	-	1,457,388
Lease Liabilities	-	165,085	504,249	948,757	544,241	191,776	2,354,109
Total undiscounted financial liabilities	4,002,406	64,027,365	51,224,988	29,327,096	23,226,460	377,600	172,185,916
Net undiscounted financial assets/ (liabilities)	13,848,430	10,879,902	(12,632,680)	26,193,129	(13,563,092)	58,838	24,784,525

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.3.2 Remaining Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities

Group As at 31st March 2024	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
Financial Asset							
Cash and cash equivalents	4,185,051	6,451,454	-	-	-	-	10,636,505
Balances with banks & financial institutions	15,416	12,427,457	2,446,656	-	5,444,719	-	20,334,248
Financial assets -Fair value through profit or loss	-	1,451,613	-	-	-	-	1,451,613
Loans and receivables - Amortised cost	13,906,202	31,798,085	44,646,300	49,933,073	11,387,952	2,870,292	154,541,904
Reinsurance and insurance receivable	-	1,268,209	572,030	-	-	-	1,840,239
Financial assets - Fair value through other comprehensive income	-	1,720,465	-	-	-	10	1,720,475
Debt instrument - Amortised cost	-	10,633,195	13,131,709	1,188,195	-	-	24,953,099
Total undiscounted financial assets	18,106,669	65,750,478	60,796,695	51,121,268	16,832,671	2,870,302	215,478,083
Financial liabilities							
Due to banks	1,530,087	1,110,899	2,349,865	2,075,379	491,063	-	7,557,293
Due to customers	4,652,100	49,106,510	39,097,265	11,151,761	15,464,484	202,524	119,674,644
Debt securities issued	-	-	6,611,425	5,602,650	-	-	12,214,075
Other financial liabilities	-	3,926,092	-	-	-	-	3,926,092
Insurance and reinsurance payable	5,469,976	38,717	-	-	-	-	5,508,693
Lease Liabilities	-	109,137	336,403	910,141	485,158	191,776	2,032,615
Total undiscounted financial liabilities	11,652,163	54,291,355	48,394,958	19,739,931	16,440,705	394,300	150,913,412
Net undiscounted financial assets/(liabilities)	6,454,506	11,459,123	12,401,737	31,381,337	391,966	2,476,002	64,564,671
Group As at 31 March 2023							
	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
Financial Asset							
Cash and cash equivalents	3,455,290	2,860,713	-	-	-	-	6,316,003
Balances with banks & financial institutions	56,100	30,995,463	3,159,507	111,868	925,403	-	35,248,341
Financial assets -Fair value through profit or loss	-	345,093	-	-	-	-	345,093
Loans and receivables - Amortised cost	15,544,489	32,063,196	39,929,713	60,570,598	12,374,078	3,341,594	163,823,668
Reinsurance and insurance receivable	-	1,268,209	572,030	-	-	-	1,840,239
Financial assets - Fair value through other comprehensive income	-	1,372,952	-	-	-	10	1,372,962
Debt instrument - Amortised cost	26,954	11,865,448	3,149,189	1,372,618	503,434	-	16,917,643
Total undiscounted financial assets	19,082,833	80,771,074	46,810,439	62,055,084	13,802,915	3,341,604	225,863,949
Financial liabilities							
Due to banks	251,727	2,257,413	5,479,984	2,397,863	16,570	-	10,403,557
Due to customers	3,954,226	58,072,352	50,796,418	19,866,333	17,510,069	194,627	150,394,025
Debt securities issued	-	5,831,331	619,948	6,995,938	5,218,138	-	18,665,355
Other financial liabilities	-	1,709,574	-	-	-	-	1,709,574
Reinsurance and insurance payable	5,167,905	38,717	-	-	-	-	5,206,622
Lease Liabilities	-	109,137	336,403	910,141	485,158	191,776	2,032,615
Total undiscounted financial liabilities	9,373,858	68,018,524	57,232,753	30,170,276	23,229,935	386,403	188,411,749
Net undiscounted financial assets/(liabilities)	9,708,975	12,752,550	(10,422,314)	31,884,808	(9,427,020)	2,955,201	37,452,200

56.3.3 Commitments and Guarantees

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

Company	On Demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31st March 2024						
Guarantees	-	16,910	41,225	298	-	58,433
Assessment received from Inland Revenue Department	-	-	-	-	-	-
Litigation against the Company	-	226,650	68,171	-	-	294,821
Capital commitment	-	12,484,415	1,402,648	-	-	13,887,062
Total commitments and guarantees	-	12,727,975	1,512,044	298	-	14,240,316

As at 31st March 2023

Guarantees	-	18,475	40,350	-	-	58,825
Assessment received from Inland Revenue Department	-	-	-	27,011	-	27,011
Litigation against the Company	-	234,683	17,889	-	-	252,572
Capital commitment	-	4,537,303	751,063	-	-	5,288,366
Total commitments and guarantees	-	4,790,461	809,302	27,011	-	5,626,774

Group	On Demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31st March 2024						
Guarantees	-	16,910	41,225	298	-	58,433
Assessment received from Inland Revenue Department	-	-	-	162,579	-	162,579
Litigation against the Company	-	226,650	68,171	-	-	294,821
Capital commitment	-	12,484,415	1,402,648	-	-	13,887,062
Total commitments and guarantees	-	12,727,974	1,512,044	162,877	-	14,402,895

As at 31st March 2023

Guarantees	-	18,475	40,350	-	-	58,825
Assessment received from Inland Revenue Department	-	-	-	150,815	-	150,815
Litigation against the Company	-	234,683	17,889	-	-	252,572
Capital commitment	-	4,537,303	751,063	-	-	5,288,366
Total commitments and guarantees	-	4,790,461	809,302	150,815	-	5,750,578

The Company expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

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56. RISK MANAGEMENT (CONTD...)

56.3.3 Total liquid assets

The table below sets out the components of the Company's liquid assets;

As at 31st March	2024	2023
	Amount Rs. '000	Amount Rs. '000
Cash in hand	1,167,062	1,004,152
Balances in current accounts	577,194	656,631
Deposits in commercial banks	15,264,738	32,931,834
Securities under reverse repurchase agreement	6,209,099	-
Treasury bills and Treasury Bonds	18,460,778	10,918,159
Total liquidity assets	41,678,871	45,510,776

56.4 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately.

Currently, increased volatility and decline in value of many financial asset classes may impact the trading books of most company due to the increased market risk. The uncertainty caused by the pandemic could lead to increased pressure on the local currency resulting in higher foreign exchange risk.

Company estimate how the reduction in interest rates will impact their rate sensitive assets and liabilities and the subsequent implication on profitability.

56.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company policy is to continuously monitor interest rates on regular basis. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate financial assets and financial liabilities.

The following table demonstrates the sensitivity of the Company's Statement of Profit or Loss for the year ended 31st March 2024 and 31st March 2023 to a reasonable possible change in interest rates, with all other variable constant.

As at 31st March	2024	2023
	Rs. '000	Rs. '000
Impact on Statement of Profit or Loss due to interest rate shocks		
0.50%	(30,211)	(11,681)
1%	(60,421)	(23,361)
-0.50%	30,211	11,681
-1%	60,421	23,361

Sensitivity of Lease Liability to Key Assumption

Sensitivity to Incremental Borrowing Rates

As at 31st March	2024	2023
	Rs. '000	Rs. '000
Impact on Company's Statement of Financial Position due to interest rate shocks		
1%	(32,520)	(33,413)
-1%	33,677	34,504

Interest Rate Risk Exposure on Financial Asset and Liabilities

The table below analyses the Company's interest rate risk exposure on non-trading financial assets and liabilities. The Company's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Company As at 31st March 2024	Carrying amount Rs. '000	On demand Rs. '000	Less than 3 'months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Non-interest bearing Rs. '000
Assets								
Cash and cash equivalents	9,728,132	976,455	6,209,099	-	-	-	-	2,542,578
Balances with banks & financial institutions	14,288,282	714,865	11,570,347	-	-	2,003,070	-	-
Financial assets - Fair value through profit or loss	1,339,867	-	-	-	-	-	-	1,339,867
Loans and receivables - Amortised cost	112,505,240	17,542,913	24,841,576	31,122,411	33,052,043	5,872,083	74,214	-
Less - Impairment charges	8,854,787	-	-	-	-	-	-	-
Net loans and receivables	103,650,453	-	-	-	-	-	-	-
Financial assets - Fair value through other comprehensive income	1,158,669	-	924,177	-	-	-	-	234,492
Debt instrument - Amortised cost	18,372,055	738,656	8,517,164	9,116,235	-	-	-	-
Other financial assets	69,989	-	-	-	-	-	-	69,989
Total	148,607,447	19,972,889	52,062,363	40,238,646	33,052,043	7,875,153	74,214	4,186,926
Liabilities								
Due to banks	2,263,494	1,513,884	249,870	499,740	-	-	-	-
Due to customers	97,437,726	10,797,794	37,093,264	31,047,332	6,268,895	12,036,645	193,796	-
Debt securities issued	11,032,248	1,044,248	-	5,356,436	4,631,564	-	-	-
Other Financial liabilities	3,188,693	-	-	-	-	-	-	3,188,693
Lease Liabilities	1,636,537	72,062	119,449	206,359	654,952	358,822	224,893	-
Total	115,558,698	13,427,988	37,462,583	37,109,867	11,555,411	12,395,467	418,689	3,188,693
Total interest sensitivity gap	33,048,749	6,544,902	14,599,780	3,128,779	21,496,632	(4,520,314)	(344,475)	-

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56. RISK MANAGEMENT (CONTD...)

Interest Rate Risk Exposure on Financial Asset and Liabilities

Company As at 31st March 2023	Carrying amount Rs. '000	On demand Rs. '000	Less than 3 'months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Non-interest bearing Rs. '000
Assets								
Cash and cash equivalents	5,844,798	231,207	2,860,713	-	-	-	-	2,752,878
Balances with banks & financial institutions	29,839,914	1,009,931	28,826,913	-	-	3,070	-	-
Financial assets - Fair value through profit or loss	203,975	-	-	-	-	-	-	203,975
Loans and receivables - Amortised cost	124,687,201	14,629,963	27,611,243	32,967,958	43,941,028	5,493,962	43,047	-
Less - Impairment charges	10,409,256	-	-	-	-	-	-	-
Net loans and receivables	114,277,945	-	-	-	-	-	-	-
Financial assets - Fair value through other comprehensive income	944,653	-	716,111	-	-	-	-	228,542
Debt instrument - Amortised cost	10,903,577	472,265	9,326,181	1,105,131	-	-	-	-
Other financial assets	100,306	-	-	-	-	-	-	100,306
Total	162,115,168	16,343,366	69,341,161	34,073,089	43,941,028	5,497,032	43,047	3,285,701
Liabilities								
Due to banks	7,724,671	3,837,710	1,089,112	2,048,372	749,477	-	-	-
Due to customers	100,935,114	10,580,912	40,066,888	24,447,624	13,484,894	12,168,972	185,824	-
Debt securities issued	16,706,049	1,428,626	5,289,540	-	5,356,373	4,631,510	-	-
Other financial liabilities	1,457,388	-	-	-	-	-	-	1,457,388
Lease Liability	1,753,723	-	107,916	353,887	686,919	440,541	164,460	-
Total	128,576,945	15,847,248	46,553,456	26,849,883	20,277,663	17,241,023	350,284	1,457,388
Total interest sensitivity gap	33,538,223	496,118	22,787,705	7,223,206	23,663,365	(11,743,990)	(307,237)	

Interest Rate Risk Exposure on Financial Asset and Liabilities (Contd...)

The table below analyses the Group's interest rate risk exposure on non-trading financial assets and liabilities. The Group's assets and liabilities are included at carrying amount and categorised by the earlier of contractual re-pricing or maturity dates.

Group As at 31st March 2024	Carrying amount Rs. '000	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Non-interest bearing Rs. '000
Assets								
Cash and cash equivalents	10,636,505	1,245,885	6,384,351	-	-	-	-	3,006,269
Balances with banks & financial institutions	17,562,955	1,386,051	13,577,631	596,203	-	2,003,070	-	-
Financial assets - Fair value through profit or loss	1,451,613	-	-	-	-	-	-	1,451,613
Loans and receivables - Amortised cost	126,632,467	17,691,869	27,831,216	35,120,002	35,872,665	7,311,688	2,069,390	-
Less-Impairment charges	9,712,517	-	-	-	-	-	-	-
Net loans and receivables	116,919,950	-	-	-	-	-	-	-
Reinsurance and insurance receivable	1,586,697	-	-	-	-	-	-	1,586,697
Financial assets - Fair value through other comprehensive income	1,720,475	-	1,485,983	-	-	-	-	234,492
Debt instrument - Amortised cost	23,826,514	1,240,724	9,703,668	11,843,578	1,038,544	-	-	-
Total	173,704,709	21,564,529	58,982,849	47,559,783	36,911,209	9,314,758	2,069,390	6,279,071
Liabilities								
Due to banks	7,181,365	2,536,223	711,040	1,548,385	1,907,032	478,685	-	-
Due to customers	103,843,054	10,514,019	42,823,652	32,672,198	6,302,623	11,336,766	193,796	-
Debt securities issued	11,032,248	1,044,248	-	5,356,436	4,631,564	-	-	-
Other financial liabilities	3,926,092	-	-	-	-	-	-	3,926,092
Insurance liabilities and reinsurance payables	5,508,693	-	-	-	-	-	-	5,508,693
Lease Liability	1,554,027	66,283	122,235	200,834	625,543	332,274	206,858	-
Total	133,045,479	14,160,773	43,656,927	39,777,853	13,466,762	12,147,725	400,654	9,434,785
Total interest sensitivity gap	40,659,230	7,403,756	15,325,922	7,781,930	23,444,447	(2,832,967)	1,668,736	-

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56. RISK MANAGEMENT (CONTD...)

Group As at 31st March 2023	Carrying amount Rs. '000	On demand Rs. '000	Less than 3 months Rs. '000	3 to 12 months Rs. '000	1 to 3 years Rs. '000	3 to 5 years Rs. '000	Over 5 years Rs. '000	Non-interest bearing Rs. '000
Assets								
Cash and cash equivalents	6,316,003	163,565	3,035,965	-	-	-	-	3,116,473
Balances with banks & financial institutions	34,224,917	1,377,609	30,919,064	1,442,833	82,341	403,070	-	-
Financial assets - Fair value through profit or loss	345,093	-	-	-	-	-	-	345,093
Loans and receivables - Amortised cost	136,885,374	15,080,704	30,382,749	38,685,642	45,014,968	7,044,846	676,465	-
Less-Impairment charges	11,507,470	-	-	-	-	-	-	-
Net loans and receivables	125,377,904	-	-	-	-	-	-	-
Reinsurance and insurance receivable	1,498,065	-	-	-	-	-	-	1,498,065
Financial assets - Fair value through other comprehensive income	1,372,962	-	1,144,420	-	-	-	-	228,542
Debt instrument - Amortised cost	15,859,672	349,790	10,713,302	1,747,493	1,952,671	1,096,416	-	-
Total	184,994,616	16,971,668	76,195,500	41,875,968	47,049,980	8,544,332	676,465	5,188,173
Liabilities								
Due to banks	11,068,522	4,940,968	2,286,436	2,455,430	1,369,118	16,570	-	-
Due to customers	107,979,956	10,507,279	43,116,651	28,331,452	13,641,502	12,192,275	190,797	-
Debt securities issued	16,564,956	1,413,312	5,163,760	-	5,356,373	4,631,510	-	-
Other financial liabilities	1,709,574	-	-	-	-	-	-	1,709,574
Lease Liability	1,477,875	-	61,222	204,192	662,158	385,844	164,460	-
Insurance liabilities and reinsurance payables	5,206,622	-	-	-	-	-	-	5,206,622
Total	144,007,505	16,861,559	50,628,069	30,991,074	21,029,151	17,226,199	355,257	6,916,196
Total interest sensitivity gap	40,987,111	110,109	25,567,431	10,884,894	26,020,829	(8,681,867)	321,208	

56.4.2 Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Since investments in USD deposits were low, the currency risk of the Company/Group is minimal.

The tables below indicate the currencies to which the Company had significant exposures as at 31st March 2024 and the effect to the Gains/Losses in case of a market exchange rates up/drop by 1%. The analysis calculates the effect of a reasonably possible movement of the currency rate against the LKR, with all other variables held constant, on the Statement of Profit or Loss (due to the fair value of currency sensitive non trading monetary assets and liabilities).

Impact on Statement of Profit or Loss due to Exchange Rate Shocks

For the year ended 31st March	Change in currency rate in %	Company		Group	
		2024	2023	2024	2023
		Effect on profit before tax Rs. '000	Effect on profit before tax Rs. '000	Effect on profit before tax Rs. '000	Effect on profit before tax Rs. '000
USD	1	-	-	1,927	2,093
USD	-1	-	-	(1,927)	(2,093)

56.4.3 Equity Price Risk

The sensitivity analysis for equity risk reflects how changes in the fair value of equity securities at the reporting date will fluctuate in response to assumed changes in equity market prices. The movements in the fair value of equity securities monitored by assessing the projected changes in the fair value of equity securities held by the portfolios in response to assumed equity price movements of +/- 1%.

As at 31st March	2024			2023		
	Effect on net asset value	Effect on profit before tax	Effect on comprehensive income	Effect on net asset value	Effect on profit before tax	Effect on comprehensive income
1% increase/decrease in equity market prices	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Company						
Financial assets - FVTPL	2,807	2,807	-	2,040	2,040	-
Financial assets - FVOCI	3,665	-	3,665	2,285	-	2,285
Group						
Financial assets - FVTPL	3,924	3,924	-	(3,451)	(3,451)	-
Financial assets - FVOCI	3,665	-	3,665	2,285	-	2,285

56.4.4 Commodity price risk

Commodity price risk refers to the uncertainty of future market value and future income scale caused by commodity price fluctuations. Given the importance of the gold loan to the group, volatility in gold prices may adversely affect Statement of Profit or Loss. Fluctuations in gold prices lead to market risk, which is the main source of credit risk associated with this product.

Following strategies are used to manages the credit and market risks arising from adverse changes in gold prices by the Group.

- » LTV - The Group implements a process of revising the advance payments for each gold sovereign to reflect market value volatility to maintain an ideal loan-to-value ratio.
- » Product Lifetime - As a credit risk management strategy, the Group deliver services in less time, enabling a faster recovery process.

56.5 Operational Risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss.

Operational risk of the Company are managed through a Board approved operational risk management policy control framework which consists of monitoring and responding to potential risks.

56.6 Insurance Risks

People's Insurance PLC (PIL) is a subsidiary of the Company whose principle line of business is carrying out general insurance business. The following are the risks and their management arising from PI for its statutory year ended 31 March 2024.

56.6.1 Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the PI is satisfactorily managing affairs for policyholders' benefit. At the same time, regulators are also interested in ensuring that the PI maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

As an insurer, the operations of the PI are subject to regulatory supervision of the Insurance Board of Sri Lanka (IBSL). PI has taken necessary action to comply with and complied with applicable regulations throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

56. RISK MANAGEMENT (CONTD...)

56.6.2 Nature and Extent of Risks Arising from Insurance Contracts

Objectives, Policies and Processes for Managing Risks Arising from Insurance Contracts

PI willingly assumes risks of other organisations as its prime value creation activity. This is the core of the insurance business and there is no perfect way of measuring the potential impact on insured risk. For non-life insurance business, most significant risks arise from climate changes, natural disasters and terrorist activities.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. PI's risk management framework focuses on strategic risk, assumed risks and the potential risks. PI identifies and categorises risks in terms of their source, their impact on PI and preferred strategies for dealing with them.

Method used to Manage Risks

Risk Appetite and Risk Tolerance

PI has made a strategic decision to maintain a risk appetite moderately above the average of the insurance market, since it allows the best potential for creating shareholder value at an acceptable risk level. PI manages the volatility and potential downward risk through diversification.

Identification of Shock Losses

There are three areas of risk which have the potential to materially damage economic value that PI identified at present as having the greatest potential for shock losses. They are catastrophe, reserving and equity investment risk. PI manages the risk of shock losses by setting limits on the tolerance for specific risks and on the amount of capital that PI is willing to expose.

The table below sets out the concentration of non-life insurance contract liabilities by type of contract.

	31-Mar-24			31-Mar-23		
	Gross liabilities	Reinsurance receivable	Net liabilities	Gross liabilities	Reinsurance receivable	Net liabilities
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Motor	654,585	110,140	544,445	600,217	179,858	420,359
Marine	16,261	9,621	6,640	20,742	11,239	9,503
Fire	111,737	87,117	24,620	140,495	83,694	56,801
Miscellaneous	303,370	138,591	164,779	307,558	120,821	186,737
Total	1,085,953	345,469	740,484	1,069,012	395,612	673,400

Claims Development Table

The following tables show the estimates of cumulative incurred claims for each quarter, together with cumulative payments to date

Gross Non-Life Insurance Outstanding Claims Provision for 2024

Accident Period	Current estimate of cumulative claims incurred															Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Q1	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
2010	78,751	(69,469)	(929)	(345)	(863)	(15)	(1,336)	(2,973)	(120)	-	-	(189)	(1,714)	(650)	(150)	-
2011	-	503,322	(370,468)	(7,277)	(17,635)	(10,287)	(8,376)	(3,889)	(4,944)	(42,706)	7,617	-	(8,228)	(28,250)	-	8,880
2012	-	-	577,352	(420,220)	(1,369)	(58,856)	(33,484)	(10,665)	(5,481)	(3,707)	(4,893)	(3,888)	(15,285)	(10,490)	(750)	8,265
2013	-	-	-	420,784	(345,120)	7,349	(21,513)	(2,149)	(22,663)	(2,510)	(3,099)	(3,028)	(11,880)	(7,085)	(3,000)	6,085
2014	-	-	-	-	454,091	(364,572)	(18,583)	(7,482)	(10,478)	(12,806)	(5,729)	(5,018)	(1,963)	(15,549)	(1,063)	10,848
2015	-	-	-	-	-	439,389	(339,611)	(9,697)	(36,427)	(18,596)	(8,095)	(4,309)	(1,081)	(10,800)	(1,457)	9,317
2016	-	-	-	-	-	-	505,258	(435,667)	(5,828)	(11,792)	(4,666)	(6,015)	(1,122)	(25,205)	(700)	14,263
2017	-	-	-	-	-	-	-	525,221	(441,566)	(8,526)	(5,021)	(5,610)	(7,196)	(29,822)	(815)	26,665
2018	-	-	-	-	-	-	-	-	519,953	(458,906)	3,004	(6,683)	(12,163)	(24,989)	(1,018)	19,198
2019	-	-	-	-	-	-	-	-	-	845,045	(764,306)	5,485	(12,075)	(23,534)	(7,116)	43,498
2020	-	-	-	-	-	-	-	-	-	-	523,552	(467,683)	29,238	(12,662)	(21,381)	51,065
2021	-	-	-	-	-	-	-	-	-	-	-	617,874	(499,993)	(38,046)	(4,916)	74,919
2022	-	-	-	-	-	-	-	-	-	-	-	-	695,642	(507,747)	(29,686)	158,209
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	616,947	(268,238)	348,709
2024 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	309,570	309,570
Current estimated of cumulative claims incurred	78,751	433,853	205,955	(7,059)	89,105	13,009	82,356	52,700	(7,552)	285,494	(261,636)	120,935	152,180	(117,882)	(30,719)	1,089,491

Accident Period	Cumulative Payments to date															Total
	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2020	2021	2022	2023	2024 Q1	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
2010	134,903	72,230	5,153	3,494	2,328	1,718	390	2,129	-	-	193	-	650	-	-	223,187
2011	-	893,614	311,764	57,575	19,214	16,664	8,262	8,627	16,329	84,791	3,154	58	387	4,357	-	1,424,796
2012	-	-	1,463,234	252,384	29,760	53,691	16,478	10,057	5,532	9,222	7,835	2,569	10,807	300	2,351	1,864,218
2013	-	-	-	1,621,311	329,994	28,525	12,958	10,447	14,079	4,101	4,584	2,428	11,439	2,194	3,026	2,045,087
2014	-	-	-	-	1,586,379	395,616	23,979	13,186	15,396	13,820	6,434	5,012	10,011	1,450	133	2,071,416
2015	-	-	-	-	-	1,743,314	389,878	30,768	26,780	21,259	10,697	3,402	(6,738)	1,832	1,287	2,222,479
2016	-	-	-	-	-	-	2,129,944	468,923	26,927	15,975	11,924	8,644	(10,175)	3,414	300	2,655,877
2017	-	-	-	-	-	-	-	2,267,584	515,478	39,809	12,594	12,075	3,340	10,694	2,942	2,864,516
2018	-	-	-	-	-	-	-	-	2,646,682	551,787	29,128	10,880	(1,316)	9,915	817	3,247,893
2019	-	-	-	-	-	-	-	-	-	2,956,804	737,058	41,866	7,386	13,410	4,080	3,760,603
2020	-	-	-	-	-	-	-	-	-	-	2,214,578	534,897	24,130	17,166	3,143	2,793,915
2021	-	-	-	-	-	-	-	-	-	-	-	2,397,109	846,549	114,455	8,715	3,366,828
2022	-	-	-	-	-	-	-	-	-	-	-	-	2,831,414	824,727	40,399	3,696,540
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	2,396,800	457,615	2,854,415
2024 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	256,858	256,858
Cumulative payments to date	134,903	965,843	1,780,150	1,934,764	1,967,674	2,239,528	2,581,891	2,811,721	3,267,202	3,697,567	3,038,180	3,018,940	3,727,883	3,400,716	781,666	35,348,629
Total Gross claims outstanding	213,654	1,399,696	1,986,105	1,927,705	2,056,779	2,252,538	2,664,247	2,864,421	3,259,650	3,983,061	2,776,544	3,139,875	3,880,064	3,282,834	750,947	36,438,120

NOTES TO THE FINANCIAL STATEMENTS

Claims Development Table

The following tables show the estimates of cumulative incurred claims for each quarter, together with cumulative payments to date

Net Non-Life Insurance Outstanding Claims Provision for 2024

Accident Period	Current estimate of cumulative claims incurred															Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Q1	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
2010	76,513	(67,286)	(883)	(337)	(863)	(15)	(1,336)	(2,973)	(120)	-	-	(189)	(1,714)	(650)	(150)	-
2011	-	334,002	(264,276)	19,062	(15,032)	(10,210)	(8,372)	374	(4,929)	(12,880)	7,639	(22)	(8,228)	(25,755)	-	11,375
2012	-	-	518,952	(385,453)	(1,003)	(35,842)	(33,231)	(10,665)	(5,481)	(3,707)	(4,893)	(3,888)	(15,285)	(9,490)	(750)	9,265
2013	-	-	-	417,521	(345,012)	6,320	(23,344)	3,858	(22,654)	(2,510)	(3,099)	(3,028)	(11,880)	(6,838)	(3,000)	6,333
2014	-	-	-	-	441,138	(353,410)	(17,002)	(7,390)	(10,359)	(12,806)	(5,729)	(5,018)	(2,963)	(14,945)	(1,063)	10,452
2015	-	-	-	-	-	427,129	(328,292)	(14,887)	(30,299)	(18,592)	(8,095)	(4,309)	(1,081)	(10,644)	(1,457)	9,472
2016	-	-	-	-	-	-	473,701	(409,202)	(883)	(11,644)	(4,636)	(6,045)	(1,122)	(16,583)	(700)	22,884
2017	-	-	-	-	-	-	-	482,443	(415,491)	5,036	(3,350)	(4,139)	(7,197)	(20,222)	(815)	36,266
2018	-	-	-	-	-	-	-	-	487,249	(442,104)	18,072	(6,616)	(11,495)	(15,059)	(1,018)	29,028
2019	-	-	-	-	-	-	-	-	-	496,293	(429,549)	10,433	(11,219)	(13,083)	(7,116)	45,759
2020	-	-	-	-	-	-	-	-	-	-	451,761	(435,010)	27,225	(2,040)	(10,406)	31,531
2021	-	-	-	-	-	-	-	-	-	-	-	465,608	(431,723)	(13,324)	12,643	33,204
2022	-	-	-	-	-	-	-	-	-	-	-	-	797,095	(526,524)	35,530	306,101
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	550,489	(259,213)	291,277
2024 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	298,150	298,150
Current estimated of cumulative claims incurred	76,513	266,716	253,793	50,794	79,229	33,973	62,124	41,558	(2,967)	(2,915)	18,121	7,777	320,412	(124,667)	60,636	1,141,096

Accident Period	Cumulative Payments to date															
	2,010	2,011	2,012	2,013	2,014	2,015	2,016	2,017	2,018	2,019	2020	2021	2022	2023	2024 Q1	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2010	132,617	71,907	5,121	3,494	2,328	1,614	390	2,129	-	-	193	-	650	-	-	220,443
2011	-	890,085	248,761	32,281	17,415	16,664	8,244	8,627	16,329	13,201	3,154	58	387	4,357	-	1,259,562
2012	-	-	1,457,472	226,968	29,152	31,860	16,282	10,057	5,532	9,222	7,835	2,569	10,807	300	2,351	1,810,406
2013	-	-	-	1,616,604	329,884	27,883	12,833	10,432	11,079	4,101	4,584	2,428	11,439	2,194	3,026	2,036,487
2014	-	-	-	-	1,581,957	369,486	23,866	13,132	15,396	13,820	6,434	5,012	10,011	1,450	133	2,040,696
2015	-	-	-	-	-	1,756,890	387,579	30,608	26,799	21,259	10,697	3,402	(6,738)	1,832	1,287	2,233,616
2016	-	-	-	-	-	-	2,075,965	446,918	25,385	15,969	11,371	8,644	(10,175)	3,414	300	2,577,792
2017	-	-	-	-	-	-	-	2,209,836	492,761	32,630	12,311	12,075	3,340	10,694	2,942	2,776,590
2018	-	-	-	-	-	-	-	-	2,619,040	521,977	15,045	10,872	(1,316)	9,915	817	3,176,352
2019	-	-	-	-	-	-	-	-	-	2,902,120	487,549	37,663	3,801	13,410	4,080	3,448,624
2020	-	-	-	-	-	-	-	-	-	-	2,149,086	505,153	23,120	15,402	3,026	2,695,786
2021	-	-	-	-	-	-	-	-	-	-	-	2,331,752	774,441	94,330	8,522	3,209,045
2022	-	-	-	-	-	-	-	-	-	-	-	-	2,666,268	774,098	34,711	3,475,077
2023	-	-	-	-	-	-	-	-	-	-	-	-	-	2,309,670	432,916	2,742,585
2024 Q1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,905	175,905
Cumulative payments to date	132,617	961,992	1,711,355	1,879,345	1,960,736	2,204,397	2,525,160	2,731,738	3,212,322	3,534,299	2,708,260	2,919,629	3,486,036	3,241,066	670,014	33,878,965
Total net claims outstanding	209,131	1,228,708	1,965,148	1,930,139	2,039,964	2,238,369	2,587,283	2,773,296	3,209,354	3,531,385	2,726,381	2,927,405	3,806,448	3,116,399	730,650	35,020,061

57. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue no circumstances have arisen since the reporting date which would require adjustments to, or disclosure in the Financial Statements.