

INDEPENDENT AUDITORS' REPORT



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



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Sri Lanka
Audit Office

BAN/PLF/2023/03

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Sri Lanka
Audit Office

21 June 2023

Chairman
People's Leasing & Finance PLC

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the People's Leasing & Finance PLC and its subsidiaries for the year ended 31 March 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. FINANCIAL STATEMENTS

1.1 Opinion

The audit of the financial statements of the People's Leasing & Finance PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") for the year ended 31 March 2023 comprising the statement of financial position as at 31 March 2023, and statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash

flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course.

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

1.2 Basis for Opinion

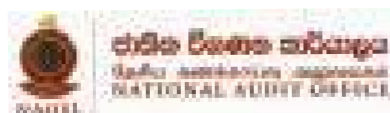
I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of my report. I believe that the audit evidence I have obtained is sufficient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

1.3 Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter below, my description of how my audit addressed the matter is provided in that context.

KEY AUDIT MATTER	HOW MY AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>Provision for impairment charges on Loans and Receivables carried at amortized cost</p> <p>As at 31 March 2023, provision for impairment charges on loans and receivables carried at amortized cost net of provision for impairment charges amounted to LKR 125,378 million as disclosed in note 25 to the financial statements.</p> <p>This was a key audit matter due to the materiality of the reported provision for impairment charges which involved complex calculations; degree of significant judgements and assumptions and level of estimation uncertainty associated with estimating future cashflows management expects to receive from such loans and receivables.</p>	<p>In addressing the adequacy of the provision for impairment charges on loans and receivables carried at amortized cost, my audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> I assessed the alignment of the Group's provision for Impairment charges computations and underlying methodology including responses to market economic volatility with its accounting policies, based on the best available information up to the date of my report. I evaluated the Internal controls over estimation of impairment charges, which included assessing the level of oversight, review and approval of impairment allowances policies and procedures by the Board and management. I checked the completeness, accuracy and classification of the underlying data used in the computation of impairment charges by agreeing details to relevant source documents and accounting records of the Group. In addition to the above, following procedures were performed.





KEY AUDIT MATTER	HOW MY AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>Key areas of significant judgements, estimates and assumptions used by management in the assessment of the provision for impairment charges included the following:</p> <ul style="list-style-type: none"> Management overlays to incorporate the current economic contraction. The incorporation of forward-looking information such that expected cashflows reflect current and anticipated future external factors evaluated under different economic scenarios and the probability weighting determined for each of these scenarios. 	<p>For Loans and receivables assessed on an individual basis for impairment:</p> <ul style="list-style-type: none"> I evaluated the reasonableness of the credit quality assessment. I checked the arithmetical accuracy of the underlying individual impairment calculations. I evaluated the reasonableness of key inputs used in provision for impairment charges made with particular focus on current economic contraction. Such evaluations were carried out considering the customer exposure to elevated risk industries, debt moratoriums, status of recovery actions of collaterals in forecasting the value and timing of cashflows. <p>For loans and receivables assessed on a Collective basis for impairment:</p> <ul style="list-style-type: none"> I tested key inputs as disclosed in note 25.6 and the calculations used in the provision for impairment charges. I assessed whether judgments used in assumptions and estimates made by the management when estimating future cashflows, in the underlying methodology and management overlays were reasonable. My assessment included portfolio segmentation, elevated risk industries, evaluating the reasonableness of forward-looking information, different economic scenarios and probability weightings assigned to each scenario. I assessed the adequacy of the related financial statement disclosures set out in notes 11 & 25 of the financial statements.
<p>Information Technology (IT) systems and internal controls over financial reporting</p> <p>Group's financial reporting process is significantly reliant on IT systems with automated processes and internal controls. Further, key financial statement disclosures are prepared using data and reports generated by IT systems, that are compiled and formulated with the use of spreadsheets.</p> <p>Accordingly, IT systems and related internal controls over financial reporting were considered a key audit matter.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> I obtained an understanding of the internal control environment of the processes and checked relevant controls relating to financial reporting and related disclosures. I involved my internal specialized resources to check and evaluate the design and operating effectiveness of IT systems and relevant controls, including those related to user access and change management. I also obtained a high-level understanding, primarily through inquiry, of the cybersecurity risk affecting the Group and the actions taken to address these risks I checked source data of the reports used to generate disclosures for accuracy and completeness, including review of general ledger reconciliations
<p>1.4 Other information included in the Company's 2023 Annual Report</p> <p>Other information consists of the information included in the Company's 2023 Annual Report, other than the financial statements and my auditor's report thereon. Management is responsible for the other information. The Company's 2023 Annual Report is expected to be made available to me after the date of this auditor's report.</p> <p>My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider</p>	<p>whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>When I read the Group's 2023 Annual Report, if I conclude that are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154(6) of the Constitution that will be tabled in due course.</p> <p>1.5 Responsibilities of Management and Those Charged with Governance for the Financial Statements</p> <p>Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.</p>



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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue

as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statement. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 and Companies Act, No.7 of 2007 includes specific provisions for following requirements.

- I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No.7 of 2007 and section 12 (a) of National Audit Act, No. 19 of 2018.
- The Financial Statements of the Company comply with the requirement of section 151 of the Companies Act, No.07 of 2007.
- The Financial Statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The Financial Statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.
- Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;
- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018;
- to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018;
- to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

W.P.C. Wickramaratne
Auditor General

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STATEMENT OF PROFIT OR LOSS

For the Year Ended 31st March	Note	Page No.	Company			Group		
			2023 Rs. '000	2022 Rs. '000	Change %	2023 Rs. '000	2022 Rs. '000	Change %
Gross income	5	238	32,018,308	26,741,380	19.73	39,162,645	32,630,986	20.02
Interest income	6.1	239	30,196,588	23,881,526	26.44	33,406,918	25,926,792	28.85
Less: Interest expense	6.2	239	18,206,943	10,832,186	68.08	19,270,402	11,205,126	71.98
Net interest income	6	238	11,989,645	13,049,340	(8.12)	14,136,516	14,721,666	(3.97)
Net earned premium	7	240	-	-	-	4,673,853	4,939,071	(5.37)
Fee and commission income	8	241	1,265,287	1,876,524	(32.57)	691,195	1,321,513	(47.70)
Net gains/(losses) on financial assets - FVTPL	9	242	9,143	26,783	(65.86)	4,168	86,525	(95.18)
Other operating income	10	242	547,290	956,547	(42.78)	386,511	357,085	8.24
Total operating income			13,811,365	15,909,194	(13.19)	19,892,243	21,425,860	(7.16)
Less: Impairment charges for loans and receivables and other losses	11	243	568,485	655,425	(13.26)	703,962	951,756	(26.04)
Impairment charges for goodwill	34	294	-	121,611	(100.00)	-	121,611	(100.00)
Net operating income			13,242,880	15,132,158	(12.49)	19,188,281	20,352,493	(5.72)
Less: Expenses								
Personnel expenses	12	246	4,488,546	4,002,414	12.15	5,731,934	4,946,747	15.87
Depreciation and amortisation	13	246	698,572	700,043	(0.21)	660,133	638,664	3.36
Benefits, claims and underwriting expenditure	14	247	-	-	-	3,251,671	3,228,475	0.72
Other operating expenses	15	248	2,082,538	2,134,497	(2.43)	2,540,760	2,607,480	(2.56)
Total operating expenses			7,269,656	6,836,954	6.33	12,184,498	11,421,366	6.68
Operating profit before taxes on financial services			5,973,224	8,295,204	(27.99)	7,003,783	8,931,127	(21.58)
Less : Tax on financial services	16	248	1,631,468	1,645,111	(0.83)	1,673,580	1,705,797	(1.89)
Profit before income tax expense			4,341,756	6,650,093	(34.71)	5,330,203	7,225,330	(26.23)
Less : Income tax expense	17	249	1,324,118	1,991,084	(33.50)	1,888,502	2,407,161	(21.55)
Profit for the year			3,017,638	4,659,009	(35.23)	3,441,701	4,818,169	(28.57)
Profit attributable to								
Equity holders of the Company			3,017,638	4,659,009	(35.23)	3,507,014	4,805,731	(27.02)
Non-controlling interest	49	314	-	-	-	(65,313)	12,438	(625.11)
Profit for the year			3,017,638	4,659,009	(35.23)	3,441,701	4,818,169	(28.57)
Basic / Diluted earnings per ordinary share (Rs.)	18	252	1.48	2.28	(35.09)	1.72	2.35	(26.81)
Dividend per Ordinary share (Rs.)	19	253	0.50	1.25	(60.00)			

The Notes appearing on pages 231 to 350 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st March	Note	Page No.	Company			Group		
			2023 Rs. '000	2022 Rs. '000	Change %	2023 Rs. '000	2022 Rs. '000	Change %
Profit for the year			3,017,638	4,659,009	(35.23)	3,441,701	4,818,169	(28.57)
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	314	-	-	-	(594,615)	1,439,171	(141.32)
Net items to be reclassified to profit or loss in subsequent years			-	-	-	(594,615)	1,439,171	(141.32)
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	307	57,764	(31,732)	(282.04)	67,120	(28,272)	(337.41)
Deferred tax effect on actuarial gains and losses	44.1	310	(17,329)	7,616	327.53	(20,136)	7,795	358.32
Financial assets - Fair value through other comprehensive income								
Gains/(losses) on re-measuring	48.3	313	(195,940)	(207,831)	5.72	(248,491)	(207,831)	(19.56)
Deferred tax effect on above	44.1	310	58,789	49,817	18.01	74,554	49,817	49.66
Net items not to be reclassified to profit or loss in subsequent years			(96,716)	(182,130)	46.90	(126,953)	(178,491)	28.87
Other comprehensive income for the year, net of tax			(96,716)	(182,130)	46.90	(721,568)	1,260,680	(157.24)
Total comprehensive income for the year			2,920,922	4,476,879	(34.76)	2,720,133	6,078,849	(55.25)
Attributable to:								
Equity holders of the Company			(96,716)	(182,130)	46.90	(426,193)	555,132	(176.77)
Non-controlling interest	49	314	-	-	-	(295,375)	705,548	141.86
Other comprehensive income for the year, net of tax			(96,716)	(182,130)	46.90	(721,568)	1,260,680	(157.24)
Total comprehensive income for the year			2,920,922	4,476,879	(34.76)	2,720,133	6,078,849	(55.25)

The Notes appearing on pages 231 to 350 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

			Company			Group		
As at 31 March	Note	Page	2023 Rs. '000	2022 Rs. '000	Change %	2023 Rs. '000	2022 Rs. '000	Change %
Assets								
Cash and cash equivalents	22	262	5,844,798	4,668,830	25.19	6,316,003	5,402,587	16.91
Balances with banks & financial institutions	23	263	29,839,914	5,117,866	483.05	34,224,917	9,529,518	259.15
Financial assets -Fair value through profit or loss	24	263	203,975	25,140	711.36	345,093	849,298	(59.37)
Loans and receivables - Amortised cost	25	265	114,277,945	151,274,454	(24.46)	125,377,904	163,320,846	(23.23)
Insurance and reinsurance receivables	26	281	-	-	-	1,498,065	1,322,528	13.27
Financial assets - Fair value through other comprehensive income	27	282	944,653	1,333,278	(29.15)	1,372,962	1,632,941	(15.92)
Debt instrument - Amortised cost	28	283	10,903,577	9,827,221	10.95	15,859,672	16,013,525	(0.96)
Investments in subsidiaries	29	285	3,291,604	3,213,788	2.42	-	-	-
Investment property	30	287	284,961	-	-	1,200,317	820,664	46.26
Other assets	31	288	1,030,138	749,155	37.51	1,281,022	831,825	54.00
Property, plant and equipment	32	289	1,481,005	1,413,776	4.76	3,971,219	4,090,682	(2.92)
Right of use assets	33	293	1,615,939	1,972,380	(18.07)	1,372,423	1,539,484	(10.85)
Deferred tax assets	44	309	1,335,460	1,146,726	16.46	1,419,836	1,121,192	26.64
Goodwill and intangible assets	34	294	19,193	21,965	(12.62)	137,436	139,603	(1.55)
Total assets			171,073,162	180,764,579	(5.36)	194,376,869	206,614,693	(5.92)
Liabilities								
Due to banks	35	296	7,724,671	11,749,332	(34.25)	11,068,522	15,300,361	(27.66)
Due to customers	36	298	100,935,114	103,367,904	(2.35)	107,979,956	111,453,750	(3.12)
Debt securities issued	37	299	16,706,049	17,244,313	(3.12)	16,564,956	17,103,223	(3.15)
Other financial liabilities	38	301	1,457,388	3,636,528	(59.92)	1,709,574	4,043,322	(57.72)
Insurance liabilities and reinsurance payable	39	302	-	-	-	5,206,622	5,903,363	(11.80)
Lease Liabilities	40	304	1,753,723	2,059,050	(14.83)	1,477,875	1,588,115	(6.94)
Current tax liabilities	41	305	1,013,703	1,851,676	(45.25)	1,406,648	2,098,784	(32.98)
Other liabilities	42	306	1,016,790	1,369,054	(25.73)	1,202,218	1,399,030	(14.07)
Retirement Benefit Obligation	43	307	673,659	668,411	0.79	756,320	748,944	0.98
Total liabilities			131,281,097	141,946,268	(7.51)	147,372,691	159,638,892	(7.68)
Equity								
Stated capital	45	311	18,015,559	17,071,961	5.53	18,015,559	17,071,961	5.53
Statutory reserve fund	46	312	2,790,828	2,639,946	5.72	2,905,660	2,729,351	6.46
Retained earnings	47	312	19,556,826	19,481,612	0.39	23,248,550	23,122,851	0.54
Other reserves	48	313	(571,148)	(375,208)	52.22	349,380	897,111	(61.05)
Total equity attributable to equity holders of the Company			39,792,065	38,818,311	2.51	44,519,149	43,821,274	1.59
Non-controlling interest	49	314	-	-	-	2,485,029	3,154,527	(21.22)
Total equity			39,792,065	38,818,311	2.51	47,004,178	46,975,801	0.06
Total liabilities and equity			171,073,162	180,764,579	(5.36)	194,376,869	206,614,693	(5.92)
Contingent liabilities and commitments	50	314	5,626,774	6,852,234	(17.88)	5,750,578	6,899,223	(16.65)
Net asset value per ordinary share (Rs.)	51	316	19.49	20.57	(5.26)	21.80	23.22	(6.10)

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



Omali Sumanasiri
Assistant General Manager - Finance



Shamindra Marcelline
Chief Executive Officer

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



Pradeep Amirthanayagam
Chairman



Rohan Pathirage
Director

The Notes appearing on pages 231 to 350 form an integral part of the Financial Statements.

26 May 2023
Colombo

STATEMENT OF CHANGES IN EQUITY - COMPANY

Company	Other Reserves				
	Capital	Statutory	Fair Value	Retained	Total Equity
	Rs. '000	Reserve Fund Rs. '000	Reserve Rs. '000	Earnings Rs. '000	Rs. '000
Balance as at 1st April 2021	14,892,036	2,406,995	(117,377)	17,159,777	34,341,431
Total comprehensive income for the year					
Profit/(loss) for the year	-	-	-	4,659,009	4,659,009
Other comprehensive income (net of tax)	-	-	(207,831)	25,701	(182,130)
Total comprehensive income for the year	-	-	(207,831)	4,684,710	4,476,879
Transactions with equity holders, recognised directly in equity					
Transfers to reserves	-	232,950	(50,000)	(182,950)	-
Dividend paid - Interim	2,179,925	-	-	(2,179,925)	-
- Final	-	-	-	-	-
Total transactions with equity holders	2,179,925	232,950	(50,000)	(2,362,875)	-
Balance as at 31st March 2022	17,071,961	2,639,945	(375,208)	19,481,612	38,818,310
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	-	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	-	150,882	-	(150,882)	-
Dividend paid - Final	943,598	-	-	(943,598)	-
Total transactions with equity holders	943,598	150,882	-	(1,094,480)	-
Balance as at 31st March 2023	18,015,559	2,790,827	(571,148)	19,556,827	39,792,065

The Notes appearing on pages 231 to 350 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

Group	Other Reserves							
	Capital	Statutory Reserve Fund	Fair Value Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1st April 2021	14,892,036	2,464,951	(121,517)	542,836	20,682,106	38,460,412	2,661,541	41,121,953
Total comprehensive income for the year								
Profit/(loss) for the year	-	-	-	-	4,805,731	4,805,731	12,438	4,818,169
Other comprehensive income (net of tax)	-	-	(207,831)	733,623	29,340	555,132	705,548	1,260,680
Total comprehensive income for the year	-	-	(207,831)	733,623	4,835,071	5,360,863	717,986	6,078,849
Transactions with equity holders, recognised directly in equity								
Transfers to reserves	-	264,401	(50,000)	-	(214,401)	-	-	-
Dividend paid - Interim	2,179,925	-	-	-	(2,179,925)	-	(225,000)	(225,000)
Total transactions with equity holders	2,179,925	264,401	(50,000)	-	(2,394,326)	-	(225,000)	(225,000)
Balance as at 31st March 2022	17,071,961	2,729,352	(379,348)	1,276,459	23,122,851	43,821,275	3,154,527	46,975,802
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								
Profit/(loss) for the year	-	-	-	-	3,507,014	3,507,014	(65,313)	3,441,701
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	(285,924)	2,794,897
Transactions with equity holders, recognised directly in equity								
Transfers to reserves	-	176,310	-	-	(176,310)	-	-	-
Dividend paid - Final	943,598	-	-	-	(943,598)	-	(273,428)	(273,428)
Total transactions with equity holders	943,598	176,310	-	-	(1,119,908)	-	(273,428)	(273,428)
Balance as at 31st March 2023	18,015,559	2,905,662	(627,839)	977,219	23,248,548	44,519,149	2,485,029	47,004,178

The Notes appearing on pages 231 to 350 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			Company		Group	
			2023	2022	2023	2022
	Note	Page No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash flows from operating activities						
Income from cash and cash equivalent	6.1	239	877,597	159,743	884,520	176,533
Payments to loans and receivables			(49,479,705)	(123,938,484)	(56,532,319)	(128,649,697)
Receipts from loans and receivables			108,112,701	137,014,283	116,824,867	139,838,872
Investment in balances with banks & financial institutions			(96,735,535)	(30,785,830)	(102,232,584)	(34,428,160)
Receipts from balances with banks & financial institutions			74,982,057	31,510,851	81,747,062	34,065,096
Investment in debt instrument at amortised cost			(40,967,052)	(31,590,690)	(45,032,821)	(37,883,431)
Receipts from debt instrument at amortised cost			42,620,849	29,316,856	47,916,827	31,022,471
Payment of due to customers			(164,570,652)	(122,737,129)	(169,175,292)	(124,719,248)
Receipts from due to customers			147,334,387	116,799,179	150,395,668	124,371,580
Receipts from other income			4,259	2,079	184,223	219,280
Investment in financial assets - fair value through profit or loss			(189,797)	(4,573,220)	(286,151)	(5,221,552)
Receipts from financial assets - fair value through profit or loss			1,616	4,684,650	794,525	5,740,532
Receipt from Financial assets - fair value through OCI			313,654	3,756	566,386	156,320
Investment in Financial assets - fair value through OCI			-	(1,150,081)	(452,420)	(1,175,931)
Payment for personnel expenses			(4,724,920)	(3,709,482)	(5,986,957)	(4,653,596)
Payment for operating lease liability			(651,359)	(667,068)	(438,364)	(385,273)
Payment for other operating activities			(3,796,402)	(3,444,436)	(4,577,598)	(3,623,514)
Premium received from customers			-	-	4,498,316	4,641,005
Claims paid			-	-	(3,948,414)	(2,340,996)
Dividend income from investments			343,930	711,841	7,014	6,216
Gratuity paid	43	307	(92,658)	(33,471)	(100,021)	(39,309)
Income tax paid	41.1	306	(4,256,539)	(1,175,248)	(5,317,964)	(1,958,933)
Net cash generated from/(used in) operating activities			9,126,431	(3,601,901)	9,738,503	(4,841,735)
Cash flows from investing activities						
Purchase of property, plant and equipment	32	289	(253,253)	(385,714)	(234,426)	(307,456)
Proceeds from the sale of property, plant and equipment			39,867	14,005	88,898	131,604
Purchase of intangible assets	34	294	(7,684)	(10,325)	(12,781)	(12,835)
Dividends received from investments			-	-	-	-
Net cash (used in)/generated from investing activities			(221,070)	(382,034)	(158,309)	(188,687)
Cash flows from financing activities						
Payment for due to banks	35.1	296	(7,618,774)	(1,946,889)	(9,082,471)	(2,504,664)
Borrowing from due to banks	35.1	296	2,000,000	7,000,000	2,799,279	7,250,000
Payment for debt securities issued	37.1	299	(2,093,667)	(8,456,772)	(2,077,567)	(8,440,722)
Borrowing from debt securities issued			-	10,000,000	-	10,000,000
Dividend paid to shareholders			17	80	17	80
Dividend paid to non-controlling interest			-	-	(123,900)	(150,000)
Net cash (used in)/generated from financing activities			(7,712,424)	6,596,419	(8,484,642)	6,154,694
Net (decrease) in cash & cash equivalents			1,192,937	2,612,484	1,095,552	1,124,272
Cash and cash equivalents at the beginning of the year			4,599,141	1,986,657	4,077,087	2,952,815
Cash and cash equivalents at the end of the year			5,792,078	4,599,141	5,172,639	4,077,087
Cash and cash equivalents			5,844,798	4,668,831	6,316,003	5,402,587
Bank overdraft			(52,720)	(69,690)	(1,143,364)	(1,325,500)
Cash and cash equivalents at the end of the year			5,792,078	4,599,141	5,172,639	4,077,087

The Notes appearing on pages 231 to 350 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 2023 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 2023 is 2,114 and 2,995 respectively. (2,245 and 3,148 as at 31st March 2022).

1.2 Group Information

Principal Activities and Nature of Operations

Company

People's Leasing & Finance PLC

The principal business activities are providing finance leases, hire-purchase assets financing, 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	
			2023	2022
People's Leasing Fleet Management Limited	Fleet management, vehicle valuation, sale of vehicles, insurance assessment, and vehicles repairing.	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%
Lankan Alliance Finance Limited	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 AND OTHER SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The consolidated Financial Statements of the Group and Separate Financial Statements of the Company, as at 31st March 2023 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. on Page No 233.

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;

- 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 the ability of the Company and the Group to generate cash and cash equivalents and the needs of entity to utilise those cash flows; and
- 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 2023 (including comparatives) were approved and authorised for issue on 26 May 2023 in accordance with the resolution of the Board of Directors on 26 May 2023.

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	263
Financial assets - Fair value through other comprehensive income	Fair Value	27	282
Investment property	Fair Value	30	287
Retirement benefit obligation	Liability is recognised as the present value of the retirement benefit obligation, plus actuarial gains and losses .	43	307

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 no. 316. (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 realise 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 main factors that cause uncertainties regarding the application of this principle relate to the unstable economic environment in the country, implications of COVID 19 pandemic on the business operations, performance of the Group and the measures adopted by the government to support the recovery of the economy. 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 characterises 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
- The contractual cash flow characteristics of the financial assets as set out in Note 3.5.2

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 on page no. 277 to the financial statements.

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 on page no. 282 to the financial statements.

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 on page no. 294 to the financial statements.

 **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 on page no. 309 to the financial statements.

Retirement Benefit Obligation

Details of the 'retirement benefit obligation' are given in Note 43 on page no. 307 to the financial statements.

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.

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 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. GENERAL ACCOUNTING POLICIES

3.1 Basis of Consolidation

The Consolidated Financial Statements of the Group for the year ended 31st March 2023 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 Due and Amended Standard and Interpretation

In these financial statements, the Group has applied Sri Lanka Accounting Standard - Amendments to SLFRS 1, SLFRS 9, LKAS 16 and LKAS 37 for financial reporting which became effective for the annual reporting periods beginning on or after 1st January 2022, for the first time. The Group

has not early adopted any other standard, interpretation or amendment that has been issued but not effective.

SLFRS 1 First-time Adoption of Sri Lanka Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards (SLFRS 1). The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the CA Sri Lanka adopted amendments to LKAS 16 - Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from

the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the CA Sri Lanka adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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.

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 no. 262,263,265,281,283,296 and 304.

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 no. 282.

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 no. 283.

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 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.

3.5.4 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.

3.5.5 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 no. 255.

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.

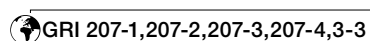
3.7 Provisions

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.

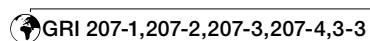
3.8 Borrowing Costs

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.



3.9 Income tax

Details of the 'income tax expense' are given in Note 17 on page no. 249 to the financial statements.



3.10 Deferred Tax

Details of the 'deferred tax' are given in Note 44 on page no. 309 to the financial statements.

3.11 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.

3.12 Tax on financial services

Details of the 'VAT, SSCL on financial services' are given in Note 16 on page no. 248 to the financial statements.

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 2023. Accordingly these accounting standards have not been applied in the preparation of the Financial Statements for the year ended 31 March 2023. Following amendment is not expected to have a material impact on the Financial Statements of the Company/Group in the foreseeable future.

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.

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

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier adoption permitted

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

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

Amendments to LKAS 1 and IFRS 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

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify -

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classifications

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company/Group is currently assessing the potential impact on its Financial Statements resulting from this amendment.

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	Note	Page No.	Company		Group	
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Interest income	6.1	239	30,196,588	23,881,526	33,406,918	25,926,792
Net earned premium	7	240	-	-	4,673,853	4,939,071
Fee and commission income	8	241	1,265,287	1,876,524	691,195	1,321,513
Net gains/(losses) on financial assets - FVTPL	9	242	9,143	26,783	4,168	86,525
Other operating income	10	242	547,290	956,547	386,511	357,085
Total			32,018,308	26,741,380	39,162,645	32,630,986

6. NET INTEREST INCOME

Accounting Policy

Recognition of Income and Expenses

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest Income and Expenses

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.

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.

Under SLFRS 9, interest income and Interest expense are recorded using the Effective Interest rate method for all financial assets measured at amortised cost and all financial liabilities measured at amortised cost respectively.

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.

6. NET INTEREST INCOME

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	6.1	239	30,196,588	23,881,526	33,406,918	25,926,792
Interest expenses	6.2	239	18,206,943	10,832,186	19,270,402	11,205,126
Net interest income			11,989,645	13,049,340	14,136,516	14,721,666

6.1 Interest income

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents			877,597	159,743	884,520	176,533
Balances with banks & financial institutions			2,968,570	443,816	3,028,775	587,209
Loans and receivables	6.1.1	239	23,517,789	22,633,122	25,479,889	24,170,060
Debt instrument - Amortised cost			2,832,632	644,845	4,013,734	992,990
Total interest income			30,196,588	23,881,526	33,406,918	25,926,792

6.1.1 Interest income - Loans and receivables

For the year ended 31st March			Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable			11,349,795	12,449,735	11,353,503	12,453,101
Hire-Purchase/ Murabah receivable			1,119	1,628	758,514	791,468
Term loans and receivables			12,166,876	10,181,759	13,367,873	10,925,491
			23,517,789	22,633,122	25,479,889	24,170,060

6.2 Interest expenses

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Due to banks	6.2.1	240	1,611,082	903,595	2,233,489	1,117,531
Due to customers	6.2.1	240	14,803,475	7,802,922	15,305,829	8,057,701
Debt securities issued	6.2.1	240	1,555,403	1,875,532	1,539,300	1,859,429
Lease liabilities	40	304	236,983	250,137	191,784	170,465
Total interest expenses			18,206,943	10,832,186	19,270,402	11,205,126

6. NET INTEREST INCOME (CONTD...)**6.2.1 Interest expenses - product wise**

For the Year ended 31st March			Company		Group			
			2023	2022	2023	2022		
Note	Page No.		Rs. '000	Rs. '000	Rs. '000	Rs. '000		
Due to banks								
Interest on bank overdraft			605	1,027	193,068	34,866		
Interest on short term loan			49,260	-	49,261	11		
Interest on term loan			954,474	235,166	1,384,418	415,253		
Interest on securitisation			606,743	667,402	606,742	667,401		
Subtotal			1,611,082	903,595	2,233,489	1,117,531		
Due to customers								
Interest cost on deposits			14,803,475	7,802,922	15,305,829	8,057,701		
Subtotal			14,803,475	7,802,922	15,305,829	8,057,701		
Debt securities issued								
Interest on debentures			37.1	299	1,555,403	1,875,532	1,539,300	1,859,429
Subtotal					1,555,403	1,875,532	1,539,300	1,859,429
Lease Liabilities								
Interest on Lease Liabilities					236,983	250,137	191,784	170,465
Subtotal					236,983	250,137	191,784	170,465
Total interest expenses					18,206,943	10,832,186	19,270,402	11,205,126

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.

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 incept. 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.

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
For the Year ended 31st March				
Gross written premium	-	-	5,819,786	6,049,693
Less : Premium ceded to reinsurers	-	-	1,383,534	1,142,976
Less : Change in reserve unearned premium	-	-	(237,601)	(32,354)
Total	-	-	4,673,853	4,939,071

8. FEE AND COMMISSION INCOME**Accounting Policy****Fee and Commission Income**

The Group earns fee and commission income from a diverse range of services it provides to its customers. Commission income is recognised on accrual basis. Fee income can be divided into the following two categories;

Fee Income Earned from Services that are Provided over a Certain Period of Time

Fees earned for the provision of services over a period of time are accrued over that period.

Fee Income from Providing Transaction Services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the documents and inspection of vehicle are recognised on completion of the underlying transaction. Fees or components of fees that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
For the Year ended 31st March				
Service charges	494,523	522,316	107,464	160,404
Other fees and commission	770,764	1,354,208	583,731	1,161,109
Total	1,265,287	1,876,524	691,195	1,321,513

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

	Company		Group	
	2023	2022	2023	2022
For the Year ended 31st March	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net mark-to-market (losses)/gain	9,053	(8,496)	(6,133)	30,325
Net capital gains	90	35,279	10,301	56,200
Total	9,143	26,783	4,168	86,525

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 is recognised on accrual basis.

Dividend Income

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

Net Trading Income from Sale of Vehicles

Revenue from the sale of imported vehicles is recognised when the significant risks and rewards of ownership of the vehicles have transferred to the buyer, usually on dispatch of the vehicles.

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 tenant 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.

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Gain on sale of property, plant and equipment	22,189	17,529	22,189	55,778
Hiring income	-	-	463	2,436
Operating leases income	-	-	7,366	25,030
Rent income from investment property	-	-	78,392	75,712
Net trading income from sale of vehicles	-	99	-	99
Dividend income from - FVOCI	4,487	5,591	4,487	5,591
- Subsidiaries	513,828	930,625	-	-
- FVTPL	2,527	625	2,527	625
Gain/(Loss) of investment properties	-	-	94,692	-
Valuation income	-	-	55,363	106,662
Insurance fee income	-	-	82,590	57,588
Other income	4,259	2,078	38,442	27,564
Total	547,290	956,547	386,511	357,085

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 no. 265 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.

Bad Debts Recovered

Recovery of amounts written off as bad and doubtful debts is recognised on a cash basis.

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Individual impairment	11.3/11.4	245	490,044	487,288	490,044	487,288
Collective impairment	11.3/11.4	245	31,642	132,344	213,684	442,868
Other receivable			-	6,760	(43,760)	(5,623)
Loss on disposal of collaterals including write offs			96,679	104,746	96,679	104,746
Recovery of written-off debts/disposal losses			(49,880)	(75,713)	(52,685)	(77,523)
Total	11.1/11.2	244	568,485	655,425	703,962	951,756

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

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	(9,307)	(8,661)
Term Loan and receivables	7,413	2,101,527	(1,401,255)	707,685
Total	46,799	3,389,310	(2,867,624)	568,485

For the year ended 31st March	2022			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	28,415	2,766,525	(2,187,125)	607,815
Hire-Purchase/ Murabah receivable	(6,795)	17,586	(10,232)	559
Term Loan and receivables	7,413	2,078,221	(2,045,342)	40,292
Other receivables	-	389,417	(382,658)	6,759
Total	29,033	5,251,749	(4,625,357)	655,425

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

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

For the year ended 31st March	2022			
	Disposal loss/ Write-offs (net of recovery)	Charge	(Reversal)	Net Amount
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease/Ijarah receivable	28,415	2,766,525	(2,187,125)	607,815
Hire-Purchase/ Murabah receivable	(6,795)	73,823	(10,232)	56,796
Term Loan and receivables	5,603	2,332,507	(2,045,342)	292,768
Other receivable	-	377,035	(382,658)	(5,623)
Total	27,223	5,549,890	(4,625,357)	951,756

11.3 Impairment charge to the income statement – Company

For the year ended 31st March	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	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

For the year ended 31st March	2022			
	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	-	487,288	487,288
- Collective impairment	506,739	(222,248)	(152,147)	132,344
Total	506,739	(222,248)	335,141	619,632

11.4 Impairment charge to the income statement – Group

For the year ended 31st March	2023			
	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	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

For the year ended 31st March	2022			
	Stage 1	Stage 2	Stage 3	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets at amortised cost – Loans and advances				
- Individual impairment	-	-	487,288	487,288
- Collective impairment	720,725	(226,076)	(51,781)	442,868
Total	720,725	(226,076)	435,507	930,156

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	Company		Group	
		2023	2022	2023	2022
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Remuneration		4,071,654	3,675,122	5,221,557	4,536,777
Employee benefit - Defined contribution plans - EPF		208,985	195,504	270,711	247,093
Employee benefit - Defined contribution plans - ETF		52,237	48,895	65,149	60,674
Employee benefit - Retirement benefit obligation - Gratuity	43 307	155,670	82,893	174,517	102,203
Total		4,488,546	4,002,414	5,731,934	4,946,747

13. DEPRECIATION AND AMORTISATION

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.

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 no. 289.

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

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.

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 34 on page no. 294.

For the year ended 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Deprecation of property, plant and equipment	32	289	165,015	168,564	284,076	296,458
Amortisation - Right of use assets	33	293	523,101	518,284	361,012	325,327
Amortisation of intangible assets	34	294	10,456	13,195	15,045	16,879
Total			698,572	700,043	660,133	638,664

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net Benefits and claims	-	-	2,790,316	2,704,556
Underwritings and net acquisition costs	-	-	461,355	523,919
Total	-	-	3,251,671	3,228,475

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.

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.

Directors' emoluments Directors' emoluments include fees paid to Non-Executive Directors. For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Directors' emoluments	5,726	4,939	14,794	12,711
Auditors' remunerations	7,032	7,385	14,630	14,444
Non-audit fees to auditors	1,406	1,317	1,406	1,317
Professional fees	37,658	23,689	41,813	34,112
Advertising expenses	39,529	12,618	75,804	53,709
Legal fees	7,529	8,702	15,492	12,829
Deposits Insurance Premium	147,584	148,678	147,584	148,678
Crop Insurance Levy	37,689	45,973	37,689	45,973
Operational expenses arising from investment property	-	-	9,700	11,145
Office administration and establishment expenses	1,798,385	1,881,196	2,181,848	2,272,562
Total	2,082,538	2,134,497	2,540,760	2,607,480

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% (2021/22 - 15% - 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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
VAT on financial services	1,526,568	1,645,111	1,565,971	1,705,797
SSCL on financial services	104,900	-	107,609	-
Total	1,631,468	1,645,111	1,673,580	1,705,797

17. INCOME TAX EXPENSE

Accounting Policy

Income tax expense comprises of current tax expense and deferred tax expense /(reversal). Income tax expense is recognised in the income statement, except to the extent it relates to items recognised directly in Equity or in OCI.

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

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 March 2023, the Company has recognised the total liability to the Surcharge Tax as an adjustment to the opening retained earnings as at 01 April 2022.

Deferred taxation

The deferred tax assets/liabilities of the Company as at 31 March 2023 were computed using the revised income tax rate of 30%. Detailed disclosure of accounting policies and estimate of deferred tax is available in Note 44 to the Financial Statements.

Company	Note	Page No.	Current Tax rate	
			2023	2022
People's Leasing & Finance PLC			24%-30%	24%
People's Leasing Fleet Management Limited			24%-30%	24%
People's Micro-commerce Ltd			24%-30%	24%
People's Insurance PLC	17.1	249	24%-30%	24%
People's Leasing Property Development Limited	17.2	250	20%-30%	20%-24%
People's Leasing Havelock Properties Limited	17.3	250	10%	Exempt
Lankan Alliance Finance Limited	17.4	250	40.00%	40.00%

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 Lankan Alliance Finance Limited

According to Bangladesh Income Tax Ordinance, 1984 and amendments made thereto, tax rate applicable for Lankan Alliance Finance Limited is 40.0%.

17.5 Income tax expense

			Company		Group	
For the year ended 31st March		Page	2023	2022	2023	2022
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Statement of Profit or Loss						
Current income tax charge	17.6	251	1,471,393	2,664,536	2,132,725	3,173,817
Deferred tax (reversal)/charge for the year	44	309	(147,275)	(673,452)	(244,223)	(766,656)
Income tax expense recognised in Statement of Profit or Loss			1,324,118	1,991,084	1,888,502	2,407,161
Statement of Comprehensive Income						
Deferred tax charge/(reversal) for the year	44	309	(41,460)	(57,433)	(54,418)	(57,612)
Income tax charge/(reversal) recognised in Statement of Comprehensive Income			(41,460)	(57,433)	(54,418)	(57,612)
Effective tax rate (excluding deferred tax)			33.89%	40.07%	40.01%	43.93%
Effective tax rate			30.50%	29.94%	35.43%	33.32%
Statement of Profit or Loss						
Charge / (Reversal) arising on during the year Movement			(78,471)	673,452	(176,951)	(766,656)
Charge / (Reversal) Due to change in Tax Rate			(68,804)	-	(67,272)	-
			(147,275)	673,452	(244,223)	(766,656)
Other Comprehensive Income						
Charge / (Reversal) arising on during the year Movement			(33,168)	(57,433)	(43,536)	(57,612)
Charge / (Reversal) Due to change in Tax Rate			(8,292)	-	(10,882)	-
			(41,460)	(57,433)	(54,418)	(57,612)

17.6 Reconciliation of Accounting Profit and Taxable Income

For the year ended 31st March	Page Note	No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit as per Statement of Profit or Loss			4,341,756	6,650,093	5,330,203	7,225,330
Add: Disallowable expenses			3,216,890	3,537,261	4,159,442	4,057,954
Add: Lease capital recoverable			817,039	5,788,713	817,039	5,788,713
Less: Allowable expenses			2,709,307	4,363,762	2,859,307	4,711,073
Less: Exempted /allowable income			319,717	4,483	402,401	236,240
Statutory income			5,346,661	11,607,822	7,044,977	12,124,684
Less: Tax loss utilised during the year	17.7	251	-	-	-	-
Assessable income			5,346,661	11,607,822	7,044,977	12,124,684
Taxable income			5,346,661	11,607,822	7,044,977	12,124,684
Income tax expense at the statutory income	17.8	251	1,471,393	2,712,280	2,132,725	3,221,561
(Over)/ under provision- previous years			-	(47,744)	-	(47,744)
Current tax on profits for the year			1,471,393	2,664,536	2,132,725	3,173,817
Deferred tax charged/(reversal) for the year	44.1	310	(147,275)	(673,452)	(244,223)	(766,656)
Tax expense for the year			1,324,118	1,991,084	1,888,502	2,407,161

17.7 Tax Losses Brought Forward and Utilised during the Year

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
People's Leasing & Finance PLC	1,471,393	2,712,280	1,471,393	2,712,280
People's Leasing Fleet Management Limited	-	-	20,363	68,653
People's Micro-commerce Ltd	-	-	28,333	93,247
People's Insurance PLC	-	-	458,219	219,958
People's Leasing Property Development Limited	-	-	36,096	26,562
Lankan Alliance Finance Limited	-	-	118,321	100,861
Total income tax at the effective rate	1,471,393	2,712,280	2,132,725	3,221,561

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

For the year ended 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Direct taxes				
Income tax	2,309,372	1,175,310	2,619,752	1,958,933
Value added tax on financial services	1,629,017	1,568,235	1,668,229	1,597,458
SSCL on financial services	77,808	-	79,857	-
Crop insurance levy	39,637	48,509	47,817	60,462
Surcharge tax	1,947,167	-	2,493,093	-
Total direct taxes	6,003,001	2,792,054	6,908,748	3,616,853
Indirect taxes (collected and paid)				
Value added tax	138,697	148,433	736,548	529,610
SSCL on other income base	11,060	-	78,479	-
Stamp Duty	141,341	173,443	149,012	181,192
Withholding tax on dividend and interest	100,781	-	105,142	-
PAYE/APIIT	87,568	33,987	95,828	35,394
Total indirect taxes	479,447	355,863	1,165,009	746,196
Total taxes paid during the financial year	6,482,448	3,147,917	8,073,757	4,363,049

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

For the year ended 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Profit attributable to equity holders of the Company (Rs.)	3,017,638,245	4,659,008,652	3,507,013,959	4,805,730,508
Number of ordinary shares as at 31st March 2023 (Restated-2022)	2,041,883,116	2,041,883,116	2,041,883,116	2,041,883,116
Basic/ Diluted earnings per ordinary share (Rs.)	1.48	2.28	1.72	2.35

19. DIVIDEND PER ORDINARY SHARE

For the year ended 31st March	Company	
	2023	2022
Scrip/Cash dividend Paid (Rs.)	943,597,501	2,179,924,683
Total dividend paid (Rs.)	943,597,501	2,179,924,683
Dividend per Ordinary share (Rs.)	0.50	1.25

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 2023	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	262	-	5,844,798	-	5,844,798
Balances with banks & financial institutions	23	263	-	29,839,914	-	29,839,914
Financial assets -Fair value through profit or loss	24	263	203,975	-	-	203,975
Loans and receivables	25	265	-	114,277,945	-	114,277,945
Financial assets - Fair Value through other comprehensive income	27	282	-	-	944,653	944,653
Debt Instrument at amortised cost	28	283	-	10,903,577	-	10,903,577
Other financial assets	31	288	-	100,306	-	100,306
Total financial assets			203,975	160,966,540	944,653	162,115,168
Liabilities						
Due to banks	35	296	-	7,724,671	-	7,724,671
Due to customers	36	298	-	100,935,114	-	100,935,114
Debt securities issued	37	299	-	16,706,049	-	16,706,049
Other financial liabilities	38	301	-	1,457,388	-	1,457,388
Lease Liability	40	304	-	1,753,723	-	1,753,723
Total financial liabilities			-	128,576,945	-	128,576,945

20. ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (CONTD...)**20.2 Company**

As at 31st March 2022			Financial instruments at fair value 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	262	-	4,668,830	-	4,668,830
Balances with banks & financial institutions	23	263	-	5,117,866	-	5,117,866
Financial assets -Fair value through profit or loss	24	263	25,140	-	-	25,140
Loans and receivables	25	265	-	151,274,454	-	151,274,454
Financial assets - Fair Value through other comprehensive income	27	282	-	-	1,333,278	1,333,278
Debt Instrument at amortised cost	28	283	-	9,827,221	-	9,827,221
Other financial assets	31	288	-	108,493	-	108,493
Total financial assets			25,140	170,996,864	1,333,278	172,355,282
Liabilities						
Due to banks	35	296	-	11,749,332	-	11,749,332
Due to customers	36	298	-	103,367,904	-	103,367,904
Debt securities issued	37	299	-	17,244,313	-	17,244,313
Other financial liabilities	38	301	-	3,636,528	-	3,636,528
Lease Liability	40	304	-	2,059,050	-	2,059,050
Total financial liabilities			-	138,057,127	-	138,057,127

20.3 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	262	-	6,316,003	-	6,316,003
Balances with banks & financial institutions	23	263	-	34,224,917	-	34,224,917
Financial assets -Fair value through profit or loss	24	263	345,093	-	-	345,093
Loans and receivables - Amortised cost	25	265	-	125,377,904	-	125,377,904
Insurance and reinsurance receivables	26	281	-	1,498,065	-	1,498,065
Financial assets - Fair Value through other comprehensive income	27	282	-	-	1,372,962	1,372,962
Debt Instrument at amortised cost	28	283	-	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	296	-	11,068,522	-	11,068,522
Due to customers	36	298	-	107,979,956	-	107,979,956
Debt securities issued	37	299	-	16,564,956	-	16,564,956
Other financial liabilities	38	301	-	1,709,574	-	1,709,574
Insurance liabilities and reinsurance payable	39	302	-	5,206,622	-	5,206,622
Lease liability	40	304	-	1,477,875	-	1,477,875
Total financial liabilities			-	144,007,505	-	144,007,505

20.4 Group

As at 31st March 2022			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	262	-	5,402,587	-	5,402,587
Balances with banks & financial institutions	23	263	-	9,529,518	-	9,529,518
Financial assets -Fair value through profit or loss	24	263	849,298	-	-	849,298
Loans and receivables - Amortised cost	25	265	-	163,320,846	-	163,320,846
Insurance and reinsurance receivables	26	282	-	1,322,528	-	1,322,528
Financial assets - Fair Value through other comprehensive income	27	282	-	-	1,632,941	1,632,941
Debt Instrument at amortised cost	28	283	-	16,013,525	-	16,013,525
Total financial assets			849,298	195,589,004	1,632,941	198,071,243
Liabilities						
Due to banks	35	296	-	15,300,361	-	15,300,361
Due to customers	36	298	-	111,453,750	-	111,453,750
Debt securities issued	37	299	-	17,103,223	-	17,103,223
Other financial liabilities	38	301	-	4,043,322	-	4,043,322
Lease liability	40	304	-	1,588,115	-	1,588,115
Insurance liabilities and reinsurance payable	39	302	-	5,903,363	-	5,903,363
Total financial liabilities			-	155,392,134	-	155,392,134

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 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.

21.2 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.

21.3 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. FAIR VALUE OF ASSETS AND LIABILITIES (CONTD...)**21.4 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.

21.5 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.

21.6 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

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

31 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	282	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	263	31.03.2023	203,975	-	-	203,975
Subtotal				203,975	-	-	203,975
Non financial assets - Investment property							
Land and building			31.03.2023	-	-	284,961	284,961
Subtotal				-	-	284,961	284,961
Total				432,516	-	1,001,073	1,433,589
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	292		-	-	1,243,058	1,243,058
Total				-	-	1,243,058	1,243,058

31st March 2022		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	282	31.03.2022	231,838	-	-	231,838
Debentures	27	282	31.03.2022	-	-	1,101,440	1,101,440
Subtotal				231,838	-	1,101,440	1,333,278
Financial assets -Fair value through profit or loss							
Quoted Investments	24	263	31.03.2022	25,140	-	-	25,140
Subtotal				25,140	-	-	25,140
Total				256,978	-	1,101,440	1,358,418
Non financial assets disclosed at fair value							
Freehold lands & buildings (included under property, plant & equipment).	32.4	292		-	-	1,047,943	1,047,943
Total				-	-	1,047,943	1,047,943

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

31st March 2023		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	282	31.03.2023	228,541	-	-	228,541
Treasury bills	27	282	31.03.2023	-	428,309	-	428,309
Debentures	27	282	31.03.2023	-	-	716,112	716,112
Subtotal				228,541	428,309	716,112	1,372,962
Financial assets -Fair value through profit or loss							
Quoted Investments	24	263	31.03.2023	345,093	-	-	345,093
Subtotal				345,093	-	-	345,093
Non financial assets - Investment property							
Land and building	30	287	31.03.2023	-	-	1,200,317	1,200,317
Subtotal				-	-	1,200,317	1,200,317
Total				573,634	428,309	1,916,429	2,918,372

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

As at 31st March 2022		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							
Treasury bills	27	282	31.03.2022	-	299,663	-	299,663
Quoted Investments	27	282	31.03.2022	231,838	-	-	231,838
Debentures	27	280	31.03.2022	-	-	1,101,440	1,101,440
Subtotal				231,838	299,663	1,101,440	1,632,941
Financial assets -Fair value through profit or loss							
Quoted Investments	24	263	31.03.2022	174,801	-	-	174,801
Investment in Unit Trust	24	263	31.03.2022	-	674,497	-	674,497
Subtotal				174,801	674,497	-	849,298
Non financial assets - Investment property							
Land and building	30	287	31.03.2022	-	-	820,664	820,664
Subtotal				-	-	820,664	820,664
Total				406,639	974,160	1,922,104	3,302,903
Non financial assets disclosed at fair value							
Freehold land & buildings (included under property, plant & equipment).	32.4	292		-	-	6,297,943	6,297,943
Total				-	-	6,297,943	6,297,943

There were no material transfers between level 1 and level 2 during the 2022/2023 and 2021 /2022. 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.

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.

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Assets				
Financial assets -Fair value through profit or loss				
Quoted Investments	9,143	26,783	4,168	86,525
Total	9,143	26,783	4,168	86,525

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.

	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 2021	-	864,058	864,058	820,664	5,143,394	5,964,058
Additions	-	149,702	149,702	-	149,702	149,702
Depreciation of buildings	-	-	-	-	(63,805)	(63,805)
Fair value disclosed during the year	-	34,183	34,183	-	247,988	247,988
Balance as at 31 March 2022	-	1,047,943	1,047,943	820,664	5,477,279	6,297,943
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
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	284,961	1,243,058	1,528,019	1,200,317	6,227,702	7,428,019

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 2023 and 31st March 2022 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
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Company**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	*

As at 31st March 2022**Property, plant and equipment**

Freehold lands	31.12.2019	1,005,343	MCM	Estimated price per perch	Rs. 60,000 - 6,000,000	*
Freehold buildings	31.12.2019	42,600	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 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. 200 - 300	*
			Income basis	Estimated rental value per sq.ft.	Rs. 14,500	*

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	*

As at 31st March 2022**Investment Property**

Freehold lands	31.12.2021	261,075	MCM	Estimated price per perch	Rs. 600,000 - 13,000,000	*
Freehold buildings	31.12.2021	559,589	MCM	Estimated price per sq.ft	Rs. 200 - 300	*
			Income basis	Estimated rental value per sq.ft.	Rs. 14,500	*

Property, plant and equipment

Freehold lands	31.12.2021	3,209,268	MCM	Estimated price per perch	Rs. 50,000 - 13,000,000	*
Freehold buildings	31.12.2021	2,268,011	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.

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	2023					2022				
Company	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	-	5,844,798	-	5,844,798	5,844,798	-	4,668,830	-	4,668,830	4,668,830
Balances with banks & financial institutions	-	29,900,057	-	29,900,057	29,839,914	-	5,117,307	-	5,117,307	5,117,866
Loans and receivables (Gross)	-	122,796,426	-	122,796,426	124,687,201	-	161,878,020	-	161,878,020	161,162,024
Debt instrument - Amortised cost	-	10,936,265	-	10,936,265	10,903,577	-	9,804,639	-	9,804,639	9,827,221
Other financial assets	-	100,306	-	100,306	100,306	-	108,493	-	108,493	108,493
	-	169,577,852	-	169,577,852	171,375,796	-	181,577,289	-	181,577,289	180,884,434
Financial Liabilities										
Due to banks	-	7,450,914	-	7,450,914	7,724,671	-	11,750,052	-	11,750,052	11,749,332
Due to customers	-	101,524,558	-	101,524,558	100,935,114	-	102,854,237	-	102,854,237	103,367,904
Debt Securities issued	-	13,139,340	-	13,139,340	16,706,049	-	16,266,084	-	16,266,084	17,244,313
Other Financial liabilities	-	1,457,388	-	1,457,388	1,457,388	-	3,636,528	-	3,636,528	3,636,528
Lease Liabilities	-	1,570,117	-	1,570,117	1,753,723	-	2,072,188	-	2,072,188	2,059,050
	-	125,142,317	-	125,142,317	128,576,945	-	136,579,089	-	136,579,089	138,057,127

As at 31st March	2023					2022				
Group	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	-	6,316,003	-	6,316,003	6,316,003	-	5,402,587	-	5,402,587	5,402,587
Balances with banks & financial institutions	-	34,164,468	-	34,164,468	34,224,917	-	9,492,331	-	9,492,331	9,529,518
Loans and receivables (Gross)	-	135,077,403	-	135,077,403	136,885,374	-	174,545,177	-	174,545,177	174,162,982
Debt instrument - Amortised cost	-	1,498,065	-	1,498,065	1,498,065	-	1,322,528	-	1,322,528	1,322,528
Other financial assets	-	15,854,167	-	15,854,167	15,859,672	-	15,765,803	-	15,765,803	16,013,525
	-	192,910,106	-	192,910,106	194,784,031	-	206,528,426	-	206,528,426	206,431,140
Financial Liabilities										
Due to banks	-	10,340,197	-	10,340,197	11,068,522	-	15,389,574	-	15,389,574	15,300,361
Due to customers	-	108,431,346	-	108,431,346	107,979,956	-	110,876,896	-	110,876,896	111,453,750
Debt Securities issued	-	12,998,247	-	12,998,247	16,564,956	-	16,124,318	-	16,124,318	17,103,223
Other Financial liabilities	-	1,709,574	-	1,709,574	1,709,574	-	4,043,322	-	4,043,322	4,043,322
Insurance liabilities and reinsurance payable	-	5,206,622	-	5,206,622	5,206,622	-	5,903,363	-	5,903,363	5,903,363
Lease Liabilities	-	1,328,797	-	1,328,797	1,477,875	-	1,587,902	-	1,587,902	1,588,115
	-	140,014,783	-	140,014,783	144,007,505	-	153,925,375	-	153,925,375	155,392,134

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 received 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 No.	Company		Group	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Cash in hand		1,004,152	1,135,991	1,018,947	1,157,668
Balance with banks	22.1 262	1,748,726	1,693,626	2,097,659	2,202,565
Savings account with banks		231,172	1,339,182	338,649	1,367,071
Saving deposit in foreign currency		35	31	35	31
Call Deposits		2,860,713	-	2,860,713	-
Securities under reverse repurchase agreement		-	500,000	-	675,252
Total		5,844,798	4,668,830	6,316,003	5,402,587
Fair value		5,844,798	4,668,830	6,316,003	5,402,587

22.1 Balance with banks

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Local banks	1,748,726	1,693,626	2,097,659	2,202,565
Total	1,748,726	1,693,626	2,097,659	2,202,565

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.

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Fixed deposits				
Local currency	29,839,914	5,117,866	34,171,461	9,510,617
Foreign currency	-	-	53,456	18,901
Total	29,839,914	5,117,866	34,224,917	9,529,518
Fair value	29,900,057	5,117,307	34,164,468	9,492,331

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS**Accounting Policy**

The Group classifies financial assets as financial assets recognised through profit or loss (FATPL) when they have been purchased primarily for short term profit making through trading activities. FATPL 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. FATPL 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.

		Page No.	Company		Group	
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March	Note					
Quoted equity securities	24.1	264	203,975	25,140	345,093	174,801
Investment in Unit Trust	24.3	265	-	-	-	674,497
Total			203,975	25,140	345,093	849,298
Fair value			203,975	25,140	345,093	849,298

24. FINANCIAL ASSETS -FAIR VALUE THROUGH PROFIT OR LOSS (CONTD...)**24.1 Quoted equity securities**

As at 31st March	2023			2022		
	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Company		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Utility						
Windforce PLC	-	-	-	1,000,000	18,489	15,900
Subtotal	-	-	-	-	18,489	15,900
Capital Goods						
John Keells Holdings PLC	1,364,108	188,294	190,975	-	-	-
Hemas Holding PLC	200,000	14,157	13,000	200,000	14,157	9,240
Sub total	-	202,451	203,975	-	14,157	9,240
Total	-	202,451	203,975	-	32,646	25,140
Mark to market gains/(losses)	-	1,524	-	-	(7,506)	-
Market value of equity securities	-	203,975	-	-	25,140	-

As at 31st March	2023			2022		
Group	No. of Shares	Total Cost	Market Value	No. of Shares	Total Cost	Market Value
Shares Listed In Sri Lanka		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Utility						
Windforce PLC	-	-	-	1,000,000	18,489	15,900
Subtotal	-	-	-	-	18,489	15,900
Capital Goods						
John Keells Holdings PLC	1,364,108	188,294	190,975	-	-	-
Hemas Holding PLC	200,000	14,157	13,000	200,000	14,157	9,240
Subtotal	-	202,451	203,975	-	14,157	9,240
Shares Listed In Bangladesh						
British American Tobacco Bangladesh	10,000	19,990	15,829	10,000	22,716	20,269
Berger Paints Bangladesh Ltd.	999	5,470	5,284	1,000	6,241	6,081
Beximco Pharma	12,000	7,182	5,354	12,000	8,162	7,332
BRAC Bank Ltd.	30,000	4,552	3,525	25,000	4,761	4,309
City Bank Ltd.	112,500	8,902	7,484	100,000	10,116	8,981
Dutch Bangla Bank Ltd.	55,000	12,543	10,507	50,000	14,253	12,912
Eastern Bank Ltd.	35,000	3,666	3,396	25,000	3,399	3,329
Grameenphone Limited	28,000	29,386	24,488	17,300	22,696	19,731
Marico Bangladesh Ltd.	1,000	7,567	7,389	2,000	16,416	16,334
Reckitt Benckiser	390	6,171	5,666	150	2,949	2,803
Global Islami Bank Limited	413,291	12,612	11,351	-	-	-
Renata Ltd.	-	-	-	82	376	385
Square Pharmaceuticals Ltd.	30,000	21,644	19,207	30,000	24,595	22,814
Summit Power	150,000	21,948	15,563	150,000	24,940	20,276
Walton Hi-Tech Industries	1,900	6,398	6,075	1,100	4,350	4,105
Subtotal	-	168,031	141,118	-	165,970	149,661
Total	-	370,481	345,093	-	198,616	174,801
Mark to market gains/(losses)	-	(25,388)	-	-	(23,815)	-
Market value of equity securities	-	345,093	-	-	174,801	-

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

As at 31st March	2023			2022		
Company	Total Cost	Market Value	Composition	Total Cost	Market Value	Composition
Industry/Sector	Rs. '000	Rs. '000	%	Rs. '000	Rs. '000	%
Utility	-	-	0.00%	18,489	15,900	63.25%
Capital Goods	202,451	203,975	100.00%	14,157	9,240	36.75%
Subtotal	202,451	203,975	100.00%	32,646	25,140	100.00%
Mark to market gains/(losses)	1,524			(7,506)		
Market value of equity securities	203,975			25,140		
Group						
Utility	-	-	0.00%	18,489	15,900	63.25%
Construction & Engineering	-	-	0.00%	-	-	0.00%
Capital Goods	202,451	203,975	59.11%	14,157	9,240	36.75%
Shares Listed In Bangladesh	168,030	141,118	40.89%	-	-	0.00%
Subtotal	370,481	345,093	100.00%	32,646	25,140	100.00%
Mark to market gains/(losses)	(25,388)			(7,506)		
Market value of equity securities	345,093			25,140		

Sensitivity analysis of financial assets - FVTPL - equity is given in Note 56.4.3. on page no. 347

24.3 Investment in Unit Trust

As at 31st March		Company			Group	
		2023	2022		2023	2022
	No. of Units	Rs. '000	Rs. '000	No. of Units	Rs. '000	Rs. '000
NDB Wealth Money Market Plus Fund	-	-	-	2,052	-	51,679
CAL Investment	-	-	-	16,805	-	362,795
JB Vantage Money Market Fund	-	-	-	8,693	-	260,023
		-	-		-	674,497

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 fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right of 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 on page no. 289.

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 25.7 on page no. 277.

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

As at 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Loans and receivables	25.1.2	268	124,687,201	161,162,024	136,885,374	174,162,982
(Less):						
Individual impairment charges	25.7	277	2,145,506	1,655,462	2,145,506	1,655,462
Collective impairment charges	25.7	277	8,263,750	8,232,108	9,361,964	9,186,674
Net loans and receivables			114,277,945	151,274,454	125,377,904	163,320,846
Fair value			122,796,426	161,878,020	135,077,403	174,545,177

25.1 Analysis**25.1.1 Analysis by stage wise****Company**

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 charges	-	-	2,145,506	2,145,506
Collective impairment charges	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

As at 31st March 2022	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	124,054,490	16,207,503	20,900,031	161,162,024
(Less):				
Individual impairment charges	-	-	1,655,462	1,655,462
Collective impairment charges	1,338,223	891,126	6,002,759	8,232,108
Net loans and receivables	122,716,267	15,316,377	13,241,810	151,274,454

Group

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 charges	-	-	2,145,506	2,145,506
Collective impairment charges	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

As at 31st March 2022	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Loans and receivables	134,631,929	17,272,072	22,258,981	174,162,982
(Less):				
Individual impairment charges	-	-	1,655,462	1,655,462
Collective impairment charges	1,745,742	1,036,189	6,404,743	9,186,674
Net loans and receivables	132,886,187	16,235,883	14,198,776	163,320,846

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

			Company		Group	
As at 31st March		Page	2023	2022	2023	2022
	Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
By product						
Lease/Ijarah receivable	25.4.1/25.5.1	271/273	55,764,729	76,836,170	55,759,186	76,827,955
Hire-Purchase/ Murabah receivable	25.4.2/25.5.2	271/273	196,060	204,339	2,918,779	3,532,661
Term Loan and receivables	25.4.3/25.5.3	272/274	67,089,647	82,658,604	78,207,409	93,802,366
Related party receivables	25.2	269	1,636,765	1,462,911	-	-
Gross total			124,687,201	161,162,024	136,885,374	174,162,982

25.1.3 Analysis by Currency

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Sri Lankan Rupee	124,687,201	161,162,024	125,832,413	163,098,987
Bangladesh Taka	-	-	11,052,961	11,063,995
Gross total	124,687,201	161,162,024	136,885,374	174,162,982

25.1.4 Analysis by Industry

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Agriculture, Forestry & Fishing	27,151,036	32,571,677	27,709,320	33,958,216
Arts, Entertainment & Recreation	954,545	1,314,458	956,091	1,314,458
Construction & Infrastructure Development	8,528,731	9,797,912	9,433,072	10,631,366
Consumption	8,013,864	8,618,671	8,781,028	10,188,492
Education	1,707,696	2,090,854	1,707,696	2,090,854
Financial Services	8,776,851	10,787,171	12,776,951	10,719,757
Health Care, Social Services & Support Services	7,354,251	9,010,963	9,185,041	11,498,386
Information Technology And Communication	1,304,974	1,726,877	1,399,371	1,968,838
Manufacturing	7,247,716	9,441,731	10,617,109	14,135,330
Professional, Scientific & Technical Activities	10,064,883	13,558,688	10,069,976	14,364,143
Tourism	2,689,999	3,314,785	2,699,305	3,328,350
Transportation & Storage	24,861,237	35,116,000	24,989,315	35,254,791
Wholesale & Retail Trade	14,994,171	20,787,613	15,481,123	21,336,335
Other	1,037,247	3,024,624	1,079,976	3,373,666
Gross total	124,687,201	161,162,024	136,885,374	174,162,982

25.2 Related Party Receivables

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
People's Leasing Property Development Limited	528,249	560,310	-	-
People's Leasing Fleet Management Limited	1,320	3,528	-	-
People's Leasing Havelock Properties Limited	1,043,582	835,187	-	-
People's Micro-commerce Ltd.	10,405	1,495	-	-
People's Insurance PLC	26,589	35,236	-	-
Lankan Alliance Finance Limited	26,620	27,155	-	-
Total	1,636,765	1,462,911	-	-

25.3 Movement in gross loan and receivables during the year**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

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**Movement in gross loan and receivables 2021/22 - Company**

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2021	91,721,453	30,256,132	28,678,260	150,655,845
New assets originated or purchased	65,130,966	1,874,077	1,211,963	68,217,006
Assets derecognised or repaid (excluding write offs)	(37,547,489)	(10,439,345)	(9,718,930)	(57,705,764)
Transfers to Stage 2 and 3	(8,524,274)	6,540,158	1,984,116	-
Transfers to Stage 1 and 3	9,306,431	(13,243,054)	3,936,623	-
Transfers to Stage 1 and 2	3,967,403	1,219,535	(5,186,938)	-
Amounts written off	-	-	(5,063)	(5,063)
Gross carrying amount as at 31st March 2022	124,054,490	16,207,503	20,900,031	161,162,024

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

Movement in gross loan and receivables 2021/22 - Group

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
Gross carrying amount as at 1st April 2021	92,517,093	35,084,515	31,622,920	159,224,528
New assets originated or purchased	74,010,141	2,035,752	1,377,459	77,423,352
Assets derecognised or repaid (excluding write offs)	(40,640,670)	(13,175,141)	(11,751,547)	(65,567,358)
Transfers to Stage 2 and 3	(8,694,759)	6,690,802	2,003,957	-
Transfers to Stage 1 and 3	10,237,076	(13,976,868)	3,739,792	-
Transfers to Stage 1 and 2	4,364,143	563,448	(4,927,591)	-
Amounts written off	-	-	(5,063)	(5,063)
Foreign exchange adjustments	2,838,904	49,564	199,054	3,087,522
Gross carrying amount as at 31st March 2022	134,631,929	17,272,072	22,258,981	174,162,982

25.4 Remaining Contractual Maturity Analysis -Company**25.4.1 Lease/Ijarah receivable**

As at 31st March	2023				2022			
	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	34,877,887	33,566,958	35,300	68,480,145	40,144,122	55,166,643	143,004	95,453,768
Less: Unearned income	7,634,808	5,078,328	1,477	12,714,613	9,383,677	9,225,344	6,816	18,615,836
Net rentals receivable	27,243,079	28,488,630	33,823	55,765,532	30,760,445	45,941,299	136,189	76,837,932
Less : Rentals received in advance				803				1,762
Lease/Ijarah receivable before impairment provision				55,764,729				76,836,170
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				622,874				831,062
Stage 2				559,881				643,743
Stage 3				2,438,367				2,323,037
Total collective impairment				3,621,122				3,797,842
Total net rentals receivable	27,243,079	28,488,630	33,823	52,143,607	30,760,445	45,941,298	136,189	73,038,328

25.4.2 Hire-Purchase/ Murabah receivable

As at 31st March	2023				2022			
	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	207,793	3,211	-	211,004	213,214	6,822	-	220,036
Less: Unearned income	14,705	65	-	14,770	15,345	178	-	15,523
Net rentals receivable	193,088	3,146	-	196,234	197,869	6,644	-	204,513
Less : Rentals received in advance				174				174
Hire-Purchase/ Murabah receivable before impairment provision				196,060				204,339
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				81				23
Stage 2				-				223
Stage 3				188,440				190,140
Total collective impairment				188,521				190,386
Total net rentals receivable	193,088	3,146	-	7,539	197,869	6,644	-	13,953

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

For the year ended 31st March	2023				2022			
	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	12,132,928	18,250,910	41,723	30,425,561	15,038,440	31,941,065	187,072	47,166,577
Short and medium loans	4,960,282	3,555,325	43,594	8,559,201	5,096,841	5,308,971	100,925	10,506,738
Clean Basis Loan	836,317	29,316	-	865,633	830,176	64,652	-	894,828
Self E Cash Loan	3,465,791	1,606,759	-	5,072,551	2,315,513	598,809	-	2,914,322
Fast Track Loan	896,100	92,235	-	988,335	2,020,498	605,689	-	2,626,187
Trading Murabah	181,068	22,846	45,535	249,449	248,779	59,022	-	307,800
Musharakah	1,136,527	1,435,060	8,052	2,579,639	1,491,411	2,744,510	27,526	4,263,447
Gold Loan	9,194,726	-	-	9,194,726	2,658,471	-	-	2,658,471
Factoring receivable	1,507,410	-	-	1,507,410	2,111,469	-	-	2,111,469
Margin trading	6,632,491	-	-	6,632,491	8,387,793	-	-	8,387,793
Staff loans	180,883	454,141	192,458	827,481	192,171	418,747	2,993	613,911
Sundry loans	164,157	23,312	-	187,470	184,773	23,106	-	207,879
Less ; Prepaid Rentals	(300)	-	-	(300)	(819)	-	-	(819)
Loan receivable before impairment provision	41,288,381	25,469,904	331,362	67,089,647	40,575,517	41,764,571	318,517	82,658,604
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				2,145,506				1,655,462
Total individual impairment				2,145,506				1,655,462
Collective Impairment								
Stage 1				285,582				507,138
Stage 2				263,352				247,160
Stage 3				3,905,173				3,489,582
Total collective impairment				4,454,107				4,243,880
Total net rentals receivable	41,288,381	25,469,904	331,362	60,490,034	40,575,517	41,764,571	318,517	76,759,262

25.5 Remaining Contractual Maturity Analysis -Group**25.5.1 Lease/Ijarah receivable**

As at 31st March	2023				2022			
	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	34,876,040	33,560,590	35,301	68,471,931	40,142,275	55,160,275	143,004	95,445,554
Less: Unearned income	7,635,488	5,077,648	1,477	12,714,613	9,384,357	9,224,664	6,816	18,615,837
Net rentals receivable	27,240,552	28,482,942	33,824	55,757,318	30,757,918	45,935,611	136,188	76,829,717
Less : Rentals received in advance				803				1,762
Lease/Ijarah receivable before impairment provision				55,756,515				76,827,955
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				622,874				831,062
Stage 2				559,881				643,743
Stage 3				2,438,367				2,323,037
Total collective impairment				3,621,122				3,797,842
Total net rentals receivable	27,240,552	28,482,942	33,824	52,135,393	30,757,918	45,935,611	136,188	73,030,113

25.5.2 Hire-Purchase/ Murabah receivable

As at 31st March	2023				2022			
	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	1,779,431	2,177,218	-	3,956,649	1,958,654	2,911,695	-	4,870,349
Less: Unearned income	536,448	501,248	-	1,037,696	630,350	707,164	-	1,337,514
Net rentals receivable	1,242,983	1,675,970	-	2,918,953	1,328,304	2,204,531	-	3,532,835
Less : Rentals received in advance				174				174
Hire-Purchase/ Murabah receivable before impairment provision				2,918,779				3,532,661
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				-				-
Total individual impairment				-				-
Collective Impairment								
Stage 1				86,167				115,814
Stage 2				92,156				121,038
Stage 3				326,611				414,438
Total collective impairment				504,934				651,289
Total net rentals receivable	1,242,983	1,675,970	-	2,413,845	1,328,304	2,204,531	-	2,881,372

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.5.3 Term Loan and receivables**

As at 31st March	2023				2022			
	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	12,132,928	18,250,910	41,723	30,425,561	15,038,440	31,941,065	187,072	47,166,578
Short and medium loans	9,664,686	9,326,044	639,014	19,629,744	11,284,774	9,631,763	733,961	21,650,499
Clean Basis Loan	836,317	29,316	-	865,633	830,176	64,652	-	894,828
Self E Cash Loan	3,465,791	1,606,759	-	5,072,551	2,315,513	598,809	-	2,914,322
Fast Track Loan	896,100	92,235	-	988,335	2,020,498	605,689	-	2,626,187
Trading Murabah	181,068	22,846	45,535	249,449	248,779	59,022	-	307,800
Musharakah	1,136,527	1,435,060	8,052	2,579,639	1,491,411	2,744,510	27,526	4,263,447
Gold Loan	9,194,726	-	-	9,194,726	2,658,471	-	-	2,658,471
Factoring receivable	1,507,410	-	-	1,507,410	2,111,469	-	-	2,111,469
Margin trading	6,632,491	-	-	6,632,491	8,387,793	-	-	8,387,793
Staff loans	191,331	479,967	203,403	874,700	192,171	418,747	2,993	613,911
Sundry loans	164,157	23,312	-	187,470	184,773	23,106	-	207,879
Less :Prepaid Rentals	(300)	-	-	(300)	(819)	-	-	(819)
Loan receivable before impairment provision	46,003,233	31,266,450	937,727	78,207,409	46,763,450	46,087,363	951,553	93,802,366
Less : Allowance for impairment losses								
Individual Impairment								
Stage 1				-				-
Stage 2				-				-
Stage 3				2,145,506				1,655,462
Total individual impairment				2,145,506				1,655,462
Collective Impairment								
Stage 1				543,627				798,866
Stage 2				501,880				271,408
Stage 3				4,190,401				3,667,268
Total collective impairment				5,235,908				4,737,542
Total net rentals receivable	46,003,233	31,266,450	937,727	70,825,995	46,763,450	46,087,363	951,553	87,409,362

25.6 Impairment Allowance for Loans and Receivable to Customers

Accounting Policy

As per SLFRS 9, the Group records an allowance for expected credit losses for loans and advances.

Individual Impairment

The Group will separately assess significant customer exposure to determine where there are any signs of impairment. Loans with credit impaired have been classified as Stage 3. Loans with a individually significant amount but not impaired will be collectively assessed for impairment in stage 1 or stage 2 according to the below specified criteria to determine whether significant credit deterioration has occurred since its inception.

Collective Impairment

A collective impairment provision is established for:

- Groups of homogeneous loans and advances that are not considered individually significant; and
- Groups of assets that are individually significant but that were not found to be individually impaired.

As per SLFRS 9, the Group's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgments and estimates include:

- The Group's criteria for qualitatively assessing whether there has been a significant increase in credit risk and if so allowances for financial assets measured on a Life time expected credit loss (LTECL) basis;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various statistical formulas and the choice of inputs
- Determination of associations between macro-economic inputs, such as GDP growth, inflation, interest rates, exchange rates and unemployment and the effect on Probability of Default (PDs), Exposure At Default (EAD) and Loss Given Default (LGD);
- Selection of forward-looking macro-economic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The Group has established a policy to perform an assessment of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. SLFRS 9 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition.

Stage 1

Loans and receivables that is not originally credit-impaired on initial recognition is classified in Stage 1. Financial instruments in Stage 1 have their ECL measured at an amount equal to the proportion of lifetime expected credit losses (LTECL) that result from default events possible within next 12 months (12M ECL).

Stage 2

If a significant increase in credit risk (SICR) since origination is identified, it is moved to Stage 2 and the Group records an allowance for LTECL.

Stage 3

If a loan is credit impaired, it is moved to Stage 3 and the Group recognises an allowance for LTECL, with probability of default at 100%.

Significant increase in credit risk

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

The Group considers an exposure to have significantly increased credit risk when contractual payments of a customer are more than 30 days past due in accordance with the rebuttable presumption in SLFRS 9.

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.6 Impairment Allowance for Loans and Receivable to Customers (Cond...)**

The Group individually reviews at each reporting date, loans and advances above a predefined threshold to identify whether the credit risk has increased significantly since origination, before an exposure is in default.

Definition of default and credit impaired assets

The Group considers loans and advances to other customers be defaulted when:

1. The borrower is unlikely to pay its obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
2. The borrower becomes 90 days past due on its contractual payments.

The Group computes ECL using three main components; a probability of default (PD), a loss given default (LGD), and the exposure at default (EAD) under the collective assessment. These parameters are generally derived from internally developed statistical models and historical data are then adjusted to reflect forward-looking information.

1. PD – The probability of default represents the likelihood of a borrower defaulting on its financial obligation (as per “definition of default and credit impaired” above) either over the next 12 months (12mPD) or over the remaining lifetime (Lifetime PD) of the obligation.

Two types of PDs are used for calculating ECLs:

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
 - Lifetime PDs – This is the estimated probability of a default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for “Stage 2” and “Stage 3” exposures
2. Loss given Default (“LGD”) – This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
 3. Exposure at Default (“EAD”) – This 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, and expected drawdowns on committed facilities.
 4. Discount Rate – This is used to discount an expected loss to a present value at the reporting date using the effective interest rate (EIR) at initial recognition
 5. Economic Factor Adjustment (EFA)-When incorporate forward looking information, an entity should consider forecasted macroeconomic factors to assessing the expected credit loss.

Forward-looking information

The Group incorporates forward-looking information into both its assessment as to whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. The Group also obtained experienced credit judgement to formulate a base case and a worst case scenario. The base case represents a most-likely outcome and is aligned with information used by the Group for strategic planning and budgeting. The Group has identified and documented key drivers of credit risk both quantitative and qualitative for various portfolio segments. Quantitative economic factors are based on economic data and forecasts published by CBSL and supranational organisations such as IMF.

Quantitative drivers of credit risk	Qualitative drivers of credit risk
Interest rate (AWPLR)	Status of industry business
GDP growth	Regulatory impact
Rate of inflation	Government policies
Unemployment rate	Average LTV
Exchange rate	

Considering the current volatile macro-economic condition of the country the company amended the scenario weightages as worst-case 70%, best-case 0% and base-case 30% for the next three years and after then worst-case 60%, best-case 10% and base-case 30%.

Revolving facilities

The Company offers a revolving facilities such as Fast track, and calculates only the 12-month ECL (12mECL) allowance on these facilities. The EAD is arrived by taking the maximum of either sanction limit adjusted for Credit Conversion Factor (CCF) and the gross carrying amount of the loan (utilised amount). EAD of Stage 3 contracts are limited to the gross carrying amount which is the utilised amount since the Group freeze the limits of those contracts up to the utilised amount. The expected 12-month default probabilities are applied to EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

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 Purchase	Ijarah	Term Loans	Re-finance loans	Murabah	Trading Murabah	Factoring	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
At 1st April 2021	3,029,790	174,687	188,652	4,581,573	20,147	8,345	140,383	1,124,361	9,267,938
Charge/(Reversal) for the year	656,967	8,184	(77,567)	(157,665)	3,300	(830)	58,672	128,571	619,632
At 31st March 2022	3,686,757	182,871	111,085	4,423,908	23,447	7,515	199,055	1,252,932	9,887,570

Individual impairment

Stage 1	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	771,042	2,406	-	3,456	878,558	1,655,462
Total Individual impairment	-	-	-	771,042	2,406	-	3,456	878,558	1,655,462

Collective impairment

Stage 1	804,513	15	26,549	486,203	-	8	4,311	16,624	1,338,223
Stage 2	628,642	214	15,101	207,247	-	9	263	39,650	891,126
Stage 3	2,253,602	182,642	69,435	2,959,416	21,041	7,498	191,025	318,100	6,002,759
Total Collective impairment	3,686,757	182,871	111,085	3,652,866	21,041	7,515	195,599	374,374	8,232,108
Total	3,686,757	182,871	111,085	4,423,908	23,447	7,515	199,055	1,252,932	9,887,570

Company	Lease	Hire Purchase	Ijarah	Term Loans	Re-finance loans	Murabah	Trading Murabah	Factoring	Total
	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
Amounts written off	-	-	-	-	-	-	-	-	-
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

25. LOANS AND RECEIVABLES - AMORTISED COST (CONTD...)**25.7 Movement in Individual and collective impairment charges during the year (Contd...)**

Group	Lease	Hire	Ijarah	Term	Re-finance	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase Rs. '000	Rs. '000	Loans Rs. '000	Loans Rs. '000	Rs. '000	Murabah Rs. '000	Rs. '000	Rs. '000
At 1st April 2021	3,029,790	579,354	188,652	4,791,164	20,147	8,345	140,383	1,124,361	9,882,196
Charge/(Reversal) for the year	656,967	64,421	(77,567)	96,622	3,300	(830)	58,672	128,571	930,156
Exchange rate variance	-	-	-	29,784	-	-	-	-	29,784
At 31st March 2022	3,686,757	643,775	111,085	4,917,570	23,447	7,515	199,055	1,252,932	10,842,136

Individual impairment

Stage 1	-	-	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-	-	-
Stage 3	-	-	-	735,534	2,406	-	38,964	878,558	1,655,462
Total Individual impairment	-	-	-	735,534	2,406	-	38,964	878,558	1,655,462

Collective impairment

Stage 1	804,513	115,806	26,549	745,704	-	8	36,538	16,624	1,745,742
Stage 2	628,642	121,029	15,101	189,072	-	9	42,686	39,650	1,036,189
Stage 3	2,253,602	406,940	69,435	3,119,998	21,041	7,498	208,129	318,100	6,404,743
Total Collective impairment	3,686,757	643,775	111,085	4,182,036	21,041	7,515	160,091	374,374	9,186,674
Total	3,686,757	643,775	111,085	4,917,570	23,447	7,515	199,055	1,252,932	10,842,136

Group	Lease	Hire	Ijarah	Term	Re-finance	Murabah	Trading	Factoring	Total
	Rs. '000	Purchase Rs. '000	Rs. '000	Loans Rs. '000	Loans Rs. '000	Rs. '000	Murabah 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

25.8 Movement in provision for impairment during the year**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

Movement in impairment 2021/22 - Company

	Stage 1 Rs. '000	Stage 2 Rs. '000	Stage 3 Rs. '000	Total Rs. '000
ECL allowance as at 1st April 2021	831,484	1,113,374	7,323,080	9,267,938
New assets originated or purchased	556,956	76,426	442,180	1,075,562
Assets derecognised or repaid (excluding write offs)	(12,530)	(362,278)	(439,651)	(814,459)
Transfers to Stage 2 and 3	(203,085)	100,684	102,401	-
Transfers to Stage 1 and 3	(9,270)	(105,960)	115,230	-
Transfers to Stage 1 and 2	81,009	27,966	(108,975)	-
Impact on year end ECL of exposures transferred between stages during the year	(231,669)	(24,428)	28,790	(227,307)
Changes to models and inputs used for ECL calculations	306,788	65,342	200,229	572,359
Amounts written off	-	-	(5,063)	(5,063)
Balance as at 31st March 2022	1,338,223	891,126	7,658,221	9,887,570

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

Movement in impairment 2021/22 - 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 2021	995,233	1,262,265	7,624,698	9,882,196
New assets originated or purchased	838,601	111,603	488,498	1,438,702
Assets derecognised or repaid (excluding write offs)	(137,607)	(384,216)	(437,025)	(958,848)
Transfers to Stage 2 and 3	(207,147)	103,722	103,425	-
Transfers to Stage 1 and 3	10,197	(119,666)	109,469	-
Transfers to Stage 1 and 2	89,110	14,417	(103,526)	-
Impact on year end ECL of exposures transferred between stages during the year	(236,302)	(24,672)	29,079	(231,896)
Changes to models and inputs used for ECL calculations	312,924	65,995	202,231	581,150
Amounts written off	-	-	(5,063)	(5,063)
Foreign exchange adjustments	80,733	6,740	48,420	135,894
Balance as at 31st March 2022	1,745,742	1,036,188	8,060,205	10,842,136

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), underperforming (stage 2), nonperforming (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	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Reinsurance receivables	-	-	521,091	606,386
Insurance Receivables	-	-	976,974	716,142
Total	-	-	1,498,065	1,322,528
Fair value	-	-	1,498,065	1,322,528

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 SLFRS 9- "Financial Instruments:" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

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	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Equity securities	27.1	283	228,541	231,838	228,541	231,838
Treasury bills			-	-	428,309	299,663
Debentures	27.1	283	716,112	1,101,440	716,112	1,101,440
Total			944,653	1,333,278	1,372,962	1,632,941
Fair value			944,653	1,333,278	1,372,962	1,632,941

27.1 Equity & Debt securities - Company

As at 31st March			2023			2022		
	Note	Page No.	No of Shares	Cost of Investment Rs. '000	Market Value Rs. '000	No of Shares	Cost of Investment Rs. '000	Market Value Rs. '000
Quoted Investments								
People's Merchant Finance PLC			25,014,002	237,633	130,073	25,014,002	237,633	135,076
Asiri Hospital Holdings PLC			500,000	20,730	12,450	500,000	20,730	18,750
Windforce PLC			1,000,000	18,489	16,500	-	-	-
Lanka credit and business Finance PLC			5,000,000	50,000	12,500	5,000,000	50,000	11,000
Sanasa Development Bank PLC			2,271,260	213,853	57,008	2,271,260	213,853	67,002
				540,705	228,531		522,216	231,828
Unquoted Investments								
Credit Information Bureau of Sri Lanka	27.2.1	283	100	10	10	100	10	10
Subtotal					228,541			231,838
Debenture investments								
Ceylon Electricity Board			9,180,900	1,000,086	716,112	9,180,900	1,000,086	891,470
Sampath Bank						2,025,000	211,149	209,970
Total				1,590,801	944,653		1,733,461	1,333,278

27.2 Reconciliation of fair value measurement for unquoted equity securities under level 3 hierarchy**27.2.1 Credit Information Bureau of Sri Lanka**

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Treasury bills	10,903,577	9,827,221	10,903,577	9,827,221
Treasury bonds	-	-	2,242,156	2,750,582
Unquoted preference shares	-	-	630,330	918,504
Commercial Paper	-	-	-	152,475
Debentures	-	-	2,083,609	2,364,743
Total	10,903,577	9,827,221	15,859,672	16,013,525
Fair value	10,936,265	9,804,639	15,854,167	15,765,803

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

As at 31st March	Rate	Maturity date	Group			
			2023		2022	
			No. of Debentures	Carrying Value Rs. '000	No. of Debentures	Carrying Value Rs. '000
Sampath Bank PLC	12.50%	20-Mar-23	1,000,000	-	1,000,000	100,366
	13.90%	24-Feb-24	1,000,000	101,152	1,000,000	101,152
Siyapatha Finance PLC	13.33%	8-Aug-24	1,500,000	162,605	1,500,000	162,630
National Savings Bank	11.00%	10-Sep-22	1,000,000	-	1,000,000	105,940
National Development Bank PLC	13.95%	30-Mar-24	2,000,000	200,149	2,000,000	200,149
DFCC Bank PLC	12.75%	9-Nov-23	1,000,000	104,925	1,000,000	104,925
	13.00%	29-Mar-25	844,500	84,538	844,500	84,538
	13.50%	28-03-24	1,000,000	100,143	1,000,000	100,143
	11.00%	12-Jun-25	1,190,000	129,407	1,190,000	129,415
Seylan Bank PLC	12.85%	29-Mar-23	750,000	-	750,000	75,026
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	90,106	881,700	90,106
Hatton National Bank PLC	13.00%	1-Nov-23	193,300	20,332	193,300	20,332
	12.30%	22-Sep-24	413,300	43,894	413,300	43,900
Nations Trust Bank PLC	12.80%	23-Dec-24	2,000,000	206,566	2,000,000	206,553
Hayleys PLC	12.50%	31-Jul-23	1,000,000	101,972	1,000,000	101,978
Ceylon Electricity Board	9.35%	15-Apr-26	4,000,000	435,688	4,000,000	435,694
LOLC PLC	10.25%	24-Feb-26	3,000,000	302,819	3,000,000	302,819
Subtotal				2,111,250		2,392,620
Less : Allowance for expected credit losses				(27,641)		(27,877)
Total				2,083,609		2,364,743

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

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 Lankan Alliance Finance Limited which is incorporated in Bangladesh. A list of subsidiaries with their principal activities are given in the Note 1.2 on page no. 231.

As at 31st March	2023			2022		
	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	353,841	100.00	175,000	332,983
People's Leasing Property Development Limited	100.00	550,000	919,221	100.00	550,000	1,013,914
People's Leasing Havelock Properties Limited	100.00	600,000	596,214	100.00	600,000	626,158
People's Micro-commerce Ltd	100.00	150,000	479,547	100.00	150,000	367,437
People's Insurance PLC	75.00	600,000	3,255,000	75.00	600,000	2,955,000
Lankan Alliance Finance Limited	51.00	1,216,604	1,920,742	51.00	1,138,788	1,482,658
Total		3,291,604	7,524,565		3,213,788	6,778,150

Subsidiaries are not quoted in the Colombo stock exchange except People's Insurance PLC. The directors' valuation of investment in subsidiaries 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	People's Insurance PLC	2023 Lankan Alliance Finance Limited	Total	People's Insurance PLC	2022 Lankan Alliance Finance Limited	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net operating income	5,505,104	557,249	6,062,353	4,562,288	449,753	5,012,041
Less : Operating expenses	4,395,453	734,304	5,129,757	4,254,559	478,043	4,732,602
Profit before income tax	1,109,651	(177,055)	932,596	307,729	(28,290)	279,439
Less : Income tax expense	442,306	296,718	739,024	217,338	(7,556)	209,782
Profit after tax	667,345	(473,773)	193,572	90,391	(20,734)	69,657
Profit allocated to Non-controlling interest (NCI)	166,836	(232,149)	(65,313)	22,598	(10,160)	12,438

As at 31st March	People's Insurance PLC	2023 Lankan Alliance Finance Limited	Total	People's Insurance PLC	2022 Lankan Alliance Finance Limited	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash and cash equivalents	259,422	126,354	385,776	642,756	124,218	766,974
Balances with banks & financial institutions	3,665,082	1,390,392	5,055,474	2,561,413	1,997,930	4,559,343
Loans and receivables	42,539	10,949,870	10,992,409	51,575	10,964,065	11,015,640
Insurance and reinsurance receivables	2,111,871	-	2,111,871	1,931,657	-	1,931,657
Financial assets - Fair value through other comprehensive income	428,309	-	428,309	299,663	-	299,663
Debt Instrument at amortised cost	4,466,859	630,330	5,097,189	5,408,890	918,504	6,327,394
Property, plant and equipment & intangible assets	367,958	165,712	533,670	106,954	183,036	289,990
Other assets	386,208	381,610	767,816	1,099,636	356,326	1,455,962
Total assets	11,728,248	13,644,268	25,372,514	12,102,544	14,544,079	26,646,623
Due to banks	192,027	1,047,214	1,239,241	184,738	796,993	981,731
Due to customers	-	8,109,008	8,109,008	-	8,665,037	8,665,037
Other financial liabilities	871,770	624,228	1,495,998	969,610	528,323	1,497,933
Other liabilities	493,820	97,658	591,478	216,896	97,658	314,554
Insurance liabilities and reinsurance payable	5,296,908	-	5,296,906	5,982,246	-	5,982,246
Total liabilities	6,854,525	9,878,108	16,732,631	7,353,490	10,088,011	17,441,501
Net assets value	4,873,723	3,766,160	8,639,883	4,749,052	4,456,068	9,205,120

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	-	-	820,664	820,664
Addition during the year	284,961	-	284,961	-
Gain from fair value adjustment	-	-	94,692	-
Balance as at 31st March	284,961	-	1,200,317	820,664

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 Company carries investment property at Market value. Market valuation of the above investment property was carried out as at 31st December 2022 by Mr. K.T.D. Tissera, FRICS (Eng), who is independent valuer not connected with the Company.

Rent income recognised in respect to the above investment property is disclosed in Note 10 on page no. 242.

Direct operational expenses recognised in respect to the above investment property is disclosed in Note 15 on page no. 248.

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.

	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March						
Other financial assets - Insurance Commission			100,306	108,493	-	-
Non financial assets	31.1	288	929,832	640,662	1,281,022	831,825
Total			1,030,138	749,155	1,281,022	831,825

31.1 Non Financial Assets

	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31st March						
Advance payments			118,813	111,524	91,853	81,928
Dividend receivable			110,768	225,000	-	-
Inventories			47,018	33,015	67,150	40,815
Prepaid Expense			127,533	94,605	135,472	100,814
Unamortised cost on staff loans (Day 1 difference)	31.2	289	370,151	54,211	370,235	54,360
Differed expenses			-	-	91,926	151,388
Other receivables			155,549	122,307	524,386	402,520
Total			929,832	640,662	1,281,022	831,825

31.2 Unamortised cost on staff loans (Day 1 difference)

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 1st April	54,211	123,264	54,360	123,264
Charge for the year	315,940	(69,053)	315,875	(68,904)
Balance as at 31st March	370,151	54,211	370,235	54,360

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.

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	Improvement of Leasehold Properties	Motor Vehicles	Computer Hardware	Office Equipments	Furniture and Fittings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
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)
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

	Freehold Land and Buildings	Improvement of Leasehold Properties	Motor Vehicles	Computer Hardware	Office Equipments	Furniture and Fittings	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost							
Balance as at 1st April 2021	573,840	56,872	225,723	760,265	683,850	459,981	2,760,531
Additions	149,702	-	215,101	122,169	39,451	8,993	535,416
Disposals	-	-	(2,020)	(7,327)	(57,335)	(28,476)	(95,158)
Transfers/adjustments				(160)	160		-
Balance as at 31st March 2022	723,542	56,872	438,804	874,947	666,126	440,498	3,200,789
(Less): Accumulated depreciation							
Balance as at 1st April 2021	3,234	56,872	75,255	612,873	547,487	415,560	1,711,281
Charge for the year	471	-	23,466	69,806	55,899	18,922	168,564
Disposals	-	-	(1,052)	(7,016)	(56,294)	(28,470)	(92,832)
Balance as at 31st March 2022	3,705	56,872	97,669	675,663	547,092	406,012	1,787,013
Net book value at 31st March 2022	719,837	-	341,135	199,284	119,034	34,486	1,413,776

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 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

	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 2021	3,537,387	58,583	510,821	879,870	1,006,726	531,985	6,525,372
Additions	149,702	-	92,205	137,696	45,225	32,330	457,158
Disposals	-	-	(177,260)	(7,712)	(57,795)	(29,786)	(272,553)
Transfers/adjustments	-	-	-	(160)	160	-	-
Exchange rate variance	-	-	6,240	9,363	4,178	10,109	29,890
Balance as at 31st March 2022	3,687,089	58,583	432,006	1,019,057	998,494	544,638	6,739,867
(Less): Accumulated depreciation							
Balance as at 1st April 2021	381,717	57,349	175,372	700,009	709,051	467,609	2,491,107
Charge for the year	63,805	-	43,592	84,197	72,835	32,029	296,458
Disposals	-	-	(71,508)	(7,016)	(56,294)	(28,470)	(163,288)
Exchange rate variance	-	-	1,105	6,210	9,999	7,594	24,908
Balance as at 31st March 2022	445,522	57,349	148,561	783,400	735,591	478,762	2,649,185
Net book value at 31st March 2022	3,241,567	1,234	283,445	235,657	262,903	65,876	4,090,682

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.

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Improvement of leasehold properties	56,872	56,872	56,872	56,872
Motor vehicles	18,860	33,013	36,864	33,013
Computer hardware	526,546	489,153	596,593	548,306
Office equipment	457,782	359,878	513,045	395,812
Furniture and fittings	382,967	357,188	433,490	369,416
Total	1,443,027	1,296,104	1,636,864	1,403,419

32. PROPERTY, PLANT AND EQUIPMENT (CONTD...)**32.4 Group Freehold lands & buildings**

Location	Address	Date of Valuation (Perches)	Method of Valuation	Land Extent (Sq.Ft)	Number of Building Rs. '000	Building Area Rs. '000	2023 Cost Rs. '000	2023 Revaluation Rs. '000	2022 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	49,000
Mabima	No. 225/D, Nayagala Road, Heiyantuduwa, Mabima	31.12.2022	MCM	330.75	1	820	22,532	88,000	75,000
Meegahamulla	Kandepalla, Beligamuwa, Galewala	31.12.2022	MCM	260	1	1,836	27,558	31,000	24,000
Monaragala	No. 10, Pothuwil Road, Monaragala	31.12.2022	MCM	125.9	1	1,376	46,905	100,000	50,000
Administrative purpose									
Bandarawela	No. 35/2D, Welimada Road, Bandarawela	31.12.2022	MCM	8.3	1	5,194	31,257	50,000	45,000
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	100,000
Kandy	No. 296, Senanayaka Road, Kandy	31.12.2022	MCM	47.1	-	-	142,711	203,700	183,700
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	183,885
Subtotal					5		723,542	1,243,058	1,047,943
People's Leasing Property Development Limited									
Borella	No. 1161, Maradana Road, Colombo 08	31.12.2022	MCM	104.9	2	127,621	1,532,414	3,000,000	2,650,000
Subtotal					2		1,532,414	3,000,000	2,650,000
People's Leasing Havelock Properties Limited									
Colombo 05*	No. 07, Havelock Road, Colombo 05	31.12.2022	MCM	111.45	1	84,024	2,059,690	2,900,000	2,600,000
Subtotal					1		2,059,690	2,900,000	2,600,000
Total					8		4,315,646	7,143,058	6,297,943

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 2023 and 31st March 2022.

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 2023 and 31st March 2022.

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 2023 and 31st March 2022.

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 on page no. 320. (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 (2022 : 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 no. 256. 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	
As at 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost				
Balance as at 1st April	3,502,568	3,349,114	2,469,636	2,290,888
Transfer from other asset (Prepaid rentals)	54,279	52,790	54,279	52,790
Sub Total	3,556,847	3,401,904	2,523,915	2,343,678
Additions	161,309	239,437	191,169	238,105
Disposals	(78,638)	(138,773)	(78,638)	(112,147)
Exchange rate variance	-	-	(30,202)	-
Balance as at 31st March	3,639,518	3,502,568	2,606,244	2,469,636
(Less): Accumulated amortisation				
Balance as at 1st April	1,530,188	1,106,670	930,152	699,591
Amortisation	523,101	518,284	361,012	325,327
Disposal	(29,710)	(94,766)	(29,710)	(94,766)
Exchange rate variance	-	-	(27,633)	-
Balance as at 31st March	2,023,579	1,530,188	1,233,821	930,152
Net book value at 31st March	1,615,939	1,972,380	1,372,423	1,539,484

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 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
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

Cost						
Balance as at 1st April 2021	199,853	308,545	508,398	233,461	417,099	650,560
Additions	10,325	-	10,325	12,835	-	12,835
Exchange rate variance	-	-	-	773	-	773
Balance as at 31st March 2021	210,178	308,545	518,723	247,069	417,099	664,168
(Less): Accumulated amortisation						
Balance as at 1st April 2021	175,018	186,934	361,952	198,120	186,934	385,054
Amortisation	13,195	-	13,195	16,879	-	16,879
Impairment	-	121,611	121,611	-	121,611	121,611
Exchange rate variance	-	-	-	1,021	-	1,021
Balance as at 31st March 2022	188,213	308,545	496,758	216,020	308,545	524,565
Net book value at 31st March 2022	21,965	-	21,965	31,049	108,554	139,603

Intangible assets include fully amortised software amounting to Rs. 177,147,838 for the company and Rs. 178,049,338 for the Group as at 31st March 2023 (Rs. 147,975,983 for Company and Rs. 148,877,483 for Group as at 31st March 2022), which are still in use as at the reporting date.

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 the financial year 2022/23 or 2021/22.

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	52,720	69,690	1,143,364	1,325,500
Short term loans	-	-	1,047,214	796,993
Long term loans	4,089,382	6,432,218	5,295,375	7,930,444
Asset backed securities	3,582,569	5,247,424	3,582,569	5,247,424
Total	7,724,671	11,749,332	11,068,522	15,300,361
Fair value	7,450,914	11,750,052	10,340,197	15,389,574

35.1 Movement of due to banks

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	11,679,642	5,722,936	13,974,861	8,111,994
Amount borrowed during the year	2,000,000	7,000,000	2,799,279	7,250,000
Repayments during the year	(7,618,773)	(1,946,889)	(9,082,471)	(2,504,664)
Interest expenses during the year	1,611,082	903,595	2,233,489	1,117,531
Subtotal	7,671,951	11,679,642	9,925,158	13,974,861
Overdrafts	52,720	69,690	1,143,364	1,325,500
Balance as at 31 March	7,724,671	11,749,332	11,068,522	15,300,361

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 no. 320 - '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	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

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	69,690	-	-	69,690
Long term loans	2,353,092	4,079,126	-	6,432,218
Asset backed securities	3,111,337	2,136,087	-	5,247,424
Total	5,534,119	6,215,213	-	11,749,332

35.3.2 Remaining Contractual Maturity Analysis of Due to bank -Group

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
Short term loans	1,047,214	-	-	1,047,214
Long term loans	2,926,926	2,368,449	-	5,295,375
Asset backed securities	3,582,569	-	-	3,582,569
Total	8,700,073	2,368,449	-	11,068,522

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdrafts	1,325,500	-	-	1,325,500
Short term loans	796,993	-	-	796,993
Long term loans	3,113,993	4,816,451	-	7,930,444
Asset backed securities	3,111,337	2,136,087	-	5,247,424
Total	8,347,823	6,952,538	-	15,300,361

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 Rs.11.5 billion (2021/22 Rs. 8.0 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. 147.58 Mn as the premium for the above insurance scheme during the year. (2021/22 -148.67Mn).

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Fixed Deposits	96,761,645	95,145,802	103,843,184	103,375,767
Savings Deposits	4,173,469	8,222,102	4,136,772	8,077,983
Total	100,935,114	103,367,904	107,979,956	111,453,750
Fair value	101,524,558	102,854,237	108,431,346	110,876,896

36.1 Remaining Contractual Maturity Analysis of Due to Customers - Company

	2023			
	Within one year Rs. '000	1-5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31st March				
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

36.1 Remaining Contractual Maturity Analysis of Due to Customers - Company

	2022			
	Within one year Rs. '000	1-5 years Rs. '000	Over 5 years Rs. '000	Total Rs. '000
As at 31st March				
Fixed Deposits	78,112,290	17,033,512	-	95,145,802
Savings Deposits	7,973,377	75,044	173,681	8,222,102
Total	86,085,667	17,108,556	173,681	103,367,904

36.2 Remaining Contractual Maturity Analysis of Due to Customers - Group

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	25,727,174	-	103,843,184
Savings Deposits	3,862,675	83,300	190,797	4,136,772
Total	81,955,382	25,810,474	190,797	107,979,956

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fixed Deposits	86,149,370	17,226,397	-	103,375,767
Savings Deposits	7,829,258	75,044	173,681	8,077,983
Total	93,978,628	17,301,441	173,681	111,453,750

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 Note	No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	37.2	300	16,706,049	17,244,313	16,564,956	17,103,223
Total			16,706,049	17,244,313	16,564,956	17,103,223
Fair value			13,139,340	16,266,084	12,998,247	16,124,318

37.1 Movement of debt securities issued

	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	17,244,313	13,825,553	17,103,223	13,684,516
Amount borrowed during the year	-	10,000,000	-	10,000,000
Redemption of debt securities issued	(704,600)	(6,798,610)	(704,600)	(6,798,610)
Interest expenses on debt securities issued	1,555,403	1,875,532	1,539,300	1,859,429
Interest paid on debt securities issued	(1,389,067)	(1,658,162)	(1,372,967)	(1,642,112)
Balance as at 31 March	16,706,049	17,244,313	16,564,956	17,103,223

37. DEBT SECURITIES ISSUED (CONTD...)**37.2 Listed debentures**

						Company		Group	
As at 31st March		Face value	Interest	Repayment	Type	2023	2022	2023	2022
Issued date	Maturity date	Rs. '000	rate	term		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Senior, unsecured, redeemable, 'AA(-) rated									
18-Apr-2018	18-Apr-2022	704,600	12.40%	Annually	Type A	-	785,163	-	785,163
18-Apr-2018	18-Apr-2023	5,295,400	12.80%	Annually	Type B	5,943,391	5,941,109	5,802,298	5,800,019
5-Aug-2021	5-Aug-2024	2,942,940	8.00%	Annually	Type A	3,089,465	3,087,136	3,089,465	3,087,136
5-Aug-2021	5-Aug-2024	2,419,929	8.00%	At Maturity	Type B	2,743,781	2,538,385	2,743,781	2,538,385
5-Aug-2021	5-Aug-2026	4,272,360	9.00%	Annually	Type C	4,509,198	4,507,686	4,509,198	4,507,686
5-Aug-2021	5-Aug-2026	364,766	9.00%	At Maturity	Type D	420,214	384,834	420,214	384,834

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	(B)		(B/A)	

Issue of listed, senior, unsecured, redeemable, rated debentures during the year 2018/19

The funds raised through this Debenture Issue utilised to repay the short term facilities obtained to settle the debentures matured on the 26th March 2018 and for Company's working capital requirements.	6,000,000	Within the next 12 months from the date of allotment	6,000,000	100	6,000,000	100	N/A
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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
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Remaining Contractual Maturity Analysis of Debt Security -Company

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

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	1,977,853	15,266,460	-	17,244,313
Total	1,977,853	15,266,460	-	17,244,313

Remaining Contractual Maturity Analysis of Debt Security -Group

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

As at 31st March	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Listed Debentures	1,962,543	15,140,680	-	17,103,223
Total	1,962,543	15,140,680	-	17,103,223

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Amount payable to suppliers	204,319	2,181,519	243,157	2,243,619
Insurance payable	613,806	609,130	-	-
Other payables	639,263	845,879	1,466,417	1,799,703
Total	1,457,388	3,636,528	1,709,574	4,043,322

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.

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

As at 31st March	Page Note No.	Company		Group	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Insurance Liabilities	39.1 304	-	-	4,800,973	5,314,549
Reinsurance payables		-	-	405,649	588,814
Total		-	-	5,206,622	5,903,363

39.1 Insurance Liabilities

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Outstanding claims provision	-	-	1,288,755	1,652,891
Provision for unearned premiums (net)	-	-	3,512,218	3,661,658
Total	-	-	4,800,973	5,314,549

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 19.68% as a weighted average incremental borrowing rate in order to record the right of use assets and Lease Liabilities (2022 - 12.62%).

As at 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1st April	2,059,050	2,286,386	1,588,115	1,614,660
Additions/renewal of operating lease agreements during the year	161,309	239,437	191,169	238,105
Accretion of interest	236,983	250,137	191,784	170,465
Payments to lease creditors	(651,359)	(667,068)	(438,364)	(385,273)
Expiration of operating lease agreements during the year	(52,260)	(49,842)	(54,829)	(49,842)
Balance as at 31st March	1,753,723	2,059,050	1,477,875	1,588,115

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 Note 56.4.1 on page no. 342.

Remaining Contractual Maturity Analysis of Lease Liability

As at 31st March Company	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	2022			
	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
Total	265,413	1,048,002	164,460	1,477,875

As at 31st March Company	2023			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	440,316	1,407,356	211,378	2,059,050
Total	440,316	1,407,356	211,378	2,059,050

As at 31st March Group	2022			
	Within one year	1-5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Lease Liability	117,807	1,267,240	203,068	1,588,115
	117,807	1,267,240	203,068	1,588,115

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.

As at 31st March	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Current tax payable	41.1	306	1,013,703	1,851,676	1,406,648	2,098,784
Total			1,013,703	1,851,676	1,406,648	2,098,784

41 CURRENT TAX LIABILITIES (CONTD...)**41.1 Current tax liability**

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Balance as at 1st April	1,851,676	1,803,309	2,098,784	2,077,418
Provision for the year	1,471,393	2,712,280	2,132,725	3,221,561
Under/(Over) provision in respect of previous year	-	(47,744)	-	(47,744)
Payment of income tax	(4,256,539)	(1,175,248)	(5,317,964)	(1,958,933)
Tax credits(*)	1,947,173	(1,440,921)	2,493,103	(1,193,518)
Balance as at 31st March	1,013,703	1,851,676	1,406,648	2,098,784

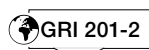
41.2 Withholding Tax (WHT) And Advance Income Tax (AIT)

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
VAT on financial services Payable	308,716	428,150	317,732	441,687
SSCL payable	31,195	-	32,322	-
Value Added Tax (VAT) payable	13,235	6,985	116,449	51,216
Crop Insurance Levy Payable	11,647	13,595	11,647	13,595
Amount payable to customers	272,956	498,011	273,303	498,650
Stamp Duty Payable	34,365	62,106	36,971	64,546
Other Payable	344,676	360,207	392,847	329,364
Total	1,016,790	1,369,054	1,202,218	1,399,030



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.

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	
		2023	2022	2023	2022
Note	No.	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April		668,411	587,257	748,944	657,778
Amount recognise in Statement of Profit or Loss	43.1 308	155,670	82,893	174,517	102,203
Amount recognise in Statement of Comprehensive Income	43.2 308	(57,764)	31,732	(67,120)	28,272
Benefits paid during the year		(92,658)	(33,471)	(100,021)	(39,309)
Balance as at 31st March		673,659	668,411	756,320	748,944

43. RETIREMENT BENEFIT OBLIGATION (CONTD...)**43.1 Amount recognise in Statement of Profit or Loss**

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Past service cost	-	(20,736)	-	(23,590)
Current service cost	55,362	57,412	65,812	74,008
Net interest on the net defined benefit liability	100,308	46,217	108,705	51,785
Total amount recognised in Statement of Profit or Loss	155,670	82,893	174,517	102,203

43.2 Amount recognise in Statement of Comprehensive Income

For the year ended 31st March	Company		Group	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Losses/(Gains) due to changes in assumptions	(45,364)	9,555	(56,903)	22
Experience Losses/(Gains) arising during the year	(12,400)	22,177	(10,217)	28,250
Total actuarial (losses)/gain recognised in Statement of Comprehensive Income	(57,764)	31,732	(67,120)	28,272

An actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2023 by Messrs Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries (31 March 2022 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	2023	2022
Company /Group		
Actuarial assumptions		
Discount rate	18.00%	15.00%
Future salary increment rate	15.00%	13.00%
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 7.9 years for the year ended 31st March 2023. (8.58 - 2022)

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	2023		2022	
	Effect on Statement of Comprehensive Income increase (reduction) in results for the year	Effect on employee benefit obligation sincrease/ (reduction) in the liability	Effect on Statement of Comprehensive Income increase (reduction) in results for the year	Effect on employee benefit obligation increase/ (reduction) in the liability
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Increase/ (decrease) in discount rate				
1%	35,475	(35,475)	46,958	(46,958)
-1%	(39,307)	39,307	(53,552)	53,552
Increase/ (decrease) in salary Increment				
1%	39,800	(39,800)	(53,830)	53,830
-1%	(36,451)	36,451	47,935	(47,935)

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.

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
For the year ended 31st March				
Within the next 12 months	85,296	54,921	95,970	62,636
Between 1-5 years	288,778	246,811	322,789	275,960
Beyond 5 years	299,585	366,679	337,561	410,348

 GRI 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.

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March				
Recognised under assets	(1,335,460)	(1,146,726)	(1,477,554)	(1,276,649)
Recognised under liabilities	-	-	57,718	155,457
Deferred tax liability/(Asset)	(1,335,460)	(1,146,726)	(1,419,836)	(1,121,192)

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 different entities are separately recognised in the Statement of Financial Position.

44.1 Movement in Deferred Tax

	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01st April	(1,146,726)	(415,841)	(1,121,196)	(296,924)
Charge for the year	(147,275)	(673,452)	(244,222)	(766,656)
Deferred Tax charge relating to components of Statement of Comprehensive Income	(41,460)	(57,433)	(54,418)	(57,612)
Balance as at 31st March	(1,335,460)	(1,146,726)	(1,419,836)	(1,121,196)

	Company					Group				
	Deferred Tax Assets Rs. '000	Deferred Tax Liabilities Rs. '000	Statement of Profit or Loss Rs. '000	Statement of Comprehensive Income Rs. '000	Statement of Changes in Equity Rs. '000	Deferred Tax Assets Rs. '000	Deferred Tax Liabilities Rs. '000	Statement of Profit or Loss Rs. '000	Statement of Comprehensive Income Rs. '000	Statement of Changes in Equity 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	-	-
Deferred 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/(assets) as at 31 March 2023		(1,335,460)					(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 2022										
Retirement benefit obligation	127,122	-	39,501	(7,616)	(7,616)	242,236	-	(234,413)	(7,795)	(7,795)
Carry forward tax losses	-	-	-	-	-	-	-	171,164	-	-
Impairment allowances for loan receivables	1,936,823	787,070	178,514	-	-	2,127,250	787,071	306,055	-	-
Deferred tax on transitional Adjustment	214,911	-	-	-	-	214,911	-	13,512	-	-
Accelerated depreciation allowance for tax purpose (Lease)	-	382,094	(862,128)	-	-	-	382,094	(862,128)	-	-
Accelerated depreciation allowance for tax purpose (PPE)	-	26,322	(6,363)	-	-	-	201,939	(22,111)	-	-
Deferred Tax on SLFRS 16	49,677	36,138	(22,976)	-	-	49,677	36,138	(59,114)	-	-
Fair value gains/losses - freehold building	49,817	-	-	(49,817)	(49,817)	49,817	-	-	(49,817)	(49,817)
Fair value gains/losses - investment property	-	-	-	-	-	-	155,457	(79,621)	-	-
	2,378,350	1,231,624	(673,452)	(57,433)	(57,433)	2,683,891	1,562,699	(766,656)	(57,612)	(57,612)
Deferred tax effect on Profit or Loss and Other Comprehensive Income for the year			(673,452)	(57,433)				(766,656)	(57,612)	
Recognised under equity					(57,433)					(57,612)
Recognised under assets		(1,146,726)					(1,276,649)			
Recognised under liabilities		-					155,457			
Net deferred tax liability as at 31 March 2022		(1,146,726)					(1,121,192)			

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	
	2023	2023	2022	2022
	Number	Rs. '000	Number	Rs. '000
Balance as at 1 April	1,887,195,002	17,071,961	1,704,602,760	14,892,036
Scrip Dividend	154,688,114	943,598	182,592,242	2,179,925
Balance as at 31 March	2,041,883,116	18,015,559	1,887,195,002	17,071,961

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.

	2023		2022	
	Actual Rs. '000	Required Rs. '000	Actual Rs. '000	Required Rs. '000
As at 31st March				
Tier 1 Capital / Core capital	36,238,022	2,000,000	36,445,056	2,000,000
Tier 1 Capital Ratio / Core capital ratio	25.76%	10.00%	18.76%	8.00%
Total Capital Ratio / Total risk weighted capital ratio	26.61%	14.00%	19.67%	12.00%

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 1st April	2,639,946	2,406,995	2,729,351	2,464,951
Transfer during the year	150,882	232,951	176,309	264,400
Balance as at 31st March	2,790,828	2,639,946	2,905,660	2,729,351

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.

Lankan Alliance Finance Limited

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 1st April	19,481,612	17,159,777	23,122,851	20,682,106
Profit for the year	3,017,638	4,659,009	3,507,014	4,805,731
Comprehensive income	99,224	25,701	121,538	29,340
Transfers to reserves	(150,882)	(182,950)	(176,310)	(214,401)
Dividend paid	(943,598)	(2,179,925)	(943,598)	(2,179,925)
Surcharge Tax	(1,947,167)	-	(2,382,947)	-
Balance as at 31st March	19,556,826	19,481,612	23,248,550	23,122,851

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 no. 313) .
- 'General reserve' represents the amounts set aside by the Directors for general application. The purpose of setting up the General reserve is to meet the potential future unknown liabilities.
- 'Tax equalisation reserve' comprises an amount set aside by the Directors to meet any tax liabilities that may arise in the future.
- 'Revaluation reserve' relates to revaluation adjustment of investment property transferred from property, plant and equipment.
- Foreign currency translation reserve

As at the reporting date, the assets and liabilities of the Lankan Alliance Finance Limited 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 no. 314).

48.1 Current Year 2023

	Page	Note	No.	Company			Group		
				Opening balance at	Movement transfers	Closing balance at	Opening balance at	Movement transfers	Closing balance at
				01-04-2022		31-03-2023	01-04-2022		31-03-2023
				Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair value reserve	48.3		313	(375,208)	(195,940)	(571,148)	(379,348)	(248,491)	(627,839)
Foreign currency translation reserve	48.4		314	-	-	-	1,276,459	(299,240)	977,219
Total				(375,208)	(195,940)	(571,148)	897,111	(547,731)	349,380

48.2 Previous year 2022

	Page	Note	No.	Company			Group		
				Opening balance at	Movement transfers	Closing balance at	Opening balance at	Movement transfers	Closing balance at
				01-04-2022		31-03-2023	01-04-2022		31-03-2023
				Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Fair value reserve	48.3		313	(117,377)	(257,831)	(375,208)	(121,517)	(257,831)	(379,348)
Foreign currency translation reserve	48.4		314	-	-	-	542,836	733,623	1,276,459
Total				(117,377)	(257,831)	(375,208)	421,319	475,792	897,111

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 01st April	(375,208)	(117,377)	(379,348)	(121,517)
Transfer from retain earnings	-	(50,000)	-	(50,000)
Net fair value gains/(losses) on remeasuring financial investments	(195,940)	(207,831)	(248,491)	(207,831)
Balance as at 31st March	(571,148)	(375,208)	(627,839)	(379,348)

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Balance as at 01st April	-	-	1,276,459	542,836
Net gains/(losses) arising from translating the Financial Statements	-	-	(594,615)	1,439,171
Transfer to NCI	-	-	295,375	(705,548)
Balance as at 31st March	-	-	977,219	1,276,459

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, Lankan Alliance Finance Limited.

	Group	
	2023 Rs. '000	2022 Rs. '000
Balance as at 01st April	3,154,527	2,661,541
Acquisition of a subsidiary with non-controlling interest	74,764	-
Profit for the year	(65,313)	12,438
Other comprehensive income	(295,375)	705,548
Dividend paid for the year	(273,428)	(225,000)
Surcharge Tax	(110,146)	
Balance as at 31st March	2,485,029	3,154,527

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.

	Note	Page No.	Company		Group	
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
As at 31st March						
Contingent liabilities	50.1	315	338,408	469,000	462,212	515,989
Commitments	50.2	315	5,288,366	6,383,234	5,288,366	6,383,234
Total			5,626,774	6,852,234	5,750,578	6,899,223

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	Note	Page No.	Company		Group	
			2023	2022	2023	2022
			Rs. '000	Rs. '000	Rs. '000	Rs. '000
Litigation against the Company	50.1.1	315	252,572	242,797	252,572	242,797
Guarantees - Others	50.1.2	315	58,825	175,250	58,825	175,250
Assessment received from Inland Revenue Department	50.1.3	315	27,011	50,953	150,815	97,942
Total			338,408	469,000	462,212	515,989

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, fifty (50) 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.

50.1.3 Assessment received from Inland Revenue Department

In the assessment appeal filed by the Company, the Supreme Court upheld the Inland Revenue Department's position (VATFS/BFSU/2014/579 and 580). The Company requested that the Department of Inland Revenue waive the entire Rs. 27 million penalty upon full settlement of the tax dispute.

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	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capital Commitments				
Approved but not contracted for	1,001,417	1,093,909	1,001,417	1,093,909
Subtotal	1,001,417	1,093,909	1,001,417	1,093,909
Un-utilised facilities				
Margin trading	4,130,745	4,263,065	4,130,745	4,263,065
Fast track	105,270	577,652	105,270	577,652
Factoring	-	448,608	-	448,608
Gold Loan- Islamic	50,934	-	50,934	-
Subtotal	4,286,949	5,289,325	4,286,949	5,289,325
Total	5,288,366	6,383,234	5,288,366	6,383,234

In the computation of Expected Credit Loss company consider unutilised amount of revolving facility. Therefore allowance for unutilised facility is included in Note 25.7 on page no. 277

51. NET ASSETS VALUE PER ORDINARY SHARE

As at 31st March	Company		Group	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Total equity attributable to equity holders of the Company (Rs. '000)	39,792,065	38,818,311	44,519,149	43,821,274
Total number of shares	2,041,883,116	1,887,195,002	2,041,883,116	1,887,195,002
Net assets value per share (Rs.)	19.49	20.57	21.80	23.22

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2023			2022		
	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	5,844,798	-	5,844,798	4,668,830	-	4,668,830
Balances with banks & financial institutions	29,839,914	-	29,839,914	5,117,866	-	5,117,866
Financial assets -Fair value through profit or loss	203,975	-	203,975	25,140	-	25,140
Loans and receivables	58,456,983	55,820,962	114,277,945	59,713,721	91,560,733	151,274,454
Financial assets - Fair value through other comprehensive income	944,643	10	944,653	1,333,268	10	1,333,278
Debt instrument - Amortised cost	10,903,577	-	10,903,577	9,827,221	-	9,827,221
Investments in subsidiaries	-	3,291,604	3,291,604	-	3,213,788	3,213,788
Investment property	-	284,961	284,961	-	-	-
Other assets	872,589	157,549	1,030,138	589,939	159,216	749,155
Property, plant and equipment	-	1,481,005	1,481,005	-	1,413,776	1,413,776
Right of use assets	-	1,615,939	1,615,939	-	1,972,380	1,972,380
Deferred tax assets	-	1,335,460	1,335,460	-	1,146,726	1,146,726
Goodwill and intangible assets	-	19,193	19,193	-	21,965	21,965
Total assets	107,066,479	64,006,683	171,073,162	81,275,985	99,488,594	180,764,579
Liabilities						
Due to banks	5,975,862	1,748,809	7,724,671	5,534,119	6,215,213	11,749,332
Due to customers	75,095,424	25,839,690	100,935,114	86,085,667	17,282,237	103,367,904
Debt securities issued	6,718,166	9,987,883	16,706,049	1,977,853	15,266,460	17,244,313
Other financial liabilities	1,457,388	-	1,457,388	3,636,528	-	3,636,528
Lease Liabilities	461,803	1,291,920	1,753,723	440,316	1,618,734	2,059,050
Current tax liabilities	1,013,703	-	1,013,703	1,851,676	-	1,851,676
Other liabilities	1,016,790	-	1,016,790	1,369,054	-	1,369,054
Retirement Benefit Obligation	85,296	588,363	673,659	54,921	613,490	668,411
Total liabilities	91,824,433	39,456,664	131,281,097	100,950,134	40,996,134	141,946,268
Net assets	15,242,046	24,550,019	39,792,065	(19,674,149)	58,492,460	38,818,311

52. CURRENT/NON CURRENT ANALYSIS

As at 31st March	2023			2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Group		Rs. '000	Rs. '000		Rs. '000	Rs. '000
Assets						
Cash and cash equivalents	6,316,003	-	6,316,003	5,402,587	-	5,402,587
Balances with banks & financial institutions	34,224,917	-	34,224,917	9,529,518	-	9,529,518
Financial assets -Fair value through profit or loss	345,093	-	345,093	849,298	-	849,298
Loans and receivables	66,298,700	59,079,204	125,377,904	69,526,174	93,794,672	163,320,846
Reinsurance and insurance receivables	1,498,065	-	1,498,065	1,322,528	-	1,322,528
Financial assets - Fair value through other comprehensive income	1,372,952	10	1,372,962	1,632,931	10	1,632,941
Debt instrument - Amortised cost	12,810,585	3,049,087	15,859,672	12,964,438	3,049,087	16,013,525
Investment properties	-	1,200,317	1,200,317	-	820,664	820,664
Other assets	1,123,473	157,549	1,281,022	672,609	159,216	831,825
Property, plant and equipment	-	3,971,219	3,971,219	-	4,090,682	4,090,682
Right to use assets	-	1,372,423	1,372,423	-	1,539,484	1,539,484
Deferred tax assets	-	1,419,836	1,419,836	-	1,121,192	1,121,192
Goodwill and intangible assets	-	137,436	137,436	-	139,603	139,603
Total assets	123,989,788	70,387,081	194,376,869	101,900,083	104,714,610	206,614,693
Liabilities						
Due to banks	8,700,073	2,368,449	11,068,522	8,347,823	6,952,538	15,300,361
Due to customers	81,955,382	26,024,574	107,979,956	93,978,628	17,475,122	111,453,750
Debt securities issued	6,577,073	9,987,883	16,564,956	1,962,543	15,140,680	17,103,223
Other financial liabilities	1,709,574	-	1,709,574	4,043,322	-	4,043,322
Insurance and reinsurance payable	-	5,206,622	5,206,622	-	5,903,363	5,903,363
Lease Liabilities	265,413	1,212,462	1,477,875	117,807	1,470,308	1,588,115
Current tax liabilities	1,406,648	-	1,406,648	2,098,784	-	2,098,784
Other liabilities	1,202,218	-	1,202,218	1,399,030	-	1,399,030
Retirement benefit obligation	95,970	660,350	756,320	62,636	686,308	748,944
Total liabilities	101,912,351	45,460,340	147,372,691	112,010,573	47,628,319	159,638,892
Net assets	22,077,437	24,926,741	47,004,178	(10,110,490)	57,086,291	46,975,801

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	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Interest income	11,413,366	12,462,608	13,140,899	10,530,761	948,386	1,035,736	1,452,100	701,136	6,911,484	1,415,774	(459,317)	(219,223)	33,406,918	25,926,792
Net earned premium	-	-	-	-	-	-	4,873,871	5,123,003	-	-	(200,019)	(183,932)	4,673,852	4,939,071
Net fee and commission income	669,324	1,081,235	770,633	913,631	55,617	89,859	-	-	282,204	277,835	(1,086,582)	(1,041,047)	691,196	1,321,513
Net trading income	-	-	-	-	-	-	2,249	71,272	1,919	15,253	-	-	4,168	86,525
Other operating income	101,678	185,292	117,068	156,569	8,449	15,399	84,546	58,022	634,727	1,049,168	(559,957)	(1,107,365)	386,511	357,085
Gross income	12,184,368	13,729,135	14,028,600	11,600,962	1,012,452	1,140,994	6,412,766	5,953,433	7,830,334	2,758,029	(2,305,875)	(2,551,567)	39,162,645	32,630,986
Interest expenses	6,857,480	5,366,101	7,895,432	4,534,295	569,818	445,963	-	-	4,406,988	1,077,990	(459,316)	(219,223)	19,270,402	11,205,126
Total Operating income	5,326,888	8,363,034	6,133,168	7,066,667	442,634	695,031	6,412,766	5,953,433	3,423,346	1,680,039	(1,846,559)	(2,332,344)	19,892,243	21,425,860
Credit loss expenses	(227,806)	785,927	1,128,996	194,519	(153,467)	(23,067)	-	-	(43,760)	(5,623)	-	-	703,963	951,756
Net operating income	5,554,694	7,577,107	5,004,172	6,872,148	596,101	718,098	6,412,766	5,953,433	3,467,106	1,685,662	(1,846,559)	(2,332,344)	19,188,280	20,474,104
Depreciation	228,090	282,547	294,633	324,649	21,830	29,548	103,645	102,316	181,774	69,411	(169,840)	(169,807)	660,132	638,664
Segment result	2,111,289	4,252,022	2,430,855	3,592,909	175,436	353,375	1,246,908	995,844	1,356,827	854,183	(317,532)	(1,117,206)	7,003,783	8,931,127
Less : Tax on financial services													1,673,580	1,705,797
Income tax expense													1,888,502	2,407,161
Profit attributable to equity holder													3,441,701	4,818,169
As at 31st March														
Segment assets	59,409,781	81,759,467	76,742,103	91,065,698	5,686,111	8,524,799	11,728,248	12,102,543	47,346,146	19,708,581	(6,535,519)	(6,546,394)	194,376,870	206,614,693
Total assets	59,409,781	81,759,467	76,742,103	91,065,698	5,686,111	8,524,799	11,728,248	12,102,543	47,346,146	19,708,581	(6,535,519)	(6,546,394)	194,376,870	206,614,693
													-	
Segment liabilities	45,552,968	63,645,543	58,842,679	70,889,964	4,359,875	6,636,118	6,854,524	7,353,491	36,303,070	15,270,418	(4,540,425)	(4,156,642)	147,372,691	159,638,892
Total liability	45,552,968	63,645,543	58,842,679	70,889,964	4,359,875	6,636,118	6,854,524	7,353,491	36,303,070	15,270,418	(4,540,425)	(4,156,642)	147,372,691	159,638,892

54. ASSETS PLEDGED

The following assets have been pledged as securities for liabilities.

		Carrying Amount Pledged				
		Company		Group		
		31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Nature of Assets	Nature of Liabilities	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Included under
Rentals receivables on lease	Securitisation	5,042,359	7,472,455	5,042,359	7,472,455	Loans and receivables
	Term loan	4,845,020	7,611,638	4,845,020	7,611,638	Loans and receivables
	Short term loans	14,911,377	16,307,463	14,911,377	16,307,463	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	-	413,373	-	413,373	Loans and receivables
	Short term loans	8,697,471	9,195,305	8,697,471	9,195,305	Loans and receivables
Fixed deposits	Bank guarantee for assessment	-	-	21,500	14,553	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	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	5,726	4,939	14,794	12,711
Total	5,726	4,939	14,794	12,711

(b) Remuneration to Corporate Management

	Company		Group	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Short term employees benefits	197,483	163,457	282,087	227,342
Post employment benefits	47,426	15,529	50,499	17,605
Total	244,909	178,986	332,586	244,947

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	
For the year ended 31st March	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
No. of ordinary shares held	747,831	673,685	929,331	855,185
Scrip dividend (No. of shares)	73,165	64,892	77,665	69,392

55.2.3 Transactions, Arrangements and Agreements Involving Key Management Personnel (KMPs), their Close Family Members (CFMs) and other related entities**(a) Items in Statement of Profit or Loss**

	Board of Directors		Corporate Management		Total	
For the year ended 31st March	2023	2022	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interest income	316	26	3,176	312	3,492	338
Interest expense	3,223	4,495	54,770	21,702	57,993	26,197

(b) Items in Statement of Financial Position

	Board of Directors		Corporate Management		Total	
As at 31st March	2023	2022	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets						
Loans and receivables	1,612	-	10,547	8,921	12,159	8,921
Total	1,612	-	10,547	8,921	12,159	8,921
Liabilities						
Due to customers	19,936	63,263	316,155	286,951	336,091	350,214
Total	19,936	63,263	316,155	286,951	336,091	350,214

55. RELATED PARTY DISCLOSURE (CONTD...)**55.3 Net accommodation and Net accommodation as a Percentage of Capital funds**

As at 31st March	2023 Rs. '000	2022 Rs. '000	2023 %	2022 %
People's Bank				
People's Leasing Property Development Limited	528,249	560,310	1.33	1.44
People's Leasing Fleet Management Limited	1,320	3,528	-	0.01
People's Leasing Havelock Properties Limited	1,043,582	835,187	2.62	2.15
People's Microfinance Ltd	10,405	1,495	-	-
People's Insurance PLC	26,589	35,236	0.07	0.09
Lankan Alliance Finance Limited	26,620	27,155	0.07	0.07
Board of Directors	1,612	-	0.00	-
Corporate management	10,547	8,921	0.03	0.02
Total net accommodation	1,648,924	1,471,832	4.11	3.78

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

	Company		Group	
For the year ended 31st March	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Interest income	7,663	7,663	7,663	7,663
Interest expenses	375,363	746,204	375,363	746,204

b. Items in Statement of Financial Position

	Company		Group	
As at 31st March	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Assets				
Loans and receivables	10,429	49,571	10,429	49,571
Total	10,429	49,571	10,429	49,571
Liabilities				
Due to banks	-	263,602	-	263,602
Due to customer	2,167,874	6,424,954	2,167,874	6,424,954
Total	2,167,874	6,688,556	2,167,874	6,688,556

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	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Interest income	6,432,847	1,142,425	312,463	153,122
Interest expense	129,395	1,03,669	217,166	162,077
Fee and Commission income	-	-	678,554	655,763
Other operating income	-	-	531,930	945,670
Benefits, claims and underwriting expenditure	-	-	189,231	167,402
Depreciation and amortisation	4,567	13,719	215,824	215,791
Other operating expenses	-	-	16,067	20,561

b. Items in Statement of Financial Position

As at 31st March	Parent		Subsidiaries	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Assets				
Cash and cash equivalents	4,701,513	3,500,703	-	-
Balances with banks & financial institutions	26,680,324	5,117,866	-	-
Loans and receivables	-	-	1,642,309	1,471,124
Financial assets - Amortised cost	10,903,577	9,827,221	-	-
Investments in subsidiaries	-	-	3,291,604	3,213,788
Other assets	-	-	253,877	376,555
Right of use asset	19,878	21,753	368,349	584,173
Total	42,305,292	18,467,543	5,556,139	5,645,640
Liabilities				
Due to banks	43,736	333,018	-	-
Due to customers	554,386	1,031,702	1,062,879	564,298
Debt Securities issued	-	-	141,093	141,090
Other Financial liabilities	-	-	700,811	682,454
Other liabilities	-	1,118	9,460	8,769
Lease liability	23,962	24,424	432,635	647,548
Total	622,084	1,390,262	2,346,878	2,044,159

55. RELATED PARTY DISCLOSURE (CONTD...)**c. Transactions**

For the year ended 31st March	Parent		Subsidiaries	
	2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
Transaction cost on debenture issue and securitisation	-	178	-	-
Purchase of vehicles	-	-	103,550	215,100
Building rent paid	6,516	27,435	284,342	284,352
Building rent received	-	-	13,637	8,992
Cash and cash equivalents - Repo investments	6,150,000	48,312,210	-	-
Cash and cash equivalents - Repo settlements	6,665,168	47,856,467	-	-
Cash and cash equivalents - Money market account investments	24,451,334	-	-	-
Cash and cash equivalents - Money market account withdrawals	25,620,116	-	-	-
Cash and cash equivalents - Call Deposit Investments	22,255,000	-	-	-
Cash and cash equivalents - Call Deposit withdrawals	20,178,665	-	-	-
Balances with banks and financial institutions - FD investments	93,389,656	30,785,830	-	-
Balances with banks and financial institutions - FD withdrawals	71,514,078	31,510,851	-	-
Loans and receivables - Grantings	-	-	347,337	326,170
Loans and receivables - Repayments	-	-	338,514	348,048
Debt instrument - Amortised cost - Investments	40,967,052	31,590,690	-	-
Debt instrument - Amortised cost - Settlements	43,255,119	28,631,105	-	-
Due to banks - Borrowings	-	-	-	-
Due to banks - Repayment	295,487	472,626	-	-
Due to customers - Investments	3,141,782	389,246	1,063,578	1,063,578
Due to customers - Settlements	3,619,098	292,930	945,304	945,304
Other financial liabilities - Services obtained	-	-	10,203	9,306
Other financial liabilities - Repayment	-	-	10,910	9,270
Dividend paid	707,698	1,634,944	-	-
Dividend received	-	-	513,828	930,625
Insurance premium paid in respect of customers introduced by People's Leasing & Finance PLC	-	-	2,581,127	2,959,667
Total	362,216,769	221,504,512	6,212,330	7,100,412

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	
	2023 Rs. '000	2022 Rs. '000
Interest income	6,710,304	1,218,355
Interest expenses	147,035	112,817
Net earned premiums	359,945	253,839
Fee and commission income	28,061	32,987
Other operating income	115,746	111,796
Benefits, claims and underwriting expenditure	56,650	25,650
Depreciation and amortisation	4,567	13,719

b. Items in Statement of Financial Position

As at 31st March	Immediate Parent	
	2023 Rs. '000	2022 Rs. '000
Assets		
Cash and cash equivalents	4,902,129	3,907,522
Balances with banks & financial institutions	28,366,010	5,722,035
Insurance and reinsurance receivables	291,717	190,536
Financial assets - Amortised cost	10,903,577	9,827,221
Other assets	4,592	7,432
Right of use assets	19,878	21,753
Total	44,487,903	19,676,499
Liabilities		
Due to banks	295,763	607,755
Debt Securities issued	554,386	1,031,702
Other liabilities	8,369	10,126
Lease liabilities	23,962	24,424
Total	882,480	1,674,007

55. RELATED PARTY DISCLOSURE (CONTD...)**55.5 Transactions exceeding 10% of the gross income of the Company.**

For the Ended 31st March Name of the Related party	Relationship	Nature of the transaction	Transaction value		Transaction value as a % of gross income		Terms and conditions
			2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000	
People's Bank	Immediate Parent	Repo investments	6,150,000	48,312,210	19.21%	180.66%	Normal terms
		Repo settlements	6,665,168	47,856,467	20.82%	178.96%	Normal terms
		FD withdrawals	71,514,078	31,510,851	223.35%	117.84%	Normal terms
		Tbill investments	40,967,052	31,590,690	127.95%	118.13%	Normal terms
		Tbill settlements	43,255,119	28,631,105	135.09%	107.07%	Normal terms
		Call deposit investments	22,255,000	-	69.51%	0.00%	Normal terms
		Call deposit Withdrawals	20,178,665	-	63.02%	0.00%	Normal terms
People's Insurance PLC	Subsidiary	Insurance premium	2,581,127	2,959,667	8.06%	11.07%	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.

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.

Operational Risk

Operational risk is defined as the risk arising from inadequate or failed internal process, human errors, IT failures and external factors. The operational risk management framework of the company has been defined under the Board approved operational risk management policy.

Operational risk is managed by establishing appropriate internal control system including incident reporting mechanism, Branch operational risk self assessment system, regular on-site inspection process, establish business continuity plan and maintain data base based on operational risk events.

56.2 Credit risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and group and by monitoring exposures in relation to such limits.

Credit Risk -Impairment Provision as per ECL for financial assets

Taking into account the current economic factors will negatively impact many firms, mainly through potential disruptions in manufacturing supply chains, domestic consumption, tourism and exports, posing downside risks to their earnings prospects. This will in turn impact the capacity of such firms to meet contractual obligations that leads to an increase in NPLs.

Expected Credit Loss at 31 March 2023 was estimated based on a range of forecast economic conditions prevailing as at that date. As the situation continues to evolve and timelines for a normalisation of economic activity remains yet an unknown, the impact to our core markets and the Company's financial results cannot be reasonably estimated or reliably measured based on reasonable and supportable information that is available at the current stage.

In view of the current economic status of the country following adjustments were made in respect to the impairment provision during the year ended 31 March 2023.

Considering the current volatile macro-economic condition of the country the company amended the scenario weightages as worst-case 70%, best-case 0% and base-case 30% for the next three years and after then worst-case 60%, best-case 10% and base-case 30%.

Impairment assessment

For accounting purposes, the Company uses a collective and individual model for the recognition of losses on impaired financial assets.

Individually assessed allowances

The Company determines the allowances appropriate for each individually significant leases, hire purchases and loans on an individual basis, including any overdue payments of interests or credit rating downgrades. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the availability of other financial support, the realisable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date.

Collectively assessed allowances

Allowances are assessed collectively for losses on leases, hire purchases and loans and for held to maturity debt investments that are not individually significant and for individually significant loans and advances that have been assessed individually and found not to be impaired. Detailed Note on impairment method has disclosed in note 25 on page no. 265.

56. RISK MANAGEMENT (CONTD...)**56.2.1 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 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

Company As at 31st March 2022	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)	3,532,839	-	-	-	-	-	3,532,839
Balances with banks & financial institutions	5,117,866	-	-	-	-	-	5,117,866
Financial assets -Fair value through profit or loss	25,140	-	-	-	-	-	25,140
Loans and receivables - Amortised cost	102,300,917	21,753,573	11,454,830	4,752,674	18,437,021	2,463,009	161,162,024
Financial assets - Fair value other comprehensive income	1,333,278	-	-	-	-	-	1,333,278
Debt instrument - Amortised cost	9,827,221	-	-	-	-	-	9,827,221
Other financial assets	108,493	-	-	-	-	-	108,493
Total	122,245,754	21,753,573	11,454,830	4,752,674	18,437,021	2,463,009	181,106,861

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	83,670,420	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

Group As at 31st March 2022	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)	4,244,919	-	-	-	-	-	4,244,919
Balances with banks & financial institutions	9,529,518	-	-	-	-	-	9,529,518
Financial assets - Fair value through profit or loss	849,298	-	-	-	-	-	849,298
Loans and receivables - Amortised cost	112,406,372	22,225,556	12,232,422	5,039,650	19,795,973	2,463,009	174,162,982
Insurance and reinsurance receivables	1,322,528	-	-	-	-	-	1,322,528
Financial assets - Fair value other comprehensive income	1,632,941	-	-	-	-	-	1,632,941
Debt instrument - Amortised cost	16,013,525	-	-	-	-	-	16,013,525
Total	145,991,772	22,232,885	12,232,422	5,039,650	19,795,973	2,463,009	207,755,711

56. RISK MANAGEMENT (CONTD...)

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

Industry analysis**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	-	-	-	-	-	-	-	203,975	-	-	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	199,582	-	-	-	-	-	-	745,071	-	-	944,653
Debt instrument - Amortised cost	10,903,577	-	-	-	-	-	-	-	-	-	10,903,577
Other financial assets	100,306	-	-	-	-	-	-	-	-	-	100,306

Company

31 March 2022	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	4,668,830	-	-	-	-	-	-	-	-	-	4,668,830
Balances with Banks & financial institutions	5,117,866	-	-	-	-	-	-	-	-	-	5,117,866
Financial assets -Fair value through profit or loss	-	-	-	-	-	-	-	25,140	-	-	25,140
Loans and receivables - Amortised cost	10,787,171	32,571,677	9,441,731	3,314,785	35,116,000	9,797,912	20,787,613	24,660,505	3,041,335	11,643,295	161,162,024
Less - Impairment charges	-	-	-	-	-	-	-	-	-	-	9,887,570
Net loans and receivables	-	-	-	-	-	-	-	-	-	-	151,274,454
Financial assets - Fair value other comprehensive income	423,048	-	-	-	-	-	-	910,230	-	-	1,333,278
Debt instrument - Amortised cost	9,827,221	-	-	-	-	-	-	-	-	-	9,827,221
Other financial assets	108,493	-	-	-	-	-	-	-	-	-	108,493

* 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 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	36,263	-	-	-	-	-	-	308,830	-	-	345,093
Loans and receivables - Amortised cost	12,777,112	27,709,320	10,617,109	2,699,305	24,989,315	9,433,072	15,481,123	20,962,712	2,355,462	9,860,843	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

31 March 2022	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	5,402,587	-	-	-	-	-	-	-	-	-	5,402,587
Balances with banks & financial institutions	9,529,518	-	-	-	-	-	-	-	-	-	9,529,518
Financial assets -Fair value through profit or loss	704,415	-	-	-	-	-	-	144,883	-	-	849,298
Loans and receivables - Amortised cost	10,719,757	33,958,216	14,135,330	3,328,350	35,254,791	10,631,366	21,336,335	27,953,383	3,283,296	13,562,158	174,162,982
Less - Impairment charges											10,842,136
Net loans and receivables											163,320,846
Reinsurance and insurance receivable	-	-	-	-	-	-	-	-	-	1,024,461	1,024,461
Financial assets - Fair value other comprehensive income	1,632,931	-	-	-	-	-	-	10	-	-	1,632,941
Debt instrument - Amortised cost	16,013,525	-	-	-	-	-	-	-	-	-	16,013,525

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

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 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
As at 31 March 2022					
Central	9,549,639	17,421	5,647,598	-	15,214,658
Eastern	3,718,288	8,610	2,534,747	-	6,261,645
North Central	4,681,387	9,832	2,653,600	-	7,344,819
Northern	2,443,490	2,672	2,352,399	-	4,798,561
North Western	7,775,486	15,733	4,677,244	-	12,468,463
Sabaragamuwa	5,828,809	9,720	2,637,285	-	8,475,814
Southern	11,054,270	20,203	7,952,428	-	19,026,901
Uva	5,389,008	12,211	2,587,964	-	7,989,183
Western	26,395,793	107,937	51,615,339	1,462,911	79,581,980
Total	76,836,170	204,339	82,658,604	1,462,911	161,162,024

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 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	2,775,153	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

As at 31 March 2022

Central	9,549,639	714,101	5,649,973	15,913,713
Eastern	3,718,288	453,915	2,537,929	6,710,132
North Central	4,681,387	222,938	2,653,966	7,558,291
Northern	2,443,490	2,672	2,352,399	4,798,561
North Western	7,775,486	193,126	4,678,347	12,646,959
Sabaragamuwa	5,828,809	253,047	2,639,164	8,721,020
Southern	11,054,270	335,304	7,952,940	19,342,514
Uva	5,389,008	650,187	2,593,942	8,633,137
Western	26,387,578	707,371	51,679,711	78,774,660
Bangladesh	-	-	11,063,995	11,063,995
Total	76,827,955	3,532,661	93,802,366	174,162,982

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 2023		As at 31st March 2022	
	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)	4,840,646	4,840,646	3,532,839	3,532,839
Balances with banks & financial institutions	29,839,914	29,839,914	5,117,866	5,117,866
Financial assets -Fair value through profit or loss	203,975	203,975	25,140	25,140
Loans and receivables - Amortised cost	114,277,945	306,052	151,274,454	371,104
Financial assets - Fair value through other comprehensive income	944,653	944,653	1,333,278	1,333,278
Debt instrument - Amortised cost	10,903,577	10,903,577	9,827,221	9,827,221
Other financial assets	100,306	100,306	108,493	108,493
Total	161,111,016	47,139,123	171,219,291	20,315,941

Group	As at 31st March 2023		As at 31st March 2022	
	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)	5,297,056	5,297,056	4,244,919	4,244,919
Balances with banks & financial institutions	34,224,917	34,224,917	9,529,518	9,529,518
Financial assets -Fair value through profit or loss	345,093	345,093	849,298	849,298
Loans and receivables - Amortised cost	125,377,904	306,052	163,320,846	371,104
Financial assets - Fair value through other comprehensive income	1,498,065	1,498,065	1,322,528	1,322,528
Debt instrument - Amortised cost	1,372,962	1,372,962	1,632,941	1,632,941
Other financial assets	15,859,672	15,859,672	16,013,525	16,013,525
Total	183,975,669	58,903,817	196,913,575	33,963,833

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 In	Fair value of collateral and credit enhancements held under the base case scenario			Total collateral	Net exposure	Associated ECL
Rs.'000	Maximum exposure to credit risk	Movable securities	Immovable securities			
Company						
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
As at 31 March 2022						
Loans and receivables	20,900,031	25,317,181	17,686,396	43,003,577	(22,103,546)	7,658,221
Group						
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
As at 31 March 2022						
Loans and receivables	22,258,981	26,020,062	17,701,476	43,721,538	(21,462,557)	8,060,205

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

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	2023			2022		
	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	11,521,174	5,161,420	6,359,754	7,984,520	2,990,159	4,994,361

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
	Stage 1 (Rs. '000)	Stage 2 (Rs. '000)	Stage 3 (Rs. '000)	Total (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
	Stage 1 (Rs. '000)	Stage 2 (Rs. '000)	Stage 3 (Rs. '000)	Total (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

	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	Rs. '000
Company - As at 31 March 2022					
PD 1% increase across all age buckets	12,602	8,450	-	21,052	21,052
PD 1% decrease across all age buckets	(12,602)	(8,450)	-	(21,052)	(21,052)
LGD 5% increase	63,010	42,654	180,114	285,778	285,778
LGD 5% decrease	(63,010)	(42,654)	(180,114)	(285,778)	(285,778)
Probability weighted Economic Scenarios					
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	(4,740)	(2,183)	-	(6,923)	(6,923)
– Base case 10% decrease, worst case 5% increase and best case 5% increase	4,740	2,183	-	6,923	6,923
	Sensitivity on ECL sensitivity effect on Statement of Financial Position [Increase/(Decrease) in impairment provision]				Sensitivity effect on income
	Stage 1	Stage 2	Stage 3	Total	
	(Rs. '000)	(Rs. '000)	(Rs. '000)	(Rs. '000)	Rs. '000
Group - As at 31 March 2022					
PD 1% increase across all age buckets	13,328	8,937	-	22,265	22,265
PD 1% decrease across all age buckets	(13,328)	(8,937)	-	(22,265)	(22,265)
LGD 5% increase	68,051	46,066	194,523	308,640	308,640
LGD 5% decrease	(68,051)	(46,066)	(194,523)	(308,640)	(308,640)
Probability weighted Economic Scenarios					
				-	-
– Base case 10% increase, worst case 5% decrease and best case 5% decrease	(4,811)	(2,216)	-	(7,027)	(7,027)
– Base case 10% decrease, worst case 5% increase and best case 5% increase	4,811	2,216	-	7,027	7,027

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.

Management considered different possible outcomes to assess the possible impact from Covid 19 and economic slowdown to the company's operations and forecast cash flows in order to absorb sudden liquidity shock to comply financial covenant and CBSL Liquidity Requirement. I.e. consider sufficient cash and unused credit lines, deposits renewal ratio, customer collection ratios, availability of negotiate borrowing facilities to meet short term needs, restructure operations to reduce operating costs and defer capital expenditure.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

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	
	2023	2022	2023	2022
Liquidity ratios	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Advances to deposit ratios (Times)	1.13	1.46	1.16	1.47
Liquidity Assets to Deposit (%)	45	18	45	20

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 2023.

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 2023	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	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 other comprehensive income	-	1,372,962	-	-	-	10	1,372,972
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	75,335,586	38,592,308	55,520,225	9,663,368	436,438	197,398,761
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	11,308,221	(12,632,680)	26,193,129	(13,563,092)	58,838	25,212,844

Company As at 31st March 2022	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	4,168,741	500,089		-	-	-	4,668,830
Balances with banks & financial institutions	-	5,182,401	-	-	-	-	5,182,401
Financial assets -Fair value through profit or loss	-	25,140	-	-	-	-	25,140
Loans and receivables - Amortised cost	8,586,901	29,437,982	48,629,443	81,866,129	24,636,554	2,176,820	195,333,830
Financial assets -Fair value through profit or loss	-	1,632,941	-	-	-	10	1,632,951
Debt instrument - Amortised cost	-	9,902,159	-	-	-	-	9,902,159
Other financial assets	-	108,493	-	-	-	-	108,493
Total undiscounted financial assets	12,755,642	46,789,205	48,629,443	81,866,129	24,636,554	2,176,830	216,853,804
Financial liabilities							
Due to banks	69,689	1,300,790	3,774,480	8,215,683	-	-	13,360,641
Due to customers	8,044,009	25,125,453	60,217,662	16,911,741	2,139,728	173,681	112,612,274
Debt securities issued	-	1,469,782	619,948	13,204,584	5,602,650	-	20,896,963
Other financial liabilities	-	3,636,528	-	-	-	-	3,636,528
Lease Liabilities	-	163,229	493,662	1,138,126	640,089	246,521	2,681,627
Total undiscounted financial liabilities	8,113,698	31,695,781	65,105,751	39,470,134	8,382,467	420,202	153,188,033
Net undiscounted financial assets/ (liabilities)	4,641,944	15,093,424	(16,476,308)	42,395,995	16,254,087	1,756,628	63,665,771

56. RISK MANAGEMENT (CONTD...)**56.3.2 Remaining Contractual Maturities of Undiscounted Cash Flows of Financial Assets and Liabilities**

Group As at 31st March 2023	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	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
Insurance and reinsurance 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	68,018,523	57,232,753	30,170,276	23,229,935	386,403	188,411,748
Net undiscounted financial assets/(liabilities)	9,708,975	12,752,551	(10,422,313)	31,884,808	(9,427,020)	2,955,201	37,452,201

Group As at 31 March 2022	On demand	Less than 3 months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial Asset							
Cash and cash equivalents	4,902,498	500,089	-	-	-	-	5,402,587
Balances with banks & financial institutions	-	6,253,870	3,223,189	78,302	-	-	9,555,361
Financial assets -Fair value through profit or loss	-	849,298	-	-	-	-	849,298
Loans and receivables - Amortised cost	8,599,309	31,937,318	52,833,034	85,716,401	26,708,214	2,810,238	208,604,513
Reinsurance and insurance receivable	-	1,268,209	572,030	-	-	-	1,840,239
Financial assets - Fair value through other comprehensive income	-	1,632,931	-	-	-	10	1,632,941
Debt instrument - Amortised cost	-	12,353,948	703,564	2,606,801	1,215,056	-	16,879,369
Total undiscounted financial assets	13,501,807	54,795,663	57,331,817	88,401,504	27,923,270	2,810,248	244,764,308
Financial liabilities							
Due to banks	254,427	1,497,161	4,536,077	9,353,226	347,088	-	15,987,978
Due to customers	8,044,009	25,138,573	63,286,787	22,302,243	2,311,242	195,052	121,277,906
Debt securities issued	-	1,453,682	619,948	13,046,604	5,602,650	-	20,722,884
Other financial liabilities	-	4,043,322	-	-	-	-	4,043,322
Reinsurance and insurance payable	5,864,646	38,717	-	-	-	-	5,903,363
Lease Liabilities	-	92,144	280,405	744,717	538,804	238,081	1,894,151
Total undiscounted financial liabilities	14,163,082	32,263,599	68,723,217	45,446,790	8,799,784	433,133	169,829,604
Net undiscounted financial assets/(liabilities)	(661,275)	22,532,064	(11,391,400)	42,954,714	19,123,486	2,377,115	74,934,704

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 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

As at 31st March 2022

Guarantees	-	9,505	157,295	8,450	-	175,250
Assessment received from Inland Revenue Department	-	-	-	50,953	-	50,953
Litigation against the Company	-	188,667	54,130	-	-	242,797
Capital commitment	-	5,562,802	820,432	-	-	6,383,234
Total commitments and guarantees	-	5,760,974	1,031,857	59,403	-	6,852,234

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 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

As at 31st March 2022

Guarantees	-	9,505	157,295	8,450	-	175,250
Assessment received from Inland Revenue Department	-	-	-	97,942	-	97,942
Litigation against the Company	-	188,667	54,130	-	-	242,797
Capital commitment	-	5,562,802	820,432	-	-	6,383,234
Total commitments and guarantees	-	5,760,974	1,031,857	106,392	-	6,899,223

The Company expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments.

56. RISK MANAGEMENT (CONTD...)**56.3.3 Total liquid assets**

The table below sets out the components of the Company's liquid assets;

	2023	2022
As at 31st March	Amount Rs. '000	Amount Rs. '000
Cash in hand	1,004,152	1,135,991
Balances in current accounts	656,631	725,529
Deposits in commercial banks	32,931,834	6,457,079
Treasury bills and Treasury Bonds	10,918,159	9,801,050
Other approved securities	-	500,000
Total liquidity assets	45,510,776	18,619,649

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 2023 and 31st March 2022 to a reasonable possible change in interest rates, with all other variable constant.

As at 31st March	2023 Rs. '000	2022 Rs. '000
Impact on Statement of Profit or Loss due to interest rate shocks		
0.50%	(11,681)	(16,173)
1%	(23,361)	(32,346)
-0.50%	11,681	16,173
-1%	23,361	32,346

Sensitivity of Lease Liability to Key Assumption

Sensitivity to Incremental Borrowing Rates

As at 31st March	2023 Rs. '000	2022 Rs. '000
Impact on Company's Statement of Financial Position due to interest rate shocks		
1%	(33,413)	(36,398)
-1%	34,504	37,621

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 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
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 Liabilities	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)	

56. RISK MANAGEMENT (CONTD...)**Interest Rate Risk Exposure on Financial Asset and Liabilities**

Company As at 31st March 2022	Carrying amount	On demand	Less than 3 'months	3 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Non-interest bearing
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	
Assets								
Cash and cash equivalents	4,668,830	1,339,213	500,000	-	-	-	-	2,829,617
Balances with banks & financial institutions	5,117,866	45,085	5,072,781	-	-	-	-	-
Financial assets -Fair value through profit or loss	25,140	-	-	-	-	-	-	25,140
Loans and receivables - Amortised cost	161,162,024	8,500,810	24,622,184	38,777,566	68,688,567	19,006,788	1,566,110	-
Less - Impairment charges	9,887,570	-	-	-	-	-	-	-
Net loans and receivables	151,274,454	-	-	-	-	-	-	-
Financial assets - Fair value through other comprehensive income	1,333,278	-	1,101,440	-	-	-	-	231,838
Debt instrument - Amortised cost	9,827,221	130,610	9,696,611	-	-	-	-	-
Other financial assets	108,493	-	-	-	-	-	-	108,493
Total	172,355,282	10,015,718	40,993,016	38,777,566	68,688,567	19,006,788	1,566,110	3,195,088
Liabilities								
Due to banks	11,749,332	5,658,302	499,284	1,707,469	3,884,277	-	-	-
Due to customers	103,367,904	11,252,713	24,226,715	50,606,239	15,163,949	1,944,607	173,681	-
Debt securities issued	17,244,313	1,274,585	703,267	-	10,638,106	4,628,354	-	-
Other financial liabilities	3,636,528	-	-	-	-	-	-	3,636,528
Lease Liability	2,059,050	-	104,229	336,087	873,720	533,636	211,378	-
Total	138,057,127	18,185,600	25,533,496	52,649,795	30,560,053	7,106,597	385,059	3,636,528
Total interest sensitivity gap	34,298,155	(8,169,882)	15,459,520	(13,872,229)	38,128,514	11,900,191	1,181,051	

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 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
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
Insurance liabilities and reinsurance payables	5,206,622	-	-	-	-	-	-	5,206,622
Lease Liability	1,477,875	-	61,222	204,192	662,158	385,844	164,460	-
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. RISK MANAGEMENT (CONTD...)

Group As at 31st March 2022	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
Assets								
Cash and cash equivalents	5,402,587	1,367,125	675,252	-	-	-	-	3,360,210
Balances with banks & financial institutions	9,529,518	165,334	8,157,504	1,119,531	87,149	-	-	-
Financial assets	849,298	-	-	-	-	-	-	849,298
Loans and receivables - Amortised cost	174,162,982	8,953,406	27,386,685	44,815,404	70,250,288	20,557,671	2,199,528	-
Less-Impairment charges	10,842,136	-	-	-	-	-	-	-
Net loans and receivables	163,320,846	-	-	-	-	-	-	-
Reinsurance and insurance receivable	1,322,528	-	-	-	-	-	-	1,322,528
Financial assets - Fair value through other comprehensive income	1,632,941	-	1,401,103	-	-	-	-	231,838
Debt instrument - Amortised cost	16,013,525	296,309	12,025,767	642,362	1,952,671	1,096,416	-	-
Total	198,071,243	10,782,174	49,646,311	46,577,297	72,290,108	21,654,087	2,199,528	5,763,874
Liabilities								
Due to banks	15,300,361	6,927,576	1,492,648	2,258,534	4,621,603	-	-	-
Due to customers	111,453,750	11,130,114	26,865,248	55,983,266	15,335,463	1,965,978	173,681	-
Debt securities issued	17,103,223	1,259,276	703,267	-	10,512,326	4,628,354	-	-
Other financial liabilities	4,043,322	-	-	-	-	-	-	4,043,322
Lease Liability	1,588,115	-	57,568	60,239	735,620	531,620	203,068	-
Insurance liabilities and reinsurance payables	5,903,363	-	-	-	-	-	-	5,903,363
Total	155,392,134	19,316,966	29,118,731	58,302,039	31,205,012	7,125,952	376,749	9,946,685
Total interest sensitivity gap	42,679,109	(8,534,792)	20,527,580	(11,724,742)	41,085,096	14,528,135	1,822,779	

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 2023 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

		Company		Group	
For the year ended 31st March	Change in currency rate in %	2023	2022	2023	2022
		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	-	-	2,093	972
USD	-1	-	-	(2,093)	(972)

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	2023			2022		
	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	2,040	2,040	-	251	251	-
Financial assets - FVOCI	2,285	-	2,285	2,208	-	2,208
Group						
Financial assets - FVTPL	(3,451)	(3,451)	-	1,748	1,748	-
Financial assets - FVOCI	2,285	-	2,285	2,208	-	2,208

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 defined as the risk arising from inadequate or failed internal process ,human errors, IT failures and external factors. The operational risk management framework of the company has been define under the Board approved operational risk management policy.

Operational risk is manage by establishing appropriate internal control system including incident reporting mechanism, Branch operational risk self assessment system ,regular on-site inspection process , establish business continuity plan and maintain data base based on operational risk events.

56.6 Insurance Risks

People's Insurance PLC (PI) 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 People's Insurance PLC.

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.

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-23			31-Mar-22		
	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	600,217	179,858	420,360	789,121	18,464	770,657
Marine	20,742	11,239	9,503	32,253	19,809	12,444
Fire	140,495	83,694	56,801	159,013	99,139	59,874
Miscellaneous	307,558	120,821	186,737	310,487	134,685	175,802
Total	1,069,012	395,611	673,401	1,290,874	272,096	1,018,778

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 2023

Accident Period	Current estimate of cumulative claims incurred													Total
	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000	2016/17 Rs. '000	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000	2022/23 Rs. '000	
2022/23	(1,714)	(23,214)	(13,363)	(8,059)	(4,254)	(17,359)	(30,538)	(12,618)	(29,531)	(6,780)	56,598	383,337	4,359,787	4,652,293
2021/22	(189)	58	(1,319)	(600)	(7)	(907)	2,629	6,465	4,197	47,351	67,214	3,014,983	-	3,139,875
2020/21	193	10,771	2,942	1,485	705	2,602	7,258	7,573	32,132	(27,248)	2,738,131	-	-	2,776,544
2019/20	-	42,085	5,515	1,591	1,014	2,662	4,183	31,282	92,881	3,801,849	-	-	-	3,983,061
2018/19	(120)	11,385	51	(8,584)	4,918	(9,647)	21,099	73,912	3,166,635	-	-	-	-	3,259,650
2017/18	(844)	4,738	(608)	8,298	5,704	21,071	33,256	2,792,805	-	-	-	-	-	2,864,421
2016/17	(945)	(113)	(17,006)	(8,555)	5,397	50,267	2,635,203	-	-	-	-	-	-	2,664,247
2015/16	1,703	6,377	(5,165)	35,874	31,044	2,182,703	-	-	-	-	-	-	-	2,252,538
2014/15	1,465	1,579	28,391	(15,126)	2,040,470	-	-	-	-	-	-	-	-	2,056,779
2013/14	3,149	50,298	(167,837)	2,042,095	-	-	-	-	-	-	-	-	-	1,927,705
2012/13	4,224	(58,704)	2,040,586	-	-	-	-	-	-	-	-	-	-	1,986,105
2011/12	2,761	1,396,936	-	-	-	-	-	-	-	-	-	-	-	1,399,696
2010/11	213,654	-	-	-	-	-	-	-	-	-	-	-	-	213,654
Current estimated of cumulative claims incurred	223,337	1,442,195	1,872,187	2,048,420	2,084,992	2,231,393	2,673,090	2,899,419	3,266,313	3,815,172	2,861,943	3,398,321	4,359,787	33,176,568

Accident Period	Current estimate of cumulative claims incurred												Total	
	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000	2016/17 Rs. '000	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000		2022/23 Rs. '000
2022/23	(650)	(4,594)	(11,107)	(12,939)	(10,261)	5,616	8,111	(9,960)	(2,126)	(12,604)	(33,139)	(917,614)	(3,667,980)	(4,669,247)
2021/22	-	(58)	(2,569)	(2,428)	(5,012)	(3,402)	(8,644)	(12,075)	(10,880)	(41,866)	(534,897)	(2,397,109)	-	(3,018,940)
2020/21	(193)	(3,154)	(7,835)	(4,584)	(6,434)	(10,697)	(11,924)	(12,594)	(29,128)	(737,058)	(2,214,578)	-	-	(3,038,180)
2019/20	-	(84,791)	(9,222)	(4,101)	(13,820)	(21,259)	(15,975)	(39,809)	(551,787)	(2,956,804)	-	-	-	(3,697,567)
2018/19	-	(16,329)	(5,532)	(14,079)	(15,396)	(26,780)	(26,927)	(515,478)	(2,646,682)	-	-	-	-	(3,267,202)
2017/18	(2,129)	(8,627)	(10,057)	(10,447)	(13,186)	(30,768)	(468,923)	(2,267,584)	-	-	-	-	-	(2,811,721)
2016/17	(390)	(8,262)	(16,478)	(12,958)	(23,979)	(389,878)	(2,129,944)	-	-	-	-	-	-	(2,581,891)
2015/16	(1,718)	(16,664)	(53,691)	(28,525)	(395,616)	(1,743,314)	-	-	-	-	-	-	-	(2,239,528)
2014/15	(2,328)	(19,214)	(29,760)	(329,994)	(1,586,379)	-	-	-	-	-	-	-	-	(1,967,674)
2013/14	(3,494)	(57,575)	(252,384)	(1,621,311)	-	-	-	-	-	-	-	-	-	(1,934,764)
2012/13	(5,153)	(311,764)	(1,463,234)	-	-	-	-	-	-	-	-	-	-	(1,780,150)
2011/12	(72,230)	(893,614)	-	-	-	-	-	-	-	-	-	-	-	(965,843)
2010/11	(134,903)	-	-	-	-	-	-	-	-	-	-	-	-	(134,903)
Cumulative payments to date	(223,187)	(1,424,646)	(1,861,867)	(2,041,367)	(2,070,083)	(2,220,482)	(2,654,227)	(2,857,500)	(3,240,602)	(3,748,332)	(2,782,615)	(3,314,723)	(3,667,980)	(32,107,611)
Total Gross claims outstanding	150	17,550	10,320	7,053	14,909	10,911	18,863	41,919	25,711	66,840	79,328	83,597	691,807	1,068,957

56. RISK MANAGEMENT (CONTD...)

Net Non-Life Insurance Outstanding Claims Provision for 2022

Accident Period	Current estimate of cumulative claims incurred												2022/23 Rs. '000	Total Rs. '000
	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000	2016/17 Rs. '000	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000		
2022/23	(20,644)	(12,818)	(13,296)	(10,493)	(3,364)	(28,002)	(24,616)	(16,730)	(11,552)	2,018	45,375	129,593	5,301,447	5,336,918
2021/22	(189)	35	(1,319)	(600)	(7)	(907)	2,599	7,936	4,256	48,097	70,143	2,797,360	-	2,927,405
2020/21	193	10,793	2,942	1,485	705	2,602	6,735	8,961	33,117	58,000	2,600,846	-	-	2,726,381
2019/20	-	321	5,515	1,591	1,014	2,667	4,325	37,666	79,873	3,398,413	-	-	-	3,531,385
2018/19	(120)	11,400	51	(11,575)	5,037	(3,500)	24,501	77,270	3,106,289	-	-	-	-	3,209,354
2017/18	(844)	9,001	(608)	14,290	5,742	15,721	37,716	2,692,279	-	-	-	-	-	2,773,296
2016/17	(945)	(128)	(16,949)	(10,511)	6,864	59,287	2,549,666	-	-	-	-	-	-	2,587,283
2015/16	1,599	6,454	(3,982)	34,203	16,076	2,184,019	-	-	-	-	-	-	-	2,238,369
2014/15	1,465	2,383	28,149	(15,128)	2,023,095	-	-	-	-	-	-	-	-	2,039,964
2013/14	3,157	51,343	(158,485)	2,034,125	-	-	-	-	-	-	-	-	-	1,930,139
2012/13	4,239	(15,515)	1,976,424	-	-	-	-	-	-	-	-	-	-	1,965,148
2011/12	4,621	1,224,087	-	-	-	-	-	-	-	-	-	-	-	1,228,708
2010/11	209,131	-	-	-	-	-	-	-	-	-	-	-	-	209,131
Current estimated of cumulative claims incurred	201,663	1,287,357	1,818,441	2,037,386	2,055,161	2,231,887	2,600,926	2,807,384	3,211,983	3,506,528	2,716,365	2,926,954	5,301,447	32,703,482

Accident Period	Current estimate of cumulative claims incurred												2022/23 Rs. '000	Total Rs. '000
	2010/11 Rs. '000	2011/12 Rs. '000	2012/13 Rs. '000	2013/14 Rs. '000	2014/15 Rs. '000	2015/16 Rs. '000	2016/17 Rs. '000	2017/18 Rs. '000	2018/19 Rs. '000	2019/20 Rs. '000	2020/21 Rs. '000	2021/22 Rs. '000		
2022/23	(650.0)	(4,594.1)	(11,107.1)	(12,938.6)	(10,260.8)	5,615.9	8,110.9	(9,960.3)	(2,125.6)	(9,019.3)	(31,406.9)	(826,283.9)	(3,479,856.5)	(4,384,476)
2021/22	-	(57.5)	(2,568.9)	(2,428.2)	(5,011.5)	(3,402.3)	(8,644.5)	(12,075.1)	(10,872.0)	(37,663.5)	(505,153.1)	(2,331,752.0)	-	(2,919,629)
2020/21	(193)	(3,154)	(7,835)	(4,584)	(6,434)	(10,697)	(11,371)	(12,311)	(15,045)	(487,549)	(2,149,086)	-	-	(2,708,260)
2019/20	-	(13,201)	(9,222)	(4,101)	(13,820)	(21,259)	(15,969)	(32,630)	(521,977)	(2,902,120)	-	-	-	(3,534,299)
2018/19	-	(16,329)	(5,532)	(11,079)	(15,396)	(26,799)	(25,385)	(492,761)	(2,619,040)	-	-	-	-	(3,212,322)
2017/18	(2,129)	(8,627)	(10,057)	(10,432)	(13,132)	(30,608)	(446,918)	(2,209,836)	-	-	-	-	-	(2,731,738)
2016/17	(390)	(8,244)	(16,282)	(12,833)	(23,866)	(387,579)	(2,075,965)	-	-	-	-	-	-	(2,525,160)
2015/16	(1,614)	(16,664)	(31,860)	(27,883)	(369,486)	(1,756,890)	-	-	-	-	-	-	-	(2,204,397)
2014/15	(2,328)	(17,415)	(29,152)	(329,884)	(1,581,957)	-	-	-	-	-	-	-	-	(1,960,736)
2013/14	(3,494)	(32,281)	(226,968)	(1,616,604)	-	-	-	-	-	-	-	-	-	(1,879,345)
2012/13	(5,121)	(248,761)	(1,457,472)	-	-	-	-	-	-	-	-	-	-	(1,711,355)
2011/12	(71,907)	(890,085)	-	-	-	-	-	-	-	-	-	-	-	(961,992)
2010/11	(132,617)	-	-	-	-	-	-	-	-	-	-	-	-	(132,617)
Cumulative payments to date	(220,443)	(1,259,412)	(1,808,055)	(2,032,767)	(2,039,363)	(2,231,619)	(2,576,142)	(2,769,574)	(3,169,061)	(3,436,352)	(2,685,646)	(3,158,036)	(3,479,857)	(30,866,325)
Total Gross claims outstanding	(18,780)	27,945	10,387	4,619	15,798	268	24,785	37,809	42,922	70,176	30,719	(231,082)	1,821,590	1,837,156

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.