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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



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எனது இல. }
My No. }

INF/A/06/SLIC/AR/2023

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உமது இல. }
Your No. }

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திகதி }
Date }

29 April 2024

Chairman
Sri Lanka Insurance Corporation Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Sri Lanka Insurance Corporation Limited for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of Sri Lanka Insurance Corporation Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements 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 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

Company

(a.) According to the judgment delivered by Supreme Court of Sri Lanka on 04 June 2009, the legal ownership of the majority of shares of the Company was vested with the Secretary to the Treasury to be held on behalf of the Government of Sri Lanka. Further,



according to the said judgment, the Secretary to the Treasury was directed to cause profits of the Company during the period Distilleries Company of Sri Lanka PLC was the parent of the Company, be computed and the profits attributable to the previous owner be settled. However, the President's Counsel of the Sri Lanka Insurance Corporation Limited (SLIC) is of the opinion as stated in their legal representation letter dated 09 March 2022 that as per District Court of Colombo case No DMR/02394/19, no relief is claimable from the Company by the plaintiffs of the District Court case to discharge obligation of the Secretary to the Treasury out of the proceedings in the above stated Supreme Court applications (SC FR No 117/2007 and SC/ FR No 158/2007). Further as per the discussion had with the Ministry of Finance on 18 January 2023, the ministry was of the view that SLIC is not a party to the above case on the face of the record. Hence, the Company is in the process of obtaining a legal confirmation from the Attorney General to support the said position. However, a judgment by the District Court of Colombo in the above case No. DMR/02394/19 has not been pronounced as at the reporting period and I was also unable to obtain appropriate audit evidence related to the settlement of liability from the above mentioned cases from the discussion had with the Ministry of Finance. Further, the said confirmation from the Attorney General related to the SLIC's position was also pending as at the reporting period. Hence, considering the initial decision made by the Supreme Court and the subsequent discussion and current developments, the Company has not made any adjustment in the Financial Statements pending determination of the aforesaid attributable profits.

(b.) In the absence of confirmation of balances, I was unable to verify the completeness, existence and accuracy of the amount receivable from Distilleries Company of Sri Lanka PLC Group of Companies amounting to Rs.140,324,510 as at the reporting date as disclosed in Note 16 to the financial statements. I was unable to verify the completeness, existence and accuracy of the amounts receivable and was unable to determine whether an adjustment may be necessary to the financial statements for the year ended 31 December 2023.

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 qualified opinion.

Emphasis of Matter

Without qualifying my opinion, I draw attention to following emphasis of matters.

Company

Divestiture of Subsidiary investments of the Company and Segregation of the Life and General Insurance business of the Company

The Note No 46.2 and 46.3 to the financial statements describes the divestment of selected subsidiary investments and segregation of the Life and General Insurance Business of the Company as per letter dated 17 March 2023. The Ministry of Finance, Economic Stabilisation and National Policies has communicated the Government's policy pertaining to the divestiture of SLIC based on the Cabinet decision No.23/0431/604/046 of 14 March 2023. The Board of Directors initiated the actions based on the above instructions. Hence, the Company has been instructed to transfer the shareholdings in Lanka Hospital Corporation PLC, Canwill Holdings (Private) Limited, Litro Gas Lanka Limited and Litro Gas Terminal Lanka (Private) Limited and shares held by Litro Gas Lanka Ltd in Canwill Holdings (Private) Limited to the General Treasury with immediate effect and to fully comply with the provisions of the Regulation of Insurance Industry (Amendment) Act No. 03 of 2011, by placing its Life and General insurance business under separate legal entities. Accordingly, the model approved by Cabinet Memorandum MP/LA/022/CM/2023/305, dated 05 December 2023, involved the transfer of SLIC's life and general insurance businesses to the two wholly-owned subsidiaries. On 22 December 2023, a case was filed in the District Court and a court order obtained for segregation on 02 January 2024. Subsequently, SLIC petitioned the Commercial High Court of Colombo as per Section 256 of the Companies Act No. 07 of 2007 and obtained approval for the Scheme of Arrangements on 19 January 2024. The shareholders also approved the major transaction arising from segregation at an Extraordinary General Meeting convened on 16 January 2024. Consequently, the Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 01 February 2024 to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited, respectively, while SLIC's license was terminated accordingly. Further, by a letter from IRCSL (IRCSL/DG/LEG/2024/02/060) dated 22 February 2024, an extension was given to SLIC to remove the word "insurance" from the name of the Company ("Sri Lanka Insurance Corporation Limited") on or before 20 August 2024. As at the reporting period, the proposed share transfer for Lanka Hospitals Corporation PLC, Canwill Holdings (Private) Limited, Litro Gas Lanka (Private) Limited and Litro Terminal Lanka (Private) Limited is still in process.

Group

Material uncertainty related to the going concern of Canwill Holdings (Pvt) Ltd and its subsidiaries

As per the Note No. 48.2 to the financial statements which describes that the directors have made an assessment of the Group's ability to continue as a going concern related to Canwill Holdings (Private) Limited and its subsidiaries of Helanco Hotel and Spa (Private) Limited and Sinolanka Hotel and Spa (Private) Limited being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

However, it was noted that the Board of Directors of Helanco Hotels and Spa (Private) Limited had resolved to discontinue the project in order to construct the Hotel in Hambanthota in the year 2015. Sinolanka Hotel and Spa (Private) Limited has not recommenced construction activities in Grand Hyatt Colombo project as of the reporting period even though the Cabinet of Ministers granted approval by cabinet paper 20/1042/204/050 dated 10 July 2020. However, the Board of Directors of the Company resolved to proceed with scaling down the Grand Hyatt Colombo project for period of 09 months effective from 30 May 2022 and construction activities have not recommenced even to the reporting date. Furthermore, the Cabinet of Ministers has granted approval to transfer the shares held by Sri Lanka Insurance Corporation Ltd and shares held by Litro Gas Lanka Limited in Canwill Holdings (Private) Limited to the General Treasury as per the Cabinet decision No. MF/018/2023/055 dated 13 March 2023. The said divestiture programme has been initiated and the process of calling Expression of Interest (EOI) has already been completed.

Duly incorporation of Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited

As per the Note 46.1 to the financial statements, Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited were duly incorporated under the Companies Act No. 07 of 2007 on 25 July 2014 and 11 October 2023 accordingly. According to the Cabinet Decision No. 23/0431/604/046 dated 14 March 2023, the Company was formed to segregate the long-term and general insurance businesses of Sri Lanka Insurance Corporation Limited in order to comply with the regulations of Insurance Industry (Amendment) Act No. 03 of 2011. Accordingly, the Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited carry out the business with effect from 01 February 2024.

Transfer of employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Private) Limited

As per the Note 46.4 and 48.5 to the financial statements, the employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Private) Limited have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from 01 February 2024. Although the employees have been transferred, the Company still exists, and no decision has been made to wind up the Company as of the date of signing of the financial statements. Accordingly, the financial statements have been prepared based on the principle of going concern assumption.

1.3 Other information included in the Group's 2023 Annual Report

The other information comprises the information included in the 2023 Annual Report but does not include the financial statements and my auditor's report thereon. Management is responsible for the other information.

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

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 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.

When I read the Company's 2023 Annual Report, if I conclude that there 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 concluded in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

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

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

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

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

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Company and the Group are 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 Company and the Group.

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

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- 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 control 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 statements. 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, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 07 of 2007 include specific provisions for following requirements.
- 2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, 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. 07 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.
- 2.1.2 The financial statements of the Company comply with the requirement of section 151 and 153 of the Companies Act, No. 07 of 2007.
- 2.1.3 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.
- 2.1.4 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 except for 1.2 (a) and (b) of this report.
- 2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;
- 2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018;
- 2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

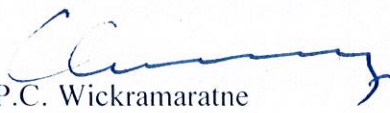
<i>Reference to law/ direction</i>	<i>Description</i>
(a.) Section 53 of Regulation of Insurance Industry (Amendment) Act No. 03 of 2011	The Company has not segregated the long-term insurance business and the general insurance business being carried on by it into two separate companies as at the reporting date. However, according to Cabinet Decision No.23/0431/604/046 of 14 March 2023, the Company has been instructed to fully comply with

the provisions of the Regulation of Insurance Industry (Amendment) Act No. 03 of 2011, by placing its Life and General insurance business under separate legal entities. As explained in the Note No. 46, a model was approved by Cabinet Memorandum MP/LA/022/CM/2023/305, dated 05 December 2023, which involved the transfer of SLIC's life and general insurance businesses to the two wholly-owned subsidiaries and Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 01 February 2024 to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited, respectively, while SLIC's license was terminated accordingly. Hence, the segregation process is still in the implementation stage as at the reporting period.

(b.)Section 47 (2) of the Regulation of Insurance Industry Act, No. 43 of 2000 Due to the above stated non-compliance described in the previous point, the accounting records of the Company have not been maintained in the manner required by the rules issued by the Insurance Regulatory Commission of Sri Lanka.

2.2.3 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;

2.2.4 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

As at 31st December	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Assets					
Financial investments	5	258,084,996	218,175,123	251,108,987	211,251,915
Investment in subsidiaries	6	-	-	23,823,892	22,823,892
Investment in associates	7	198,673	198,673	198,673	198,673
Property, plant and equipment	8	74,808,440	75,426,802	12,644,260	12,763,092
Right-of-use assets	9	1,149,793	1,301,274	501,037	576,789
Investment properties	10	3,321,320	2,973,640	2,362,320	2,083,640
Intangible assets	11	3,188,957	3,077,882	116,025	37,588
Loans to policyholders	12	2,095,884	1,867,624	2,095,884	1,867,624
Reinsurance receivable	13	1,868,737	4,367,265	1,868,737	4,367,265
Premium receivable	14	6,290,934	6,610,797	6,290,934	6,610,797
Deferred tax assets	15	403	162,342	-	-
Other assets	16	19,221,424	16,074,026	5,113,477	5,026,984
Deferred expenses	17	620,872	520,172	620,872	520,172
Cash and cash equivalents	18	18,520,136	9,788,484	5,885,171	6,320,469
Total assets		389,370,570	340,544,104	312,630,269	274,448,900
Liabilities and shareholders' equity					
Equity					
Stated capital	19	6,000,000	6,000,000	6,000,000	6,000,000
Regulatory restricted reserves		98,237	98,237	98,237	98,237
Revaluation reserve	20	22,828,004	22,972,908	8,410,899	8,516,289
Available for sale reserve	21	9,578,134	(246,970)	9,578,134	(246,970)
Revenue reserves	22	84,203,128	73,572,987	67,691,964	62,079,011
Total equity attributable to equity holders of the company		122,707,503	102,397,162	91,779,234	76,446,567
Non-controlling interest	6.4	13,233,465	12,897,579	-	-
Total equity		135,940,968	115,294,741	91,779,234	76,446,567
Liabilities					
Insurance contract liabilities - life	23	183,784,492	159,769,323	183,784,492	159,769,323
Insurance contract liabilities - non-life	24	20,496,192	21,689,853	20,496,192	21,689,853
Reinsurance payable		1,183,597	2,354,371	1,183,597	2,354,371
Current tax liabilities	25	3,010,059	2,372,303	2,114,571	1,686,823
Deferred tax liabilities	15	7,942,524	6,017,757	3,923,071	3,756,899
Lease liabilities	9	847,561	876,401	567,226	492,518
Retirement benefit obligation	26	2,473,643	2,088,250	1,738,388	1,530,151
Other liabilities	27	27,846,688	23,008,938	6,597,465	6,159,369
Financial liabilities	28	5,844,846	7,072,167	446,033	563,026
Total liabilities		253,429,602	225,249,363	220,851,035	198,002,333
Total liabilities and equity		389,370,570	340,544,104	312,630,269	274,448,900

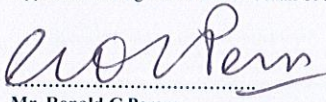
The accounting policies and notes on pages 09 to 115 form an integral part of these Financial Statements.

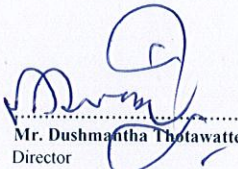
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.


Mrs. Sriyani Kulasinghe
Acting Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors;


Mr. Ronald C Perera
Chairman


Mr. Dushantha Thotawatte
Director

SRI LANKA INSURANCE CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER

Page 2

	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Revenue	29	170,784,833	156,605,058	64,193,767	63,684,756
Gross written premium	30	43,320,585	41,053,602	44,224,745	41,271,573
Change in reserve for gross unearned premium	31.2	(466,762)	612,519	(466,762)	612,519
Gross earned premium		42,853,823	41,666,121	43,757,983	41,884,092
Premium ceded to reinsurers	31.3	(6,374,682)	(5,743,770)	(6,374,682)	(5,743,770)
Change in reserve for unearned reinsurance premium	31.4	(520,935)	883,699	(520,935)	883,699
Net earned premium	31	35,958,206	36,806,050	36,862,366	37,024,021
Revenue from other operations	30.1	103,215,334	90,620,724	-	-
		139,173,540	127,426,774	36,862,366	37,024,021
Other income					
Investment income	32	29,490,140	15,370,280	28,443,596	13,793,670
Fees and commission income	33	57,571	67,211	57,571	67,211
Net realised /unrealised gains	34	(829,217)	10,177,094	(2,587,778)	11,857,124
Other income	35	2,892,799	3,563,699	1,418,012	942,730
		31,611,293	29,178,284	27,331,401	26,660,735
Revenue		170,784,833	156,605,058	64,193,767	63,684,756
Benefits, losses and expenses					
Net benefits and claims	36	(21,778,074)	(22,131,899)	(21,778,074)	(22,131,899)
Underwriting and net acquisition costs	37	(3,501,658)	(3,301,835)	(3,501,658)	(3,301,835)
Change in contract liabilities - Life fund		(18,289,725)	(11,017,756)	(18,289,725)	(11,017,756)
Other operating and administrative expenses		(20,450,203)	(26,866,923)	(9,920,496)	(14,757,116)
Cost of services of subsidiaries		(86,806,657)	(77,123,398)	-	-
Net benefits, losses and expenses		(150,826,317)	(140,441,811)	(53,489,953)	(51,208,606)
Profit before tax	38	19,958,516	16,163,247	10,703,814	12,476,150
Income tax expense	39	(6,203,340)	(3,579,214)	(2,925,242)	(1,930,343)
Net Profit for the year		13,755,176	12,584,033	7,778,572	10,545,807
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Gain/(loss) on revaluation of property, plant and equipment		9,432	7,620,440	-	-
Deferred tax effect on revaluation of property, plant and equipment	39.2	-	(125,330)	-	-
Deferred tax effects on realisation of revaluation of reserve on property, plant and equipment	39.2	45,167	-	45,167	-
Actuarial gains/(losses) on retirement benefit obligation	26	(110,935)	763,296	6,665	641,457
Deferred tax effect on actuarial gains/(losses)	39.2	89,446	(84,170)	60,400	(57,309)
Effect on deferred tax due to rate change	39.2	-	(969,129)	-	(758,993)
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available for sale financial assets		15,801,903	(12,320,354)	15,801,903	(12,320,354)
Deferred tax effect on fair value of available for sale reserve	39.2	(115,602)	262,681	(115,602)	262,681
Other comprehensive income for the year, net of tax		15,719,411	(4,852,566)	15,798,533	(12,232,518)
Total comprehensive income for the year		29,474,587	7,731,468	23,577,105	(1,686,711)
Profit for the year attributable to:					
Equity holders of the company		13,064,846	11,588,573	7,778,572	10,545,807
Non-controlling interest		690,330	995,460	-	-
Net profit for the year		13,755,176	12,584,033	7,778,572	10,545,807
Total comprehensive income attributable to:					
Equity holders of the Company		28,811,608	4,945,645	23,577,105	(1,686,711)
Non-controlling interest		662,979	2,785,823	-	-
Total comprehensive income for the year		29,474,587	7,731,468	23,577,105	(1,686,711)
Basic / diluted earnings per share (Rs.)	40	21.79	19.32	12.97	17.58
Dividend per share (Rs.)	41	3.79	1.67	3.79	1.67

Figures in brackets indicate deductions.

The accounting policies and notes on pages 09 to 115 form an integral part of these Financial Statements.

Colombo
26th April 2024

SRI LANKA INSURANCE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2023

Group	Stated Capital	Revaluation Reserve	General Reserve	Available-For-Sale Reserve	Unrestricted Reserve	Regulatory Restricted Reserves	Surplus from Life Insurance	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January 2022	6,000,000	18,414,228	643,442	6,008,859	466,179	98,237	17,920,276	46,686,715	96,237,936	9,125,663	105,363,599
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022	-	-	-	-	-	-	(228,077)	(1,536,138)	(1,764,215)	-	(1,764,215)
Adjusted balance as at 01st January 2022	6,000,000	18,414,228	643,442	6,008,859	466,179	98,237	17,692,199	45,150,577	94,473,721	9,125,663	103,599,384
Total Comprehensive Income for the year											
Profit for the year	-	-	-	-	-	-	-	11,588,573	11,588,573	995,460	12,584,033
Other comprehensive income, net of tax	-	4,757,807	-	(12,057,673)	-	-	-	656,937	(6,642,929)	1,790,363	(4,852,566)
Total comprehensive income for the year	-	4,757,807	-	(12,057,673)	-	-	-	12,245,510	4,945,644	2,785,823	7,731,467
Depreciation transfer on surplus on revaluation of building	-	(26,592)	-	-	-	-	-	26,592	-	-	-
Transfer to revaluation reserve	-	-	-	-	-	-	-	-	-	-	-
Transaction with owners of the Company recorded directly in equity											
Surplus attributable to shareholders from life insurance	-	-	-	-	-	-	3,016,654	(3,016,654)	-	-	-
Changes in interest while retaining control	-	(172,535)	-	-	-	-	-	(1,140,169)	(1,312,704)	1,312,704	-
Dividend paid	-	-	-	-	-	-	-	(1,511,343)	(1,511,343)	(326,611)	(1,837,954)
Transferred AFS Reserves - Life fund	-	-	-	5,801,844	-	-	-	-	5,801,844	-	5,801,844
Balance as at 31st December 2022	6,000,000	22,972,908	643,442	(246,970)	466,179	98,237	20,708,853	51,754,513	102,397,162	12,897,579	115,294,741

Figures in brackets indicate deductions.

The accounting policies and notes on pages 09 to 115 form an integral part of these Financial Statements.

Colombo
26th April 2024

SRI LANKA INSURANCE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2023

Page 4

Group	Stated Capital	Revaluation Reserve	General Reserve	Available For Sale Reserve	Unrestricted Reserve	Regulatory Restricted Reserves	Surplus from Life Insurance	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01st January 2023	6,000,000	22,972,908	643,442	(246,970)	466,179	98,237	20,708,853	51,754,512	102,397,161	12,897,579	115,294,740
Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022	-	-	-	-	-	-	-	(334,236)	(334,236)	-	(334,236)
Adjusted balance as at 01st January 2023	6,000,000	22,972,908	643,442	(246,970)	466,179	98,237	20,708,853	51,420,276	102,062,925	12,897,579	114,960,504
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	13,064,846	13,064,846	690,330	13,755,176
Other comprehensive income, net of tax	-	54,599	-	15,686,301	-	-	-	5,863	15,746,763	(27,352)	15,719,411
Total comprehensive income for the year	-	54,599	-	15,686,301	-	-	-	13,070,708	28,811,608	662,979	29,474,587
Depreciation transfer on surplus on revaluation of building	-	(101,735)	-	-	-	-	-	101,735	-	-	-
Transfer to Revaluation Reserve	-	(76,975)	-	-	-	-	-	-	(76,975)	-	(76,975)
Transaction with owners of the company recorded directly in equity											
Surplus attributable to shareholders from life insurance	-	-	-	-	-	-	3,444,484	(3,444,484)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(2,272,841)	(2,272,841)	(327,093)	(2,599,934)
Share buyback	-	-	-	-	-	-	-	(33,424)	(33,424)	-	(33,424)
Realisation of Revaluation Reserve on Land Disposal	-	(20,793)	-	-	-	-	-	20,793	-	-	-
ROU Asset Depreciation Transfer	-	-	-	-	-	-	-	77,407	77,407	-	77,407
Transferred AFS Reserves - Life fund	-	-	-	(5,861,197)	-	-	-	-	(5,861,197)	-	(5,861,197)
	-	(199,503)	-	(5,861,197)	-	-	3,444,484	(5,550,814)	(8,167,030)	(327,093)	(8,494,123)
Balance as at 31st December 2023	6,000,000	22,828,004	643,442	9,578,134	466,179	98,237	24,153,337	58,940,170	122,707,503	13,233,465	135,940,968

Figures in brackets indicate deductions.

**** Canowin Hotels & Spas (Pvt) Ltd**

Canowin Hotels & Spas (Pvt) Ltd made a correction to the opening balance of the current year's Statement of Changes in Equity. The correction was due to payments made to suppliers that were recognised as advanced payments in 2022 but should have been recognised as expenses amounting to Rs. 373,097. The impact of this correction was adjusted to the current year's retained earnings opening balance as a prior year adjustment.

The accounting policies and notes on pages 09 to 115 form an integral part of these Financial Statements.

Colombo
26th April 2024

SRI LANKA INSURANCE CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2023

Page 5

Company	Stated Capital	Revaluation Reserve	General Reserve	Available-For-Sale Reserve	Unrestricted Reserve	Regulatory Restricted Reserves	Surplus from Life Insurance	Retained Earnings	Total Equity
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Balance as at 01 January 2022	6,000,000	9,275,282	643,442	6,008,859	466,179	98,237	17,920,276	34,775,158	75,187,433
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022							(228,077)	(1,116,579)	(1,344,656)
Adjusted balance as at 01st January 2022	6,000,000	9,275,282	643,442	6,008,859	466,179	98,237	17,692,199	33,658,579	73,842,777
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	10,545,807	10,545,807
Other comprehensive income, net of tax	-	(758,993)	-	(12,057,673)	-	-	-	584,148	(12,232,518)
Total comprehensive income for the year	-	(758,993)	-	(12,057,673)	-	-	-	11,129,955	(1,686,711)
Transfer to revaluation reserve	-	-	-	-	-	-	-	-	-
Transaction with owners of the Company recorded directly in equity									
Surplus attributable to shareholders from life insurance	-	-	-	-	-	-	3,016,654	(3,016,654)	-
Dividend paid	-	-	-	-	-	-	-	(1,511,343)	(1,511,343)
Transferred AFS Reserves - Life fund	-	-	-	5,801,844	-	-	-	-	5,801,844
Balance as at 31st December 2022	6,000,000	8,516,289	643,442	(246,970)	466,179	98,237	20,708,853	40,260,537	76,446,567
Balance as at 01st January 2023	6,000,000	8,516,289	643,442	(246,970)	466,179	98,237	20,708,853	40,260,536	76,446,566
Impact from prior period error corrections **								-	-
Adjustment for surcharge tax levied under the Surcharge Tax Act No. 14 of 2022	-	-	-	-	-	-	-	-	-
Adjusted balance as at 01st January 2023	6,000,000	8,516,289	643,442	(246,970)	466,179	98,237	20,708,853	40,260,536	76,446,566
Total comprehensive income for the Year									
Profit for the year	-	-	-	-	-	-	-	7,778,572	7,778,572
Other comprehensive income, net of tax	-	45,167	-	15,686,301	-	-	-	67,065	15,798,533
Total Comprehensive Income for the Year	-	45,167	-	15,686,301	-	-	-	7,845,637	23,577,105
Depreciation transfer on surplus on revaluation of building	-	(73,582)	-	-	-	-	-	73,582	-
Transfer to Revaluation Reserve	-	(76,975)	-	-	-	-	-	-	(76,975)
Transaction with owners of the Company recorded directly in equity									
Surplus attributable to shareholders from life insurance	-	-	-	-	-	-	3,444,484	(3,444,484)	-
Dividend paid	-	-	-	-	-	-	-	(2,272,841)	(2,272,841)
Transferred AFS Reserves - Life fund	-	-	-	(5,861,197)	-	-	-	-	(5,861,197)
Share buyback	-	-	-	-	-	-	-	(33,424)	(33,424)
Balance as at 31st December 2023	6,000,000	8,410,899	643,442	9,578,134	466,179	98,237	24,153,337	42,429,006	91,779,234

Figures in brackets indicate deductions.

The accounting policies and notes on pages 09 to 115 form an integral part of these Financial Statements.

Colombo
26th April 2024

For the year ended 31st December	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Cash flows from operating activities					
Premium received from customers		43,640,446	42,420,553	44,544,606	42,638,524
Reinsurance premium paid		(7,035,449)	(6,257,689)	(7,035,449)	(6,257,689)
Insurance claims and benefits paid		(24,142,984)	(22,952,549)	(24,142,984)	(22,952,549)
Reinsurance receipts in respect of claims and benefits		2,605,366	2,005,679	2,605,366	2,005,679
Cash received from debtors		91,895,232	93,681,303	1,303,913	1,418,620
Cash received / (paid) on cylinder deposits		72,257	(4,354)	-	-
Cash paid to and on behalf of employees		(9,349,755)	(11,747,031)	(7,135,343)	(6,973,352)
Interest received		23,967,659	19,148,662	21,983,657	17,309,371
Dividend received		479,503	1,348,781	2,055,272	1,712,590
Other operating cash payments		(80,751,888)	(100,182,717)	(7,746,781)	(8,197,230)
Cash flows from operating activities	A	41,380,387	17,460,638	26,432,257	20,703,964
Retiring gratuity paid	26	(201,139)	(121,086)	(110,165)	(68,732)
Interest expense paid		475,192	310,308	-	-
Income tax paid	25	(3,465,109)	(2,582,531)	(2,341,357)	(1,839,896)
Surcharge tax paid		(334,236)	(2,846,584)	-	(2,426,625)
Net cash from operating activities		37,855,095	12,220,745	23,980,735	16,368,711
Cash flows from investing activities					
Acquisition of financial investments	5.5	(79,469,152)	(72,425,369)	(77,243,702)	(70,252,132)
Proceeds from financial investments		59,269,353	34,772,728	59,269,353	34,672,728
Acquisition of subsidiary, net of cash		66,400	-	-	-
Proceeds from disposal of property, plant and equipment		110,655	34,243	38,336	21,553
Acquisition of property, plant and equipment	8	(1,180,646)	(983,700)	(371,582)	(515,245)
Acquisition of intangible assets	11.2	(153,759)	(27,564)	(101,062)	(17,809)
Acquisition of investment property	10	(4,975)	(3,743)	-	-
Expenditure incurred on capital work- in -progress	8	(142,898)	(727,680)	-	-
Staff loans granted		(1,554,365)	(1,064,562)	(1,471,393)	(1,043,000)
Staff loans recovered		834,978	254,317	716,657	171,927
Loan granted to policyholders	12	(1,876,443)	(1,540,297)	(1,876,443)	(1,540,297)
Settlement of loans by policyholders		1,893,380	1,385,027	1,893,380	1,385,027
Net cash used in investing activities		(22,207,472)	(40,326,600)	(19,146,456)	(37,117,247)
Cash flows from financing activities					
Share Buyback		(33,424)	-	(33,424)	-
Dividend paid	22.2	(2,272,841)	(1,511,343)	(2,272,841)	(1,511,343)
Dividend paid to NCI		(327,093)	(326,611)	-	-
Lease rental paid	9.2	(498,120)	(640,761)	(249,621)	(220,888)
Proceeds from Redeemable Non-Cumulative Preference Share		176,000	-	-	-
Acquisition of Right of Use Assets		(8,920)	-	(8,920)	-
Loan Repayments		(1,001,712)	-	-	-
Loans obtained		-	1,067,880	-	-
Net cash used in financing activities		(3,966,110)	(1,410,835)	(2,564,806)	(1,732,231)
Effect of exchange rate changes on cash and cash equivalents		(2,594,770)	11,857,124	(2,587,778)	1,012,991
Net increase/(decrease) in cash and cash equivalents		9,086,742	(17,659,566)	(318,305)	(10,623,644)
Cash and cash equivalents at the beginning of the year		8,697,630	26,357,197	5,757,443	16,381,087
Cash and cash equivalents at the end of the year (Note A)	18	17,784,372	8,697,631	5,439,138	5,757,443
Note A - Analysis of cash and cash equivalents					
Cash at bank and in hand		5,908,866	3,632,707	1,320,851	928,069
Short-term investments		12,611,270	6,155,777	4,564,320	5,392,400
*Bank overdraft		(735,764)	(1,090,853)	(446,033)	(563,026)
		17,784,372	8,697,631	5,439,138	5,757,443

*The reported bank overdraft balance as at the reporting date is used for the purpose cash management. The Company has a bank overdraft facility of Rs. 9.3 Mn.
Figures in brackets indicate deductions.

A Reconciliation of operating profit with cash flow from operating activities

	Company	
	2023 Rs. 000'	2022 Rs. 000'
Profit from operations	5,392,465	8,082,483
Increase in long-term insurance fund	23,595,911	15,411,423
Depreciation charge	491,992	506,346
ROU asset cost	258,156	227,360
Profit on sale on property, plant and equipment	(12,588)	(21,493)
Investment income - unrealised gain/(loss)	(445,070)	6,718,045
Gratuity provision	325,068	322,599
Gain/(loss) on foreign exchange transaction	2,587,778	(11,857,124)
FV gain recorded in income statement	(204,348)	(141,040)
Impairment on SLDB	(2,676,150)	2,676,150
Increase/(decrease) in debtors	(1,881,765)	(1,019,839)
Increase/(decrease) in unearned premium	987,698	(1,496,219)
Increase/(decrease) in claims provisions	(2,317,110)	2,152,975
Increase/(decrease) in creditors	319,126	(867,538)
Increase/(decrease) in policyholder advance payments	11,096	9,837
Deferred tax charged to P&L	-	-
Net cash from operating activities	26,432,259	20,703,963

The accounting policies and notes on pages 09 to 115 form an integral part of these Financial Statements.

SRI LANKA INSURANCE CORPORATION LIMITED
SEGMENTAL REVIEW: STATEMENT OF FINANCIAL POSITION

As at 31st December	2023							2022						
	Non Life Insurance	Life Insurance	Healthcare	Energy	Others	Eliminations	Total	Non Life Insurance	Life Insurance	Healthcare	Energy	Others	Eliminations	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Assets														
Financial investments	45,549,965	205,559,021	6,976,009	-	-	-	258,084,995	36,589,214	174,662,701	6,923,208	-	-	-	218,175,123
Investment in subsidiaries	20,134,852	3,796,543	-	5,000,000	20,500,000	(49,431,395)	-	19,634,852	3,296,543	-	5,000,000	20,500,000	(48,431,395)	-
Investment in associates	198,673	-	-	-	-	-	198,673	198,673	-	-	-	-	-	198,673
Property, plant and equipment	12,551,299	92,961	5,384,713	19,164,199	37,615,271	-	74,808,441	12,667,642	95,450	5,125,086	19,859,549	37,679,078	-	75,426,804
Right-of-use asset	24,493	476,543	550,363	62,392	36,000	-	1,149,791	168,431	408,358	531,471	170,723	22,290	-	1,301,273
Investment properties	2,362,320	-	-	-	959,000	-	3,321,320	2,083,640	-	-	-	890,000	-	2,973,640
Intangible assets	116,026	-	79,061	-	1,066	2,992,805	3,188,958	37,588	-	46,814	-	675	2,992,805	3,077,882
Loans to policyholders	-	2,095,883	-	-	-	-	2,095,883	-	1,867,624	-	-	-	-	1,867,624
Reinsurance receivable	1,813,217	55,520	-	-	-	-	1,868,737	3,359,006	1,008,259	-	-	-	-	4,367,265
Premium receivable	5,578,337	712,597	-	-	-	-	6,290,934	5,935,715	675,082	-	-	-	-	6,610,797
Deferred tax assets	-	-	-	-	403	-	403	-	-	-	160,309	2,033	-	162,342
Other assets	615,961	5,074,790	2,329,069	14,153,468	2,010,661	(4,962,523)	19,221,427	1,209,209	3,840,197	1,995,760	15,146,438	1,730,483	(7,848,062)	16,074,026
Deferred expenses	620,872	-	-	-	-	-	620,872	520,172	-	-	-	-	-	520,172
Cash and cash equivalents	3,820,828	3,143,743	999,579	9,885,051	670,934	-	18,520,135	3,418,906	2,901,563	711,591	2,301,902	454,521	-	9,788,483
Total assets	93,386,843	221,007,601	16,318,794	48,265,110	61,793,335	(51,401,113)	389,370,569	85,823,048	188,755,777	15,333,930	42,638,921	61,279,080	(53,286,652)	340,544,104
Liabilities and equity														
Liabilities														
Insurance contract liabilities - life	-	183,784,492	-	-	-	-	183,784,492	-	159,769,323	-	-	-	-	159,769,323
Insurance contract liabilities - non-life	20,496,193	-	-	-	-	-	20,496,193	21,689,853	-	-	-	-	-	21,689,853
Right-of-use liabilities	18,739	548,486	249,095	31,050	190	-	847,560	17,741	474,777	239,031	144,662	190	-	876,401
Reinsurance payable	1,183,597	-	-	-	-	-	1,183,597	1,469,919	884,452	-	-	-	-	2,354,371
Current tax liabilities	543,315	1,576,133	483,706	406,906	-	-	3,010,060	267,443	1,419,380	353,794	327,935	3,751	-	2,372,303
Deferred tax liabilities	3,923,071	-	1,134,821	2,647,203	237,429	-	7,942,524	3,756,899	-	1,212,338	926,845	121,675	-	6,017,757
Retirement benefit obligation	1,070,190	668,199	369,817	176,170	189,268	-	2,473,644	759,575	770,576	254,261	145,181	158,657	-	2,088,250
Other liabilities	4,162,319	3,011,186	1,192,662	14,518,073	7,044,960	(2,082,511)	27,846,689	3,260,531	2,921,259	765,627	10,517,250	7,042,320	(1,498,049)	23,008,938
Financial liabilities	264,461	181,573	289,731	2,880,000	5,109,082	(2,880,000)	5,844,847	312,304	250,722	527,827	7,351,712	4,979,602	(6,350,000)	7,072,167
Total liabilities	31,661,886	189,770,069	3,719,832	20,659,400	12,580,929	(4,962,511)	253,429,605	31,534,266	166,490,489	3,352,878	19,413,583	12,306,195	(7,848,049)	225,249,363
Equity														
Stated capital	6,500,000	500,000	2,671,543	1,947,109	41,870,087	(47,488,739)	6,000,000	6,000,000	-	2,671,543	1,947,109	41,870,087	(46,488,739)	6,000,000
Regulatory restricted reserves from one off surplus	-	98,237	-	-	-	-	98,237	-	98,237	-	-	-	-	98,237
Revaluation reserve	8,339,227	71,672	1,306,247	5,078,753	12,875,568	(4,843,462)	22,828,004	8,444,617	71,672	1,361,085	5,099,559	12,866,136	(4,870,160)	22,972,908
Available for sale reserve	4,082,926	5,495,208	-	-	-	-	9,578,134	(921,825)	674,855	-	-	-	-	(246,970)
Revenue reserves	42,802,805	25,072,417	8,621,172	20,579,849	(5,533,249)	(7,339,866)	84,203,127	40,765,990	21,420,524	7,948,424	16,178,670	(5,763,338)	(6,977,283)	73,572,987
Non-controlling interest	-	-	-	-	-	-	13,233,465	-	-	-	-	-	-	12,897,579
Total equity	61,724,958	31,237,534	12,598,962	27,605,710	49,212,406	(46,438,602)	135,940,967	54,288,782	22,265,288	11,981,052	23,225,338	48,972,885	(45,438,603)	115,294,741
Total liabilities and equity	93,386,844	221,007,603	16,318,794	48,265,110	61,793,335	(51,401,113)	389,370,573	85,823,048	188,755,777	15,333,930	42,638,921	61,279,080	(53,286,652)	340,544,104

For the Year ended 31st December	2023							2022						
	Non Life Insurance	Life Insurance	Healthcare	Energy	Others	Elimination	Total	Non Life Insurance	Life Insurance	Healthcare	Energy	Others	Eliminations	Total
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Gross written premium	23,145,056	21,079,689	-	-	-	(904,160)	43,320,585	20,341,448	20,930,125	-	-	-	(217,971)	41,053,602
Change in reserves for gross unearned premium	(466,762)	-	-	-	-	-	(466,762)	612,519	-	-	-	-	-	612,519
Gross earned premium	22,678,294	21,079,689	-	-	-	(904,160)	42,853,823	20,953,967	20,930,125	-	-	-	(217,971)	41,666,121
Premium ceded to re-insurers	(5,700,815)	(673,867)	-	-	-	-	(6,374,682)	(5,180,941)	(562,829)	-	-	-	-	(5,743,770)
Change in reserve for unearned re-insurance premium	(520,935)	-	-	-	-	-	(520,935)	883,699	-	-	-	-	-	883,699
Net earned premium	16,456,544	20,405,822	-	-	-	(904,160)	35,958,206	16,656,725	20,367,296	-	-	-	(217,971)	36,806,050
Revenue from other operations	-	-	12,418,608	92,936,009	119,013	(2,258,296)	103,215,334	-	-	10,697,888	81,426,349	127,623	(1,631,136)	90,620,724
	16,456,544	20,405,822	12,418,608	92,936,009	119,013	(3,162,456)	139,173,540	16,656,725	20,367,296	10,697,888	81,426,349	127,623	(1,849,107)	127,426,774
Benefits and losses														
Net benefits and claims	(10,017,691)	(11,760,383)	-	-	-	-	(21,778,074)	(10,525,781)	(11,606,118)	-	-	-	-	(22,131,899)
Underwriting and net acquisition costs	(755,440)	(2,746,218)	-	-	-	-	(3,501,658)	(740,074)	(2,561,761)	-	-	-	-	(3,301,836)
Change in contract liabilities - Life fund	-	(18,289,725)	-	-	-	-	(18,289,725)	-	(11,017,756)	-	-	-	-	(11,017,756)
Cost of services of subsidiaries	-	-	(7,209,581)	(81,612,069)	(35,309)	2,050,302	(86,806,657)	-	-	(5,993,026)	(72,544,066)	(30,573)	1,444,267	(77,123,398)
Total benefits and losses	(10,773,131)	(32,796,326)	(7,209,581)	(81,612,069)	(35,309)	2,050,302	(130,376,114)	(11,265,855)	(25,185,635)	(5,993,026)	(72,544,066)	(30,573)	1,444,267	(113,574,888)
Other revenue														
Investment income	5,796,446	22,666,949	1,257,662	1,258,324	86,527	(1,575,769)	29,490,139	1,743,588	12,050,084	927,518	1,341,145	78,633	(770,688)	15,370,280
Fees and commission income	-	57,571	-	-	-	-	57,571	-	67,211	-	-	-	-	67,211
Net realised gains	(1,907,846)	(679,932)	(518,044)	1,471,534	805,071	-	(829,217)	9,169,180	2,687,944	1,954,853	(3,634,883)	-	-	10,177,094
Other income	774,207	876,493	76,934	276,702	1,059,614	(171,151)	2,892,799	585,855	589,563	86,061	130,799	2,537,463	(366,042)	3,563,699
	4,662,807	22,921,081	816,552	3,006,560	1,951,212	(1,746,920)	31,611,292	11,498,623	15,394,802	2,968,432	(2,162,939)	2,616,096	(1,136,730)	29,178,284
Expenses														
Other operating, investment related and administrative expenses	(4,934,071)	(5,219,817)	(4,115,591)	(5,597,945)	(1,649,544)	1,066,765	(20,450,203)	(8,807,009)	(6,182,795)	(3,612,095)	(4,437,706)	(5,014,714)	1,187,396	(26,866,923)
Profit before taxation	5,412,149	5,310,760	1,909,988	8,732,555	385,372	(1,792,309)	19,958,515	8,082,484	4,393,668	4,061,199	2,281,638	(2,301,568)	(354,174)	16,163,247
Income tax expense	(1,068,416)	(1,861,703)	(564,759)	(2,583,997)	(124,465)	-	(6,203,340)	(553,331)	(1,377,013)	(814,341)	(794,989)	(39,540)	-	(3,579,214)
Shareholders' Fund	4,343,733	3,449,057	1,345,229	6,148,558	260,907	(1,792,309)	13,755,175	7,529,153	3,016,655	3,246,858	1,486,649	(2,341,108)	(354,174)	12,584,033

1. REPORTING ENTITY

1.1 CORPORATE INFORMATION

Sri Lanka Insurance Corporation Limited (the “Company/SLIC”), is a public limited liability Company incorporated and domiciled in Sri Lanka. The registered office of the Group/Company is located in the District of Colombo and the principal place of business is located at ‘Rakshana Mandiraya’, No.21, Vauxhall Street, Colombo 02.

The consolidated financial statements of the Group as at and for the year ended 31st December 2023, comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates. The financial statements of all companies within the Group have been prepared for a common financial year which ends on 31st December 2023.

599,568,144 number of ordinary shares (99.97%) of the parent company are owned by Secretary to the Treasury and the rest is owned by employees and ex-employees of the Company.

The Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 1st February 2024 to Sri Lanka Insurance Corporation Life Limited to carry out the Life insurance business and Sri Lanka Insurance Corporation General Limited to carry out the Non-life insurance, respectively, while SLIC's license was terminated accordingly. (Refer Note 47 -Events after the Reporting Date)

1.2 Principal activities and nature of operations

1.2.1 Group/Company

The principal activity of the Company is to undertake and carry on all classes of insurance businesses.

1.2.2 Subsidiaries

Name of the Subsidiaries	Principal Activities
The Lanka Hospital Corporation PLC	Providing healthcare and laboratory services
Litro Gas Lanka Limited	Importing, processing, storing, distributing and selling of Liquid Petroleum Gas (LPG) and providing other incidental services.
Litro Gas Terminal Lanka (Pvt) Limited	Providing bulk storage facilities for Liquid Petroleum Gas (LPG)
Canowin Hotels and Spas (Pvt) Limited	Providing office space on rent for commercial purposes and is also engaged in hospitality trade.
Canwill Holdings (Pvt) Limited	Investment promotion related to leisure sector, controlling and monitoring subsidiaries as a holding company

Name of the Subsidiaries	Principal Activities
Management Services Rakshana (Pvt) Limited	Providing payroll management services to Sri Lanka Insurance Corporation Limited
Sri Lanka Insurance Corporation General Limited	Carrying out of General insurance business with effect from 01 st February 2024
Sri Lanka Insurance Corporation Life Limited	Carrying out of long-term Life insurance business with effect from 01 st February 2024

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Sri Lanka Accounting Standards (LKASs/SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka, the requirements of the Companies Act No. 07 of 2007 and the Regulation of Insurance Industry Act No.43 of 2000.

The financial statements were authorized for issue by the Board of Directors on 26th April 2024.

2.2 Basis of Measurement

The financial statements of the Company and the Group have been prepared on the historical cost basis except for the following material items, which are measured on an alternative basis.

- Policyholders' liabilities have been measured at actuarially-determined values
- The liabilities for defined benefit obligation are actuarially valued and recognized as the present value of defined benefit obligation
- Land and buildings are measured at fair value
- Financial assets held for trading are measured at fair value
- Financial assets designated at fair value through profit or loss are measured at fair value
- Available for sale financial assets are measured at fair value

The Group/Company presents its statement of financial position broadly in the order of liquidity.

2.3 Functional and presentation currency

The financial statements have been presented in Sri Lankan Rupees which is the Group and Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise it is indicated.

2.4 Use of Estimates and Judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about assumption and estimation uncertainty that have significant effect on the amounts recognized in the financial statements is included under the following notes:

Note 26 - Measurement of defined benefit obligations: key actuarial assumptions;

Note 5,8,13,14 & 16 - Provision for impairment of non-financial assets and financial assets: key assumptions

Note 23 - Actuarial valuation of long-term insurance; key actuarial assumptions

Note 24- Measurement of insurance provision for non-life including IBNR / IBNER and UPR

Note 17 - Measurement of Deferred Acquisition Cost (DAC)

Note 05 - Fair value measurement of unquoted instruments and fair value through profit or loss financial investments

Note 10 – Fair valuation of Investment Properties

Measurement of fair values

A number of the Group/Company's accounting policies and disclosures require measurement of fair values, for both the financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer

Significant valuation issues are reported to the Company and respective subsidiary's Audit Committee.

When measuring the fair value of an asset or a liability, the Group/Company uses observable market data as far as possible. Fair values are categorized into different levels in a hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Further information about assumptions made in measuring fair values is included in the respective notes to the financial statements.

Impact of economic crisis

The impact of economic crisis prevailed in the country is discussed further under the relevant notes to these financial statements wherever possible.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted LKAS 1 – “Presentation of Financial Statements”.

2.6 Comparative information

The comparative information has been re-classified where necessary to conform to the current year’s presentation.

2.7 Going Concern

The Directors have made an assessment of the Group/Company’s ability to continue as a going concern being satisfied that it has the resources to continue in business for a foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group/Company’s ability to continue as a going concern.

In preparing these financial statements, the management has assessed the existing effects of the economic conditions, divesture and segregation of Life & General business and the use of going concern basis of preparation. The Company has been evaluating the resilience of its businesses, considering a wide range of factors such as profitability, revenue streams, working capital management, capital expenditure, cash reserves, travel restrictions and cost management initiatives implemented by the Company in order to be able to continue business under current global & local economic conditions. Based on the analysis and future outlook based on available information, Directors are not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern.

Therefore, the financial statements continue to be prepared on the going concern basis.

The additional information is disclosed in note 48 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and Company have consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Any gain on a bargain is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

3.1.2 Non-controlling interests

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Parent Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.3 Subsidiaries

Subsidiaries are the entities controlled by the Parent. Control exists when the Parent has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing the control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are carried at cost less impairment in the Company's financial statements

3.1.4 Loss of control

When the Group/Company loses control over a subsidiary, it de-recognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5 Interest in equity accounted investees

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed to exist when the Group/Company holds 20% or more of the voting power of the investee, unless this can be clearly demonstrated that this is not the case.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees until the date on which significant influence or joint control ceases.

Investment in associate is carried at cost less impairment in the Company's financial statements.

3.1.6 Transactions eliminated on consolidation

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

3.2 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the Group/Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities that are measured at fair value in foreign currencies are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognized in profit and loss.

3.3 Insurance contracts

Product classification

SLFRS 4 requires contracts written by insurers to be classified as either "insurance contracts" or "investment contracts" depending on 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.

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 re-classified as insurance contracts after inception if insurance risk becomes significant.

All the products sold by the Company are insurance contracts and, therefore, classified as insurance contracts under the SLFRS 4 – 'Insurance Contracts'. Thus, the Company does not have any investment contracts within its product portfolio as at the reporting date.

3.3.1 Surplus Profit transfer from insurance contract liability to Shareholders

The Company assesses the shareholders' value by using reserves attributable to shareholders at each reporting period. The difference between the opening and closing balance of the reserves is considered as the surplus profit attributable to shareholders and deduct from the insurance contract liability as at reporting date. The surplus profit attributable to shareholder comprises two forms as follows;

- Surplus profit attributable to shareholder from the Policyholder Fund
- Profit earned from the shareholder assets

Surplus profit attributable to shareholder from the Policyholder Fund

The surplus is derived from the actuarial valuation on the recommendation of the Independent Consultant Actuary

Profit earned from the shareholder assets

Profits earned from the shareholders' assets based on the recommendation of in-house actuarial department and approval of the Board of Directors.

3.4 Statement of profit or loss and other comprehensive income

3.4.1 Revenue Recognition

3.4.1.1 Gross Written Premiums (GWP)

(a) Life Insurance Gross Written Premium

Gross recurring premiums on life insurance contracts are recognized as revenue when payable by the policyholder (policies within the 30-day grace period considered as due). Any premiums received in advance is not recorded as revenue and recorded as a liability until the premium is due unless otherwise the relevant policy conditions require such premiums to be recognized as income. Benefits and expenses are provided against such revenue to recognize profits over the estimated life of the policies.

For single premium business revenue is recognized on the date on which the policy is effective.

(b) Non - Life Insurance Gross Written Premium

Gross written premium comprises the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognized on the date on which the policy commences. Upon inception of the contract, premium is recorded as written and are earned primarily on a pro-rata basis over the term of the related policy coverage.

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

Unearned Premium Reserve (UPR)

Unearned premiums are those proportions of premiums written in an year that relate to periods of risk after the reporting date. UPR represents the portion of the premium written in the year but relating to the unexpired term of coverage.

Unearned premiums are calculated on 365 day basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000. However, for those contracts for which the period of risk differs significantly from the contract period, premium is earned over the period of risk in proportion to the amount of insurance protection provided. The proportion attributable to subsequent periods is deferred as a provision for unearned premium which is included under liabilities.

3.4.1.2 Reinsurance Premium

Gross reinsurance premiums on insurance contracts are recognized as an expense on the earlier of the date when premiums are payable or when the policy becomes effective. Reinsurance premium is decided based on rates agreed with reinsurers.

(a) Non-Life Insurance Reinsurance Premium

Reinsurance premium written comprises the total premium payable for the whole cover provided by contracts entered into the period and are recognized on the date on which the policy incepts.

Unearned Reinsurance Premium Reserve

Unearned reinsurance premium is those proportions of premium written in an year that relate to periods of risk after the reporting date. Unearned reinsurance premium is deferred over the term of the underlying direct insurance policies for risks-attaching contracts (using 365 basis in accordance with the Regulation of Insurance Industry Act, No. 43 of 2000. However, for those contracts for which the period of risk differs significantly from the contract period, premium is earned over the period of risk in proportion to the amount of insurance protection provided).

(b) Life Insurance Reinsurance Premium

Reinsurance premium on life is recognized as an expense on the earlier of the date when premium is payable or when the policy becomes effective.

3.4.1.3 Fees and Commission Income

(a) Reinsurance Commission Income

Reinsurance commission income on outwards reinsurance contracts is recognized as the revenue when receivable. Subsequent to initial recognition, reinsurance commission income on outwards reinsurance contracts is deferred and amortized on a straight line basis over the term of the expected premium payable.

(b) Other Fees Income

Insurance contract policyholders are charged for policy administration services and other contract fees. These fees are recognized as revenue upon receipt or becoming due.

3.4.1.4 Investment income

Investment income comprises interest income on funds invested, dividend income, capital gains or losses and foreign currency gains or losses.

(a) Interest income

Interest income is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective interest rate, the Group/Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset.

(b) Dividend Income

Dividend income is recognized when the right to receive income is established.

3.4.1.5 Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

3.4.1.6 Hospital Revenue

The Group recognizes revenue from hospital services over time, using an input method to measure progress towards a complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Group.

Consultancy fees collected on behalf of the in house and visiting consultants by the Group that do not form part of revenue are excluded from the revenue.

3.4.1.7 Revenue from sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group estimates the effects of variable consideration and the existence of significant financing components.

(i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return. The rights of return gives rise to variable consideration.

(ii) Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in SLFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability.

(iii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in SLFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

3.4.1.8 Rental Income from Investment Property

The rental income from investment property is recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

3.4.1.9 Profit / loss on disposal of property, plant and equipment

Profit / loss on disposal of property, plant and equipment is recognized in the period in which the sale occurs and is classified under other income.

3.4.2 Benefits, Claims and Expenses

3.4.2.1 Gross Benefits and Claims

(a) Life insurance business

Claims by death and maturity are charged against revenue on notification of death or on expiry of the term. The interim payments and surrenders are accounted for only at the time of settlement.

Expenses on life insurance relates to the acquisition expenses and expenses for maintenance of life insurance business, investment related expenses are not treated as a part of the capital cost of investment, etc. which are accounted on accrual basis.

(b) Non - Life insurance business

Non - Life insurance claims include all claims occurring during the year, whether reported or not together with 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.

The provision in respect of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) is actuarially valued to ensure a more realistic estimation of the future liability based on the past experience and trends. Actuarial valuations are performed on a quarterly basis.

Whilst the Directors consider that the provisions for claims are 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 adjustments to the amounts provided. Such amounts are reflected in the financial statements for that period.

The methods used to estimate claims and the estimates made are reviewed regularly.

3.4.2.2 Reinsurance claims

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

3.4.2.3 Net deferred acquisition expenses

Acquisition expenses, representing commissions, which vary with and are directly related to the production of business.

Acquisition expenses applicable to non-life insurance contracts are deferred and amortized over the period in which the related written premium is earned. Reinsurance commission is also treated in the same manner within deferred acquisition costs.

3.4.2.4 Actuarial Valuation of Life Insurance Fund

The Directors agree to the long-term insurance provision for the Company at the year-end on the recommendations of an Independent Consultant Actuary following his annual investigation of the Life Insurance business. The actuarial valuation takes into account all liabilities and expenses are based on assumptions approved by the Independent Consultant Actuary.

3.4.2.5 Other expenses

Other expenses are recognized on accrual basis. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment has been charged to the statement of profit or loss.

3.4.3 Employee benefits

(a) Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by an employee and the obligation can be estimated reliably.

(b) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employment benefit expense in the statement of profit or loss in the periods during which services are rendered by employees.

Employee Provident Fund

The Company and employees of Sri Lanka Insurance Corporation Limited, Litro Gas Lanka Limited and Litro Terminal Lanka (Pvt) Ltd contribute 15% and 10% respectively on the salary of each employee to the approved provident fund.

Other Group entities and employees of the other group entities contribute 12% and 8% respectively on the salary of each employee to the approved provident fund.

Employees Trust Fund

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

(c) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The calculation of defined benefit obligation is performed annually by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. The actuarial valuation involves making assumptions about discount rate, Salary increment rate and balance service period of employees. Due to the long- term nature of the plans such estimates are subject to significant uncertainty.

Under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continuous service. The liability is not externally funded.

Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. The Group recognizes any gains and losses on the settlement of a defined benefit plan when settlement occurs.

The re-measurement of the net defined benefit obligation, which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

3.4.4 Income tax expense

Income tax expense comprises the current and deferred tax. Current and deferred taxes are recognized in profit and loss except to the extent that it relates to items recognized directly in equity or in OCI.

3.4.4.1 Current tax

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the sections 67 of the Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto. As per this section, the gains and profits of life insurance business on which tax is payable are aggregate of;

- Surplus distributed to shareholders from Life Insurance policyholders fund as certified by the actuary at the rate of 30%.
- Investment Income of shareholder fund less any expenses incurred in the production of such income at a rate of 30%.
- Surpluses distributed to Life Insurance policyholders who share the profits of a person engaged in the business of life insurance at a rate of 30%.
- But for Non-life insurance business, all other sections are applicable and gain and profit of such business are taxed at 30%.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted at the reporting date.

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.

3.4.4.2 Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Unrecognized deferred tax assets are re-assessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

3.4.4.3 Crop insurance levy (CIL)

The Crop Insurance Levy was introduced under the provisions of Section 14 of the Finance Act No. 12 of 2013, and came into effect from 1 April 2013. It is payable to the National Insurance Trust Fund and liable at 1% of the Profit after Tax.

3.5 Statement of Financial Position

3.5.1 Property, Plant and Equipment

3.5.1.1 Initial Recognition and Measurement

Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of Property, Plant and Equipment is the cost of acquisition or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour
- any other costs directly attributable to bringing the assets to a working condition for their intended use
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located

Any gain or loss on disposal is recognized in other operating income in profit or loss.

3.5.1.2 Subsequent expenditure and replacement

The cost of replacing a part of an item of property, plant and equipment is recognized 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 carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.5.1.3 Revaluation of Fixed Assets

After recognition as an asset, lands and buildings whose fair value can be measured reliably, have been carried at the revalued amount at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Valuations are being performed to ensure that the fair value of a revalued asset does not materially differ from its carrying amount as at the reporting date.

Valuation of land and buildings are undertaken by professionally qualified valuers at a minimum of three years and any gain or losses arising from change in fair value are included in the Other comprehensive income in the year which they arise.

An increase in the carrying amount as a result of revaluation, is recognized in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit and loss.

A decrease in the carrying amount as a result of revaluation, is recognized in profit and loss. However, the decrease is recognized in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

3.5.1.4 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognized in profit or loss. This most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

▪ Buildings	- 20-40 years
▪ Furniture and Fittings	- 5-10 years
▪ Office and Other Equipment	- 5-10 years
▪ Electrical Generators and Air Conditioning Plant	- 5-10 years
▪ Motor Vehicles	- 4-5 years
▪ Fixtures and Fittings	- 6 2/3 years
▪ Plant and Machinery	- 20 years
▪ Computers and Computer Equipment	- 4 - 7 years
▪ LP Gas Storage Tanks, Pine Lines and Fittings	- 25 years
▪ LP Gas Cylinders	- 10 years
▪ Other Fixed Assets	- 3-12 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.5.1.5 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is de-recognized.

3.5.1.6 Impairment

The Board of Directors has assessed the potential impairment loss of PPE as at 31 December 2023 by considering the impact from the economic crisis as well. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of PPE.

3.5.1.7 Capital work-in-progress

Capital work-in-progress is stated at cost. These are the expenses of a capital nature directly incurred in the construction of buildings, awaiting capitalization.

3.5.2 Intangible Assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Group and the cost can be measured reliably.

3.5.2.1 Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Impairment of Goodwill

Goodwill acquired in a business combination is tested annually for impairment and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognized in profit or loss. Impairment loss on goodwill is not reversed.

3.5.2.2 Software

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. The intangible assets with finite useful life are assessed for impairment whenever there is an indication that intangible assets may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit (CGU) level.

The Group has software acquired separately as other intangible assets as at reporting date.

Subsequent Expenditure

Subsequent expenditure on software is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization

Amortization is calculated to write off the cost of the intangible assets less estimated residual values using the straight-line method over their estimated useful lives and is recognized in profit or loss. The estimated useful life of software is five years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

De-recognition

An intangible asset is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss from the de- recognition of such intangible assets is included in profit or loss when the item is de-recognized.

The Group has assessed potential impairment indicators of intangible assets including impact from economic crisis as at 31st December 2023. Based on the assessment, no impairment indicators were identified.

3.5.3 Right-of-Use-Asset

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Group has adopted SLFRS 16 using full retrospective method from 1 January 2019, without restating comparatives for 2018 reporting period, as permitted under the specific transitional provisions in the standard.

“At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- ~ the contract involves the use of an identified asset
- ~ the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- ~ the Company has the right to direct the use of the asset

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use-assets of the Group consist of branch premises taken on rent which were previously recognized as operating leases under LKAS 17.

Initial Measurement

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Where a subsidiary company has right-of-use assets and lease liability as result of property rented out by the Company to the subsidiary, such right-of-use assets and lease liability are eliminated in the Consolidated Financial Statements.

Subsequent Measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

Impairment of ROU assets

As at the reporting date, no impairment loss has been recognized by the Group in respect of impairment of right-of-use-assets due to the economic crisis since each business unit is operating under the business continuity plans as per the Company risk management strategy, to the extent possible, whilst strictly adhering to and supporting government directives.

3.5.4 Investment Property

Investment property is a property held either to earn rental income or for capital appreciation or for both. Investment properties are initially measured at cost and subsequently at fair value on an annual basis with any change therein recognized in profit or loss.

Investment properties are de-recognized when disposed or permanently withdrawn from use because no future economic benefits are expected. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Transfers are made to the investment properties when there is a change in use. When a group company occupies a significant portion of an investment property of a subsidiary, such investment property is treated as property, plant and equipment in the Consolidated Financial Statements and accounted for as per LKAS 16 – ‘Property, Plant and Equipment’.

3.5.5 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.5.6 Inventories

Inventories include all consumable items which are stated at lower of cost and net realizable value.

Having evaluated the nature of the inventories held by the Group, the Group has assessed whether there is any impact to net realizable value of the inventories due to implications of the economic crisis and assessed whether it was required to adjust the carrying value of the inventory. The Group has not identified any circumstances where adjustments are required to reduce the carrying value of the inventories.

3.5.7 Financial Instruments – LKAS 39

The Company classifies non derivative financial assets into the following categories: available for sale financial assets, loans and receivables, held to maturity financial assets and financial assets at fair value through profit or loss.

The Company classifies non-derivative financial liabilities into other financial liabilities category.

3.5.7.1 Non-derivative financial assets

The Company initially recognizes loans and receivables and debt securities issued on the date at which they are originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

A financial asset is measured initially at fair value plus, for an asset not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Subsequent measurement

(a) Available-for-sale financial assets (AFS)

Available-for-sale financial investments are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement at fair value, available-for-sale financial investments are subsequently measured at fair value and changes therein are recognized in other comprehensive income and accumulated in the available-for-sale reserve. When these assets are de-recognized, the gain or loss accumulated in equity is re-classified to profit or loss.

The Company evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term would still be appropriate. In the case where the Company is unable to trade these financial assets due to inactive markets and management's intention significantly changes to do so in the foreseeable future, the Company may elect to re-classify these financial assets in rare circumstances. Re-classification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and management has the intention and ability to hold these assets for the foreseeable future or until maturity. The re-classification to held-to-maturity is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

Available for sale financial investments of the Company comprise equity and debt securities, which are neither classified as held for trading nor designated at fair value through profit or loss.

(b) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

The assets and liabilities are part of a Company's financial assets, financial liabilities, or both, which are managed, and their performance evaluated on a fair value basis, in accordance with the Group's investment strategy. Financial assets at fair value through profit or loss of the Company comprise listed equity investments.

(c) Held to maturity financial assets (HTM)

These are non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has both the intention and ability to hold until maturity. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Held to maturity financial assets comprise treasury bills and treasury bond investments made by the Company.

(d) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

Loans and receivables comprise investments in unquoted corporate debt, term deposits, asset backed securities, development bonds, commercial papers, other loans and receivables, cash and cash equivalents.

➤ **Reinsurance Receivable**

Company cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements.

Reinsurance assets include the balances due from reinsurance companies for paid and unpaid losses and loss adjustment expenses. 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.

Reinsurance is recorded gross in the Statement of Financial Position unless a right to offset exists.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss, if any is recorded in profit and loss.

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

Reinsurance assets or liabilities are de-recognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

➤ **Premium Receivable**

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration receivable. Collectability of premiums is reviewed on an ongoing basis.

According to the Premium Payment Warranty (PPW) directive issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), Non-Life insurance policies are issued subject to PPW and are cancelled upon the expiry of 60 days if not settled.

The Company accounts for life insurance premiums on accrual basis. Accordingly, Life Insurance premiums due (only the premiums due in the 30-day grace period) are recognized at each reporting date and will be reversed if the premiums are not settled during the subsequent month, and thus the policies will lapse as per the Company policy.

The Group has assessed the potential impairment loss of Premium Receivables as at 31st December 2023 considering economic implication of economic crisis. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of Premium Receivables.

➤ **Other Receivables and Dues from Related Parties**

Other receivables and dues from Related Parties are recognized at cost less allowances for bad and doubtful receivables.

➤ **Cash and cash equivalents**

Cash and cash equivalents comprise reverse repurchase agreements, cash balances and call deposits with maturities of three months or less from the acquisition date 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.

3.5.7.2 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Other financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to the initial recognition, these liabilities are measured at amortized cost using the effective interest rate method.

The Company de-recognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

3.5.8 Impairment of Financial Assets (Non-Derivatives)

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is an objective evidence of impairment.

Objective evidence that financial assets are impaired includes the following:

- default or delinquency by a debtor
- indications that a debtor or issuer will enter bankruptcy
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security because of financial difficulties; or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

In the case of equity investments classified as available for sale, objective evidence would also include a “significant” or “prolonged” decline in the fair value of the investment below its cost. The determination of what is “significant” or “prolonged” requires judgment.

3.5.8.1 Financial assets carried at Amortized Cost

The evidence of impairment for these assets is considered at both an individual level and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

An impairment loss is calculated as the difference between an asset’s carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

3.5.8.2 Available for Sale Financial Assets (AFS)

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the available for sale reserve to profit or loss. The amount reclassified is the difference between acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired, available for sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

3.5.9 Financial Instruments – SLFRS 09

SLFRS 09 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement. Additionally, the Group has adopted consequential amendments to SLFRS 07 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

SLFRS 09 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under SLFRS 09 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SLFRS 09 eliminates the previous LKAS 39 categories of held to maturity, loans and receivables and available for sale.

Trade and other receivables, cash and cash equivalents and related party receivables which were earlier classified as loans and receivable under LKAS 39, are classified as amortized cost under SLFRS 09.

SLFRS 09 largely retains the existing requirements in LKAS 39 for the classification and measurement of financial liabilities and the adoption of the standard has not had a significant effect on the Group except the Company's accounting policies related to financial liabilities.

3.5.10 Deferred Expenses

Deferred Acquisition Costs (DAC)

The DAC is applicable only to Non-Life Insurance Contracts. No DAC is calculated for life insurance contracts as the acquisition costs are incurred in line with the revenues earned.

Those direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts are deferred and amortized over the period in which the related revenues are earned. All other acquisition costs are recognized as an expense when incurred.

In line with the available regulatory guidelines from the Insurance Regulatory Commission of Sri Lanka (IRCSL), the DAC is calculated based on the 365 basis.

DAC is de-recognized when the related contracts are either settled or disposed off.

3.5.11 Stated Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Repurchase of Shares

Under Act No 07 of 2007, a company has the ability to purchase or acquire its own shares, either in accordance with the provisions of the Act or based on a court order. This provision allows companies flexibility in managing their share capital and ownership structure, subject to legal and regulatory requirements.

3.5.12 Liabilities and Provisions

3.5.12.1 Insurance contract liabilities

Insurance Provision – Life Insurance

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are measured by using the net premium method. The liability is determined as the sum of the discounted value of the expected future benefits, less the discounted value of the expected future premiums that would be required to meet the future cash outflows based on the valuation assumptions used.

Cash flows are discounted based on the rates provided by the IRCSL on quarterly basis and yearly basis. Valuation assumptions are derived based on the best estimate experience with a prescribed risk appetite to allow for adverse deviations. Non-participating Liabilities are discounted using the risk-free yields.

The value of participating policy liabilities is the higher of the value of the guaranteed benefits liability and the total benefits liability, derived at the participating insurance fund level. In calculating the guaranteed benefits liability, only the guaranteed benefits are considered, and the cash flows are discounted using the risk-free interest rate yield curve. Total benefits liability includes all the guaranteed and nonguaranteed benefits and discounts the cash flows using the fund-based yield of the participating insurance fund.

Furthermore, adjustments are performed to capture the likely liabilities that may arise due to currently lapsed contracts reviving in the future.

As required by the SLFRS 4- ‘Insurance Contracts’, the Company performed a Liability Adequacy Test (LAT) in respect of Life Insurance contract liabilities with the assistance of an external actuary. In performing the liability adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used.

Insurance Provision – Non-Life Insurance

Non-Life Insurance contract liabilities include the outstanding claims provision including IBNR and IBNER, the provision for unearned premium and the provision for premium deficiency.

The valuation of Unearned Premium Reserve (UPR) is performed in accordance with guidelines of the Regulation of Insurance Industry Act No. 43 of 2000 (i.e. based on the 365 basis). However, for those contracts for which the period of risk differs significantly from the contract period, premiums are earned over the period of risk in proportion to the amount of insurance coverage provided.

The Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claims reserve are actuarially computed.

No provision for equalization or catastrophe reserves is recognized. The liabilities are derecognized when the obligation to pay a claim expires, is discharged or is cancelled.

As required by the SLFRS 04 - 'Insurance Contracts', the Company performed a Liability Adequacy Test (LAT) in respect of Non-Life Insurance contract liabilities with the assistance of the external actuary.

There is no material impact on the insurance contract liabilities due to economic crisis as at 31st December 2023 since insurance contract liabilities are not subject to discount rates and methodology as disclosed in Note 44.1.2.

3.5.12.2 Title Insurance Reserve

Title insurance reserve is maintained by the Company to pay potential claims arising from the title insurance policies. Title insurance policies are normally issued for a long period such as 5 years or more. Thus, no profit is recognized in the first year of the policy given the higher probability of claims occurring in that year. From the 2nd year onwards, profit is recognized by amortizing the premium received and will be distributed throughout the remaining period of the policy using the straight line method. Profit for the first year will only be recognized in the 2nd year and thereafter it is periodically recognized.

If the corresponding loan of the Title Insurance Policy issued is settled before the maturity, full premium of such policies remaining as at the date of settlement of such loan is recognized in profit or loss upon confirmation of the same by the respective Bank.

3.5.12.3 Provisions (except on insurance contracts)

A provision is recognized in the statement of financial position when the Group/Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and can be measured reliably. Provisions except on insurance contracts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

3.6 Commitments and contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by occurrence or non-occurrence of uncertain future events not wholly within the control of the Group/Company or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitments and contingent liabilities of the Group/Company are disclosed in the respective notes to the financial statements.

3.7 Segmental Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating results are reviewed regularly by the Chief Executive Officer (CEO) to make decisions regarding resources to be allocated to the segments and to assess its performance, and for which discrete finance information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Accordingly, segmental information of the Group reflects Non-Life Insurance, Life Insurance, Healthcare, Energy and other segments. Inter-segment transfers are based on fair market prices.

3.8 Earnings per share (EPS)

The Group presents basic and diluted earnings per share data for its ordinary shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares determined in accordance with LKAS 33. The diluted effect of shares are considered when calculating diluted earnings per share.

3.9 Proposed Dividends

Dividend proposed by the Board of Directors after the Reporting date is not recognized as a liability and is only disclosed as a Note to the Financial Statements. Provision for dividend is recognized only at the time the dividend proposed by the Board of Directors is approved by the shareholders at the Annual General Meeting.

3.10 Events occurring after the reporting date

Events after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date when the financial statements are authorized for issue. All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements. Further notes are included in Note 47.

3.11 Statement of Cash Flows

The Cash Flow Statement has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7 ‘Statement of Cash flows’.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AS AT THE REPORTING DATE

4.1 Changes in accounting standards

The Company applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after 01st January 2023.

Accounting standard	Description	Effective date
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12)	The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting the temporary differences – e.g. leases.	01 st January 2023
Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates	01 st January 2023
Amendments to IAS 01 Presentation of Financial Statements and IFRS practice Statement 2 Making Materiality Judgement.	Disclosure of Accounting Policies	01 st January 2023

4.2. Standards issued but not yet effective which may have an Impact

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 01st January 2019 or at a later date.

The new and amended standards that are issued, but not yet effective at the date of issuance of these financial statements are disclosed below.

- Amendments to SLFRS 09, LKAS 39, SLFRS 07, SLFRS 04 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)
- SLFRS 17 - Insurance Contracts
- SLFRS 01 –subsidiary as a first time adaptation
- LKAS 41- Taxation for Fair value measurement
- SLFRS 03 – Updating reference to the Conceptual framework

- LKAS 7 – Amendments to Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures
- LKAS 21 - Amendments to The Effects of Changes in Foreign Exchange Rate

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the Group.

Temporary Exception from SLFRS 09

SLFRS 09 – “Financial instruments”

This standard replaces the existing guidance in LKAS 39 – ‘Financial Instruments: Recognition and Measurement’ SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. SLFRS 09 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted.

The Company (SLIC) is predominantly based on the proposed amendments to SLFRS 04 ‘Insurance contracts’, the entities whose predominant activity is issuing insurance contracts are permitted to defer the full application of SLFRS 09 until the adopting the revised SLFRS 04, which is commenced in 2022. Consequent to the Global deferment of IFRS 17 - Insurance contract effective date from 01 January 2026, the Company is expected the temporary exemption to be deferred until 2026 January.

An insurer may apply the temporary exemption from SLFRS 09 if, and only if:

- a. It has not previously applied any version of SLFRS 09, other than only the requirements for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss.
- b. Its activities are predominantly connected with insurance, at its annual reporting date that immediately precedes 01st April 2016, or at a subsequent annual reporting date.

In accordance with the amendments to SLFRS 04 - Insurance Contract, An insurer’s activities are predominantly connected with insurance if, and only if:

- a. the carrying amount of its liabilities arising from contracts within the scope of this SLFRS, which includes any deposit components or embedded derivatives unbundled from insurance contracts, is significant compared to the total carrying amount of all its liabilities; and
- b. the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is:
 - I. greater than 90 per cent; or
 - II. less than or equal to 90 per cent but greater than 80 per cent, and the insurer does not engage in a significant activity unconnected with insurance.

The temporary exemption from SLFRS 09 will be re-assessed whether its activities are predominantly connected with insurance at a subsequent annual reporting date if, and only if, there was a change in the entity's activities, during the annual period that ended on that date.

The Company will decide on appropriate classification of its investments under SLFRS 09 closer to the time of adopting the revised SLFRS 04 and so is not able to fully quantify the impact of adopting SLFRS 09 on its financial statements as at reporting date. It is anticipated however, that it may not significantly change the Company's total equity.

SLFRS 15 – “Revenue from Contracts with Customers”

SLFRS 04 - Insurance Contracts are scoped out from this standard. Therefore, the Company may not have a significant impact on insurance transactions from the standard. However, there could be an impact on other revenue transaction with the implementation of this standard. The Company is assessing the potential impact on its financial statements resulting from application of this standard.

SLFRS 17 – Insurance Contracts

SLFRS 17 is effective for annual periods beginning on or after 01st January 2026. Early adoption is permitted along with the adoption of SLFRS 09 and SLFRS 15. SLFRS 17 supersedes SLFRS 04 Insurance contracts. The Company intends to adopt the new standard on its mandatory effective date.

SLFRS 4 permitted insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdiction prior to January 2005. SLFRS 17 replaces this with a new measurement model for all insurance contracts.

SLFRS 17 requires liabilities for insurance contracts to be recognized as the present value of future cash flows, incorporating an explicit risk adjustment, which is updated at each reporting date to reflect current conditions, and a contractual service margin (CSM) that is equal and opposite to any day – one gain arising on initial recognition. Losses are recognized directly to the income statement. For the measurement purposes contracts are grouped together into contracts of similar risk profitability profile and issue year, with further divisions for contracts that are managed separately.

Profit for insurance contracts under SLFRS 17 is represented by the recognition of the service provided to policy holders in the period (release of CSM), release from non-economic risk (release of risk adjustment) and investment profit.

The CSM is released as profit over the coverage period of the insurance contract, reflecting the delivery of services to the policyholder. For certain contracts with participating features (where a substantial share of the fair value of the related investments and other underlying items is paid to policyholders) the CSM reflects the variable fee to shareholders. For these contracts, the CSM is adjusted to reflect the changes in economic experience and assumptions. For all other contracts the CSM is only adjusted for non- economic assumptions.

SLFRS 17 introduces a new measure of insurance revenue, based on the delivery of service to policyholders and excluding any premiums related to the investment elements of policies, which will be significantly different from existing premium revenue measures, currently reported in the income statement. In order to transition to SLFRS 17, the amount of deferred profit, being the CSM at transition date, needs to be determined.

SLFRS 17 requires, the CSM to be calculated as if the standards had applied retrospectively. If this is not practical, an entity is required to choose either a simplified retrospective approach or determine the CSM by reference to the fair value of the liabilities at transition date. The approach for determining the CSM will have a significant impact on both shareholders' equity and on the amount of profit on in-force business in future reporting periods.

SLFRS 17 is expected to have a substantial change in the presentation of the financial statements and disclosures, as the requirements of the new standard are complex and require a fundamental change to accounting for insurance contracts as well as the application of significant judgment and new estimation techniques. The effect of changes required to the Company's accounting policies as a result of implementing these standards are currently uncertain, but these changes can be expected to, among other things, alter the timing of profit recognition.

With the implementation of SLFRS 17, the shadow accounting to insurance related assets and liabilities will not be applicable.

The Company has an implementation program underway to implement SLFRS 17. The program is responsible for setting accounting policies and developing application methodologies, establishing appropriate processes and controls, sourcing appropriate data and implementing actuarial and finance system changes.

5 Financial Investments (Continued)

5.4 Fair Value Through Profit or Loss (FVTPL)

As at 31st December	Group				Company			
	2023		2022		2023		2022	
	Carrying Value Rs. 000'	Fair Value Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'
Listed shares	14,299,067	14,289,578	23,031,279	23,031,279	14,299,067	14,289,578	23,031,279	23,031,279
Unit trusts	2,293,571	2,293,571	2,732,532	2,732,532	2,293,571	2,293,571	2,732,532	2,732,532
	16,592,638	16,583,149	25,763,811	25,763,811	16,592,638	16,583,149	25,763,811	25,763,811

Fair value through profit or loss investments and Available for sale investments have been measured at fair value. Held to Maturity Investment and loans & receivable are measured at amortised cost.

5.5 Movement of Carrying Values in Financial Investments

Company	Available For Sale Financial Assets Rs. 000'	Fair Value Through Profit or Loss Financial Assets Rs. 000'	Held-To Maturity Financial Assets Rs. 000'	Loans and Receivable Rs. 000'	Total Rs. 000'
As at 01st January 2023	51,513,246	25,763,811	71,832,664	62,142,194	211,251,916
Purchases	41,142,396	2,929,952	4,000,000	29,170,764	77,243,112
Maturities	(7,961,108)	(650,484)	(3,170,000)	(23,046,147)	(34,827,739)
Disposals	(22,500)	(11,836,683)	-	(12,293,684)	(24,152,867)
Fair value gain recorded in other comprehensive income	16,609,607	94,452	-	-	16,704,059
Realised capital gains/(losses)	(658,643)	(320,838)	-	-	(979,481)
Realised/unrealised capital gains/(losses)	-	-	-	-	-
Impairment of assets during the year	-	-	-	2,676,150	2,676,150
Interest amortisation	114,506	-	4,062	-	118,568
Foreign currency translation adjustments	(135,080)	16,222	-	(1,916,205)	(2,035,063)
Profit	-	586,717	-	(497,925)	88,792
Interest income	4,891,752	-	7,887,569	10,864,092	23,643,413
Interest/coupon receipts	(3,718,556)	9,490	(7,982,566)	(6,939,729)	(18,631,361)
As at 31st December 2023	101,775,620	16,592,639	72,571,729	60,159,511	251,099,499
As at 01st January 2022	65,429,537	22,859,816	60,916,652	46,691,301	195,897,307
Purchases	-	12,586,624	12,025,744	45,639,763	70,252,131
Maturities	(2,529,000)	(1,823,316)	(1,150,000)	(39,316,080)	(44,818,396)
Disposals	(131,973)	(1,341,816)	-	-	(1,473,789)
Fair value gain recorded in other comprehensive income	(9,206,870)	133,189	-	-	(9,073,681)
Realised capital gains/(losses)	66,437	(6,917,712)	-	-	(6,851,275)
Realised/unrealised capital gains/(losses)	-	-	6,325	-	6,325
Impairment of assets during the year	-	-	-	(2,676,149)	(2,676,149)
Interest amortisation	(3,192,627)	267,026	-	10,415,306	7,489,705
Foreign currency translation adjustments	805,080	-	-	-	805,080
Interest income	4,443,909	-	7,541,262	5,897,343	17,882,514
Interest/coupon receipts	(4,171,247)	-	(7,507,319)	(4,509,290)	(16,187,856)
As at 31st December 2022	51,513,246	25,763,811	71,832,664	62,142,194	211,251,916
Group	Available For Sale Financial Assets Rs. 000'	Fair Value Through Profit or Loss Financial Assets Rs. 000'	Held To Maturity Financial Assets Rs. 000'	Loans and Receivable Rs. 000'	Total Rs. 000'
As at 01st January 2023	51,513,246	25,763,811	71,832,664	69,065,402	218,175,123
Purchases	41,142,396	2,929,952	4,000,000	31,396,804	79,469,152
Maturities	(7,961,108)	(650,484)	(3,170,000)	(23,146,147)	(34,927,739)
Disposals	(22,500)	(11,836,683)	-	(12,293,684)	(24,152,867)
Fair value gain recorded in other comprehensive income	16,609,607	94,451	-	-	16,704,058
Realised capital gains/(losses)	(658,643)	(320,838)	-	-	(979,481)
Realised/unrealised capital gains/(losses)	-	-	-	-	-
Impairment of assets during the year	-	-	-	2,676,150	2,676,150
Interest amortisation	114,506	(1)	4,062	-	118,567
Foreign currency translation adjustments	(135,079)	16,222	-	(1,916,205)	(2,035,062)
Profit	-	586,717	-	(497,925)	88,792
Interest income	4,891,752	-	7,887,569	10,864,092	23,643,413
Interest/coupon receipts	(3,718,556)	9,490	(7,982,567)	(6,939,729)	(18,631,362)
As at 31st December 2023	101,775,621	16,592,637	72,571,728	69,208,758	260,148,744
As at 01st January 2022	65,429,536	22,859,818	60,916,654	51,541,271	200,747,278
Purchases	-	12,586,624	12,025,744	47,813,002	72,425,370
Maturities	(2,529,000)	(1,823,316)	(1,150,000)	(39,416,080)	(44,918,396)
Disposals	(131,973)	(1,341,816)	-	-	(1,473,789)
Fair value gain recorded in other comprehensive income	(9,206,870)	133,188	-	-	(9,073,682)
Realised capital gains/(losses)	66,437	(6,917,712)	-	-	(6,851,275)
Realised/unrealised capital gains/(losses)	-	-	6,325	-	6,325
Impairment of assets during the year	-	-	-	(2,676,149)	(2,676,149)
Interest amortisation	(3,192,627)	267,025	-	10,415,306	7,489,704
Foreign currency translation adjustments	805,081	-	-	-	805,081
Interest income	4,443,909	-	7,541,262	5,897,343	17,882,514
Interest/coupon receipts	(4,171,247)	-	(7,507,320)	(4,509,290)	(16,187,857)
As at 31st December 2022	51,513,246	25,763,811	71,832,664	69,065,402	218,175,123

6 INVESTMENT IN SUBSIDIARIES

As at 31st December	Sub Note	Company	
		2023 Rs. 000'	2022 Rs. 000'
Investment in Subsidiaries			
At Cost			
Listed subsidiaries	6.1	2,764,196	2,764,196
Unlisted subsidiaries	6.2	21,059,696	20,059,696
		23,823,892	22,823,892

6.1 Listed Subsidiaries	2023				2022			
	No. of Shares	Holding %	Cost Rs. 000'	Fair Value Rs. 000'	No. of Shares	Holding %	Cost Rs. 000'	Fair Value Rs. 000'
The ILanka Hospitals Corporation PLC	114,861,951	51.34%	2,764,196	13,783,434	114,861,951	51.34%	2,764,196	11,405,792
			2,764,196	13,783,434			2,764,196	11,405,792

6.2 Unlisted Subsidiaries	2023				2022			
	No. of Shares	SLIC Holding %	Carrying Value Rs. 000'		No. of Shares	SLIC Holding %	Carrying Value Rs. 000'	
As at 31st December								
Litro Gas Lanka Ltd		35,976,853	99.94%	3,510,063	35,976,853	99.94%	3,510,063	
Litro Gas Terminal Lanka (Pvt) Ltd		158,710,945	100.00%	5,280,188	158,710,945	100%	5,280,188	
Management Services Rakshana Ltd.		5	100.00%	-	5	100%	-	
Canwill Holdings (Pvt)Ltd.		1,085,294,117	52.05%	10,399,358	1,085,294,117	52.05%	10,399,358	
Canwin Hotels & Spas (Pvt) Ltd		87,008,686	100.00%	870,087	87,008,686	100%	870,087	
Sri Lanka Insurance Corporation General Limited		50,000,001	100.00%	500,000	-	-	-	
Sri Lanka Insurance Corporation Life Limited		50,000,000	100.00%	500,000	-	-	-	
				21,059,696			20,059,696	

On August 29, 2023, Sri Lanka Insurance Corporation Limited acquired 100% of the stake in Sri Lanka Insurance Corporation General Limited, a newly formed and previously held subsidiary of Sri Lanka Investment Holding Limited, and on October 16, 2023, Sri Lanka Insurance Corporation Limited invested an additional Rs. 400 million in Sri Lanka Insurance Corporation General Limited. In addition, on October 18, 2023, Sri Lanka Insurance Corporation Limited established and invested Rs. 500 million in Sri Lanka Insurance Corporation Life Limited.

6.2.1 Group Investment in Subsidiaries

Sri Lanka Insurance Corporation General Limited

Assets/Liabilities	Holding %	Identified Assets and Liabilities Assumed Rs'000
	100%	
Other receivable		200
Amounts due from related party		508
Cash and cash equivalents		166,400
Income tax payable		(5,269)
Other payables		(302)
Identified Net assets as at acquisition date		161,537
Goodwill/ (Gain on Bargain Purchase) calculation		
Consideration paid		100,000
Indetified net assets as at acquisition Date		(161,537)
Gain on Bargain Purchase		(61,537)

6 INVESTMENT IN SUBSIDIARIES

6.2 Unlisted Subsidiaries

As at 31st December	Holding Percentage	Company	
		2023 Rs.	2022 Rs.
Sinolanka Hotels and Spa (Pvt) Ltd	100%	19,999,999,995	19,999,999,995
Helanco Hotels and Spa (Pvt) Ltd	100%	500,000,000	500,000,000
Nilyan Hotels and Spa (Pvt) Ltd	100%	10	10
		20,500,000,005	20,500,000,005
Provision for impairment		(10)	(10)
		20,499,999,995	20,499,999,995

The Board of Directors of Nilyan Hotels & Spa (Pvt) Ltd has been decided to strike off the name of the Company from the register maintained at the Department of Registrar General of Companies since the company will not proceeding with business activities. Accordingly, provision has been made as fall in value of the investment of Rs. 10/- under Nilyan Hotels & Spa (Pvt) Ltd in the year 2017.

6.3 Group Holdings in Principal Subsidiaries

The following disclosure excerpt highlights the group composition and the proportion of ownership interests held by NCI.

Company	Principal activities	Class of shares held	Group Interest		Non Controlling Interest	
			2023	2022	2023	2022
The ILanka Hospitals Corporation PLC	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	48.66%	48.66%
Lanka Hospital Diagnostics Limited	Healthcare and Laboratory Services	Ordinary	51.34%	51.34%	48.66%	48.66%
Litro Gas Lanka Limited	Import, Process, Store, Distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.	Ordinary	99.94%	99.94%	0.06%	0.06%
Litro Gas Terminal Lanka (Pvt) Ltd	Provide bulk storage facilities for Liquid Petroleum Gas	Ordinary	100.00%	100.00%	0.00%	0.00%
Canowin Hotels & Spa (Pvt) Ltd	Hoteliering	Ordinary	100.00%	100.00%	0.00%	0.00%
Canwill Holdings (Pvt) Limited	Investment promotion in relation to leisure sector	Ordinary	76.01%	76.01%	23.99%	23.99%
Sinolanka Hotels & Spa (Pvt) Limited	Hoteliering	Ordinary	76.01%	76.01%	23.99%	23.99%
Helanco Hotels & Spa (Pvt) Limited	Hoteliering	Ordinary	76.01%	76.01%	23.99%	23.99%
Management Services Rakshana (Pvt) Ltd	Management Services	Ordinary	100.00%	100.00%	0.00%	0.00%
Sri Lanka Insurance Corporation General Limited	Insurance	Ordinary	100.00%	-	0.00%	-
Sri Lanka Insurance Corporation Life Limited	Insurance	Ordinary	100.00%	-	0.00%	-

6 INVESTMENT SUBSIDIARIES (CONTD...)

6.4 Non-Controlling Interest

6.4.1 Subsidiaries with material non-controlling interests

The following table summarises the information relating to the Group's subsidiaries that have material non-controlling interest to the Group. The Group has identified these non controlling interest on quantitative and qualitative bases.

Subsidiary Name	The Lanka Hospitals Corporation PLC	Litro Gas Lanka Limited	Canwill Holdings (Pvt) Limited
	Rs. 000'	Rs. 000'	Rs. 000'
NCI Holding Interest	48.66%	0.06%	23.99%
Summarised Statement of Financial Position			
Non current assets	6,014,136	18,437,614	20,500,403
Current assets	10,304,655	15,208,548	783,872
Non current liabilities	(1,664,682)	(13,897,036)	(614)
Current liabilities	(2,055,150)	(4,824,995)	(415,573)
Net assets	12,598,960	14,924,131	20,868,088
Net assets attributable to NCI (Before any inter group eliminations)	6,130,775	9,596	5,006,849
Summarised Statement of Comprehensive Income			
Revenue	12,418,608	90,936,964	-
Profit for the year	1,345,228	4,608,181	4,573
Other comprehensive income/ (expenses)	(56,121)	(10,869)	(8)
Total comprehensive income	1,289,107	4,597,312	4,565
Profit allocated to NCI	654,601	3,290	1,097
OCI allocated to NCI	(27,309)	(7)	(2)
Summarised Statement of Cash Flows			
Cash flows from / (used in) operating activities	1,510,744	8,366,327	(15,165)
Cash flows from / (used in) investment activities	(207,266)	(250,188)	308
Cash flows from / (used in) finance activities	(777,395)	(5,322,264)	-
Net increase in cash and cash equivalents	526,083	2,793,876	(14,857)

6.4.2 Movement of non-controlling interest

	Group	
	2023 Rs. 000'	2022 Rs. 000'
Balance at the beginning of the year	12,897,579	9,125,663
Profit for the year	690,330	995,460
Other comprehensive income, net of tax	(27,352)	1,790,363
Dividends paid to NCI for the year	(327,093)	(326,611)
Effect of change in percentage holding in subsidiaries	-	1,312,704
Balance at the end of the year	13,233,465	12,897,579

7 INVESTMENT IN ASSOCIATES

Group/ Company	2023				2022			
	No. of shares	SLIC Holding %	Carrying Value Rs. '000	Fair Value Rs. '000	No. of shares	SLIC Holding %	Carrying Value Rs. '000	Fair Value Rs. '000
Ceybank Asset Management Ltd	759,998	26.57%	191,295	191,295	759,998	26.57%	191,295	191,295
Ceylon Asset Management Company Ltd	1,250,000	18.95%	7,378	7,378	1,250,000	18.95%	7,378	7,378
			198,673	198,673			198,673	198,673

* The above investments are measured at SLIC's share of Net Asset Value (NAV) of the investee (based on the unaudited financial statements) and change in values are recognised in OCI. There is no material impact on the Group's profit after tax or EPS, or cash.

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Group

As at 31st December	Note	2023 Rs.000'	2022 Rs.000'
Carrying Amount		44,101,300	44,866,415
Work-in-Progress	8.1.3	30,707,140	30,560,387
		74,808,440	75,426,802

As at 31st December	Land Rs. 000'	Buildings on Freehold Land Rs. 000'	Building on Leasehold Land Rs. 000'	Equipment Rs. 000'	Furniture and Fittings Rs. 000'	Motor Vehicle Rs. 000'	Electrical Generators and passenger lifts Rs. 000'	Fixtures and Fittings Rs. 000'	Air-condition Plant Rs. 000'	Plant and Machinery Rs. 000'	Storage tanks, pipelines and Pumping Stations Rs. 000'	LPG Cylinders Rs. 000'	Others Rs. 000'	Total 2023 Rs. 000'	Total 2022 Rs. 000'
Cost/ Valuation															
Freehold															
Balance as at 01st January 2023	16,512,079	2,978,850	8,396,709	5,817,026	1,010,772	1,101,877	86,992	5,339	160,651	1,507,423	3,812,339	18,009,229	452,340	59,851,626	60,043,976
Additions during the year	1	146,403	90,773	687,547	124,641	-	8,621	281	39,660	-	-	-	82,320	1,180,247	983,892
Revaluation	-	-	-	1,976	1,303	7,750	-	3,631	-	-	-	-	2,626	17,286	673,894
Disposals	-	-	-	(72,838)	(19,376)	(56,556)	-	(4,971)	(40)	-	-	(21,152)	(5,866)	(180,799)	(61,024)
Transfers during the year	-	-	-	(32)	(12,402)	-	-	-	-	-	-	-	12,434	-	-
Adjustment to cost	-	-	(133,438)	(29,243)	(7,379)	(41,990)	-	-	-	-	-	-	-	(212,050)	(2,089,641)
Transfers from ROU	-	4,700	-	-	-	-	-	-	-	-	-	-	-	4,700	-
Transfers from working progress	-	-	-	8,717	6,830	-	-	-	-	110,271	11,110	172,567	-	309,495	121,996
Balance as at 31st December 2023	16,512,080	3,129,953	8,354,044	6,413,153	1,104,389	1,011,081	95,613	4,280	200,271	1,617,694	3,823,449	18,160,644	543,854	60,970,505	59,673,093
Accumulated Depreciation															
Freehold															
Balance as at 01st January 2023	14,503	219,958	149,480	3,516,363	609,440	432,593	25,551	5,223	46,353	497,033	812,361	8,328,738	327,615	14,985,211	15,107,879
Depreciation charge during the year	1,741	156,164	207,698	466,601	78,473	260,997	10,384	205	20,906	78,275	224,605	654,903	56,335	2,217,287	2,126,874
Disposals	-	-	-	(50,757)	(8,947)	(26,370)	-	(4,971)	(40)	-	-	(21,030)	(5,074)	(117,189)	(49,542)
Transfers during the year	-	-	-	(3)	(241)	-	-	-	-	-	-	-	244	-	-
Adjustment to accumulated depreciation	-	-	(133,438)	(29,241)	(7,379)	(46,516)	-	-	-	-	-	-	-	(216,574)	(2,094,270)
Transfers from ROU	-	470	-	-	-	-	-	-	-	-	-	-	-	470	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(284,263)
Balance as at 31st December 2023	16,244	376,592	223,740	3,902,963	671,346	620,704	35,935	457	67,219	575,308	1,036,966	8,962,611	379,120	16,869,205	14,806,678
Net book value															
As at 31st December 2022	16,497,576	2,758,892	8,247,229	2,300,663	401,332	669,284	61,441	116	114,298	1,010,390	2,999,978	9,680,491	124,725		44,866,415
As at 31st December 2023	16,495,836	2,753,361	8,130,304	2,510,190	433,043	390,377	59,678	3,823	133,052	1,042,386	2,786,483	9,198,033	164,734	44,101,300	

As at 31 December

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

8.1 Group (Contd..)

8.1.1 Lands

Freehold Lands

The Lanka Hospitals Corporation PLC - carried at revalued amount

Location	Extent (perches)	Method of valuation	Property valuer	Effective date of valuation	Significant unobservable inputs	Carrying value as at 31st December 2023 Rs.	Revaluation surplus Rs.	Carrying value at cost Rs.
Hathbodiya, Kirula Road, Narahenpita, Colombo 05	10.35	Open market value method	Mr. A A M Fathihu (FIV), Chartered Valuer	31st December 2022	Estimated price per perch Rs.4,226,044.25	43,739,559	37,271,112	6,468,447
Hathbodiya, Kirula Road, Narahenpita, Colombo 05	10.00	Open market value method	Mr. A A M Fathihu (FIV), Chartered Valuer	31st December 2022	Estimated price per perch Rs.4,226,044.25	42,260,443	36,010,737	6,249,706
						86,000,002	73,281,849	12,718,153

Sinolanka Hotels & Spa (Pvt) Ltd

The Company has purchased three blocks of land with buildings attached to the land, with the intention of demolishing the buildings in 2014 to facilitate the expansion of the ballroom, car parking facilities, re-organisation of traffic circulation, and compliance with the regulatory requirement. The total cost of the said properties purchased during 2013 was Rs 1,139,357,179. The total cost is allocated between freehold land and CWIP. The cost allocated to freehold land is determined on the basis of a valuation determined by the government valuation department which is Rs 7 Million per perch. Thereby Rs. 716,734,184 is allocated as the cost of the freehold land purchased. The land extent of the three blocks of land are Assessment No 112 - 62.77 p, Assessment No 108 - 15p and Assessment No 134 - 20.10p.

In addition to the above freehold land, the Company occupies approximately 22.56p of land which was previously owned by Ceylinco Homes International Ltd and followings are the legal consequences connected therein.

Case No. DLM/43/18 was filed in the District Court of Colombo by Ceylinco Homes International Ltd against Sinolanka Hotels & Spa (Pvt) Ltd, requesting to issue a declaration from the Court that they are the lawful owner of property and to eject the present occupier from the property, to recover damages and issue a Permanent Injunction restraining Sinolanka Hotels & Spa (Pvt) Ltd from occupying and making carrying out further construction on the property. The case was subsequently rejected by the Learned District Court Judge of Colombo by her order dated 24th July 2018.

Subsequently, the lawyers of the plaintiff sought leave of the court to resurvey the disputed property and such resurveyed plan was submitted to the court by the licensed surveyor on 07th August 2019. The court postponed the proceedings of the case until the determination of the case No. CA (Writ) Application No. 219/18 in the court of appeal, which is the Writ matter filed by Ceylinco Homes International Limited against Sinolanka Hotels & Spa (Private) Limited connected to the same property. On 3rd November 2022 court held the hearing of this case until the decision of below mentioned Court of Appeal CA (Writ) Application

CA (Writ) Application No. 219/18, the acquisition process of this land has been initiated by the Line Ministry (Ministry of Public Enterprise Development), through an Extraordinary Gazette No. 2065/24, dated 04th April 2018 to obtain immediate possession of the land by the Ministry of Land and Parliamentary Reforms. However, CA (Writ) Application No. 219/18 was instituted in the Court of Appeal by the Ceylinco Homes International Ltd on 02nd July 2018 against Ministry of Lands, Acquiring Officer, Urban Development Authority and Sinolanka Hotels & Spa (Pvt) Ltd in the Court of appeal in order to issue Writ of Certiorari quashing the order made under provision (a) to Section 38 of the Land Acquisition Act by the Minister of Lands and Parliamentary Reforms.

The case was mentioned on 18th October 2023 to ascertain the status of the District Court matter. The Attorney General's Department appeared for a few Respondents in this case and informed the court that all procedural steps have been taken to refer this matter to the District Court of Colombo. Therefore, the matter was fixed to be mentioned on 10th January 2024, to ascertain the status of the said District Court matter. On the said 10th of January, the status prevailed the same and the matter is now fixed to be mentioned on the 20th of March 2024 to ascertain the status of the said District Court matter. How the management intends to litigate this case is to seek out a court settlement.

Leasehold Land

Sinolanka Hotels & Spa (Pvt) Ltd

The Company entered into an agreement dated 16th July 2012 with the Urban Development Authority (hereafter referred to as the "Lessor"), whereby the Lessor allocated to the Company (hereafter referred to as the "Lessee") a block of land bearing assessment No. 116, Galle Road, Colombo 03 comprising in extent 0.6057 Hectares together with the partly constructed building thereon, for an annual nominal lease of Rs. 10,000/- for a term of period of 99 years for the purpose of constructing and operating a Luxury Hotel Complex. The agreement further provided that the settlement of nominal annual lease for the period of 99 years in one lump sum of Rs. 990,000/-.

Upon the termination of the lease by effluxion of time, the Lessor may grant to the Lessee or its successors a renewal of the lease for a further period of 99 years or for a period to be mutually agreed upon by the Lessor and Lessee.

In the event of termination or determination of the lease at the expiration of the said term as the case may be and on the Lessee yielding the demised premises with all buildings and with all furniture and fixtures and everything standing thereon to the Lessor, the Lessor shall purchase the building and everything standing thereon at the market value prevailing at the time of yielding.

In addition to the aforesaid lease agreement, the Government valuation department determined a value of Rs. 5.0 billion to be paid by the company as full and final consideration to the Secretary to the Treasury in respect of the said property situated at 116, Galle Road, Colombo 03. The Valuation department further determined that the value attributable to the land in extent of 0.6057 hectares based on a 99 year lease for the purpose of constructing and operating a Luxury Hotel Complex amounted to Rs. 1.228 billion. The balance value was included in capital work in progress. Out of the above referred Rs. 5.0 billion, Rs 4.8 billion has been paid to the secretary to the treasury. During the year 2016, Rs. 200 million which was previously recognised as payable to the secretary to the treasury was written back to the capital work in progress based on a decision made by the board of directors.

Leasehold land was reclassified as Right of Use Assets with effect from 01st January 2019 with adoption of SLFRS 16 – Leases. Initial pre-payment and rental paid in advance to acquire right to use land on lease are capitalized and then amortized over the lease term in accordance with the pattern of benefits provided

Helanco Hotels & Spa (Pvt) Limited

Helanco Hotels & Spa (Pvt) Limited entered into an agreement dated 1st September 2014 with the Urban Development Authority (hereafter referred to as the "Lessor"), whereby Lessor allocated to the Company (hereafter referred to as the "Lessee") a block of land situated at Lewaya Road, Hambanthota, comprising in extent 3.812 Hectares, for a sum of Rs. 149,601,875/- for a term of period of 99 years, for the purpose of constructing and operating a Luxury Hotel Complex. The agreement further provided that the settlement of annual nominal ground rental for the period of 99 years in one lump sum of Rs. 4,950,000/-. Leasehold land was reclassified as Right of Use Assets with effect from 01st January 2019 with adoption of SLFRS 16 – Leases. Initial pre-payment and rental paid in advance to acquire right to use land on lease are capitalized and then amortized over the lease term in accordance with the pattern of benefits provided.

As at 31 December

8 Property, Plant & Equipment (Continued)

8.1.2 Buildings on Leasehold Land

Details of the valuation of property, plant and equipment

The Lanka Hospitals Corporation PLC

The building constructed on leasehold land of the Company was revalued by Mr A.A.M. Fathihu (MRICS), Independent Chartered Valuer with appropriate experience in the valuation of properties in relevant location in December 2022 on current replacement cost basis.

Freehold land of the Company was revalued by Mr A.A.M. Fathihu (MRICS), Chartered Valuer in December 2022 on current market value basis.

Location	Type of property	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs	Cost as at 31.12.2023	Cumulative depreciation if assets were carried at cost	Net carrying value	
							Rs.	Rs.	
No. 578, Etiviligala Mawatha, Colombo 05	Building	Current replacement cost basis	31st December 2022	Mr. A A M Fathihu (FIV), Chartered Valuer	Estimated value per square foot Rs.7,500 - 17,500	1,902,584,868	493,103,352	1,409,481,516	
						Group	Company		
As at 31st December						2023	2022	2023	2022
						Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
8.1.3	Capital Work-in-Progress								
	At the beginning of the Year					30,560,388	20,455,410	-	-
	Cost incurred during the Year					464,780	1,877,813	-	-
	Amount capitalised during the Year					(318,028)	(126,624)	-	-
	Revaluation of asset					-	8,353,788	-	-
	At the end of the Year					30,707,140	30,560,387	-	-

Sinolanka Hotels & Spa (Pvt) Ltd

Capital work in progress reflects the value of construction of the property at No 116, Galle Road, Colombo 03; Grand Hyatt Colombo which is under construction as of the reporting date.

The Cabinet of Ministers approval was granted to recommence the construction activities at the Cabinet of Ministers meeting dated 08th July 2020. Accordingly, construction works of the Grand Hyatt Colombo Project were recommenced during the year 2020. But, In May 2022 the Board of Directors resolved to suspend the construction activities of the project and as a result, project-related costs such as staff salaries, utility & other project costs were decided to be identified as administrative costs through the profit or loss statement from June 2022.

8.1.4 Impairment of Property, Plant and Equipment

Helanco Hotels & Spa (Pvt) Limited

In accordance with Sri Lanka Accounting Standards (LKAS) 16 – Property, Plant, and Equipment, the initial costs incurred in relation to the commencement of construction of the Hyatt Hotel at Hambantota were capitalized. The Board of Directors of the Company had since resolved to discontinue the construction of the Hotel. As a consequence, the costs incurred on the project had been considered impaired as it would not be probable that the future economic benefits associated with these costs would flow to the entity. As such, an impairment of Capital Works-in-Progress of Rs. 111,103,548/- had been recorded in the financial statements of 2015.

The hotel in Hambantota was to be constructed on a leased-hold land obtained from the Urban Development Authority for 99 years. The consideration paid to the Urban Development Authority with related taxes and other charges paid thereon for the use of the rights to the land were recognized as leasehold land in the financial statements for 2014. The Directors are of the view that the unamortized leasehold land value of Rs. 156,073,979/- as at 31st December 2023 could be recovered from the disposal of the property. Hence, no impairment provision had been considered necessary for the asset.

8.1.5 Fully Depreciated Assets

The Lanka Hospitals Corporation PLC

Property plant and equipment as at 31st December 2023 includes fully depreciated assets having a gross carrying amount (cost) of Rs 2.44 Bn (2022 - 2.1 Bn).

Litro Gas Lanka Limited

Property, plant and equipment include fully depreciated assets, which are still in use, the cost of which as at 31 December 2023 amounted to Rs. 1,961,833,099 (31 December 2022 - Rs. 1,954,295,880).

Litro Gas Terminal Lanka (Private) Limited

Property, plant and equipment as at 31st December 2023 include fully depreciated assets, still in use. The cost of which as of 31 December 2023, amounted to Rs. 9,209,640/- (2022 - Rs. 8,566,712/-).

Depreciation expenses of Rs. 309,275,142/- (2022 - Rs. 315,976,666/-) and Rs. 31,644,066/- (2022 -Rs. 32,261,051/-) have been charged in cost of sales and administrative expenses respectively.

8.1.6 Asset Requalification

Litro Gas Lanka Limited

Certain types of assets: Storage tanks, pipelines, pumping stations, instrumentation equipment, tanks on bowlers and plant and machinery require periodically to be inspected, assessed and requalified to ensure that the said assets meet the required safety standards, to be used in the LPG industry. When such an asset is to be requalified for use, the cost and accumulated depreciation relating to the asset is derecognised. Subsequent to requalification, the previous written down value of the asset and the additional cost incurred to requalify the asset is capitalised, as it is expected that future economic benefits associated with asset will flow to the entity.

Litro Gas Terminal Lanka (Private) Limited

Certain types of assets: Storage tanks, Pipelines, Pumping stations, Instrumentation equipment and plant and machinery require periodically to be inspected, assessed and requalified to ensure that the said assets meet the required safety standards, to be used in the LPG industry. When such an asset is to be requalified for use, the cost and accumulated depreciation relating to the asset is derecognised. Subsequent to requalification, the previous written down value of the asset and the additional cost incurred to requalify the asset is capitalised, as it is expected that future economic benefits associated with asset will flow to the entity.

8 Property, Plant and Equipment (Continued)

8.1.7 Revaluation gain/(impairment)

Litro Gas Lanka Limited

The increase in an asset's carrying amount as a result of revaluation, has been recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Any decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. However, any excess revaluation decrease, if any, relating to an asset's carrying amount is recognised in profit or loss.

Revaluation of Property, Plant and Equipment.

All assets under property, plant and equipment, except Lands, building, and Motor Vehicle have been revalued in the year 2016. The fair value of property, plant and equipment was determined by Sunil Fernando & Associates (Private) Limited, an external independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

Lands, building, and Motor Vehicle have been revalued as at 31 December 2021 by IJVR Consultancy (Pvt) Ltd an external independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

Asset category	Date of revaluation	Cost Rs '000	Net book value under cost model Rs. '000
Land	Dec-21	36,652	36,652
Building, Site development	Dec-21	315,098	186,074
Motor vehicles	Dec-21	344,102	-
LPG storage tanks, pipes & fittings	Dec-16	116,435	2,946
Plant & machinery	Dec-16	299,709	1,340
Workshop equipment	Dec-16	464	-
Other equipment	Dec-16	34,166	-
Furniture, fittings and computers	Dec-16	151,517	-
LPG cylinders	Dec-16	4,120,298	-

Litro Gas Terminal Lanka (Private) Limited

Building site development and all other assets under property, plant and equipment have been revalued during the year 2016. The fair value of property, plant and equipment was determined by Sunil Fernando & Associates (Private) Limited an external, independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued. Building, and Motor Vehicle have been revalued as at 31 December 2021 by IJVR Consultancy (Pvt) Ltd an external independent chartered valuation surveyor, who had relevant experience in the category of assets being revalued.

Asset category	Date of revaluation	Cost Rs '000	Net book value under cost model Rs. '000
Freehold land	December - 2021	2,618,801	2,618,801
Building and Site development	December - 2021	258,540	64,224
Motor vehicles	December - 2021	3,288	-
Plant and machinery	December - 2016	247,656	27,342
Storage tanks, pipeline and pumping Stations	December - 2016	3,175,167	48,663
Instrumentation equipment	December - 2016	736,798	10,246
Office equipment and computers	December - 2016	47346.78741	-

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

8.1.7 Revaluation Gain/(Impairment) (Contd...)

Sinolanka Hotels & Spa (Pvt) Ltd

Due to the stressful economic conditions that prevailed during the entire financial year 2022, the rapid depreciation of the rupee value, and the project was moving towards divestment, an independent valuation was conducted on 31st December 2022. This valuation reflected a significant appreciation of the property value referring to the market conditions especially linked with changes in exchange rates. Accordingly, the company has recognized the appreciation of Freehold Land value to Rs. 2,507,050,000/- and appreciation of the Capital Work in Progress (partly constructed building) amounting to Rs. 29,609,760,000/- in the financial year ended 31st December 2022.

Canowin Hotels and Spa (Pvt) Limited

During the financial year 2023, the company has revalued its property, plant and equipment to an aggregated fair value of Rs. 17,285,912 and has removed the aggregated cost of Rs. 21,071,822 and aggregated accumulated depreciation of Rs. 13,215,963.93 for revaluation purposes.

8.1.8 Property, plant and equipment - contractual commitments

Lanka Hospitals Corporation PLC

Contractual commitments of property, plant and equipment as at the reporting date is Rs 168 Mn.

8.1.9 Property, Plant and Equipment acquired

Canowin Hotels & Spa (pvt) Ltd

During the financial year, the company acquired Property, Plant and Equipment to the aggregate value of Rs. 1.8 Mn in the year 2023.

As at 31 December

8 Property, Plant and Equipment (Continued)

8.1.11 Assets Revaluation

Sri Lanka Insurance Corporation Ltd - Company

Location	Extent of the land	Land	Building	Total
		Rs. 000'	Rs. 000'	Carrying Value 31 December 2023 Rs. 000'
Land situated at No. 288, Union Place, Colombo 2	A 01 R 00 P 20.3	3,065,950	-	3,065,950
Land and Building situated at No. 21, Vauxhall Street, Colombo 2	A 02 R 00 P 17.5	4,219,000	1,665,706	5,884,706
Land and Building situated at Thelawala, Katubedda, Moratuwa	A 02 R 00 P 13	249,750	64,670	314,420
Land and Building situated at Lake Road, 4th Lane, Anuradhapura	A 0 R 0 P 30	24,498	2,378	26,876
Land and Building situated at Main Street, 2nd Lane Anuradhapura	A 0 R 0 P 34.9	108,090	49,064	157,154
Land and Building situated at 571, Hospital Road, Jaffna	A 0 R 1 P 26.38	154,000	-	154,000
Land and Building situated at No. 25, Kande Veediya, Kandy	A 0 R 0 P 16.45	139,740	48,855	188,595
Land and Building situated at No. 20, Rajapaksha Broadway, Negombo	A 0 R 0 P 19	99,550	33,782	133,332
Land and Building situated at No. 7, Hakmana Road, Matara	A 0 R 0 P 47.89	185,682	26,716	212,398
Land and Building situated at Waterfield Drive, Nuwara-Eliya	A 0 R 02 P 23.01	158,816	22,662	181,478
Building situated at No. 60/1, Park Road, Nuwara Eliya	-	-	14,033	14,033
Building situated at No. 16/1, Dambulla Road, Kurunegala	-	-	78,609	78,609
Land and Building situated at No. 14A, Pulathisigama, Hingurakgoda	A 0 R 0 P 49.42	4,909	470	5,379
Land and Building situated at No. 46, Main Street, Trincomalee	A 0 R 01 P 37.65	124,610	95,266	219,876
Land situated at Bauddhaloka Mawatha, Gampaha	A 0 R 0 P 24.54	98,160	69,020	167,180
Land and Building situated at No. 14, River Side Road, Kalutara	A 0 R 0 P 61.9	46,400	-	46,400
Land and Building situated at No. 32, Negombo Road, Marawila	A 0 R 0 P 10	30,300	52,479	82,779
Land and Building situated at No. 195, Bowela Village, Heerassagala, Kandy	A 0 R 01 P 02	37,800	-	37,800
Land and Building situated at No. 97, New Road, Ambalangoda	A 0 R 01 P 02	137,832	32,279	170,111
Land and Building situated at No. 211/C, Colombo Road, Pilimalalawa	A 0 R 0 P 08	26,000	12,928	38,928
Land situated at No. 42, Kurunegala Road, Chilaw	A 0 R 0 P 15.63	37,100	-	37,100
Land and Building situated at No. 38, Miyugunagama, Mahiyanganaya.	A 0 R 0 P 09.96	5,976	351	6,327
Land and Building situated at Bogahahena, Dikwella Road, Beliatta	A 0 R 01 P 24.04'	60,700	-	60,700
Land and Building situated at No. 68, Ragala Road, Rikillagaskada.	A 0 R 0 P 6.832	20,579	8,557	29,136
Land and Building situated at No. 69, Kothmale Road, Nawalapitiya.	A 0 R 0 P 05	16,250	12,323	28,573
Land and Building situated at No. 157, Thangalla Road, Thawaluwila, Ambalantota.	A 0 R 1 P 02.41	10,200	-	10,200
Land and Building situated at No. 6, Wadugodapitiya Veediya, Kandy .	A 0 R 0 P 08.50	63,750	25,805	89,555
Land and Building situated at No. 389, Main Street, Kegalle	A 0 R 0 P 07.51	31,917	32,472	64,389
Land situated at Kachchery Junction, Kandy Road, Jaffna	A 0 R 0 P 37.6	11,200	-	11,200
Land and Building situated at Badulla	A 0 R 0 P 22.06	40,800	-	40,800
Land situated at Mapalagama-Elpitiya Road, Thalgaswala.	A 0 R 1 P 0.1078	4,005	-	4,005
Land and Building situated at No. 176/B, Kandy Rd. Gampola	A 0 R 0 P 12.355	23,327	5,125	28,452
Land and Building situated at No.284/1, Main Street, Ratnapura	A 0 R 0 P 25	226,199	30,721	256,920
		9,463,090	2,384,270	11,847,360

As at 31st December	2023 Rs. 000'	2022 Rs. 000'
8 Property, Plant and Equipment (Continued)		
8.2 Company		
Carrying Amount	12,644,260	12,763,092
	12,644,260	12,763,092

	Land	Buildings on Freehold Land	Building on Leased hold Land	Equipment	Furniture and Fittings	Motor Vehicle	Electrical Generators and Passenger Lift	Fixtures and Fittings	Air-cond. Plant	Others	Total 2023	Total 2022
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Cost/Valuation												
Balance as at 01st January 2023	9,463,092	2,411,446	69,700	704,391	226,448	513,121	86,992	368	160,651	100,338	13,736,547	13,230,316
Additions During the year	1	146,403	-	114,990	42,468	-	8,621	281	39,660	19,159	371,583	515,245
Disposals	-	4,700	-	(9,774)	(1,514)	(48,806)	-	-	(40)	(141)	(55,575)	(9,015)
Balance as at 31st December 2023	9,463,093	2,562,549	69,700	809,607	267,402	464,315	95,613	649	200,271	119,356	14,052,555	13,736,546
Accumulated depreciation												
Balance as at 01st January 2023	-	123,375	-	372,782	147,883	208,686	25,029	252	46,353	49,094	973,454	492,681
Depreciation charge for the year	-	124,132	-	109,828	16,872	164,484	10,384	54	20,906	22,708	469,368	489,728
Disposals	-	470	-	(9,774)	(1,514)	(23,528)	-	-	(40)	(141)	(34,527)	(8,955)
Balance as at 31st December 2023	-	247,977	-	472,836	163,241	349,642	35,413	306	67,219	71,661	1,408,295	973,454
Net book value												
As at 31st December 2022	9,463,092	2,288,071	69,700	331,609	78,565	304,435	61,963	116	114,298	51,244		12,763,092
As at 31st December 2023	9,463,093	2,314,572	69,700	336,771	104,161	114,673	60,200	343	133,052	47,695	12,644,260	

During the year the Company acquired property, plant and equipment amounting to Rs 371.5 Mn (2022 Rs.515.2 Mn)

At the end of year 2023, there were fully depreciated assets amounting to Rs.597.2 Mn (2022- Rs. 400.2 Mn)

There were no assets pledged against the borrowings.

9 RIGHT OF USE ASSETS/ LEASE LIABILITIES

SLFRS 16 – “Leases”, requires lessee to recognise all leases to on their Statement of Financial Position as lease liabilities with the corresponding right-of-use assets w.e.f. 1 January 2019. Previously, these leases were classified as operating leases under LKAS 17 – “Leases”.

Lease payable as lessee

The company leases a number of branch and office premises. The leases generally run for a period of 1-10 years, with an option to renew the lease after that date.

	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
9.1 Right-of-use assets				
Cost				
Balance as at 1st January	2,915,602	2,429,145	1,187,997	1,001,889
Additions	370,680	514,018	255,252	186,108
Revaluation	14,054	-	-	-
Disposals / write-offs during the year	(5,112)	(27,560)	-	-
Transfer to revaluation reserve	(77,303)	-	(77,303)	-
Transfers to PPE	(6,105)	-	(6,105)	-
Transfers to Investment Property	(74,332)	-	(74,332)	-
Balance as at 31st December	3,137,484	2,915,603	1,285,509	1,187,997
Amortisation				
Balance as at 1st January	1,614,328	1,113,633	611,208	443,237
Charge for the year	462,067	506,785	180,159	167,971
Adjustment for ROU Asset Depreciation due to transfer	(84,302)	-	(6,895)	-
Disposal during the year	(4,402)	(6,089)	-	-
Balance as at 31st December	1,987,691	1,614,329	784,472	611,208
Net balance as at 31st December	1,149,793	1,301,274	501,037	576,789

The property of Paradise Island has been transferred from Right of Use Asset to Investment Property as of 31st December 2023 amounting to Rs. 74,332,000.

The carrying amounts of lease liability recognised and its movements during the year are as follows:

	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
9.2 Lease liabilities				
Balance as at 1st January	1,049,303	1,029,172	665,420	560,396
Lease Liability Relating to new/renewed contracts during the year	494,926	654,005	373,737	326,095
Lease rent paid	(532,056)	(670,695)	(250,546)	(221,071)
Disposal during the year	(5,112)	(21,818)	-	-
Gain on disposals	185	(4,200)	-	-
Interest charged during the year	61,700	62,839	-	-
Balance as at 31st December	1,068,946	1,049,303	788,611	665,420
Adjustment on interest in suspense at initial application	172,902	92,486	172,902	92,486
Interest recognised in income statement	(77,997)	(59,572)	(77,997)	(59,572)
Interest in suspense relating to the new contracts recognised	126,480	139,987	126,480	139,987
Interest in suspense at the end of the period	221,385	172,902	221,385	172,902
Balance as at 31st December	847,561	876,401	567,226	492,518

The amounts are recognised in the Statement of Comprehensive Income for the year ended 31st December 2023.

9.3 Amounts recognised in Statement of Profit or Loss

	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December				
Amortisation expenses on right-of-use assets	462,067	506,785	180,159	167,971
Interest expenses on lease liabilities	139,697	122,411	77,997	59,572
Net charge to P and L	601,764	629,196	258,156	227,543

9.4 Maturity Analysis - Contractual Undiscounted Cashflows

	2023	2022	2023	2022
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Less than 3 months	142,719	108,513	1,640	508
3 months to 6 months	36,195	42,669	2,678	773
6 months to 1 year	69,721	94,796	19,425	31,931
1 to 5 years	907,400	584,442	527,155	307,656
More than 5 years	179,729	85,954	178,049	83,314
	1,335,764	916,374	728,947	424,182

9 RIGHT-OF-USE ASSETS/ LEASE LIABILITIES

Sri Lanka Insurance Corporation Ltd

The Company has entered into the 99 year agreement with the government of Sri Lanka and leasehold properties previously recognised under LKAS 17 were reclassified as Right of Use Assets - leasehold with adoption of SLFRS 16 -Lease, with effect from 01st January 2019. Prior period amount has not been restated.

Sri Lanka Insurance Corporation Ltd obtained leasehold rights to lands situated in Puttalam, Paradise Island - Bentota, Nuwara- Eliya and Monaragala for 99 & 30 years from the Government of Sri Lanka. Based on the ruling 11 of Urgent Issues Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, the lands are stated at revalued amounts. As a result of a revision to said ruling, the Company now carries such leasehold rights to land, at the values recorded in the statement of financial position as at the effective date of SLFRS 16 - "Leases".

The building amounting (Rs. 6,105,000) situated in Puttalama land which is a Right of Use Asset has been transferred from Right of Use Asset to Property Plant and Equipment as at 31st December 2023.

The property of Paradise Island has been transferred from Right of Use Asset to Investment Property as of 31st December 2023 (Include the amount as well)

The Lanka Hospitals Corporation PLC

The company is a lessee entered into 99 years lease agreement with the Urban Development Authority in 1999. In terms of this agreement a sum of Rs. 18,546,548/- per annum should be paid by the Company till 2025, and the final premium payment of Rs. 9,273,274/- should be paid in 2026. There are other lease facilities entered by the company for corporate office and hostels. In addition, The Lanka Hospitals Diagnostic Pvt Ltd, the subsidiary of The Lanka Hospitals Corporation PLC has entered into lease agreements for the purpose of Laboratory services and company sample collection centers.

The company obtained leasehold rights to lands situated in Puttalam, Paradise Island - Bentota, Nuwara- Eliya and Monaragala for 99 & 30 years from Government of Sri Lanka. Based on the ruling 11 of Urgent Issues Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, the lands are stated at revalued amounts. As a result of a revision to said ruling, the Company now carries such leasehold rights to land, at the values recorded in the statement of financial position as at the effective date of SLFRS 16 - "Leases".

Litro Gas Terminal Lanka (Private)Limited

The last two years lease rental of Hambanthota lease agreement have been held due to service dispute. The Company has one lease arrangement signed with Sri Lanka Ports Authority and from 2019 it was novated with Hambanthota International Port Group (HIPG) for the balance period for Hambanthota terminal, where the lease term is 10 years from 2013 to November 2023 and the rental is increased by different rates annually. Renewal of lease has not been implemented after end of novation period of 10 Years. However, owing to a breakdown in the LPG pipeline, it remained non-functional starting from the year 2021. Consequently, due to this dispute, the company withheld the annual rent payment of Rs.233.84 million (Rs.114.07 million in 2021/22 and Rs.119.77 million in 2022/23), with the entire sum being recognized under accrued expenses against the respective years. Furthermore, the company has formally communicated with HIPG, seeking their response regarding the withheld payments.

Canowin Hotels & Spas (Pvt) Ltd

The leasehold property in Welipenna has been leased from the Road Development Authority (RDA) for a period of 99 years starting from 19th August 2011. On 1st March 2014 the Company acquired two leasehold plots in Welipenna from the Road Development Authority, for a period of 30 years. The properties are adjoining the main property situated at the entrance of the Southern Expressway in which the rest area and food arcade have been constructed. This property is currently being utilized by Litro Gas Lanka (Pvt) Ltd.

10 INVESTMENT PROPERTIES	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December				
Balance as at 01st January	2,973,640	2,806,480	2,083,640	1,942,600
Transfer from Right of Use Assets	74,332	-	74,332	-
Additions during the year	4,975	3,743	-	-
Fair Value Gains / (Loss)	268,373	163,417	204,348	141,040
Balance as at 31st December	3,321,320	2,973,640	2,362,320	2,083,640

Sri Lanka Insurance Corporation Limited

Investment property held by Sri Lanka Insurance Corporation Limited is located at No.6, Sir Baron Jayathilake Mawatha, Colombo 1. Extent of land is A0 R0 P38.88 and extent of the building is 40,000 sq. ft. Property located at No 267, Union Place, Colombo, extent of land is A0 R0 P37.62 and the extent of building is 49,646 sq. ft & the bare land located at Gorkadeniya Rd, Yatinuwara, Extent of A0 R0 P118.47 & Land located in Walalgoda, Aluthgama is A17 R0 P13.47 and property under the name of "Club benthota", depicted as lot No. 1 in P. Plan No Ga 1789 and Lot Nos. 1,2,3,4,5,6 in P. Plan No. K 1902 located at Kaluwamodara and Walalagoda, Aluthgama.

The property of Paradise Island has been transferred from Right of Use Asset to Investment Property as of 31st December 2023 amounting to Rs. 74,332,000.

Canowin Hotels & Spas (Pvt) Ltd

Investment property held by Canowin Hotels & Spas (Pvt) Ltd, represents the leasehold land located at the entrance of the Southern Expressway, Welipenna and buildings (rest area and food arcade) which have been constructed in the said property. The leasehold property in Welipenna has been leased from the Road Development Authority ("RDA") for a period of 99 years starting from 19th August 2011.

10.1 Measurement of Fair Values

10.1.1 Fair Value Hierarchy

The fair value of investment property was determined by an external, independent property valuer, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement of investment property has been categorized as a Level 2 based on the SLFRS 13 - Fair Value Measurement.

10.1.2 Valuation technique and significant unobservable inputs

Valuation Technique	Company Name	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Welipenna, Southern Expressway and buildings (rest area and food arcade) Investment basis of valuation which considered present value of future cash flows has been used. This is based on the actual rental income currently earned together with the service charges receivable. Other income with a deduction to cover the operational expenses has also been considered.	Canowin Hotels & Spas (Pvt) Ltd	1. Future rental and other income	Estimated fair value would increase (decrease) if:
		2. Future operational expenses	1. future rental and related income changes
		3. Discount rates	2. future operational expenses change
Alhamra Property The market value arrived based on the investment method of valuation doesn't reflect the true potential of the subject land in its current use. Even though the building is refurbished it is old and economically obsolete. This results in an inadequate return on the investment. Recognizing the highest and best use and the potential of the subject property, in its commercial use and the market value is arrived based on cost approach.	SLIC	1. Future rental	3. Discount rate changes
		2. Future operational expenses	Estimated fair value would increase (decrease) if:
		3. Discount rates	1. future rental and related income
Property situated in 267, Union Place Income Approach based valuation which considered the present value of net future cash flows has been used. This is based on actual rental income currently earned & outgoing expenses. Under the income approach it also considered the outgoing expense to determine the net future cash flows.	SLIC	1. Future rental	2. future operational expenses change
		2. Future operational expenses	3. Discount rate changes
		3. Discount rates	Estimated fair value would increase (decrease) if:
Yatinuwara Bare Land Market approach based valuation is used for the SLIC Ytinuwara Bare Land. Value is determined by using the direct comparison approach, whereby the subject property is compared to the recent comparable land sales values & the necessary adjustment is made to determine the fair value of the bare land.	SLIC	1. Value per perch of the land	1) Value per perch of land changes
		2. Interest rates	2) Interest rate fluctuates
		1. Future rental income	Estimated fair value would increase (decrease) if future rental income
Paradise Island - Club Benthota The fair value arrived based on the investment method of valuation. This is based on level 3 inputs of fair value hierarchy since level 1 & 2 inputs are not available. As Level 3 inputs Market value of a similar land has been considered to measure the fair value of the Property.	SLIC	1. Value per perch of the land	Estimated fair value would increase (decrease) if:
		2. Interest Rates	1) Value per perch of Land
			2) Interest Rate Fluctuations

11	INTANGIBLE ASSETS	Notes	Group		Company	
			2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
	As at 31st December					
	Goodwill on acquisition	11.1	2,992,805	2,992,805	-	-
	Computer software	11.2	196,152	85,077	116,025	37,588
			3,188,957	3,077,882	116,025	37,588

11.1	Goodwill on Acquisition	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
	As at 31st December				
	Cost				
	Balance as at 01st January	2,992,805	2,992,805	-	-
	Balance as at 31st December	2,992,805	2,992,805	-	-

The aggregated carrying amount of goodwill allocated to each unit is as follows:

	2023 Rs. Mn	2022 Rs. Mn	2023 Rs. Mn	2022 Rs. Mn
As at 31st December				
The Lanka Hospitals Corporation PLC	1,577	1,577	-	-
Litro Gas Lanka Limited	842	842	-	-
Litro Gas Terminal Lanka (Pvt) Ltd	574	574	-	-
	2,993	2,993	-	-

There has been no permanent impairment of intangible assets that requires a provision.

11.2	Computer Software	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
	As at 31st December				
	Cost				
	Balance as at 01st January	646,391	618,827	455,872	438,063
	Additions	153,759	27,564	101,062	17,809
	Revaluation	581	-	-	-
	Cost adjustment due to revaluation	(1,013)	-	-	-
	Balance as at 31st December	799,718	646,391	556,934	455,872
	Amortization				
	Balance as at 01st January	561,314	526,400	418,284	401,665
	Amortization charge	42,685	34,914	22,625	16,619
	Depreciation adjustment due to revaluation	(433)	-	-	-
	Balance as at 31st December	603,566	561,314	440,909	418,284
	Net Balance as at 31st December	196,152	85,077	116,025	37,588

Canowin Hotels & Spas (Pvt) Ltd

The intangible assets comprises the costs incurred in the designing of Canowin Website, purchase of Quickbook license and the "Subway" Franchise have been recognized as Intangible Assets and amortized over 4-20 years.

Canwill Holdings (Pvt) Ltd

The intangible assets comprises of accounting system, payroll system and communication solutions acquired and used for the purpose of group companies which have been fully depreciated to the reporting date.

Lanka Hospitals Corporation PLC

Intangible assets include software used by the Group and the company.

There were no restrictions on the title of the intangible assets of the Group and the Company as at the reporting date. Further, there were no items pledged as securities for liabilities. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year 2023 (2022- Nil).

During the year 2023, the company acquired Rs. 461,250.00 worth of computer software for Subway outlets and revalued the QB system, Website, and Subway franchise to the aggregated fair value of Rs. 581,331.00.

Lanka Hospitals Corporation has removed the aggregated cost of Rs. 1,013,141.00 and the aggregated accumulated depreciation of Rs. 432,948.00 in Intangible assets for the revaluation.

12	LOAN TO POLICYHOLDERS	Group		Company	
		2023	2022	2023	2022
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
As at 31st December					
	Balance as at 01st January	1,867,624	1,637,187	1,867,624	1,637,187
	Loans granted during the year	1,876,443	1,540,297	1,876,443	1,540,297
	Interest receivable on loans	383,543	350,231	383,543	350,231
	Loans settled during the year (against claims)	(2,031,726)	(1,660,091)	(2,031,726)	(1,660,092)
	Balance as at 31st December	2,095,884	1,867,624	2,095,884	1,867,624

The surrender value of the loans granted to policyholders as at 31st December 2023 amounted to Rs.3,417 mn (2022 Rs.2,966 mn).

The Company grants policy loans at the market rate and hence initial recognition is at fair value.

If the total receivable of the loan including interest due and accrued exceeds the surrender value the policy terminates and becomes void. The Company has the first lien on all policies which are subject to policy loans and this mitigates the Company's credit exposure on Policy Loans.

The Board of Directors has assessed the potential impairment loss of loans where total receivable exceeds the surrender value and charged(reversed) in the financial statements as at the reporting date in respect of loans to Life policyholders.

The carrying value of the policyholders' loans approximates the fair value at the reporting date.

13	REINSURANCE RECEIVABLES	Group		Company	
		2023	2022	2023	2022
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
	Reinsurance receivables on settled claims	213,010	305,233	213,010	305,233
	Reinsurance receivables on outstanding claims	1,711,982	4,112,690	1,711,982	4,112,690
	Impairment on reinsurance receivables	(56,255)	(50,657)	(56,255)	(50,657)
	Balance as at 31st December	1,868,737	4,367,265	1,868,737	4,367,265

Impairment of reinsurance receivables

The Board of Directors has assessed the potential impairment loss on reinsurance receivables as at the reporting date and adequate provisions have been made in the financial statements.

The carrying value of reinsurance receivables approximates the fair value at the reporting date.

14 PREMIUM RECEIVABLE	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December				
Premium receivable from Policyholders (Note 14.1)	4,026,394	4,470,534	4,026,394	4,470,534
Premium receivable from Agents and Brokers (Note 14.2)	2,264,540	2,140,263	2,264,540	2,140,263
	6,290,934	6,610,797	6,290,934	6,610,797
14.1 Premium Receivable from Policyholders				
Premium Receivable from Policyholders	4,194,124	4,828,821	4,194,124	4,828,821
	4,194,124	4,828,821	4,194,124	4,828,821
Impairment on premium receivable				
As at the beginning of the year	(358,287)	(234,542)	(358,287)	(234,542)
Charge made during the year	190,557	(123,745)	190,557	(123,745)
As at the End of the year	(167,730)	(358,287)	(167,730)	(358,287)
Premium receivable from policyholders	4,026,394	4,470,534	4,026,394	4,470,534
14.2 Premium receivable from agents, brokers and intermediaries				
Premium Receivable from Agents and Brokers and intermediaries	2,382,542	2,424,720	2,382,542	2,424,720
	2,382,542	2,424,720	2,382,542	2,424,720
Impairment on premium receivable				
As at the beginning of the year	(284,458)	(113,136)	(284,458)	(113,136)
Reversal / (Charge) made during the year	166,456	(171,322)	166,456	(171,322)
As at the end of the year	(118,002)	(284,458)	(118,002)	(284,458)
Premium receivable from agents, brokers and intermediaries	2,264,540	2,140,263	2,264,540	2,140,263

The Board of Directors has assessed the potential impairment loss on premium receivables as at the reporting date and adequate provisions have been made in the financial statements.

15 DEFERRED TAX ASSETS AND LIABILITIES

15.1 Recognized deferred tax assets and liabilities

15.1.1 Movement in deferred tax balances

Deferred tax assets and liabilities are attributable to the following:

Group - 2023	Net Balance as at 01 January 2023	Recognized in profit or loss	Impact due to tax rate change recognized in profit or loss	Recognized in OCI	Impact due to tax rate change recognized in OCI	Net balance at 31 December 2023	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	8,804,970	(103,606)	-	(45,167)	-	8,656,197	-	8,656,197
Intangible assets	3,931	(569)	-	-	-	3,362	-	3,362
Investment property	535,860	110,259	-	-	-	646,119	-	646,119
Employee benefits	(323,509)	(49,015)	-	(89,446)	-	(461,970)	(461,970)	-
Carry forward tax losses	(2,627,137)	2,003,298	-	-	-	(623,838)	(623,838)	-
Available for sale financial assets	(3,321)	-	-	115,602	-	112,281	112,281	-
Provisions on inventory	(286,199)	351	-	-	-	(285,847)	(285,847)	-
Provisions on trade receivables, related party and fixed deposits	79,570	133,200	-	-	-	212,770	212,770	-
Right-of-use assets	-	14,100	-	-	-	14,100	-	14,100
	6,184,165	2,108,018	-	(19,011)	-	8,273,173	(1,046,605)	9,319,778

Group - 2022	Net Balance as at 01 January 2022	Recognized in profit or loss	Impact due to tax rate change recognized in profit or loss	Recognized in OCI	Impact due to tax rate change recognized in OCI	Net Balance at 31 December 2022	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	6,547,104	1,163,407	-	125,330	969,129	8,804,970	-	8,804,970
Intangible assets	(1,015)	4,946	-	-	-	3,931	-	3,931
Investment property	330,056	205,804	-	-	-	535,860	-	535,860
Employee benefits	(294,829)	(112,850)	-	84,170	-	(323,509)	(323,509)	-
Carry forward tax losses	(2,249,485)	(377,652)	-	-	-	(2,627,137)	(2,627,137)	-
Available for sale financial assets	(66,071)	-	-	(262,681)	-	(328,752)	(328,752)	-
Provisions on inventory	(9,500)	6,179	-	-	-	(3,321)	(3,321)	-
Provisions on trade receivables, related party and fixed deposits	(143,791)	(142,408)	-	-	-	(286,199)	(286,199)	-
Right-of-use assets	(13,469)	93,039	-	-	-	79,570	-	79,570
	4,099,000	840,465	-	(53,181)	969,129	5,855,413	(3,568,917)	9,424,331
		812,714						

Company - 2023	Net Balance as at 01 January 2022	Recognized in profit or loss	Impact due to tax rate change recognized in profit or loss	Recognized in OCI	Impact due to tax rate change recognized in OCI	Net Balance at 31 December 2023	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	4,356,299	(35,249)	-	(45,167)	-	4,275,883	-	4,275,883
Realisation of revaluation of reserve on land disposal	-	-	-	-	-	-	-	-
Right - of-use assets	(575)	2,301	-	-	-	1,726	-	1,726
Investment property	198,787	83,604	-	-	-	282,391	-	282,391
Employee benefits	(227,873)	(32,784)	-	(60,400)	-	(321,057)	(321,057)	-
Available for sale financial assets	(328,752)	-	-	115,602	-	(213,150)	(213,150)	-
Provisions on trade receivables	(240,987)	138,265	-	-	-	(102,722)	(102,722)	-
	3,756,899	156,137	-	10,035	-	3,923,071	(636,929)	4,560,000

Company - 2022	Net Balance as at 01 January 2022	Recognized in profit or loss	Impact due to tax rate change recognized in profit or loss	Recognized in OCI	Impact due to tax rate change recognized in OCI	Net Balance at 31 December 2022	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	3,490,881	106,425	-	-	758,993	4,356,299	-	4,356,299
Right-of-use Assets	(238)	(337)	-	-	-	(575)	(575)	-
Investment property	52,158	146,629	-	-	-	198,787	-	198,787
Employee benefits	(240,135)	(45,047)	-	57,309	-	(227,873)	(227,873)	-
Available for sale financial assets	(66,071)	-	-	(262,681)	-	(328,752)	(328,752)	-
Provisions on trade receivables	(121,813)	(119,174)	-	-	-	(240,987)	(240,987)	-
	3,114,782	88,496	-	(205,372)	758,993	3,756,899	(798,187)	4,555,086

As at 31 December

15 Deferred tax assets and liabilities (Continued)

15.1 Recognized deferred tax assets and liabilities (Continued)

The amounts shown in the statement of financial position represent the following:

Group	2023	2022
Deferred Tax Assets		
Canwill Holdings (Pvt) Limited	(403)	(2,033)
Litro Gas Lanka Limited	-	(160,309)
	(403)	(162,342)
Deferred Tax Liabilities		
Sri Lanka Insurance Corporation Limited - Non Life	3,923,071	3,756,899
The Lanka Hospitals Corporation PLC	1,134,821	1,212,337
Litro Gas Lanka Limited	1,798,107	-
Litro Gas Terminal Lanka (Pvt) Ltd	849,096	926,844
Canowin Hotels & Spa (Pvt) Ltd	237,429	121,675
	7,942,524	6,017,757
	7,942,121	5,855,413

Non-life deferred tax assets and liabilities are originated due to temporary timing differences on the following asset and liability bases:

Non-Life	2023		2022	
	Temporary difference Rs. 000'	Deferred tax Rs. 000'	Temporary difference Rs. 000'	Deferred tax Rs. 000'
Deferred tax asset				
Retirement benefit obligation	(1,070,190)	(321,057)	(759,575)	(227,873)
AFS negative reserve - treasury bonds	(1,153,934)	(213,150)	(1,095,841)	(328,752)
Right of use asset	-	-	(1,917)	(575)
Provision for doubtful debtors	(342,405)	(102,722)	(803,288)	(240,987)
	(2,566,529)	(636,929)	(2,660,621)	(798,187)
Deferred tax liability				
Property plant and equipment and revaluation reserve	1,753,628	526,087	1,871,123	561,337
Right of use asset	5,754	1,726	-	-
Available for sale reserve	-	-	-	-
Investment property	941,303	282,391	662,623	198,787
Revaluation reserve - Land	12,499,319	3,749,796	12,649,876	3,794,962
	15,200,004	4,560,000	15,183,622	4,555,086
Net deferred tax (asset)/liability	12,633,475	3,923,071	12,523,001	3,756,899

Litro Gas Terminal Lanka (Private) Limited

Deferred tax liabilities are calculated on all temporary differences under the liability method using an effective tax rate of 30% (30% - 2022).

Sinolanka Hotels and Spa (Pvt) Ltd

Deferred Tax has not been provided for temporary differences as the tax impact and reversals are expected to take place within the tax exemption period. There will be no tax implications that arise after the expiration of the tax exemption period for such assets.

Helanco Hotels and Spa (Pvt) Ltd

A deferred tax asset has not been recognised since the company does not have any asset entitle for income tax.

Canowin Hotels and Spas (Pvt) Ltd

Deferred taxes are calculated on all temporary differences under the liability method using the principal tax rate of 30%.

16 OTHER ASSETS	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December					
Inventories	16.1	5,598,340	4,170,375	287,788	286,195
Trade and other receivables	16.3	8,826,466	7,669,253	548,607	1,098,593
Amounts due from related parties		677	-	-	-
Amount due from Distilleries Company of Sri Lanka PLC		140,317	136,479	140,317	136,479
Other financial assets		235,164	174,938	-	-
Staff loans	16.2	2,527,123	2,185,138	2,317,707	1,944,247
Prepaid staff cost		989,616	706,891	984,096	695,822
Other loans		835,222	946,835	834,962	846,575
Advance on fixed assets		-	19,073	-	19,073
Value added tax receivable		21,532	23,572	-	-
Income tax recoverable		46,967	41,472	-	-
		19,221,424	16,074,026	5,113,477	5,026,984

16 OTHER ASSETS

16.1 Inventories		Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
	As at 31st December				
	Insurance	287,788	286,195	287,788	286,195
	Healthcare	16.1.1 861,832	979,996	-	-
	Energy	16.1.2 4,448,720	2,904,184	-	-
		5,598,340	4,170,375	287,788	286,195

16.1.1 Healthcare

There were no inventories pledge as a securities for liabilities by the group and the company as at the reporting date.

Free Goods Received

The Company has received free goods with a Cost totaling 47,817,469 during the reporting period ending 31st December 2023. The receipt of these free goods has been accounted for in accordance with LKAS-02. These goods are recognized at "Zero" cost in the financial statements based on the Cost and Net realizable value whichever is lower. The Company believes that the receipt of these free goods has positively impacted its operations by reducing certain expenses and enhancing the overall value proposition to customers.

16.1.2 Energy

Litro Gas Lanka Limited

The cost of inventories recognised as an expense during the year in respect of continuing operations was Rs.9.47 million (2022: No Expenses). The cost of inventories recognised as an expense includes Rs.9.47 million (2022: 339.5 million) in respect of writedowns of inventory to net realisable value, and has not been reduced in respect of the reversal of such write-downs in 2023 (2022- Rs.339.5Mn).

- Goods in Transit

Goods in transit consists of LPG stock shipment which was in transit as at the year end.

The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 78,172,973,339 (2022 - Rs. 69,807,148,659).

Litro Gas Lanka Terminal (Pvt) Limited

- Other consumables

Other consumables mainly consist of spare parts and maintenance items at Hambantota storage facility.

16.2 Staff Loans - Loans due from employees

As at 31st December	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
At the beginning of the year	2,185,137	1,860,627	1,944,246	1,697,813
Loans granted during the year	1,471,393	1,124,543	1,471,393	1,043,000
Recoveries during the year	(748,132)	(175,393)	(716,657)	(171,927)
Fair value adjustment on staff loan	(381,275)	(624,639)	(381,275)	(624,639)
At the end of the year	2,527,123	2,185,138	2,317,707	1,944,247

16.3 Trade and Other Receivables

Trade receivables	1,677,516	1,227,373	-	-
Provision for doubtful debt	(131,099)	(121,042)	-	-
Total trade receivables - Net	1,546,417	1,106,331	-	-
Deposit and prepayments	4,757,853	3,869,884	-	-
Advances and other receivables	1,446,145	1,060,949	-	-
Other receivables	1,103,484	1,762,922	549,026	1,208,479
Impairment on other receivables	(27,433)	(130,833)	(419)	(109,886)
	8,826,466	7,669,253	548,607	1,098,593

Canowin Hotels & Spas (Pvt) Ltd

Management has carried out an impairment provision based on simplified approach of ECL method. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment. Before 2022, the company made general provisions for all the debtors without compiling specific provisions. Therefore, from 2022 onwards, management considered to establish 100% ECL for debtors aged more than 360 days and for non operating tenants in determining the provision matrix for ECL. Following ECL provisions are allotted as general provisions. For tenants aging 1 to 90 days; 0% . For tenants aging 91 to 180 days; 5% - 10% . For tenants aging 181 to 270 days; 15% - 30% . For tenants aging 271 to 360 days; 40% - 100%. 100% provision has been made for Advances Paid for Suppliers aged more than 360 days.

Helanco Hotels & Spa (Pvt) Ltd

Sinolanka Hotels & Spa (Pvt) Ltd, the owner of Grand Hyatt Colombo project had continuously experienced a short-fall in liquidity from January 2018. This was mainly attributed to the delay in the proposed loan program and the execution of the project divestiture programme approved by the Cabinet of Ministers in August 2017.

Accordingly, a short-term funding arrangement of Rs. 400 million was made by Helanco Hotels & Spa (Pvt) Ltd in January 2018 to Sinolanka Hotels & Spa (Pvt) Ltd. This was allocated from idling funds within the company at an interest rate of 8.79% per annum.

The Board of Directors has considered the financial constraints currently being experienced by the companies at the group level at the board meeting held on 13th February 2024. The board has assessed the likelihood of the cash settlement against the Rs. 400 million loan and accumulated interest Rs 126, 075, 753/- as of 31st December 2022 as very low due to the current situation of the Grand Hyatt Colombo Project. As a result, it was resolved by the board of directors of Sinolanka Hotels & Spa (Pvt) Ltd to capitalize Rs. 400 million loan liability of the company by issuing ordinary shares at a consideration of Rs 10/- per share. It was resolved by the board of Canwill Holdings (Pvt) Ltd to buy back shares being held by Canwill under Helanco Hotels & Spa (Pvt) Ltd and reinvest under Sinolanka Hotels & Spa (Pvt) Ltd to facilitate the said arrangement. The board of Helanco Hotels & Spa (Pvt) Ltd has also resolved to write off the interest receivable from Sinolanka Hotels & Spa (Pvt) Ltd Rs. 126,075,753/- as of 31st December 2022.

Referring to the aforesaid approvals granted by the Board, the short-term loan receivable from Sinolanka Rs. 400 million has been recognized under note No. 12. Amounts due from related companies until the share buyback is executed and interest receivable Rs. 126,075,753/- has been adjusted through the statement of changes in equity.

Litro Gas Lanka (Private) Limited

The Company apply the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 1 January 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjust the historical loss rates based on expected changes. On that basis, the loss allowance as at 31 December 2023 and 1 January 2023 was determined as follows for trade receivables:

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments for a period greater than 60 days from the due date.

17	DEFERRED EXPENSES -INSURANCE CONTRACT	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December					
Net deferred acquisition expenses					
	Balance as at 01st January	656,092	599,866	656,092	599,866
	Increase in deferred acquisition expenses	91,063	56,226	91,063	56,226
	Balance as at 31st December	747,155	656,092	747,155	656,092
Deferred reinsurance commission					
	Balance as at 01st January	(135,919)	(116,044)	(135,919)	(116,044)
	Increase in deferred acquisition expenses	9,636	(19,876)	9,636	(19,876)
	Balance as at 31st December	(126,283)	(135,920)	(126,283)	(135,920)
	Net deferred acquisition expenses	620,872	520,172	620,872	520,172
18	CASH AND CASH EQUIVALENTS	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Cash and Cash Equivalents					
	Cash in hand and at bank	5,908,866	3,632,707	1,320,851	928,069
	Short-term investments	12,611,270	6,155,777	4,564,320	5,392,400
	Total cash and cash equivalents	18,520,136	9,788,484	5,885,171	6,320,469
	Bank overdraft used for cash management purposes (Refer note 28)	(735,764)	(1,090,853)	(446,033)	(563,026)
	Cash and cash equivalents in the statement of cash flow	17,784,372	8,697,631	5,439,138	5,757,443

18.1 Litro Gas Lanka Ltd

Fixed deposits, repo and savings accounts

- a) Investments in fixed deposits and repo's with a maturity period of less than 3 months have been classified as cash and cash equivalents.
b) The weighted average effective interest rate on short term deposits was 12.1% (2022 - 12.1%).

Litro Gas Terminal Lanka (Private) Limited

Fixed deposits and treasury bills

- a) Investments in fixed deposits and treasury bills with a maturity period of less than 3 months have been classified as cash and cash equivalents.
b) The weighted average effective interest rate on short term deposits was 16 % (2022 - 12 %).

19	STATED CAPITAL	Notes	Group		Company	
			2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
	As at 31st December					
	Issued and fully paid					
	Ordinary shares (599,655,816 shares)	19.1	6,000,000	6,000,000	6,000,000	6,000,000
			6,000,000	6,000,000	6,000,000	6,000,000

19.1 Right of Ordinary Shareholders

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

20	REVALUATION RESERVE		Group		Company	
			2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
	As at 31st December					
	Revaluation Reserve	20.1	22,828,004	22,972,908	8,410,899	8,516,289
			22,828,004	22,972,908	8,410,899	8,516,289

20.1 Revaluation Reserve

As at 31st December

Balance as at 01st January	22,972,908	18,414,228	8,516,289	9,275,282
Depreciation transfer on surplus on revaluation of building	(101,735)	(26,592)	(73,582)	-
Realization of Revaluation Surplus on Disposal	(20,793)	-	-	-
Surplus on revaluation of land and building	9,432	5,852,266	-	-
Deferred Tax on Revaluation (Surplus)/Deficit	-	(125,330)	-	-
Effect on deferred tax due to rate change	-	(969,129)	-	(758,993)
Deferred tax effects on realization of revaluation of reserve on Land disposal	45,167	-	45,167	-
Changes in interest while retaining control	-	(172,535)	-	-
Transfer of revaluation reserve to retained earnings	(76,975)	-	(76,975)	-
Balance as at 31st December	22,828,004	22,972,908	8,410,899	8,516,289

21 AVAILABLE FOR SALE RESERVE

	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December				
Balance as at 01st January	(246,970)	6,008,859	(246,970)	6,008,859
Other comprehensive income for the year	15,801,903	(12,320,354)	15,801,903	(12,320,354)
Deferred tax effect on fair value of available for sale reserve	(115,602)	262,681	(115,602)	262,681
Transferred AFS reserves - Life fund	(5,861,197)	5,801,844	(5,861,197)	5,801,844
Balance as at 31st December	9,578,134	(246,970)	9,578,134	(246,970)

Available for sale reserves comprise of the impact arising from the changes in market values of financial assets classified under Available For Sale (AFS). AFS Reserves belonging to Life Policyholders are shown under the Insurance Provision Life.

22	REVENUE RESERVES	Notes	Group		Company	
			2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December						
	General reserve		643,442	643,442	643,442	643,442
	Surplus from life insurance	22.1	24,153,337	20,708,853	24,153,337	20,708,853
	Retained earnings	22.2	58,940,170	51,754,512	42,429,006	40,260,537
	Transferred to one off surplus-un restricted reserve	22.3	466,179	466,179	466,179	466,179
			84,203,128	73,572,987	67,691,964	62,079,011
22.1	Surplus from Life Insurance					
	Balance as at 01st January		20,708,853	17,920,276	20,708,853	17,920,276
	Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022		-	(228,077)	-	(228,077)
	Adjusted balance as at 01st January		20,708,853	17,692,199	20,708,853	17,692,199
	Surplus attributable to shareholders from life insurance		3,444,484	3,016,654	3,444,484	3,016,654
	Balance as at 31st December		24,153,337	20,708,853	24,153,337	20,708,853
22.2	Retained Earnings					
	Balance as at 01st January		51,754,512	46,686,714	40,260,537	34,775,158
	Impact from prior period error corrections **		-	373	(0)	-
	Adjustment for surcharge tax levied under the surcharge Tax Act No. 14 of 2022		(334,236)	(1,536,511)	-	(1,116,579)
	Adjusted balance as at 01st January		51,420,276	45,150,576	40,260,536	33,658,579
	Profit for the year		13,064,846	11,588,573	7,778,572	10,545,807
	Other comprehensive income		5,863	656,937	67,065	584,148
	Depreciation transfer of surplus on revaluation of building		101,735	26,592	73,582	-
	Surplus attributable to shareholders from life insurance		(3,444,484)	(3,016,654)	(3,444,484)	(3,016,654)
	Changes in interest while retaining control		-	(1,140,169)	-	-
	Share buyback		(33,424)	-	(33,424)	-
	Dividend declared and paid		(2,272,841)	(1,511,343)	(2,272,841)	(1,511,343)
	Realization of Revaluation Reserve on Land Disposal		20,793	-	-	-
	ROU Asset Depreciation Transfer		77,407	-	-	-
	Balance as at 31st December		58,940,170	51,754,512	42,429,006	40,260,537
22.3	Transferred to One off Surplus-Unrestricted Reserve					
	Balance as at 01st January		466,179	466,179	466,179	466,179
	Transferred to one off surplus-unrestricted Reserve		-	-	-	-
	Balance as at 31st December		466,179	466,179	466,179	466,179

23 INSURANCE CONTRACT LIABILITIES -LIFE

Notes	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December				
Life insurance fund as at 01st January	157,936,457	148,000,670	157,936,457	148,000,670
Total profit transfer to life fund	21,734,208	14,034,410	21,734,208	14,034,410
Surcharge tax - life fund	-	(1,081,969)	-	(1,081,969)
Surplus distributed to shareholders	(3,444,484)	(3,016,654)	(3,444,484)	(3,016,654)
Life insurance fund as at 31st December excluding one-off surplus	176,226,181	157,936,457	176,226,181	157,936,457
AFS reserves				
Balance as at 01st January	(1,217,455)	4,584,389	(1,217,455)	4,584,389
Net change in the AFS reserve	5,861,197	(5,801,844)	5,861,197	(5,801,844)
Balance as at 31st December	4,643,742	(1,217,455)	4,643,742	(1,217,455)
Life insurance funds as at 31st December including AFS reserves	180,869,923	156,719,002	180,869,923	156,719,002
Policyholders' outstanding claims	2,914,569	3,050,321	2,914,569	3,050,321
	183,784,492	159,769,323	183,784,492	159,769,323

Long duration contract liabilities included in the Life Insurance Fund, result primarily from traditional participating & non-participating life insurance products. The insurance provision has been established based upon the following.

* Investment return: Risk Free Rate structure proposed by IRCSL as at 31.12.2023

* Mortality: Factored A67/70 for non-annuity business to allow best estimate experience rate and for annuity business, weighted a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants

* Lapse rate: As per the average during current year and preceding 2 years

* Expense assumptions: Based on the expenses recorded in financial for the year 2023 expenses split into Participating and Non-participating business

*Morbidity: Based on the company internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables

*Reinsurance assumptions: Based on the company internal experience studies with respect to reinsurance

The amount of policyholder's reversionary bonus to be paid is determined annually by the Company. The bonus includes life policyholders share of net income that are required to be allocated by the insurance contract or, by insurance regulations.

From 01.01.2016 onwards SLICL fully implemented the Risk Based Capital (RBC) solvency framework as such adopted the "Gross Premium Valuation" basis (GPV) which is required under RBC regime for liability valuation purpose. SLICL has adopted a more prudent valuation basis for its surplus computation with compared to minimum regulatory basis (RBC). SLICL followed the "Net Premium Valuation" basis (NPV) for the valuation of liabilities as at 31.12.2015. This change in valuation basis has resulted an one-off surplus in life insurance policy liabilities as at 01.01.2016.

IRCSL submitted the guideline to compute One-off surplus and transferring mechanism to Shareholder fund from Life-Non Participating Fund under the direction called "Identification and Treatment of One-Off Surplus: Direction # 16 - Section 964 of the Regulation of Insurance Industry Act No, 43 of 2000" dated 20.03.2018 where minimum One-off Surplus computation is recommended. Accordingly, SLICL has quantified the one-off surplus as at 01.01.2016, and it stands out that the amounts are Rs: 6,281 million and Rs: 98 million with in Participating Fund and Non-Participating Fund respectively. The One-off surplus pertaining to Participating Fund will remain in the Life Fund under "Surplus created due to change in valuation method from NPV to GPV (Participating)". As per the directions given by IRCSL, SLICL transferred the one-off surplus arising from Non-Participating Fund to Shareholder Fund and accounted in the statement of financial position as at 31.12.2017, under new line item called "Restricted Regulatory Reserve". The "Restricted Regulatory Reserve" is a part of Shareholder Equity, but distribution of the same to Shareholders as dividend is subject to meeting Governance requirements stipulated by the IRCSL and can only be released upon receiving approval from the IRCSL. SLICL maintains the same amounts in one-off surplus in Participating fund and Restricted Regulatory Reserve in Shareholders fund as at 31.12.2023. The One-off Surplus in the Shareholder Fund will remain invest in Repo at Commercial Bank PLC (Fitch Ratings A(Ika)) as per the direction of the IRCSL

	Rs: Mn
Long-term Insurance Fund excluding one-off surplus	174,589
Surplus created due to change in valuation method from NPV to GPV (Participating)	6,281
Long-term Insurance Fund as at 31.12.2023	180,870

Restricted Regulatory Reserve (One-off surplus Non-Participating Fund)	98
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The valuation of the Insurance Provision - Life Insurance Business, as at 31.12.2023 was made by Kunj Behari Maheshwari, Fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, for and on behalf of Sri Lanka Insurance Corporation Limited. In accordance with the consultants actuary's report, the sum of provision, Rs: 2,359 million (In 2022 Rs: 972 million), is included as the liability in respect of policyholders' Bonus. In the opinion of the appointed actuary, the admissible assets of the life insurance fund as at 31st December 2023 is adequate to cover the liabilities of the fund and the solvency margin requirement prescribed under section 26 of the regulation of Insurance Industry Act no. 43 of 2000. The life fund also carried forward surplus for future growth and safeguard against the adverse deviation of the assumptions set out in the valuation.

The Life Insurance Fund assets inclusive of Shareholders' Transfer as at 31.12.2023 is Rs: 184,314 million (2022 - Rs: 159,736 million). The Board of Directors decided to transfer Rs: 3,444 million (2022: Rs: 3,017 million) to the Shareholders' Fund in the statement of financial position in life insurance. Subsequent to this transfer, the life insurance fund stands Rs: 180,870 million (2021 - Rs: 156,719 million).

Liability Adequacy Test (LAT)

A Liability Adequacy Test ("LAT") for life insurance contract liability was carried out by Kunj Behari Maheshwari, Fellow of the Institute and Faculty of Actuaries UK, of Willis Towers Watson, as at 31st December 2023 as required by SLFRS 4 - Insurance Contracts. When performing the LAT, the company has compared the provisions held as per audited accounts with the actuarial liability. For this purpose, the value of the actuarial liability is computed following the principles laid out within Risk Based Capital framework as prescribed by the IRCSL, whereby liabilities are valued using a discounted cash-flow approach covering the full lifetime of all cash in- and out-flows required to settle the obligations related to existing in-force life insurance contracts. The projections are based on in-force policies and riders as at 31st December 2023.

According to the actuary's report, assets are sufficiently adequate as compared to the discounted cash flow reserves and in contrast to the reserves as at 31st December 2023. No additional provision is required against the LAT as at 31st December 2023.

24 INSURANCE CONTRACT LIABILITIES - NON-LIFE

Insurance Contract Liabilities - Non-Life

The Non-Life Insurance Reserves as shown in the Statement of Financial Position represent the following:

As at 31st December	Notes	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Reserves for net unearned premium	24.1	10,172,029	9,188,361	10,172,029	9,188,361
Reserves for title insurance and unexpired risk reserve	24.2	649,590	645,561	649,590	645,561
Reserves for gross outstanding claims	24.3	9,674,573	11,855,931	9,674,573	11,855,931
		20,496,192	21,689,853	20,496,192	21,689,853

24.1 Reserve for Net Unearned Premium

Reserve for unearned premium					
Balance as at 01st January		11,603,737	12,229,437	11,603,737	12,229,437
Transfer during the Year		462,733	(625,700)	462,733	(625,700)
Balance as at 31st December		12,066,470	11,603,737	12,066,470	11,603,737
Reserve for unearned reinsurance premium					
Balance as at 01st January		(2,415,376)	(1,531,677)	(2,415,376)	(1,531,677)
Transfer during the year		520,935	(883,699)	520,935	(883,699)
Balance as at 31st December		(1,894,441)	(2,415,376)	(1,894,441)	(2,415,376)
Total reserve for net unearned premium		10,172,029	9,188,361	10,172,029	9,188,361

24.2 Reserve for Title Insurance and Unexpired Risk Reserve

Reserve for title insurance					
Balance as at 01st January		645,561	632,380	645,561	632,380
Transfer during the year		4,029	13,181	4,029	13,181
Balance as at 31st December		649,590	645,561	649,590	645,561
Total reserve for title insurance and unexpired risk reserve		649,590	645,561	649,590	645,561

24.3 Reserves for Gross Outstanding Claims

As at 31st December		Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Balance as at 01st January		8,898,763	6,677,738	8,898,763	6,677,738
Claims Incurred during the year		2,702,140	13,047,591	2,702,140	13,047,591
Claims paid during the year		(4,628,472)	(10,826,566)	(4,628,472)	(10,826,566)
Balance as at 31st December		6,972,431	8,898,763	6,972,431	8,898,763
IBNR/IBNER balance as at 01st January		2,957,169	2,871,670	2,957,169	2,871,670
Increase/decrease in IBNR/IBNER		(255,027)	85,498	(255,027)	85,498
IBNR/IBNER balance as at 31st December		2,702,142	2,957,168	2,702,142	2,957,168
Total Reserves for gross outstanding claims		9,674,573	11,855,931	9,674,573	11,855,931

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the reporting date. The reserves are determined based on the information currently available. However, it is inherent to the nature of the business written that the ultimate liability may vary as a result of subsequent developments.

As at 31st December	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Reconciliation between insurance contract liabilities non - life and technical reserves				
Insurance contract liabilities non - life	20,496,192	21,689,852	20,496,192	21,689,852
Reserve for net deferred acquisition expenses	(620,872)	(520,172)	(620,872)	(520,172)
Reinsurance on claims reserves	(1,656,462)	(3,104,431)	(1,656,462)	(3,104,431)
Technical reserves	18,218,858	18,065,249	18,218,858	18,065,249

24 INSURANCE CONTRACT LIABILITIES - NON-LIFE

24.4 Claims Development Information

The table below presents changes in the historical non-life reserves, net of reinsurance. The top line of the table shows the estimated gross reserves for unpaid losses and loss adjustment expenses as of each balance sheet date, which represents the estimated amount of future payments for losses incurred in that year and in prior years. The cumulative paid portion of the table presents the cumulative amounts paid through each subsequent year in respect of the reserves established at each year end. Similarly, the cumulative reported losses section details the sum of the cumulative paid amounts shown in the triangle above and the net outstanding position at the end of the financial year.

Amounts in Rs '000

As at 31st December

	2018	2019	2020	2021	2022	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross reserves for losses and loss adjustment expenses	8,776,040	7,310,845	7,861,686	9,549,407	11,855,930	9,674,573
Reinsurance recoverable	(1,589,981)	(1,060,735)	(1,395,321)	(1,888,143)	(3,104,431)	(1,656,462)
Net reserves for losses and loss adjustment expenses	7,186,059	6,250,110	6,466,366	7,661,264	8,751,500	8,018,111

Cumulative paid

One year later	7,589,783	7,723,147	5,370,767	6,994,929	6,790,213	7,948,365
Two years later	9,631,805	9,451,250	7,043,437	9,312,011	9,271,432	-
Three years later	9,772,476	9,589,406	7,092,891	9,537,176	-	-
Four years later	9,996,134	9,666,070	7,169,932	-	-	-
Five years later	10,045,912	9,723,979	-	-	-	-
Six years later	10,099,949	-	-	-	-	-

Cumulative Reported

One year later	9,466,947	9,152,921	6,492,661	8,980,052	8,892,648	9,650,801
Two years later	9,907,086	9,718,009	7,255,303	10,014,973	9,681,923	-
Three years later	10,288,268	9,851,857	7,321,827	10,029,949	-	-
Four years later	10,199,725	9,898,280	7,366,908	-	-	-
Five years later	10,198,488	9,881,032	-	-	-	-
Six years later	10,208,304	-	-	-	-	-

25 CURRENT TAX LIABILITY

As at 31st December	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Balance as at 01st January	2,372,303	2,216,343	1,686,823	1,684,872
Income tax charge for the Year	4,141,537	2,695,824	2,769,105	1,841,847
Acquisition of subsidiary	5,269	-	-	-
Income tax settlements made during the Year	(3,465,110)	(2,582,531)	(2,341,357)	(1,839,896)
Under/(over) provision in respect of previous year	(43,940)	42,667	-	-
Balance as at 31st December	3,010,059	2,372,303	2,114,571	1,686,823

26 RETIREMENT BENEFIT OBLIGATION	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December				
Balance as at 01st January	2,088,250	2,523,520	1,530,151	1,917,741
Recognized in the statement of profit or loss				
Current service cost	132,018	171,886	80,243	111,648
Interest cost	343,579	277,226	244,824	210,952
Recognized in the statement of other comprehensive income				
Actuarial (gain)/ loss	110,935	(763,296)	(6,665)	(641,457)
	2,674,782	2,209,336	1,848,553	1,598,883
Benefit paid by the plan	(201,139)	(121,086)	(110,165)	(68,732)
Benefits payable for those who left during the year/ transferred to other payables	-	-	-	-
Balance as at 31st December	2,473,643	2,088,250	1,738,388	1,530,151

26.1 Description of the Valuation Method Used and the Information About the Valuer

LKAS 19 "Employee Benefits" require the use of actuarial techniques to make a reliable estimate of the amount of retirement benefits that the employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligations and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic and financial variables that will influence the cost of the benefit.

As at 31st December 2023 the Gratuity Liability was actuarially valued under the Projected Unit Credit (PUC) method by M/S Actuarial & Management Consultants (Pvt) Ltd, 1st Floor, 434, R.A.De Mel Mawatha, Colombo 3 for Rs.1,738.39 mn. The actuarial valuation is performed annually. Principal actuarial assumptions used:

Litro Gas Lanka Ltd

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Private) Limited, as at 31 December 2023. The present value of the retirement benefits as at 31 December 2023 amounted to Rs. 154,357,648. The liability is not externally funded.

Litro Gas Terminal Lanka (Pvt) Ltd

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Private) Limited, as at 31st December 2023. The actuarial present value of the promised retirement benefits as at 31st December 2023 amounted to Rs. 21,812,670/-. This liability is not externally funded.

Canwill Holdings (Pvt) Ltd

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd., as at 31st December 2023. The actuarial present value of the promised retirement benefits as at 31st December 2023 amounted to Rs. 4,991,339/- The liability is not externally funded.

Sinolanka Hotels & Spa (Pvt) Ltd

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd., as at 31st December 2023. The actuarial present value of the promised retirement benefits as at 31st December 2023 amounted to Rs. 4,377,795/-. The liability is not externally funded.

Canowin Hotels and Spas (Pvt) Ltd

The provision for Retirement Benefits Obligations for the year was based on the actuarial valuation carried out by professionally qualified actuaries, as at 31st December 2023 amounting to Rs. 5,567,890 Mn.

Lanka Hospitals Corporation PLC

A defined benefit plan is a postemployment benefit plan other than a defined contribution plan. The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date.

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Actuarial and Management Consultants (Pvt) Ltd, as at 31st December 2023 amounted to Rs. 318,883,389. The liability is not externally funded

Lanka Hospitals Diagnostics (Pvt) Ltd

The provision for retirement benefits obligations for the year is based on the actuarial valuation carried out by professionally qualified actuaries, Messrs. Actuarial & Management Consultants (Pvt) Ltd., as at 31st December 2023. The actuarial present value of the promised retirement benefits as at 31st December 2023 amounted to Rs. 50,933,525/-. The liability is not externally funded.

26.2 Principal Actuarial Assumptions used

	Group		Company	
	2023	2022	2023	2022
Discount Rate	12%-16%	16%-20%	12.00%	16.00%
Salary Increment Rate	6%-12%	6%-14%	7.00%	10.00%
Staff turnover Factor	5%-22%	5%-36%	0%-5%	0%-4%
Retirement age; Male	60 Years	60 Years	60 years	60 years
Retirement age; Female	60 Years	60 Years	60 years	60 years
Retirement age; Minor Staff	57 years	57 years	57 years	57 years

The Group's gratuity liability is not externally funded.

26 Employee Benefits (Continued)

26.3 Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined obligation by the amounts shown below.

Group	2023		2022	
	Increase	Decrease	Increase	Decrease
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Discount rate 1%	2,216,450	2,495,724	1,424,699	1,633,189
Future salary growth 1%	2,515,973	2,195,927	1,649,139	1,408,723

Company	2023		2022	
	Increase	Decrease	Increase	Decrease
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Discount rate 1%	1,638,225	1,823,581	1,440,194	1,609,078
Future salary growth 1%	1,835,466	1,626,202	1,620,268	1,429,042

27 OTHER LIABILITIES	Notes	Group		Company	
		2023	2022	2023	2022
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
As at 31st December					
Policyholder advance payments		595,623	606,495	595,623	606,495
Payables					
Agency commission payable		1,263,574	1,135,166	1,263,574	1,135,166
Others including accrued expenses	27.1	11,974,569	11,251,802	4,738,268	4,417,708
Trade payable		4,233,256	464,611	-	-
VAT payable		-	20,887	-	-
Other payables		561,328	402,312	-	-
Advance received		103,363	86,894	-	-
Customer deposit payable	27.2	9,114,723	9,040,498	-	-
Professional fees payable		252	273	-	-
Total other liabilities		27,846,688	23,008,938	6,597,465	6,159,369

27.1 Others including accrued expenses

Sinolanka Hotel & Spa (Pvt) Ltd

After a tender exercise and a period of negotiations, Interna Contract Spa (now herein referred to as Interna) was awarded by Sinolanka Hotels & Spa (Pvt) Ltd (now herein referred to as Sinolanka) the contract to provide Interior Fit Out and Furnishing Works for the Grand Hyatt Colombo Project. Subsequently, Sinolanka terminated the contract with Interna on several grounds.

Arbitration award was in favour of Interna and Sinolanka was ordered to pay EURO 7,432,062.79 as damages with 2% simple interest per annum from 14th August 2015 to the date of full payment, USD 483,500.00 with 2% simple interest per annum from the date of award to the date of full payment as costs of arbitration fixed by the ICC court and EURO 516,597.16 with 2% simple interest per annum from the date of award to the date of full payment as additional costs of arbitration.

Sinolanka had applied to the Singapore High Court seeking an order setting aside the said Arbitral Award on the basis that it lacked jurisdiction to hear the dispute. In the meantime, Interna Contract had made an application to the High Court of Sri Lanka seeking to enforce the said Arbitral Award. The proceedings of the said application made by Interna Contract to the High Court of Sri Lanka had been adjourned pending the delivery of the judgment of the Singapore High Court on the application made by Sinolanka seeking the setting aside of the said Arbitral Award. Subsequently, the Singapore High Court had pronounced its judgment dismissing the said application made by Sinolanka, and further thereto, the High Court of Sri Lanka had delivered its judgment in favour of Interna Contract granting judgment in accordance with the said Arbitral Award, and granting costs in a sum of Rs. 500,000/-.

Sinolanka has preferred this application (SC/HC/LA 16/2020) to the Supreme Court seeking leave to appeal from the said judgment of the High Court of Sri Lanka in terms of Section 37(2) of the Arbitration Act, No. 11 of 1995.

Litro Gas Lanka (Pvt) Limited

(a) Accrual expenses consist of provisions made for Employee related expenses , Sales Related expenses , Operational Expenses including utilities and contract labour and provisions made for LPG related expenses.

(b) Advances and overpayments of trade debtors are showed under trade payables

Litro Gas Terminal Lanka (Pvt) Limited

Accrued expenses mainly consist of provision of income tax payment for 2019 and 2020 Rs. 266,209,981.20 and provision of VAT payment for 2019 and 2020 Rs. 67,901,164 in 2023.

27 OTHER LIABILITIES

27.2 Customer deposit payable

Litro Gas Lanka (Pvt) Limited

The refundable deposit is a liability collected with an agreement to refund at the time of request by the holder of the cylinder to terminate the agreement together with the deposit voucher (deposit slip issued by the Company) or with an affidavit as per common law. The refund the deposit payable for the 37.5Kg, 12.5Kg, 5Kg & 2.3Kg cylinders are subject to a maximum refund of Rs. 2,476, Rs. 1500, Rs. 700, and Rs. 550 respectively at the time of return of the cylinders.

28 FINANCIAL LIABILITIES	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
As at 31st December					
Bank Overdraft	18	735,764	1,090,853	446,033	563,026
Long Term Loan - Litro Gas Terminal Lanka (Pvt) Ltd		-	-	-	-
Redeemable Non-Cumulative Preference Share	28.1	176,000	-	-	-
USD bridging loan facility - Peoples Bank	28.2	4,933,082	4,979,602	-	-
Term loan - Bank of Ceylon		-	1,001,712	-	-
Total financial liabilities		5,844,846	7,072,167	446,033	563,026

The reported bank Overdraft balance as at the reporting date is used for the purpose cash management and this is only a book overdraft balance. The Company has a bank overdraft facility of Rs. 9.3 mn.

28.1 Canwill Holdings (Pvt) Ltd - Group

Subsequent to the decision of the Cabinet of Ministers to divestiture of Canwill Holdings (Pvt) Ltd, The State-Owned Enterprise Restructuring Unit (SOERU) has reviewed the financial situation of the Grand Hyatt Project and has recommended immediate financing arrangement through General Treasury as a short-term measure until such time the proposed divestiture programme is completed.

As per the Cabinet Memorandum No. MP/PE/005/CM/2023/071 dated 20th March 2023, the Cabinet of Ministers' approval has been granted to the secretary to the treasury to invest Rs. 176 million in the company based on the Cabinet of Ministers Decision No. 23/0568/604/062 dated 21st March 2023. Accordingly, the company has issued 20,705,882 redeemable non-cumulative preference shares at Rs. 8.50/- per share dated 21st September 2023 to the Secretary to the Treasury.

Further to the above, a short term loan facility of USD 12 million was approved to part finance the Construction of Grand Hyatt Colombo Project that was subject to the Pending Divestiture and out of which USD 8.25 Million has been disbursed in the year 2019. The interest rate applicable for this loan facility was 6 months LIBOR+5%. The initial tenure of the facility was one year from the first draw down and it was due on 18th April 2020. However, since the company was not in a position to settle the loan on or before the due date, extension of the tenure of the facility was done for further period up to 25th January 2023. The interest rate applicable for the extended tenure of the facility are 3 months LIBOR +7% per annum from 18th June 2022 subject to quarterly review, 3 months LIBOR +9% per annum for the amount in arrears during the overdue period in case default and 12% floor rate per annum at the regular repayment of the loan.

- (i). The preferential dividend applicable to a preference share shall be 77 cents per share per annum (prorated where applicable) on a non-cumulative basis.
- (ii). The preference share shall not carry any voting rights.
- (iii). The redemption dates of preference shares shall be determined by the company after the Grand Hyatt Project is completed from funds available after disposal.

28.2 USD bridging loan facility - Peoples Bank

Sinolanka Hotels & Spa (Pvt) Ltd

Sinolanka Hotels & Spa (Pvt) Ltd, the owner of Grand Hyatt Colombo project, is continuously experiencing a short-fall in liquidity from January 2018. This is mainly attributed to the delay in the proposed loan programme and the execution of the project divestiture programme approved by the Cabinet of Ministers in August 2017.

Accordingly, a short term funding arrangement of Rs. 400 million was made by Helanco Hotels & Spa (Pvt) Ltd in January 2018 to Sinolanka Hotels & Spa (Pvt) Ltd. This was allocated from idling funds within the company at an interest rate of 8.79% per annum.

The Board of Directors has considered the financial constraints currently being experienced by the companies at the group level at the board meeting held on 13th February 2024. The board has assessed the likelihood of the cash settlement against the Rs. 400 million loan and accumulated interest Rs 126, 075, 753/- as of 31st December 2022 as very low due to the current situation of the Grand Hyatt Colombo Project. As a result, it was resolved by the board of directors of Sinolanka Hotels & Spa (Pvt) Ltd to capitalize Rs. 400 million loan liability of the company by issuing ordinary shares at a consideration of Rs 10/- per share. It was resolved by the board of Canwill Holdings (Pvt) Ltd to buy back shares being held by Canwill under Helanco Hotels & Spa (Pvt) Ltd and reinvest under Sinolanka Hotels & Spa (Pvt) Ltd to facilitate the said arrangement. The board of Helanco Hotels & Spa (Pvt) Ltd has also resolved to write off the interest receivable from Sinolanka Hotels & Spa (Pvt) Ltd Rs. 126,075,753/- as of 31st December 2022.

Further to the above, a short-term loan facility of USD 12 million was approved to part finance the Construction of the Grand Hyatt Colombo Project that was subject to the Pending Divestiture and out of which USD 8.25 Million was disbursed in the year 2019. The interest rate applicable for this loan facility was 6 months LIBOR+5%. The initial tenure of the facility was one year from the first drawdown and it was due on 18th April 2020. However, since the company was not in a position to settle the loan on or before the due date, an extension of the tenure of the facility was done for a further period up to 18th July 2024. The interest rate applicable for the extended tenure of the facility is 3 months LIBOR +7% per annum from 18th June 2022 subject to quarterly review and it will be charged 3 months LIBOR + 9% per annum for the amount in arrears during the overdue period in case of default. Notwithstanding the rates specified as such, a 12% floor rate per annum will be applicable at the regular repayment of the loan.

As a security for the said loan facility, a Demand Guarantee has been given by Sri Lanka Insurance Corporation for the full amount of the facility and a counter guarantee has been issued by the Government of Sri Lanka through the General Treasury.

29 REVENUE	Notes	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December					
Gross written premium	30	43,320,585	41,053,602	44,224,745	41,271,573
Net change in reserve for unearned premium	31.2	(466,762)	612,519	(466,762)	612,519
Gross earned premium		42,853,823	41,666,121	43,757,983	41,884,092
Premium ceded to reinsurers	31.3	(6,374,682)	(5,743,770)	(6,374,682)	(5,743,770)
Net change in reserve for unearned Reinsurance Premium	31.4	(520,935)	883,699	(520,935)	883,699
Net earned premium	31.1	35,958,206	36,806,050	36,862,366	37,024,021
Revenue from other operations	30.1	103,215,334	90,620,724	-	-
Investment income	32	29,490,140	15,370,280	28,443,596	13,793,670
Other income	33,34,35	2,121,153	13,808,004	(1,112,195)	12,867,065
		170,784,833	156,605,058	64,193,767	63,684,756

30 GROSS WRITTEN PREMIUM		Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December					
Life insurance					
Group and non-group		18,738,637	18,461,618	19,642,797	18,679,589
Group term life assurance		1,436,892	2,250,536	1,436,892	2,250,536
Gross written premium - life insurance		20,175,529	20,712,154	21,079,689	20,930,125
Non- life insurance					
Fire and engineering risk		2,951,485	3,123,352	2,951,485	3,123,352
Motor		13,508,448	12,780,151	13,508,448	12,780,151
Marine		942,988	943,001	942,988	943,001
General accident		5,742,135	3,494,944	5,742,135	3,494,944
Gross written premium - Non-life insurance		23,145,056	20,341,448	23,145,056	20,341,448
Total gross written premium		43,320,585	41,053,602	44,224,745	41,271,573

30.1 Revenue from other operations		Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December					
Hospital Revenue		9,655,350	7,781,288	-	-
Laboratory Revenue		2,707,611	2,729,731	-	-
Room Rental and Services Charges		(84,591)	127,623	-	-
Revenue from Liquid Petroleum Gas (LPG) Activities		90,936,964	79,982,082	-	-
Total revenue from other operations		103,215,334	90,620,724	-	-

Litro Gas Lanka (Private) Ltd

Litro Gas is the largest importer and supplier of LP Gas in Sri Lanka. The principal activity of the Company is to import, process, store, distribute and sell Liquid Petroleum Gas (LPG) and provide other incidental services.

Entry and handling fees of the Company consist of the fees collected at the time of issuing new cylinders .

Income from Installation is generated from the LPG pipeline installation and maintenance work for new and existing customers.

Income from fuel consist retail fuel sales generated from the fuel stations in Southern Highway operated by the company

Litro Gas Terminal Lanka (Pvt) Ltd

Throughput fee:

a) Revenue consists of throughput fee invoiced to Litro Gas Lanka Limited, For the year 2022, US \$ 20 is charged per metric ton for both domestic and bulk segment at the exchange rate of 1 USD = Rs 196.00 for first six month and at 1 USD = Rs 370.00 for the balance Six months.

b) Revenue consists of throughput fee invoiced to Litro Gas Lanka Limited, For the year 2023, US \$ 20 is charged per metric ton for both domestic and bulk segment at the Monthly Average Spot Exchange rate + Market Adjustment.

Canowin Hotels & Spas (Pvt) Ltd

Main revenue of the Company is the ground rent income from the tenants of the Southern Expressway Service Area Arcade.

Canwill Holdings (Pvt) Ltd

The Company is the parent entity of Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd. Sinolanka Hotels & Spa (Pvt) Ltd has undertaken the development of the Grand Hyatt Hotel in Colombo and there were no commercial operations during the year 2022.

31 NET EARNED PREMIUM

31.1 Net Earned Premium

Company	2023			2022		
	Non-Life Rs. 000'	Life Rs. 000'	Total Rs. 000'	Non-Life Rs. 000'	Life Rs. 000'	Total Rs. 000'
For the year ended 31st December						
Gross written premium	23,145,056	21,079,689	44,224,745	20,341,448	20,930,125	41,271,573
Change in reserve for unearned premium	(462,733)	-	(462,733)	625,700	-	625,700
Gross earned premium	22,682,323	21,079,689	43,762,012	20,967,148	20,930,125	41,897,273
Premiums ceded to reinsurers	(5,700,815)	(673,867)	(6,374,682)	(5,180,941)	(562,829)	(5,743,770)
Change in reserve for unearned reinsurance Premium	(520,935)	-	(520,935)	883,699	-	883,699
Gross reinsurance premium	(6,221,750)	(673,867)	(6,895,617)	(4,297,242)	(562,829)	(4,860,071)
Transfer to title insurance reserve	(4,029)	-	(4,029)	(13,181)	-	(13,181)
	(6,225,779)	(673,867)	(6,899,646)	(4,310,423)	(562,829)	(4,873,251)
Net earned premium	16,456,544	20,405,822	36,862,366	16,656,724	20,367,296	37,024,020

31.2 Net Change in Reserve for Unearned Premium	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December					
Non-life insurance					
Change in reserve for unearned premium	24.1	(462,733)	625,700	(462,733)	625,700
Transfer to title insurance reserve	24.2	(4,029)	(13,181)	(4,029)	(13,181)
		(466,762)	612,519	(466,762)	612,519

31.3 Premiums Ceded to Reinsurers		Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December					
Life insurance					
		673,867	562,829	673,867	562,829
Non-life insurance					
Fire		2,079,701	2,776,846	2,079,701	2,776,846
Motor		433,238	360,296	433,238	360,296
Marine		219,515	735,644	219,515	735,644
Miscellaneous		2,968,361	1,308,155	2,968,361	1,308,155
		5,700,815	5,180,941	5,700,815	5,180,941
Total premium ceded to reinsurers		6,374,682	5,743,770	6,374,682	5,743,770

31.4 Net Change in Reserve for Unearned Reinsurance Premium		Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December					
Non-life Insurance					
Change in reserve for unearned premium	24.1	(520,935)	883,699	(520,935)	883,699
		(520,935)	883,699	(520,935)	883,699
		(987,697)	1,496,218		1,496,218

32 INVESTMENT INCOME	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December					
Interest income	32.1	28,561,808	20,739,544	25,939,495	18,799,125
Dividend income	32.2	479,503	1,348,781	2,055,272	1,712,590
Capital gains/ (losses)	32.3	448,829	(6,718,045)	448,829	(6,718,045)
		29,490,140	15,370,280	28,443,596	13,793,670

32 INVESTMENT INCOME (CONTD..)	Group		Company	
	2023	2022	2023	2022
32.1 Interest Income	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
For the year ended 31st December				
Financial investment at held-to- maturity (HTM)				
Treasury bonds	7,328,111	7,511,125	7,328,111	7,511,125
Treasury bills	567,904	30,137	567,904	30,137
Financial investments at loans & receivables (L&R)				
Development bonds	689,925	1,217,259	689,925	1,217,259
Unlisted debentures	3,991,943	2,331,088	3,991,943	2,331,088
Term deposits	7,595,053	3,414,515	5,313,807	2,348,996
Commercial Paper	868,416	-	868,416	-
Financial investments at available for sale (AFS)				
Treasury bonds	1,635,737	294,595	1,635,737	294,595
Treasury bills	17,206	6,545	17,206	6,545
Corporate debt-listed	3,522,183	4,142,769	3,522,183	4,142,769
Cash and cash equivalents				
Reverse repurchase agreements	1,990,752	903,865	1,979,377	889,498
Call and savings accounts	26,472	36,646	18,840	26,313
Short term deposits-Interest income	322,060	850,200	-	-
Other fee based income				
Commission on investments	6,046	800	6,046	800
Total interest income	28,561,808	20,739,543	25,939,495	18,799,125
32.2 Dividend Income				
	Group		Company	
	2023	2022	2023	2022
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
For the year ended 31st December				
Financial investments at cost				
Listed subsidiaries	-	-	1,575,769	363,809
Financial investments at NAV				
Associates	5,700	5,700	5,700	5,700
Financial investments at available for sale (AFS)				
Listed shares	454,147	1,338,875	454,147	1,338,875
Unlisted shares	19,656	4,206	19,656	4,206
Financial investments at fair value through profit or loss (FVTPL)				
Listed shares	-	-	-	-
Total dividend income	479,503	1,348,781	2,055,272	1,712,590
32.3 Capital Gains/(Losses)				
	Group		Company	
	2023	2022	2023	2022
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
For the year ended 31st December				
Financial investments at available for sale (AFS)				
Unit trusts	4,005	78,387	4,005	78,387
Treasury bonds	-	43	-	43
Listed Debentures	14	-	14	-
Treasury Bill	26,372	-	26,372	-
	30,391	78,430	30,391	78,430
Financial investments at fair value through profit or loss (FVTPL)				
Listed shares	(114,988)	(6,930,062)	(114,988)	(6,930,062)
Unit trust	533,426	133,587	533,426	133,587
Total Capital Gains/(Losses)	448,829	(6,796,475)	448,829	(6,796,475)
	Group		Company	
	2023	2022	2023	2022
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
For the year ended 31st December				
Realised gain/ losses				
Unit trust	4,005	78,387	4,005	78,387
Treasury bonds	-	43	-	43
Listed shares	609,014	315,997	609,014	315,997
	613,020	394,427	613,020	394,427
Unrealized gain/losses				
Listed shares	(697,617)	(7,246,060)	(697,617)	(7,246,060)
Unit trust	533,426	133,588	533,426	133,588
	(164,191)	(7,112,472)	(164,191)	(7,112,472)
Total capital gains/(losses)	448,829	(6,718,045)	448,829	(6,718,045)

33	FEES AND COMMISSION INCOME	Group		Company		
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'	
For the year ended 31st December						
	Reinsurance commission	57,571	67,211	57,571	67,211	
		57,571	67,211	57,571	67,211	
34	NET REALISED/UNREALISED GAINS	Group		Company		
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'	
For the year ended 31st December						
	Foreign currency gains/(losses)	(829,217)	10,177,094	(2,587,778)	11,857,124	
		(829,217)	10,177,094	(2,587,778)	11,857,124	
35	OTHER INCOME	Note	Group		Company	
			2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December						
	Rent income		201,531	21,353	187,042	141,321
	Interest on policy holders and other loans		725,553	434,256	725,553	434,256
	Sundry income	35.1	1,580,095	1,247,354	301,069	226,113
	Non refundable deposit income		-	-	-	-
	Net gain from change in fair value of investment property		268,373	163,417	204,348	141,040
	Net gain from change in fair value of Right of Use Assets		14,054	-	-	-
	Gain on redemption of financial assets classified as FVTPL		-	-	-	-
	Gain / (loss) on disposal of property, plant & equipment		41,841	1,268	-	-
	Revaluation gain on CWIP		-	1,691,504	-	-
	Other income		-	-	-	-
	Gain on bargain purchase on acquisition of subsidiary	6.2.1	61,537	-	-	-
	Gain/(loss) on disposal of ROU assets	35.2	(185)	4,547	-	-
			2,892,799	3,563,699	1,418,012	942,730

35.1 Sundry Income

Sundry Income mainly comprises income generated from ethyl mercaptain injection and stock out losses claimed from LPG Supplier and interest on employee loans and other receivables

35.2 Gain on Disposal of ROU Assets

The Lanka Hospitals Corporation PLC

The Lanka Hospitals Corporation PLC has made a rearrangement of lease agreements for laboratories located in Karapitiya, Mahiyanganaya and Panadura which are functioning under their fully owned subsidiary, Lanka Hospital Diagnostics (Pvt) Ltd. This resulted in a loss of Rs. 185,203 (2022 - gain of Rs. 4,547 Mn) from derecognition of right-to-use asset.

39 INCOME TAX EXPENSE

39.1 Amounts recognized in Profit or Loss

	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
For the year ended 31st December					
Current tax expenses					
Current tax year		4,141,537	2,699,101	2,769,105	1,841,847
Under/(over) provision in previous Year		(43,914)	39,390	-	-
		4,097,623	2,738,491	2,769,105	1,841,847
Deferred tax expenses					
Origination/(reversal) of temporary differences	15.1.1	2,105,717	840,723	156,137	88,496
Impact due to tax rate change recognised in profit or loss	15.1.1	-	-	-	-
		2,105,717	840,723	156,137	88,496
Income tax expenses reported in the income statement		6,203,340	3,579,214	2,925,242	1,930,343

39.2 Amounts recognized in OCI

	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Remeasurement of defined benefit liability	15.1.1	89,446	(84,170)	60,400	(57,309)
Revaluation of property, plant & equipment	15.1.1	45,167	(125,330)	45,167	-
Fair value changes in available for sale financial assets	15.1.1	(115,602)	262,681	(115,602)	262,681
Effect on deferred tax due to rate change	15.1.1	-	(969,129)	-	(758,993)
		19,011	(915,948)	(10,035)	(553,621)

39.3 Analysis of Brought Forward Tax loss

	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Balance as at 01st January	14,939,431	12,244,541	-	-
Adjustment for brought forward losses	(3,649,561)	-	-	-
Tax loss incurred during the year	684,624	4,156,518	-	-
Tax loss claimed during the year	(179,195)	(1,050,990)	-	-
Losses expired	(3,582)	-	-	-
Balance as at 31st December	11,791,717	15,350,069	-	-

Sri Lanka Insurance Corporation Ltd

The Company is liable to income tax of 30% in terms of Inland Revenue Act No. 24 of 2017 and amendments thereto. The current year's tax charge consists of income tax charge on General Insurance and surplus of Life Insurance.

Litro Gas Terminal Lanka (Pvt) Ltd

Provision for income tax for the year ended 31 December 2023 in respect of Litro Gas Terminal Lanka (Private) Limited has been made in the financial statements, in terms of the provisions of the Inland Revenue Act No. 24 of 2017, as amended. The Company is liable for income tax at 30%.

The Lanka Hospitals Corporation PLC

The Lanka Hospitals Corporation PLC is liable to income tax at 30% for the year ended 31st December 2023.

39 INCOME TAX EXPENSE (CONTD...)

Sinolanka Hotels & Spa (Pvt Ltd

Under the Strategic Development Projects Act, No 14 of 2008, the provisions of the Inland Revenue Act relating to income tax shall not apply to the profits from business of the company for a period of 10 years. The tax exemption period will commence from the first year in which the company makes taxable profits or 3 years after commencement of commercial operations, whichever comes first.

On the expiry of tax exemption period, profits and income of the company shall be charged at the rate of 6% or at 50% of the prevailing tax rate for the hotel industry, whichever is lower. These tax rates will be effective for a period of 15 years immediately succeeding the exemption period.

After the expiration of the aforesaid period, profits and income of the Company shall be taxed in terms of provisions in the Inland Revenue Act in force at that time.

Canwill Holdings (Pvt) Ltd and Helanco Hotels and Spa (Pvt) Ltd

The company and the Helanco Hotels and Spa (Pvt) Ltd have been calculated on their adjusted profits at 30% in terms of the Inland Revenue Act No. 24 of 2017 and amendments thereto.

Litro Gas Lanka Ltd

Provision for income tax for the year ended 31 December 2023 in respect of Litro Gas Lanka Limited has been made in the financial statements, in terms of the provisions of the Inland Revenue Act No. 24 of 2017, as amended. The Company is liable for income tax at a rate of 30% (2022 - 30%).

40 BASIC/DIALUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. There were no potential dilutive shares on standing at any time during the year. Therefore, the diluted earnings per share are equal to the basic earnings per share.

For the year ended 31st December	Group		Company	
	2023	2022	2023	2022
Amounts used as the numerators				
Net Profit Attributable to Ordinary Shareholders (Rs. 000')	13,064,846	11,588,573	7,778,572	10,545,807
Number of ordinary shares used as denominators				
Weighted average number of ordinary shares in issue (000')	599,656	599,743	599,656	599,743
Basic/ diluted earnings per share (Rs.)	21.79	19.32	12.97	17.58

41 DIVIDEND PAID AND PROPOSED

For the year ended 31st December	Group		Company	
	2023	2022	2023	2022
Dividend Paid/Proposed (Rs. 000')	2,272,841	1,001,571	2,272,841	1,001,571
Weighted Average Number of Ordinary Shares in Issue (000')	599,656	599,743	599,656	599,743
Dividend per share (Rs.)	3.79	1.67	3.79	1.67

During the year, the Company has declared a dividend amounting to Rs. 1 Bn, which is 27% of the realised profit of Rs. 3.6 Bn.

42 FINANCIAL ASSETS AND LIABILITIES

42.1 Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31st December Group	Note	2023					
		Fair value through profit or loss	Available for sale	Held to maturity	Loans & receivables	Carrying value	Fair value
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Financial assets measured at fair value							
Listed shares	5	14,299,067	26,067,713	-	-	40,366,780	40,357,291
Unlisted shares	5	-	5,926	-	-	5,926	5,934
Unit trusts	5	2,293,571	2,286,672	-	-	4,580,243	4,580,243
Listed debentures	5	-	29,948,862	-	-	29,948,862	29,948,862
Treasury bonds	5	-	44,334,863	-	-	44,334,863	44,334,863
Financial assets not measured at fair value							
Treasury bills and bonds	5	-	-	66,528,073	-	66,528,073	60,918,011
Listed debentures	5	-	-	6,043,658	-	6,043,658	6,043,658
Unlisted debentures	5	-	-	-	27,384,412	27,384,412	27,374,922
Term deposits	5	-	-	-	38,892,179	38,892,179	38,892,179
Development bonds	5	-	-	-	-	-	-
Loans to life policyholders	12	-	-	-	2,095,884	2,095,884	2,095,884
Reinsurance receivable	13	-	-	-	1,868,737	1,868,737	1,868,737
Premium receivable	14	-	-	-	6,290,934	6,290,934	6,290,934
Other receivables	16	-	-	-	12,633,468	12,633,468	12,633,468
Cash and cash equivalents	18	-	-	-	18,520,136	18,520,136	18,520,136
Total financial assets		16,592,638	102,644,036	72,571,731	107,685,750	299,494,155	293,865,122
Financial liabilities not measured at fair value							
Reinsurance payable		-	-	-	1,183,597	1,183,597	1,183,597
Bank overdraft	28	-	-	-	735,764	735,764	735,764
Total financial liabilities		-	-	-	1,919,361	1,919,361	1,919,361

42 Financial Assets and Liabilities (Continued)

42.1 Accounting Classifications and Fair Values (Continued)

As at 31st December Group	Note	2022					
		Fair value through profit or loss	Available For sale	Held to maturity	Loans & receivables	Carrying value	Fair value
		Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Financial assets measured at fair value							
Listed shares	5	23,031,279	12,688,898	-	-	35,720,177	35,720,177
Unlisted shares	5	-	7,850	-	-	7,850	7,850
Unit trusts	5	2,732,532	1,798,508	-	-	4,531,040	4,531,040
Listed debentures	5	-	33,756,794	-	-	33,756,794	33,756,794
Treasury bonds	5	-	3,261,196	-	-	3,261,196	3,261,196
Financial assets not measured at fair value							
Treasury bills & bonds	5	-	-	69,802,527	-	69,802,527	41,202,543
Listed debentures	5	-	-	2,030,137	-	2,030,137	2,030,137
Unlisted debentures	5	-	-	-	23,371,379	23,371,379	23,371,379
Term deposits	5	-	-	-	22,039,325	22,039,325	22,039,325
Development bonds	5	-	-	-	16,731,490	16,731,490	16,731,490
Loans to life policyholders	12	-	-	-	1,867,624	1,867,624	1,867,624
Reinsurance receivable	13	-	-	-	4,367,265	4,367,265	4,367,265
Premium receivable	14	-	-	-	6,610,797	6,610,797	6,610,797
Other receivables	16	-	-	-	4,025,894	4,025,894	4,025,894
Cash and cash equivalents	18	-	-	-	6,320,469	6,320,469	6,320,469
Total financial assets		25,763,811	51,513,246	71,832,664	85,334,243	234,443,964	205,843,980
Financial liabilities not measured at fair value							
Reinsurance payable		-	-	-	2,354,371	2,354,371	2,354,371
Bank overdraft	28	-	-	-	563,026	563,026	563,026
Total financial liabilities		-	-	-	2,917,397	2,917,397	2,917,397

42 Financial Assets and Liabilities (Continued)

42.1 Accounting Classifications and Fair Values (Continued)

As at 31st December Company	Note	2023						Fair value Rs. 000'
		Fair value through profit or loss Rs. 000'	Available for Sale Rs. 000'	Held to maturity Rs. 000'	Loans & receivables Rs. 000'	Carrying value Rs. 000'		
Financial assets measured at fair value								
Listed shares	5	14,299,067	26,067,713	-	-	40,366,780	40,357,291	
Unlisted shares	5	-	5,926	-	-	5,926	5,934	
Unit trusts	5	2,293,571	2,286,672	-	-	4,580,243	5,922,015	
Listed debentures	5	-	29,948,862	-	-	29,948,862	29,948,862	
Treasury bonds	5	-	44,334,863	-	-	44,334,863	44,334,863	
Financial assets not measured at fair value								
Treasury bills and bonds	5	-	-	66,528,073	-	66,528,073	60,918,011	
Listed debentures	5	-	-	6,043,658	-	6,043,658	6,043,658	
Unlisted debentures	5	-	-	-	27,384,412	27,384,412	27,374,922	
Term deposits	5	-	-	-	31,916,170	31,916,170	31,916,170	
Development bonds	5	-	-	-	-	-	-	
Loans to life policyholders	12	-	-	-	2,095,884	2,095,884	2,095,884	
Reinsurance receivable	13	-	-	-	1,868,737	1,868,737	1,868,737	
Premium receivable	14	-	-	-	6,290,934	6,290,934	6,290,934	
Other receivables	16	-	-	-	4,136,765	4,136,765	4,136,765	
Cash and cash equivalents	18	-	-	-	5,885,171	5,885,171	5,885,171	
Total financial assets		16,592,638	102,644,036	72,571,731	79,578,073	271,386,478	267,099,217	
Financial liabilities not measured at fair value								
Reinsurance payable		-	-	-	1,183,597	1,183,597	1,183,597	
Bank overdraft	28	-	-	-	446,033	446,033	446,033	
Total financial liabilities		-	-	-	1,629,630	1,629,630	1,629,630	

42 Financial Assets and Liabilities (Continued)

42.1 Accounting Classifications and Fair Values (Continued)

As at 31st December Company		2022					
		Fair value through profit or loss Rs. 000'	Available for Sale Rs. 000'	Held to maturity Rs. 000'	Loans & receivable Rs. 000'	Carrying Value Rs. 000'	Fair Value Rs. 000'
Financial assets measured at fair value							
Listed shares	5	23,031,279	12,688,898	-	-	35,720,177	35,720,177
Unlisted shares	5	-	7,850	-	-	7,850	7,850
Unit trusts	5	2,732,532	1,798,508	-	-	4,531,040	4,531,040
Listed debentures	5	-	33,756,794	-	-	33,756,794	33,756,794
Treasury bonds	5	-	3,261,196	-	-	3,261,196	3,261,196
Financial assets not measured at fair value							
Treasury bills and bonds	5	-	-	69,802,527	-	69,802,527	41,202,543
Listed Debentures	5	-	-	2,030,137	-	2,030,137	2,030,137
Unlisted debentures	5	-	-	-	23,371,379	23,371,379	23,371,379
Term deposits	5	-	-	-	22,039,325	22,039,325	22,039,325
Development bonds	5	-	-	-	16,731,490	16,731,490	16,731,490
Loans to life policyholders	12	-	-	-	1,867,624	1,867,624	1,867,624
Reinsurance receivable	13	-	-	-	4,367,265	4,367,265	4,367,265
Premium receivable	14	-	-	-	6,610,797	6,610,797	6,610,797
Other receivables	16	-	-	-	4,025,894	4,025,894	4,025,894
Cash and cash equivalents	18	-	-	-	6,320,469	6,320,469	6,320,469
Total financial assets		25,763,811	51,513,246	71,832,664	85,334,243	234,443,964	205,843,980
Financial liabilities not measured at fair value **							
Reinsurance payable		-	-	-	2,354,371	2,354,371	2,354,371
Bank overdraft	28	-	-	-	563,026	563,026	563,026
Total financial liabilities		-	-	-	2,917,397	2,917,397	2,917,397

42 Financial Assets and Liabilities (Continued)

42.2 Fair Value Hierarchy for Assets Carried at Fair Value

The Group uses the fair value hierarchy in determining and disclosing the fair value of financial instruments. The following note shows an analysis of financial investments recorded at fair value by level of the fair value hierarchy.

Level	Fair Value Measurement Method
Level 1	Quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2	Techniques for which, all inputs that 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, are not based on observable market data

As at 31st December 2023	Group				Company			
	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'
Available-for-sale (AFS) financial assets								
Listed shares	26,067,713	-	-	26,067,713	26,067,713	-	-	26,067,713
Unlisted shares	-	-	5,934	5,934	-	-	5,934	5,934
Unit trusts	3,628,444	-	-	3,628,444	3,628,444	-	-	3,628,444
Listed debentures	11,314,389	18,634,473	-	29,948,862	11,314,389	18,634,473	-	29,948,862
Treasury bonds	27,966,447	-	-	27,966,447	27,966,447	-	-	27,966,447
Total	85,345,409	18,634,473	5,934	103,985,816	85,345,409	18,634,473	5,934	103,985,816
Fair-value-through-profit-or-loss (FVTPL) financial assets								
Listed shares	14,289,578	-	-	14,289,578	14,289,578	-	-	14,289,578
Unit trusts	2,293,571	-	-	2,293,571	2,293,571	-	-	2,293,571
Total	16,583,149	-	-	16,583,149	16,583,149	-	-	16,583,149
Held-to-maturity (HTM) financial assets								
Treasury bills	-	-	-	-	-	-	-	-
Treasury bonds	60,918,011	-	-	60,918,011	60,918,011	-	-	60,918,011
Listed debentures	6,043,658	-	-	6,043,658	6,043,658	-	-	6,043,658
Total	66,961,669	-	-	66,961,669	66,961,669	-	-	66,961,669
Loans & receivables (L & R) financial assets								
Unlisted debentures	-	27,374,922	-	27,374,922	-	27,374,922	-	27,374,922
Commercial papers	-	-	-	-	-	-	-	-
Term deposits	-	38,892,179	-	38,892,179	-	31,916,170	-	31,916,170
Development bonds	-	-	-	-	-	-	-	-
Total	-	66,267,101	-	66,267,101	-	59,291,092	-	59,291,092
Total financial assets	168,890,227	84,901,574	5,934	253,797,735	168,890,227	77,925,565	5,934	246,821,727

42 Financial Assets and Liabilities (Continued)

42.2 Fair value hierarchy for assets carried at fair value (Continued)

As at 31st December 2022	Group				Company			
	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'	Level 1 Rs. 000'	Level 2 Rs. 000'	Level 3 Rs. 000'	Total fair value Rs. 000'
Available-Ffor-sale (AFS) financial assets								
Listed shares	12,688,898	-	-	12,688,898	12,688,898	-	-	12,688,898
Unlisted shares	-	-	7,850	7,850	-	-	7,850	7,850
Unit trust	1,798,508	-	-	1,798,508	1,798,508	-	-	1,798,508
Listed debentures	13,485,905	20,270,890	-	33,756,795	13,485,905	20,270,890	-	33,756,795
Treasury bonds	3,261,196	-	-	3,261,196	3,261,196	-	-	3,261,196
Total	31,234,507	20,270,890	7,850	51,513,247	31,234,507	20,270,890	7,850	51,513,247
Fair-value-through-profit-or-loss (FVTPL) financial assets								
Listed shares	23,031,279	-	-	23,031,279	23,031,279	-	-	23,031,279
Unit trusts	2,732,532	-	-	2,732,532	2,732,532	-	-	2,732,532
Total	25,763,811	-	-	25,763,811	25,763,811	-	-	25,763,811
Held-to-maturity (HTM) financial assets								
Treasury Bills	-	-	-	-	-	-	-	-
Treasury Bonds	41,202,543	-	-	41,202,543	41,202,543	-	-	41,202,543
Listed debentures	2,030,137	-	-	2,030,137	2,030,137	-	-	2,030,137
Total	43,232,680	-	-	43,232,680	43,232,680	-	-	43,232,680
Loans & receivables (L & R) financial assets								
Unlisted debentures	-	23,371,379	-	23,371,379	-	23,371,379	-	23,371,379
Commercial Papers	-	-	-	-	-	-	-	-
Term deposits	-	28,962,533	-	28,962,533	-	22,039,325	-	22,039,325
Development bonds	-	16,731,490	-	16,731,490	-	16,731,490	-	16,731,490
Total	-	69,065,402	-	69,065,402	-	62,142,194	-	62,142,194
Total financial assets	100,230,998	89,336,292	7,850	189,575,140	100,230,998	82,413,084	7,850	182,651,932

42.3 Valuation Techniques used in determining fair values

1. The fair values of Listed Shares, Treasury Bills and Treasury Bonds are based on their market prices as they are traded in active markets.
2. The fair values of Unlisted Floating Rate Debentures and Development Bonds are estimated to be equal to their amortised cost.
3. The fair values of Term Deposits are estimated to be equal to their amortised cost as maturities do not exceed one year.
4. The fair values of Unlisted Fixed Rate Debentures are arrived at discounting the future cash flows at market yields of comparable newly issued Corporate Debt instruments carrying similar maturities and credit ratings.
5. The fair values of Listed Debentures, which are traded in active markets, are based on their market prices.
6. The fair values of Listed Debentures, which are not traded in active markets, are arrived at discounting the future cash flows at market yields of comparable newly issued Corporate Debt instruments carrying similar maturities and credit ratings.
7. The fair values of Unit Trusts are based on their bid prices as quoted by the Unit Trust management companies.
8. The fair values of Unlisted Shares, where the company pays regular Dividends, are derived using the Discounted Cash Flow method. Otherwise, the fair value will be based on the Net Asset Value.

42.4 Reconciliation of Movements in Level 3 Financial Instruments Measured at Fair Value

	As at 31st December 2022	Total Gains/(Losses) in income statement	Total Gains/(Losses) in OCI	Purchases	Sales	Transfers from Level 1 and 2	As at 31st December 2023	Total gains/(Losses) for the period included in profit or loss for assets held at 31st December 2023
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Available-for-sale (AFS) financial assets								
Unlisted stocks	7,850	23,992	(1,921)	-	-	-	5,929	22,071

42 Financial Assets and Liabilities (Continued)

42.4 Reconciliation of movements in Level 3 financial instruments measured at fair value (Continued)

	As at 31st December 2023	Total Gains/(Losses) in Income Statement	Total Gains/(Losses) in OCI	Purchases	Sales	Transfers from Level 1 & 2	As at 31st December 2023	Total Gains/(Losses) for the period included in profit or loss for assets held at 31st December 2023
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Available-For-Sale (AFS) Financial Assets								
Unlisted stocks	7,850	4,206	-	-	-	-	7,850	4,206

42 Financial Assets and Liabilities (Continued)

All outstanding balances with Government related entities which are significant for the users of this annual report are listed below.

Outstanding Balances as at 31st December 2023

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon	People's Bank	National Savings Bank	People's Leasing & Finance PLC	Sri Lanka Telecom PLC	HDFC Bank	Associated Newspapers of Ceylon Ltd	Ceylon Electricity Board
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Reverse repos	200,645	-	-	-	-	-	-	-
Listed debentures	-	-	-	2,211,639	2,445,499	163,906	-	4,763,514
Unlisted debentures	7,109,946	13,533,303	2,860,756	-	-	-	-	-
Fixed deposits	6,981,025	4,520,593	5,778,733	1,973,361	-	-	-	-
Unlisted shares	-	-	-	-	-	-	3,615	-
Listed shares	-	-	-	97,122	1,837,240	-	-	-
	14,291,616	18,053,896	8,639,489	4,282,121	4,282,739	163,906	3,615	4,763,514

Outstanding Balances as at 31st December 2022

Nature of the Transaction/ Name of the Company/Entity	Bank of Ceylon	People's Bank	National Savings Bank	People's Leasing & Finance PLC	Sri Lanka Telecom PLC	HDFC Bank	Associated Newspapers of Ceylon Ltd	Ceylon Electricity Board
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Reverse repos	1,947,973	-	1,052,130	-	-	-	-	-
Listed debentures	71,885	-	-	3,014,497	2,445,499	163,906	-	4,763,514
Unlisted debentures	1,001,589	10,482,437	2,860,756	-	-	-	-	-
Fixed deposits	6,755,266	2,289,328	5,088,687	1,524,590	-	-	-	-
Unlisted shares	-	-	-	-	-	-	3,615	-
Listed shares	-	-	-	185,504	778,358	-	-	-
	9,776,713	12,771,765	9,001,574	4,724,591	3,223,857	163,906	3,615	4,763,514

The direct holding of 99.97% of the voting rights of the SLIC is owned by Secretary to the Treasury and the rest is owned by the employees and ex-employees of the Company. Therefore, the Secretary to Treasury has controlling power over the financial and operating policies of the Company.

The Company has considered the Secretary to the Treasury and other entities which are controlled, jointly controlled or significantly influenced by the Government of Sri Lanka (Government related entities) as Related Parties according to LKAS 24 - "Related Party Disclosures".

In accordance with the LKAS 24 - "Related Party Disclosures", transactions in relation to insurance premiums and claims are not being disclosing due to the impracticability of capturing and disclosure of the same.

43 RELATED PARTY DISCLOSURES

43.1 Transactions with Key Management Personnel

According to Sri Lanka Accounting Standard 24 (LKAS) - "Related Party Disclosures", key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Chairman and the Board of Directors have been classified as key management personnel of the Group.

Following directors are also directors of the related entities.

Director	Directorship in other related entities
Mr. Ronald Chithranjan Perera	Bank of Ceylon
Mr. Anil Koswatte	None
Mr. Sinhalage Aruna Nishantha Dayananda	Canowin Hotels & Spas (Pvt) Ltd
Mr. Dushmantha Thotawatte	Canwill Holdings (Pvt) Ltd
Dr. Sudasin Manchanayake Appuhamilage Kithsiri Manchanayakke	None
Mr. Naomal Michael Pelpola	None
Mr. Kandegamage Ravindra Pathmapriya	None

43.1.1 Key Management Personnel Compensation

Key management personnel compensation comprised of the following:

For the year ended 31st December	Group		Company	
	2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Salaries and short term employee benefits	139,674	130,943	6,050	3,126
Director fees and allowances	25,481	16,358	-	-
Attendance fees	975	1,050	-	-

Post employment benefits accrued are not included in the above as it cannot be identified separately due to the actuarial valuation.

43.2 Transactions with Subsidiary Companies and Sub Subsidiary Companies and Associates

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Management Services Rakshana (Pvt) Ltd	Loan granted	46,307	40,829	46,307	40,829
	Payment of emoluments	894,279	783,149	894,279	783,149
The Lanka Hospital Corporation PLC	Insurance premium	72,573	60,245	72,573	60,245
	Amount paid	72,573	(60,245)	72,573	(1,627,295)
	Dividend received	318,742	344,586	318,742	344,586
	Services	(197,805)	(156,071)	(197,805)	(1,584,655)
	Amount received from services	184,686	146,755	184,686	170,331
	Other medical services	(41,527)	(20,063)	(41,527)	(20,063)
	Other medical services paid	41,527	18,464	41,527	18,464
Litro Gas Lanka Ltd	Rent charged	120,929	133,339	120,929	129,531
	Insurance premium	777,377	136,448	777,377	136,448
	Cash settlement	(884,952)	(274,891)	(876,974)	(269,210)
	Throughput fee	-	-	(2,357,848)	(1,636,648)
	Reimbursement of expenses	-	-	740,912	133,502
	Repayment for the services	-	-	1,797,045	(1,611,298)
	Term Loan	-	-	(3,470,000)	(2,750,000)
	Interest for long term loan	-	-	(449,633)	(240,317)
	Sales of goods/ services	-	-	(7,833)	-
	Purchase of goods /services	-	-	3,102	6,865
	Dividend received	637,090	-	637,090	-
	Payment received	-	-	109,343	(9,138)

43 Related Party Disclosures (Continued)

43.2 Transactions with subsidiary Companies and sub subsidiary Companies and Associates (Continued)

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Litro Gas Terminal Lanka (Pvt) Ltd	Insurance premium	35,507	6	35,507	6
	Throughput fee	-	-	2,357,848	1,636,648
	Reimbursement of expenses	-	-	(740,912)	(2,133,502)
	Repayment for the services	-	-	(1,797,045)	(1,290,485)
	Repayment for the Expenses	-	-	112,454	-
	Repayment of loan	-	-	(3,470,000)	-
	Dividend payment	637,500	-	750,000	-
	Interest for long term loan	-	-	-	28,110
	Rent charged	29,650	-	29,650	-
Payments	(61,456)	(2,989)	(61,456)	(28,339)	
Canwill Holdings (Pvt) Ltd	Insurance premium	2,454	5,603	2,454	5,603
	Staff salaries & allowances	-	-	(664)	(5,739)
	Insurance service cost	-	-	(1,840)	6,631
	Cash Settlement	(3,896)	(4,169)	(3,896)	(4,169)
	Reimbursement of expenses	-	-	-	65
	Settlements	-	-	-	(1,079)
	Others Expenses	-	-	43,565	(41)
Canowin Hotels & Spas (Pvt) Ltd	Insurance Premium	4,153	3,037	4,153	3,037
	Claim paid	(2,623)	-	(2,623)	-
	Purchase of goods / services	-	-	-	(8,664)
	Sales of goods/ services	1,768	15	1,768	5,893
	Cash receipts	-	-	-	(5,410)
	Cash settlement	2,991	(3,063)	2,374	5,698
	Utility expenses	-	-	(2,583)	-
	Supply of fuel	-	-	3,102	-
	Rent of fuel station	-	-	(4,800)	-
	Payment received	-	-	(3,040)	(170)
	Payments	-	-	7,255	511
	Dividend received	9,743	19,223	9,743	19,223
Sinolanka Hotels & Spa (Pvt) Ltd	Insurance premium	12,095	12,632	12,095	12,632
	Foreign currency transactions	196	813	196	813
	Fund transfer/cash settlement	-	-	-	6,042.00
	Staff related cost	-	-	58,307	6,609
	Insurance service cost	-	-	1,840	(6,631)
	Other expenses	-	-	(43,591)	41
	Expenses paid	-	-	-	2,213
	Consideration for investments in ordinary share	-	-	400,000	-
	Interest payable	-	-	-	(19,000)
	Cash settlement	24,044	(663)	(502,032)	(2,876)
Helanco Hotels & Spa (Pvt) Ltd	Expenses paid	-	-	25	(2,213)
	Allocation of staff cost	-	-	664	(870)
	Settlement	-	-	526,076	2,886
	Interest receivable	-	-	-	19,000
	Consideration for share buyback	-	-	(400,000)	-
Lanka Hospitals Diagnostics (Pvt) Limited	Reimbursement of expenses / rent income received	-	-	185,268	(163,581)
	Amounts received	-	-	(100,000)	(1,587,540)
	Laboratory services provided	(14,120)	(10,735)	(1,085,601)	1,317,849
	Amounts paid	14,120	8,307	923,280	148,312
Ceybank Asset Management Ltd	Insurance premium received	215	1,110	215	1,110
	Dividends Received	5,700	5,700	5,700	5,700
Ceylon Asset Management Company Ltd	Sale of unit trust	1,181,589	131,973	1,181,589	131,973
	Investments in Unit Trusts	250,000	-	250,000	-

43 Related Party Disclosures (Continued)

43.3 Transactions with Other Related Companies

Name of the Company	Nature of transactions	Transactions with SLIC		Transactions with Group Companies	
		2023	2022	2023	2022
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Capital Alliance Investments Ltd	Dividend Received	23,992	4,206	23,992	4,206
■ Sri Lanka Insurance Corporation Life Ltd.	Investment in Subsidiaries	500,000	-	-	-
Sri Lanka Insurance Corporation General Ltd	Investment in Subsidiaries	500,000	-	-	-

43.4 Amount Due from Subsidiaries

Amount due from related parties	Balances with SLIC		Balances with Group Companies	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Sri Lanka Insurance Corporation Life Limited	640	-	640	-
Sri Lanka Insurance Corporation General Limited	21	-	21	-
Litro Gas Lanka Ltd	20,187	17,146	313,044	34,581
Litro Gas Terminal Lanka Ltd	539	-	14,293	539,120
Canwill Holdings (Pvt) Ltd	-	1,442	400,000	358,192
Canowin Hotels & Spas (Pvt) Ltd	-	606	3,696	1,799
Sinolanka Hotels & Spa (Pvt) Ltd	1,620	13,784	774,082	15,973
Helanco Hotels & Spa (Pvt) Ltd	-	-	1,534	526,076
	23,007	32,978	1,507,310	1,475,741

43.5 Amount due to Related Parties

Amount due to related parties	Balances with SLIC		Balances with Group Companies	
	2023	2022	2023	2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
The Lanka Hospital Corporation PLC	9,743	235	9,743	235
Litro Gas Lanka Ltd	-	-	13,754	13,754
Litro Gas Terminal Lanka Ltd	-	-	1,009,503	539,445
Sri Lanka Insurance Corporation General Limited	-	-	677	-
Canwill Holdings (Pvt) Ltd	224	224	774,220	356,974
Canowin Hotels & Spas (Pvt) Ltd	-	-	1,838	1,983
Sinolanka Hotels & Spa (Pvt) Ltd	-	-	2,247	2,222
Helanco Hotels & Spa (Pvt) Ltd	-	-	400,000	526,076
	9,967	459	2,211,982	1,440,689

Insurance claims paid during the year and claims outstanding as at the reporting date arising in the normal course of business have not been eliminated in consolidated financial statements due to differences arising from reinsurance components attributable to claims and the claims outstanding estimates which are assessed from the individual company's point of view and need not be the same as provision determined by the insurer.

44 Insurance and Financial Risk Management

Overview

The Group has exposure to the following risks arising from insurance business and from financial instruments:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks as required by the SLFRS 4 and SLFRS 7 together with the quantitative disclosures relating to the same.

Risk Management Framework

The Group's Board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities.

44.1 Insurance Risk

Insurance risk is the likelihood that an insured event will occur, requiring the insurer to pay a claim. This risk is transferred to the Company through the underwriting process. The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long term claims. Therefore, the objective of the Group is to ensure that sufficient reserves are available to cover these liabilities.

44.1.1 Life Insurance Contracts

The following paragraph describes the concentration of life insurance based on the nature of the contract;

Concentration of Insurance Risk

Concentration risk is defined as the risk of exposure to increased losses associated with inadequately diversified portfolios of assets or obligations. Concentration risk for a life insurer may arise with respect to investments in a geographical area, economic sector, or individual issuers, or due to a concentration of business written within a geographical area, of a policy type, or of underlying risks covered.

1. From a market risk perspective, although we have invested significantly in the financial sector, our portfolio is diversified and contains huge margins.
2. From an insurance risk perspective, the main factors that would affect concentration risk include mortality risk, morbidity risk, longevity risk, policyholder behavior risk (lapse, anti-selection) and expense risk. There is diversification across geographical regions, lines of business and even across the different insurance risk factors such that SLIC is not exposed to significant concentrations of insurance risk.

44 Insurance and Financial Risk Management (Continued)

44.1 Insurance Risk (Continued)

44.1.1 Life Insurance Contracts (Continued)

The risks associated with life insurance include:

- Mortality risk is the risk that actual policyholder death experience on life insurance policies is higher than expected.
- Longevity risk is the risk that annuitants live longer than expected.
- Morbidity risk is the risk that policyholder health-related claims are higher than expected.
- Policyholder behavior risk is the risk that policyholders' behavior in discontinuing and reducing contributions or withdrawing benefits prior to the maturity of the contract is worse than expected. Poor persistency rates may lead to fewer policies remaining on the books to defray future fixed expenses and reduce the future positive cash flows from the business written, potentially impacting its ability to recover deferred acquisition expenses.
- Expense risk is the risk that expenses incurred in acquiring and administering policies are higher than expected.
- Market risk is the risk associated with the Company's balance sheet positions where the value or cash flow depends on financial markets, which is analyzed in the "Market Risk" section in the Risk Review.
- Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations, which is analyzed in the "Credit Risk" section in the Risk Review.

The Group has established procedures and processes to evaluate the above risks which if not properly controlled and managed can impact its operations. The procedures are in place to cover all critical stages from product development to benefit administration. In addition to that, all life financial streams are modeled and profit testing is produced by the Actuary thus mitigating product design and pricing risk. Also SLICL uses matching instruments to back liabilities (ALM), if available.

Under the Risk Based Capital (RBC) framework, SLICL has adopted "Gross Premium Valuation" mechanism (GPV). This is required for liability valuation purpose where liability is calculated in market consistent manner for the solvency requirements. SLICL has adopted a more prudent valuation basis for its surplus computation with compared to minimum regulatory basis (RBC).

Sensitivity analysis for life insurance risk

The main assumptions used in determining life insurance contract liability are below tabulated

Assumption	Description
Mortality	- Weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants approximated 1% mortality improvement of annuitants - Weighted average of a(90)m and a(90)f with one year age setback to allow approximated 1% mortality improvement of annuitants approximated 1% mortality improvement of annuitants
Expenses	Based on the company 2023 internal expenses studies and expenses split into Participating and Non-participating business
Lapses/Surrenders	Based on internal experience studies and exercising actuarial judgement as appropriate. When exercising judgement, for instance where credible data is not available or one-off events, the company has taken into account the knowledge of the general market expectations and practice relevant to the underlying product types and target market where appropriate.
Morbidity	Based on the company internal experience and actual vs expected analysis. Expected rates are based on the reinsurance rate tables
Reinsurance	Based on the company internal experience studies with respect to reinsurance
Investment return	Risk Free Rate structure proposed by IRC SL as at 31.12.2023

SLIC maintained steady and strong solvency ratio over the year 2023 for its Life Insurance business and as at 31.12.2023 the Risk-based Capital Adequacy Ratio, CAR, stands at 422% and it was 316% as at 31.12.2022. This is well above the regulatory minimum requirement which is 120%.

Assumption	Change in Assumption	Impact on Liability
Mortality	+10%	725 million
	-10%	(728) million
Expense	+10%	2,696 million
	+20%	1,942 million
Persistency	-20%	(1,626) million
Discount Rate	Up shock scenario under RBC	(19,267) million
	Down shock scenario under RBC	26,802 million

Life

In accordance with the RBC Rules, negative policy liability for long term insurance contracts are deemed acceptable and value of the liabilities with respect to individual contracts with negative policy liability have not been floored at zero. However for the purpose of distribution basis (i.e. for SLFRS purpose) liabilities, SLICL has adopted a more prudent approach and the negative liabilities have been floored to zero at policy level.

Non Life:

In accordance with the RBC Rules, discounted policy liability can be hold however for the purpose of SLFRS reporting, SLICL has adopted a more prudent approach where un-discounted liabilities are hold where un-discounted liabilities are higher than the discounted liabilities.

44 Insurance and Financial Risk Management (Continued)

44.1 Insurance Risk (Continued)

44.1.1 Life Insurance Contracts (Continued)

Segregation of Policy Liability based on Product Category
31st December

	2023			2022		
	Insurance Liabilities	Insurance Liabilities	Total Gross Insurance Liabilities	Insurance Liabilities	Insurance Liabilities	Total Gross Insurance Liabilities
	(with profits) Rs. 000'	(without profits) Rs. 000'	Rs. 000'	(with profits) Rs. 000'	(without profits) Rs. 000'	Rs. 000'
Whole Life	14,074	3,740	17,813	14,181	2,612	16,793
Endowment Assurance	73,856,974	6,373,566	80,230,540	71,656,329	4,501,656	76,157,985
Term Assurance	-	2,563,886	2,563,886	-	2,170,962	2,170,962
Annuity	12,774,746	3,258,587	16,033,333	11,841,459	2,515,694	14,357,153
Rider Benefits	85,050	3,235,029	3,320,079	74,309	3,080,047	3,154,356
Total	86,730,843	15,434,808	102,165,651	83,586,278	12,270,970	95,857,248

The following table shows the participating and non-participating fund position of the Company:

Participating Fund vs Non-Participating Fund

	Participating	Non- Participating	Total
	Rs. 000'	Rs. 000'	Rs. 000'
2023	164,885,291	15,984,632	180,869,924
Percentage	91.16%	8.84%	
2022	142,112,355	14,606,647	152,585,059
Percentage	90.68%	9.32%	

44 Insurance and Financial Risk Management (Continued)

44.1 Insurance Risk (Continued)

44.1.2 Non - Life Insurance Contracts

General Insurance Risk

General insurance risk includes the reasonable possibility of significant loss due to uncertainty in the frequency of the occurrence of the insured events as well as in the severity of the resulting claims.

The following provides an overview of the Group's main lines of business:

- Motor includes automobile physical damage, loss of the insured vehicle and automobile third party liability insurance.
- Property includes fire risks (for example fire, explosion and business interruption), natural perils (for example earthquake, windstorm and flood), engineering lines (for example boiler explosion, machinery breakdown and construction) and marine (cargo and hull).
- Liability includes general/public and product liability, excess and umbrella liability, professional liability including medical malpractice, and errors and omissions liability.
- Special lines include directors and officers, credit and surety, crime and fidelity, accident and health, and crop.
- Worker injury includes workers compensation and employers liability.

The Company's underwriting strategy is to take advantage of the diversification of general insurance risks across industries and geographic regions in which the Company operates. The Company seeks to optimize shareholder value by achieving its mid-term return on equity goals. Doing so necessitates a prudent, stable underwriting philosophy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility. At the core of the Company's underwriting is a robust governance process.

The table below shows the Group's concentration of risk within the general insurance business by line of business based on direct written premiums before reinsurance and after reinsurance.

2023 Class	GWP	Reinsurance	NWP	%
	Rs. 000'	Rs. 000'	Rs. 000'	
Motor	13,508,448	433,238	13,075,211	74.95%
Fire	2,951,485	2,079,701	871,784	5.00%
Marine	942,988	219,515	723,473	4.15%
Other	5,742,135	2,968,361	2,773,774	15.90%
	23,145,056	5,700,815	17,444,241	100.00%
<hr/>				
2022 Class	GWP	Reinsurance	NWP	%
	Rs. 000'	Rs. 000'	Rs. 000'	
Motor	12,780,151	360,296	12,419,855	81.92%
Fire	3,123,352	2,776,846	346,505	2.29%
Marine	943,001	735,644	207,357	1.37%
Other	3,494,944	1,308,155	2,186,789	14.42%
	20,341,448	5,180,941	15,160,506	100.00%

44 Insurance and Financial Risk Management (Continued)

Reinsurance Risk

The Company purchases reinsurance as a part of its risks mitigation programme. Reinsurance ceded is placed on both proportional and non-proportional basis. Proportional reinsurance arrangement includes both Quota Share and surplus Treaty programmes which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance programmes, which are primarily excess-of-loss reinsurance arrangements, are designed to mitigate the Company net exposure to large single and catastrophic losses. Retention limits on the excess-of-loss reinsurance programmes vary by product line.

The following table shows the credit ratings of the reinsurance Companies with whom the Group has arrangements.

Name of the Company	Credit Rating	Financial strength Rating	Name of the Rating Agency
A F Beazley and others	a+	A	A.M.Best
Abu Dhabi National Insurance	a	A	A.M.Best
AIG MEA Limited	a	A	A.M.Best
Allianz Global Corporate and Specialty SE,	aa	A+	A.M.Best
Antares Managing Agency Limited	a+	A	A.M.Best
Aon Underwriting Managers	a+	A	A.M.Best
Apollo Syndicate Management Ltd	a+	A	A.M.Best
Arch Syndicate 1955	a+	A	A.M.Best
Arch Insurance (UK) Limited	aa-	A+	A.M.Best
Arch Managing Agency Ltd	a+	A	A.M.Best
Argo Managing Agency Ltd	a+	A	A.M.Best
Assicurazioni Generali S.p.A.	a+	A	A.M.Best
AXA XL (XL Insurance Company SE, Singapore Branch)	aa-	A+	A.M.Best
AXIS Speciality Ltd	a+	A	A.M.Best
Beazley Furlonge Ltd	a+	A	A.M.Best
Berkshire Hathaway Specialty Insurance Company	aaa	A++	A.M.Best
Best Meridan International Insurance Company	a-	A-	A.M.Best
British Marine /QBE Insurance Group	a+	A	A.M.Best
Canopus Managing Agency Ltd	a+	A	A.M.Best
Castel Underwriting Agencies Ltd	a+	A	A.M.Best
CCR Re	a	A	A.M.Best
Chaucer Syndicates Ltd	a+	A	A.M.Best
China Pacific Property Insurance Co. Ltd, Shenzhen Branch (CPIC)	A	A	S & P
China Reinsurance (Group) Corporation	a	A	A.M.Best
Chubb European Group SE	aa+	A++	A.M.Best
Convex Insurance UK Ltd, London, England	a-	A-	A.M.Best
ERGO Versicherung AG	AA-	AA-	S & P
Gard Marine & Energy Limited, Singapore Branch	A+	A+	S & P
Gard Marine & Energy Ltd	A+	A+	S & P
General Insurance Corporation of India, India	bbb+	B++	A.M.Best
Hannover Re, Singapore	aa	A+	A.M.Best
Hannover Rück SE	aa	A+	A.M.Best
Hardy (Underwriting Agencies) Limited	a+	A	A.M.Best
HDI Global Specialty SE, Stockholm, Sweden	aa-	A+	A.M.Best
Huatai Property & Casualty Insurance Company Ltd	A	A	Fitch
India International Insurance Pte Ltd, Singapore	A-	A-	S & P
International General Insurance Company (UK) Limited	a	A	A.M.Best
IQUW Syndicate Management Ltd	a+	A	A.M.Best
Korean Reinsurance Company	a	A	A.M.Best

44 Insurance and Financial Risk Management (Continued)

44.1 Insurance Risk (Continued)

Reinsurance Risk (Continued)

Name of the Company	Credit Rating	Financial strength Rating	Name of the Rating Agency
Labuan Reinsurance (L) Ltd	a-	A-	A.M.Best
Liberty Specialty Market	A	A	S & P
Mapfre Re Compania de Reaseguros SA, Madrid, Spain	a+	A	A.M.Best
Markel International Insurance Company Ltd ,London	a+	A	A.M.Best
Markel Syndicate Management Ltd	a+	A	A.M.Best
MENA Re Underwriting Ltd	A-	A-	S & P
MS Amlin Underwriting Limited	a+	A	A.M.Best
MS First Capital Insurance Limited	a+	A	A.M.Best
Munich Re Syndicate Limited	a+	A	A.M.Best
Munich Re Syndicate Singapore Pte Ltd	a+	A	A.M.Best
Navigators Underwriting Agency Limited	a+	A	A.M.Best
Naviium Marine Ltd/Fidelis Underwriting Limited	a	A	A.M.Best
Nexus Underwriting Limited, London/Accredited Insurance (Europe) Limited	a-	A-	A.M.Best
Ocean International Reinsurance Company Limited	a-	A-	A.M.Best
Oman Insurance Company, PSC, United Arab Emirates	a	A	A.M.Best
Optio Un.Ltd /Optio Europe Ltd	a+	A	A.M.Best
Orient Insurance PJSC	a+	A	A.M.Best
PICC Property & Casualty Company Ltd	A-	A-	S & P
Ping An Property & Casualty Insurance Company of china	A-	A-	S & P
QBE Europe SA/NV trading as British Marine	a+	A	A.M.Best
Rokstone Underwriting Managers	a+	A	A.M.Best
Royal & Sun allianz Insurance Plc	a+	A	A.M.Best
New Reinsurance Company Ltd	aa	A+	A.M.Best
Singapore Reinsurance Corporation Limited	a	A	A.M.Best
Sinopec Insurance Ltd	A+	A+	S & P
SiriusPoint International Ins. Corp.	a-	A-	A.M.Best
Starr International (Europe) Ltd	a+	A	A.M.Best
Starr Property & Casualty Insurance (China) Co. Ltd	a	A	A.M.Best
Steamship Mutual Underwriting Association Ltd	A	A	S & P
Swiss Re Asia Pvt Ltd	aa	A+	A.M.Best
Swiss Re International SE – Singapore Branch	aa	A+	A.M.Best
Taiping Reinsurance Compnay Limited	a	A	A.M.Best
Talbot Risk Services Pte Ltd	a+	A	A.M.Best
The Shipowners' Mutual Protection & Indemnity Association	A	A	S & P
Tokio MArine & Nichido Fire In. Co.Ltd	aa+	A++	A.M.Best
Tokio Marine Combined Syndicate 510	a+	A	A.M.Best
Tokio Marine Kiln Syndicate No. 1880 (TMK)	a+	A	A.M.Best
Travelers Syndicate Management Limited	a+	A	A.M.Best
Triglav Re Reinsurance Company d.d	A	A	S & P
Wiener Städtische Versicherung AG Vienna Insurance Group	A+	A+	S & P
XL Catlin Insurance Company UK Ltd	aa-	A+	A.M.Best
Zurich Insurance Company	aa-	A+	A.M.Best

44 Insurance and Financial Risk Management (Continued)

Overview

The Company is mainly exposed to the Financial Risks, Insurance Risks and Regulatory Risks. This notes provides the Company's policies and procedures in measuring, managing & mitigating such risks. The company has implemented a risk management framework and Board of Directors has overall responsibility for establishment and oversight of the Company's risk management functions.

Financial Risks

The Investment activities of the company are exposed to the financial risks which include the credit risks, Liquidity Risks and Market Risks. The Investment Committee is responsible in mitigating those risks and optimizing the investment returns.

Investment risk management is of paramount importance in current turbulent markets characterized by high volatility of asset returns, reduced diversification benefits due to high correlations, and wider dispersion in market sentiments & views.

The aim of Investment Risks Management is to promptly identify, measure, manage, report and monitor risks that affect the achievement of investment objectives. This includes taking, avoiding, mitigating and adjusting the risk profile to maintain the appropriate balance among asset growth as well as income to meet the obligations of the Fund, based on prudent risk management principles within the context of applicable (IRCSL) insurance regulations.

44.2 Market Risk

Market risk is the risk of changes in market prices such as foreign exchange rates and interest rates, which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is maintains the maximum exposure limit for the equity in managing the investment portfolio. Further, the Group has diversified the investment portfolio into different sectors to mitigate unsystematic risks.

Equity Market Sensitivity

Company		Rise of market		Fall of market	
		Impact on Profit Rs. 000'	Impact on OCI Rs. 000'	Impact on Profit Rs. 000'	Impact on OCI Rs. 000'
<i>As at 31st December 2023</i>					
Shock Level:					
	5%	714,479	1,303,386	(714,479)	(1,303,386)
	10%	1,428,958	2,606,771	(1,428,958)	(2,606,771)
		2,143,437	3,910,157	(2,143,437)	(3,910,157)
<i>As at 31st December 2022</i>					
Shock Level:					
	5%	1,151,564	634,445	(1,151,564)	(634,445)
	10%	2,303,128	1,268,890	(2,303,128)	(1,268,890)
		3,454,692	1,903,335	(3,454,692)	(1,903,335)

44.2.1 Interest Rate Risk

Interest rate risk is the risk of loss resulting from changes in interest rates, including the changes in the shape of the yield curve while credit spread risk describes the sensitivity of the values of assets and liabilities due to changes in the level or the volatility of credit spreads over the risk-free interest rate yield curve.

Interest rate risk is managed over each major maturity bucket with adherence to the aggregated positions with risk limits. The Investment Committee proactively managed the fixed income portfolio by strategically shifting from low-yielding investments to relatively high-yielding ones, mitigating the pressure on interest income while closely monitoring the duration of mismatches.

Further the Group has adopted the following policies to mitigate the interest rate risk:

- 1 A considerable portion of the investments is made in risk free investments of government securities with adherence to the rules and regulations issued by the IRCSL in maintaining risk free investments.
- 2 The major part of the investment portfolio is made in rated financial institutions or in rated instruments.
- 3 The Investment Committee makes the investment decisions and approval from the Board of Directors is sought wherever necessary.

44 Insurance and Financial Risk Management (Continued)

44.2 Market Risk (Continued)

44.2.1 Interest Rate Risk (Continued)

Exposure to Interest Rate Risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows.

<i>31st December</i>	2023	2022
<u>Company</u>	Rs. 000'	Rs. 000'
Fixed Rate Instruments		
Held To Maturity (HTM)		
Treasury Bonds	66,528,073	69,802,527
Loans and Receivable (L&R)		
Unlisted Debentures	19,791,084	15,870,218
Term Deposits	31,916,170	22,039,325
Development Bonds	-	14,679,930
Available For Sale (AFS)		
Listed Debentures	13,790,893	33,756,794
Treasury Bond	27,966,447	3,261,196
	<u>159,992,667</u>	<u>159,409,991</u>
Floating Rate Instruments		
Loans and Receivables (L & R)		
Development Bonds	-	4,727,709
Unlisted Debentures	7,583,838	7,501,161
	<u>7,583,838</u>	<u>12,228,870</u>
	<u>167,576,504</u>	<u>171,638,861</u>

Sensitivity Analysis

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and interest income by the amounts shown below.

<i>31st December 2023</i>	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
	Impact on Interest		Impact on Interest	
	Income Rs. 000'	Impact on Equity Rs. 000'	Income Rs. 000'	Impact on Equity Rs. 000'
Company				
Financial Investments				
Loans and Receivable (L&R)	892,978	-	(892,978)	-
Available For Sale (AFS)	-	32,275,861	-	37,413,811
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	<u>892,978</u>	<u>32,275,861</u>	<u>(892,978)</u>	<u>37,413,811</u>

44 Insurance and Financial Risk Management (Continued)

44.2 Market Risk (Continued)

44.2.1 Interest Rate Risk (Continued)

Sensitivity Analysis (Continued)

31st December 2022

Company

	100bps Upward Parallel Shift of Yield Curve		100bps Downward Parallel Shift of Yield Curve	
	Impact on Interest Income	Impact on Equity	Impact on Interest Income	Impact on Equity
	Rs. 000'	Rs. 000'	Rs. 000'	Rs. 000'
Financial Investments				
Loans and Receivable (L&R)	753,063	-	(753,063)	-
Available For Sale (AFS)	-	35,815,129	-	37,413,811
Fair Value Through Profit or Loss (FVTPL)	-	-	-	-
	753,063	35,815,129	(753,063)	37,413,811

* In case of a shift in yield curve, there is:

No impact to the Interest Income or to the Equity for the fixed rate debt instruments classified under HTM and L&R

An impact to the Interest Income but no impact to the Equity for the floating rate debt instruments classified under HTM and L&R

No impact to the Interest Income but there is an impact to the Equity for the fixed rate debt instruments classified under AFS

An impact to the Interest Income but no impact to the Equity for the floating rate debt instruments classified under AFS

44.2.2 Foreign Currency Risk

The Group is exposed to currency risk on investments in financial assets that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions are primarily denominated are United States Dollars (USD), Euros (EUR), Australian Dollar (AUD) and Sterling Pound. (GBP).

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts;

Company

Development Bonds:

USD

Fixed Deposits:

USD

Carrying Value	
2023	2022
Rs. 000'	Rs. 000'
-	19,407,639
3,376,092	2,368,012
3,376,092	21,775,651

The following significant exchange rates were applicable during the year;

	Average Rate		Reporting date spot rate	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
USD	341.36	280.11	321.00	361.71
GBP	350.08	350.08	433.49	433.49
AUD	192.28	192.28	242.26	242.26
EUR	305.57	305.57	385.79	385.79

44 Insurance and Financial Risk Management (Continued)

44.2 Market Risks (Continued)

44.2.2 Foreign Currency Risk (Continued)

Sensitivity Analysis (Continued)

As at 31st December 2022
 Company

Impact on Forex Gain/Loss

Floating Rate Instruments

USD

Fixed Rate Instruments

USD

As at 31st December 2022

Impact on Interest Income

Floating Rate Instruments

USD

Fixed Rate Instruments

USD

	Exchange Rate Shock Level		
	1.00% Rs. 000'	1.50% Rs. 000'	2.00% Rs. 000'
Impact on Forex Gain/Loss <u>Floating Rate Instruments</u> USD	194,076	291,115	388,153
<u>Fixed Rate Instruments</u> USD	23,680	35,520	47,360
	<u>217,756</u>	<u>326,635</u>	<u>435,513</u>

	Exchange Rate Shock Level		
	1.0% Rs. 000'	1.5% Rs. 000'	2.0% Rs. 000'
Impact on Interest Income <u>Floating Rate Instruments</u> USD	12,173	18,259	24,345
Fixed Rate Instruments USD	-	-	-
	<u>12,173</u>	<u>18,259</u>	<u>24,345</u>

44 Insurance and Financial Risk Management (Continued)

44.2 Market Risks (Continued)

44.2.3 Market Rate Risk

The Group maintains the maximum exposure limit for the equity in managing the investment portfolio. Further, the Group has diversified the investment portfolio into different sectors to mitigate the unsystematic risks.

Portfolio Diversification of Equity Risks

Sri Lanka Insurance Corporation Limited - Life Insurance Business

Sector	Industry Group	2023		2022	
		Market Value Rs. 000'	%	Market Value Rs. 000'	%
Financials	Banks	17,038,254	63.37%	8,467,724	31.54%
	Diversified Financials	1,128,383	4.20%	1,507,512	5.62%
Financials		18,166,637	67.57%	9,975,236	37.16%
	Consumer Services	955,614	3.55%	1,747,775	6.51%
Consumer Discretionary	Consumer Durables & Apparel	-	0.00%	-	0.00%
	Retailing	30,582	0.11%	26,308	0.10%
	Automobiles & Components	-	0.00%	-	0.00%
Consumer Discretionary		986,196	3.67%	1,774,083	6.61%
Industrials	Capital Goods	2,637,752	9.81%	9,411,952	35.06%
*Health Care	Health Care Equipment & Services	193,939	0.72%	204,147	0.76%
Telecommunication Services	Telecommunication Services	1,647,377	6.13%	1,202,763	4.48%
Materials	Materials	1,088,325	4.05%	1,688,554	6.29%
Consumer Staples	Food & Staples Retailing	-	0.00%	-	0.00%
	Food, Beverage & Tobacco	1,075,234	4.00%	1,417,031	5.28%
Real Estate	Real Estate	69,738	0.26%	69,273	0.26%
Energy	Energy	811,545	3.02%	919,772	3.43%
Information Technology	Utilities	208,759	0.78%	182,664	0.68%
Total		26,885,504	100%	26,845,475	100%

* Including the Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

44 Insurance and Financial Risk Management (Continued)

Sri Lanka Insurance Corporation Limited - General Insurance Business

Sector	Industry Group	2023		2022	
		Market Value Rs. 000'	%	Market Value Rs. 000'	%
Financials	Banks	10,552,942	78.33%	5,542,689	64.92%
	Diversified Financials	501,125	3.72%	827,888	3.73%
Financials		11,054,068	82.05%	6,370,577	68.65%
Consumer Discretionary	Consumer Durables & Retailing	4,106	0.03%	36,577	0.07%
		-	0.00%	-	0.00%
Consumer Discretionary		4,106	0.03%	36,577	0.07%
Consumer Staples					
*Health Care	Food, Beverage & Tobacco	361,792	2.69%	-	0.00%
	Health Care Equipment & Services	69,343	0.51%	72,993	12.37%
Industrials	Capital Goods	870,302	6.46%	1,392,271	11.62%
Materials	Materials	317,967	2.36%	350,049	0.47%
Utilities	Utilities	385,690	2.86%	166,635	5.51%
Real Estate	Real Estate	-	0.00%	-	0.00%
Telecommunication Services	Telecommunication	189,863	1.41%	138,620	0.60%
Energy	Energy	218,655	1.62%	346,980	0.71%
Total		13,471,787	100%	8,874,703	100%

*Including Lanka Hospitals Corporation PLC which is a subsidiary of SLIC

44.3 Credit Risk

The credit risk is the risk of investee companies, reinsurers and other debtors defaulting payments due. Accordingly it refers to the risk that a borrower will default on any type of debt by failing to make payments which it is obligated to do. The risk is primarily that of the lender and include lost principal and interest, disruption to cash flows, and increased collection costs.

The Group has established its own limits on concentration of investments by single issuers and certain asset classes and also limits investments in illiquid instruments.

No investment has been made in term deposits other than in Licensed Commercial Banks and Licensed Specialized Banks.

Investment grade credit rating for both the entity and the instrument by a recognized credit rating agency is expected for all investments in corporate debentures and commercial papers.

No debt investment has been made in any of the related companies.

A comprehensive credit analysis is carried out internally prior to making any investment in a debt security.

44 Insurance and Financial Risk Management (Continued)

The Maximum Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

As at 31st December	Note	Group		Company	
		2023 Rs. 000'	2022 Rs. 000'	2023 Rs. 000'	2022 Rs. 000'
Held To Maturity (HTM)	5	72,571,731	71,832,664	72,571,731	71,832,664
Loans and Receivable (L&R)	5	27,384,412	42,779,018	27,374,922	42,779,018
Available For Sale (AFS)	5	28,354,385	14,487,406	29,696,157	14,487,406
Loans to policyholders	12	2,095,884	1,867,624	2,095,884	1,867,624
Reinsurance receivable	13	1,868,737	4,367,265	1,868,737	4,367,265
Premium receivable	14	6,290,934	6,610,797	6,290,934	6,610,797
Other assets	16	13,623,084	11,903,651	4,825,689	4,740,789
Cash and cash equivalents	18	18,520,136	9,788,484	5,885,171	6,320,469
		170,709,303	163,636,909	150,609,225	153,006,032

Government Securities

Government securities consist of investments in treasury bills, treasury bonds, development bonds and reverse repurchase agreements which are referred to as risk free instruments by nature.

Corporate Debt Securities

The corporate debt securities consist of corporate debentures which are listed in the Colombo Stock Exchange and are guaranteed by local and foreign credit rating agencies. An analysis of credit ratings of the issuers of debt securities are given in this note.

Loans to policyholders

Credit risk related to the policyholder loans is the financial losses which could arise due to non - settlement of loans by policyholders.

The Group has issued loans to policyholders considering the surrender value of the policy as collateral. As at the reporting date, the carrying value of the policy loans granted amounted to Rs. 2,096 mn (2022 - Rs. 1,868 mn). and the related surrender value is Rs.3,417 mn (2022 - Rs. 2,966 mn).

Reinsurance receivable

This is the risk of reinsurers failing to fulfil their financial obligations towards the Group.

Management assesses the creditworthiness of reinsurers on a regular basis and ascertains the suitable allowance for impairment of reinsurance assets.

The Board of Directors has assessed the potential impairment loss of reinsurance receivables of the financial statements as at the reporting date in respect to the reinsurance receivable.

44 Insurance and Financial Risk Management (Continued)

44.3 Credit Risk (Continued)

The Maximum Exposure to credit risk (Continued)

Premium receivable

This consists of premium receivables from policyholders and intermediaries that create the risk of financial losses due to non settlement of dues or taking substantial time to settle dues.

In life insurance, credit risk is minimal since premium is collected before the policy is issued. In General Insurance Business, the premium warranty clause which states that a claim is not payable if the premium is not settled within 60 days, has reduced the credit risk to a greater extent.

The Board of Directors has assessed the potential impairment loss on premium receivables as at the reporting date and adequate provisions have been made in the financial statements.

Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

Cash and cash equivalents

This consists of short term investments, cash at bank and cash in hand as at reporting date. Short term deposits include fixed deposits and call deposits placed in both banks and financial institutions. Further, the cash at bank mainly consists of favourable balances in saving and current accounts of private and government commercial banks.

The Group has selected its bankers by considering the credit ratings of the rating agencies and the efficiency of transaction processing by them. The Group held cash and cash equivalents of Rs. 18,520 mn as at 31st December 2023 (Rs. 9,788 mn as at 31st December 2022) which represent its maximum credit exposure on these assets.

Credit Risk Exposure - Life Insurance Business

As at 31st December

Financial Investments

Debt Securities - Loans & Receivables

Debt Securities - Available For Sale

2023 Rs.000'	% of Allocation	2022 Rs.000'	% of Allocation
49,582,419	64%	39,067,063	56%
27,711,207	36%	31,058,539	44%
77,293,626	100%	70,125,601	100%

Credit Risk Exposure - General Insurance Business

As at 31st December

Financial Investments

Debt Securities - Loans and Receivables

Debt Securities - Available For Sale

2023 Rs.000'	% of Allocation	2022 Rs.000'	% of Allocation
9,708,673	81%	6,343,641	69%
2,339,599	19%	2,799,165	31%
12,048,272	100%	9,142,807	100%

44 Insurance and Financial Risk Management (Continued)

44.3 Credit Risk (Continued)

Debt Securities Allocation according to Credit Ratings

Life Insurance Business

As at 31st December

Rating	2023		2022	
	Rs. million	% of Total	Rs. million	% of Total
AAA	26,914	33%	15,208	31%
AA+	-	0%	2,186	4%
AA	-	0%	72	0%
AA-	12,283	15%	12,120	24%
A+	11,958	15%	10,262	21%
A	22,338	28%	6,459	13%
A-	1,737	2%	2,395	5%
BBB+	5,825	7%	841	2%
BBB	161	0%	164	0%
BBB-	-	0%	-	0%
BB+	-	0%	-	0%
BB-	-	0%	-	0%
Unrated	-	0%	-	0%
Total	81,217	100%	49,707	100%

*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

General Insurance Business

As at 31st December

Rating	2023		2022	
	Rs. million	% of Total	Rs. million	% of Total
AAA	1,900	14%	1,824	22%
AA+	2,300	16%	2,256	28%
AA	-	0%	-	0%
AA-	4,117	29%	2,582	32%
A+	626	4%	104	1%
A	2,023	14%	25	0%
A-	2,585	18%	1,321	16%
BBB+	507	4%	-	0%
BBB-	-	0%	-	0%
Total	14,058	100%	8,112	100%

*Credit Risk on Fixed Deposits is based on Credit risk of the Bank.

44 Insurance and Financial Risk Management (Continued)

44.4 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Maturity Analysis

The table below summarises the maturity profiles of non derivative financial assets and financial liabilities based on the remaining undiscounted contractual obligations, including interest payable and receivable.

As at 31st December 2023 Company	Carrying Value Rs. 000'	No fixed tenure Rs. 000'	Up to 1 Year Rs. 000'	1 to 2 Years Rs. 000'	2 to 5 Years Rs. 000'	5 to 10 Years Rs. 000'	Over 10 Years Rs. 000'	Total Rs. 000'
Financial assets								
Held-to-maturity (HTM)	72,571,730	-	5,250,000	6,420,990	11,157,717	29,300,000	10,250,000	62,378,707
Loans and receivables (L & R)	59,300,582	-	23,495,157	29,477,873	6,500,000	9,100,000	-	68,573,030
Available for sale (AFS)	102,644,036	29,702,091	9,454,439	9,659,552	27,384,034	11,628,656	-	87,828,772
Fair value through profit or loss (FVTPL)	16,592,639	16,583,149	-	-	-	-	-	16,583,149
Loans to policyholders	2,095,883	-	2,095,883	-	-	-	-	2,095,883
Reinsurance receivable	1,868,737	-	884,068	216,251	509,334	171,407	87,676	1,868,736
Premium receivable	6,290,935	-	6,290,935	-	-	-	-	6,290,935
Other assets	5,113,478	-	5,113,478	-	-	-	-	5,113,478
Cash & cash equivalents	5,885,171	-	5,885,171	-	-	-	-	5,885,171
	272,363,191	46,285,240	58,469,132	45,774,665	45,551,085	50,200,063	10,337,676	256,617,861
Financial liabilities								
Reinsurance payable	1,183,597	-	1,065,197	77,009	37,756	3,485	-	1,183,447
Current tax liabilities	2,114,571	-	2,114,571	-	-	-	-	2,114,571
Other liabilities	6,597,465	-	6,597,465	-	-	-	-	6,597,465
Financial liabilities	446,033	-	446,033	-	-	-	-	446,033
	10,341,667	-	10,223,267	77,009	37,756	3,485	-	10,341,517

44.4 Liquidity Risk (Continued)

Maturity Analysis (Continued)

As at 31st December 2022 Company	Carrying Value Rs. 000'	No fixed tenure Rs. 000'	Up to 1 Year Rs. 000'	1 to 2 Years Rs. 000'	2 to 5 Years Rs. 000'	5 to 10 Years Rs. 000'	Over 10 Years Rs. 000'	Total Rs. 000'
Financial Investments								
Held to maturity (HTM)	71,832,664	-	15,770,000	4,800,000	10,178,707	18,300,000	16,250,000	65,298,707
Loans and receivables (L & R)	62,142,195	-	37,182,413	4,102,315	20,767,714	-	-	62,052,442
Available for sale (AFS)	51,513,251	14,495,262	8,211,108	8,204,439	18,680,110	5,804,520	-	55,395,439
Fair value through profit or loss (FVTPL)	25,763,811	25,763,811	-	-	-	-	-	25,763,811
Loans to policyholders	1,867,624	-	1,867,624	-	-	-	-	1,867,624
Reinsurance receivable	4,367,265	-	2,475,563	1,373,917	281,084	189,872	46,830	4,367,265
Premium receivable	6,610,797	-	6,610,797	-	-	-	-	6,610,797
Other assets	5,026,983	-	5,026,983	-	-	-	-	5,026,983
Cash & cash equivalents	6,320,469	-	6,320,469	-	-	-	-	6,320,469
	235,445,059	40,259,073	83,464,956	18,480,671	49,907,614	24,294,392	16,296,830	232,703,537
Liabilities								
Reinsurance payable	2,354,371	-	2,255,144	59,486	38,715	1,026	-	2,354,371
Current tax liabilities	1,686,823	-	1,686,823	-	-	-	-	1,686,823
Other liabilities	6,159,369	-	6,159,369	-	-	-	-	6,159,369
Financial liabilities	563,026	-	563,026	-	-	-	-	563,026
	10,763,590	-	10,664,362	59,486	38,715	1,026	-	10,763,589

45 Commitments, Contingencies and Guarantees

45.1 Commitments

The Group does not have significant capital commitments as at the reporting date other than that are described below:

The Lanka Hospitals Corporation PLC

Capital commitments of Group and Company in respect of the on going projects but not incurred as at the financial year end 31st December 2023 amounted to Rs.168 Mn. (2022 : Rs 87.3 Mr

Litro Gas Lanka Limited

Capital expenditure approved by the Board as at 31 December 2023 is Rs. 2,018 Mn (Rs. 104 Mn - 2022). There is an ongoing legal matter for the advance payment of Rs.20 Mn paid for purchase of Oxygen Cylinders.

Sino Lanka Hotels & Spa (Pvt) Ltd & Helanco Hotels & Spa (Pvt) Ltd

The total estimated cost for the construction of Grand Hyatt Colombo is Rs.51.1 Bn.

The following commitments for capital expenditure approved by the directors as at 31st December 2023.

	2023 Rs. 000'	2022 Rs. 000'
Approximate amount contracted for but not incurred	27,597,250	30,771,790

Canowin Hotels & Spas (Pvt) Ltd.

There is a significant contingency as at the reporting date from Gills Food Products (Pvt) Ltd. who was a tenant. The case (SPL 05/19) was filed in 2023. Having discussed with an independent legal consultasnt and filed papers to vacate but still it is unfavourable since it has already given an exparte judgment.

45.2 Contingent Liabilities & Guarantees

There were no significant Contingent Liabilities & Guarantees for which no provision has been made in the accounts or approved by the Board but not contracted as at the reporting date that would require adjustments to or disclosure in the Financial Statements, other than which is described below.

Sri Lanka Insurance Corporation Ltd.

Value Added Tax and Nation Building Tax Assessments issued by the Commissioner General of Inland Revenue

The Inland Revenue Department has taken a view that Reinsurance claims received from foreign reinsures for the General insurance is liable for the Value Add Tax. Accordingly Company received a Value added Tax (VAT) Assessment on the Reinsurance Claims outstanding to Rs. 318,099,913/- and Rs.26,903,739 years of assessments 2004/2005 and 2005/2006, respectively.

This is a common assessment issued by the department of Inland Revenue to most insurance companies in the General Insurance business. However as a General Insurance Industry view of that, they are not liable for the VAT on Reinsurance Claim.

The company has filed valid appeals against these assessments with the consultation of tax consultants. The Board of Review by letter dated 21st July 2010 determined that the assessments are valid. The Company is making an appeal to the Court of Appeal contesting the determination made by the Board of Review. The Company has provided the Liability of Rs. 345Mn pending the decision of the Court of Appeal.

The company has received an official communication from Inland Revenue Department stating that the company is liable for Value Added Tax and Nation Building Tax on the Financial Service based on the section 25C of the VAT Act, No 14 of 2002 . Accordingly Company received assessment on the VAT on Financial Service and NBT on the Financial Service for the period ending 31st December 2012,2013,2017 and 2019 amounting to Rs.192 million, Rs. 232 million, Rs. 509 million, and Rs. 665 million respectively.

The company has duly appealed against these assessments with the consultation of company tax consultants. Tax Appeal Commission has determined that the assessment issued for VAT on Financial Services for the period 2012 and 2013 are valid from their letter dated 27th August 2020 and 27th January 2023 respectively. Company has appealed against the said decisions in the Court of Appeal and further Company has Applied for a Writ order to cease the decision of Tax Appeal Commission to encashment of Bank guarantee in the Court of Appeal. States of each Case and assessments are as follows.

Year of Assessment	Status of Assessment	Nature of Contingent Liability	Measurement of contingent impact to the company
2012/2013	Pending decision from Court of Appeal	VAT on financial Services	An additional Tax Liability of Rs. 192Mn
2013/2014	Pending decision from Court of Appeal	VAT on financial Services	An additional Tax Liability of Rs. 232Mn
2017/2018	Pending decision from Tax Appeal Commission	VAT on financial Services	An additional Tax Liability of Rs 509 Mn
2019/2020	Pending decision from Commission General	VAT on financial Services	An additional Tax Liability of Rs 665 Mn

However, the same matters regarding VAT on financial services that were assessed for the years 2010 and 2011 were determined by the Court of Appeal in favor of the company. Subsequently, three assessments relating to the years 2014, 2015, and 2016 were resolved in favor of the company by the Tax Appeal Commission, and one assessment for the year 2018 was ruled in favor of the company by the Inland Revenue Department, amounting to Rs 4.4 billion. Consequently, no additional provision has been made in the financial statements for these pending matters.

45.2 Contingent Liabilities & Guarantees (Contd)

Income Tax

The Company received Income Tax Assessment for the year of assessment from 2011/2012 to 2019/2020 with respect to taxation of Life Insurance and assessment amounts of the said periods are shown in the following table. This assessment was issued by the Inland Revenue Department in contrary to the Section 92 of the Inland Revenue Act, No 10 of 2016. Further this is a common Income Tax assessment that has been issued by the Inland Revenue Department for the Life Insurance companies in the insurance Industry. The view of the industry, Company and company's tax consultants are those assessment will not materialize. Therefore, no additional provision has been made in the financial statements.

The company has duly appealed against these assessments with the consultation of company tax consultants. The Tax Appeal Commission has determined that the assessments issued for Income Tax for the periods 2011/2012, 2012/2013, and 2013/2014 are valid, as per their letters dated 18th August 2020, 14th December 2021, and 27th January 2023, respectively. The company has appealed against the said decision in the Court of Appeal. Additionally, the Tax Appeal Commission has determined the assessment issued for Income Tax for the period 2014/2015 by their letter dated 27th February 2024, partly allowing the appeal, and the company is in the process of appealing to the Court of Appeal. Furthermore, the Tax Appeal Commission has determined the assessment issued for Income Tax for the period 2016/2017 in favour of the company by their letter dated 12th September 2023. The Inland Revenue Department has appealed against the said decision in the Court of Appeal, and further the bank guarantee has been released to the company by the Tax Appeal Commission by their letter dated 22nd November 2023. States of each assessment are provided in table below.

Year of Assessment	Status of Assessment	Nature of Contingent Liability	Measurement of contingent impact to the company
2011/2012	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 524 Mn
2012/2013	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 296 Mn
2013/2014	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 786 Mn
2014/2015	Request made to TAC to state a case to Court of Appeal	Income Tax	An additional Tax Liability of Rs 1,036 Mn
2015/2016	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs. 1,374 Mn
2016/2017	Pending decision from Court of Appeal	Income Tax	An additional Tax Liability of Rs. 1,823 Mn
2017/2018	Pending decision from Commission General	Income Tax	An additional Tax Liability of Rs 2,170 Mn
2018/2019	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs 626 Mn
2019/2020	Pending decision from Tax Appeal Commission	Income Tax	An additional Tax Liability of Rs 576 Mn

**The Lanka Hospitals Corporation PLC
Liabilities**

Pending litigations against The Lanka Hospitals Corporation PLC with a maximum liability of Rs. 106 Mn exists as at the reporting date. Based on the information currently available the company has been advised by its legal council that it is not probable the ultimate resolution of such legal procedures would not likely have a material adverse effect on the result of the operations, financial position or liquidity of the company. Accordingly, no provision for any liability has been made in these financial statements in this respect.

Assets

There were no material contingent assets as at the reporting date which require adjustments to or disclosure in the financial statements.

Canwill Holdings (Pvt) Ltd

1) After a tender exercise and a period of negotiations, Interna Contract Spa (now herein referred to as Interna) was awarded by Sinolanka Hotels & Spa (Pvt) Ltd (now herein referred to as Sinolanka) the contract to provide Interior Fit Out and Furnishing Works for the Grand Hyatt Colombo Project. Subsequently, Sinolanka terminated the contract with Interna on several grounds.

Interna Contract, by reference dated 10th August 2015, had referred a dispute arising out of the termination of a contract between Interna Contract and Sinolanka to arbitration in Singapore under the ICC Rules. The Arbitral Award had been delivered on 29th September 2017 in favor of Interna Contract granting:

- Damages for EUR 7,432,062.79 together with simple interest thereon at the rate of 2% p.a. from 14th August 2015 to the date of full payment.
- Costs in sums together with simple interest thereon at the rate of 2% p. a. from the date of the Award to the date of full payment; USD 483,500 as costs of the arbitration

Sinolanka had applied to the Singapore High Court seeking an order setting aside the said Arbitral Award on the basis that it lacked jurisdiction to hear the dispute. In the meantime, Interna Contract had made an application to the High Court of Sri Lanka seeking to enforce the said Arbitral Award. The proceedings of the said application made by Interna Contract to the High Court of Sri Lanka had been adjourned pending the delivery of the judgment of the Singapore High Court on the application made by Sinolanka seeking the setting aside of the said Arbitral Award. Subsequently, the Singapore High Court had pronounced its judgment dismissing the said application made by Sinolanka, and further thereto, the High Court of Sri Lanka had delivered its judgment in favor of Interna Contract granting judgment in accordance with the said Arbitral Award, and granting costs in a sum of Rs. 500,000/-.

Sinolanka has preferred this application (SC/HC/LA 16/2020) to the Supreme Court seeking leave to appeal from the said judgment of the High Court of Sri Lanka in terms of Section 37(2) of the Arbitration Act, No. 11 of 1995.

The progress of the case to date.

The Supreme Court granted leave to appeal to Sinolanka against the said judgment on or around 12th December 2022. The application is pending before the Supreme Court at the stage of argument. The argument has been fixed for 10th May 2024.

45 Commitments, Contingencies and Guarantees

45.2 Contingent Liabilities and Guarantees (Contd)

How the management is responding or intends to respond to the litigation

The management is attempting to negotiate a favorable settlement with Interna Contract and has given instructions to canvass the order of the High Court before the Supreme Court in the event of the failure or inability of the parties to reach a settlement relating to the subject matter of the action.

An evaluation of the likelihood of an unfavorable outcome

The said appeal has been preferred by Sinolanka to the Supreme Court from a judgment of the High Court delivered pursuant to holding an inquiry into an application made by Interna Contract in terms of Section 31 of the Arbitration Act seeking to enforce the said Arbitral Award. During the course of such an inquiry, the High Court does not have the jurisdiction to consider the merits of the Arbitral Award sought to be enforced and is entitled to consider whether such Arbitral Award is liable to be refused recognition and enforcement on the limited number of grounds enunciated in Section 34 of the Arbitration Act. Therefore, in a judgment delivered by the High Court holding that an Arbitral Award is not liable to be refused recognition and enforcement on any of the grounds enunciated in the said Section 34 of the Arbitration Act, such as the one in this instance, the grounds of appeal available to assail such a judgment are inherently limited.

In the aforesaid circumstances, despite Sinolanka initially having been successful in obtaining leave to appeal from the Supreme Court, the prospects of prevailing at the final determination of the appeal are limited.

The company has made a provision of Rs. 1,848,102,857/- in the financial year ended 31st December 2019 and no expenditure has been recognised thereafter since the matter has been opened up to negotiate for amicable settlement which is in favor of the company as at the reporting date.

2) Mr. D R P Abeyasinghe, who was the Managing Director of Canwill Holdings (Pvt) Ltd, ceased holding that post on 23rd July 2019 as per the decision of the Board of Directors subject to the concurrence given by the Ministry of Finance. Further, he was also removed from the office of Director of Canwill Holdings (Pvt) Ltd in accordance with section 206 of the companies Act No. 7 of 2007, read with Article 25 (4) of the Articles of association of the company at the Extra ordinary General Meeting held on 06th August 2019.

Accordingly, Mr. Abeyasinghe has filed a case at the Labour Tribunal (case No LT2/907/2019) against the company on the grounds that his termination was unlawful. Furthermore, other complaints have also been made to the Department of Labour and to the Employees Trust Fund Board. The aforesaid case No LT2/907/2019 was a verdict in favor of the applicant as per the decision of the Hon. President of the Labour Tribunal dated 20th January 2021 and the company was ordered to deposit Rs. 1,600,000/- on Assistant Commissioner of Labour, Colombo East enabling the aforesaid applicant to be compensated. Subsequently, having legal counsel with regard to the case, the management appealed to the Provincial High Court of the Western Province, Colombo dated 19th February 2021. On 22nd June 2022 The High Court allowing the appeal of Respondent-Appellant (Canwill) and dismissed the decision dated 20th January 2021 of the Chairman of Labour Tribunal at Col. 08. A notice received from the Supreme Court on 4th August 2022 against the judgment of the High Court WP held in Colombo on 22nd June 2022. The management of the company appointed Ms. Marian Chambers through Mr. Ruwantha Cooray for this matter and filed the proxy forms and Cavite on 17th August 2022. This matter was taken up for argument on 7th February 2024 and both parties concluded the argument and written Submissions were filed on behalf of Canwill Holdings (Pvt) Ltd. Accordingly, the matter was reserved for Judgement, where the Supreme Court will notify the date on which the judgment will be delivered in the future.

Further Mr. D R P Abeyasinghe has filed a complaint dated 15th August 2019 demanding Rs. 8,064,999.75 for statutory benefits of Employee Provident Fund (EPF) in labour department. The matter was represented with company lawyers and the commissioner of labour department has requested for written submission to be presented on January 2022 and that is not accept the request and Notice received stating to settle the amount on or before 8th March 2022. Company submitted written appeal against the notice on 7th March 2022.

Sinolanka Hotels & Spa (Pvt) Ltd

The Greenery Company (Pvt) Ltd, who was the Landscape (Softscape) works and maintenance contractor of the Grand Hyatt Project has breached their contractual obligations in execution of the said contract. Accordingly, SHSL intended to demand for the full value of the performance bond Rs. 3,629,274/74 that they have submitted. However, The Greenery Company (Pvt) Ltd has instituted a case to obtain an Enjoining Order and Interim Injunction against SHSL to prevent encashing the Performance Bond. Initially the court had granted the enjoining order prayed by the Greenery Company (Pvt) Ltd. The Learned Counsel for Defendant raised objection to the said enjoining order since the validity of the said bond was about to expire on 19.07.2019. Hence, the Greenery Company agreed to extend the period by executing a similar Performance Bond for a period of 3 months from 22.07.2019. After tendering written submissions by both parties, the Court made an order refusing the interim injunction prayed by the Greenery Company (Pvt) Ltd and claimant has withdrawn the matter from the court on 20th October 2022.

46 Segregation and Divestiture of Sri Lanka Insurance Corporation Limited and the Subsidiaries

Group

46.1 Duly incorporating Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited

The regulations of Insurance Industry (Amendment) Act No.3 of 2011 and letter dated 17th March 2023, references Cabinet Decision No.23/0431/604/046 dated 14th March 2023 and Cabinet Memorandum No. MF/018/CM/2023/055 dated 27th February 2023 require the existing insurer to segregate the long term and general insurance into two separate Companies. Hence, the existing insurer in the name of Sri Lanka Corporation Limited will be segregated to Life and General Insurance business with effect from 01st February 2024. Even though, the Company was incorporated in order to carry out the business of General Insurance in 2024, the Company commenced its operations with effect from 01st February 2024.

Company

46.2 The Segregation of the Life and General Insurance Business

Provisions of Section 53 of the Regulation of Insurance Industry (Amendment) to the insurance Act, No.03 of 2011, stated composite insurance entity should segregate the long term insurance business and the general insurance business being carried on by it into two separate companies. However, IRCSL granted SLIC an extension until 31st December 2020 to segregate its Life and General Insurance Business, in response to SLIC's repeated requests for additional time to comply with the regulatory requirement.

Subsequently, by a letter dated 17th March 2023, the Ministry of Finance, Economic Stabilization & National Policies has communicated the Government policy pertaining to the divestiture of SLIC, based on Cabinet Decision No. 23/0431/604/046 of 14th March 2023. Thereby, the company has been instructed to fully comply with the provisions of the Regulation of Insurance Industry (Amendment) Act, No. 03 of 2011, by placing its Life and General insurance businesses under separate legal entities to facilitate the divestment process.

During the segregation process, the State Owned Enterprises Restructuring Unit (SOERU) proposed a model involving the establishment of two wholly-owned subsidiaries of Sri Lanka Insurance Corporation (SLIC) to accommodate the segregated businesses. This was a departure from the initial model where SLIC would maintain the life business, and the general business would be transferred to a wholly-owned subsidiary. Subsequently, the segregation process adhered to the model approved by Cabinet Memorandum MF/LA/022/CM/2023/305, dated December 5th, 2023, which involved the transfer of SLIC's life and general insurance businesses to the two wholly-owned subsidiaries. On 22nd December 2023, a case was filed in the District Court and obtained a court order for segregation on 2nd January 2024.

Subsequently on 19th January 2024 SLIC petitioned the Commercial High Court of Colombo as per Section 256 of the Companies Act No. 7 of 2007 and obtained approval for the Scheme of Arrangements. An Extraordinary General Meeting was held on 16th January 2024 on order to approve the major transaction arising from segregation. With the requisite Cabinet, court, and shareholder approvals obtained, SLIC has complied with the regulatory requirement mandating the separation of its insurance businesses. Consequently, the Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 1st February 2024 to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited, respectively. Sri Lanka Insurance Corporation Limited operates as the parent company providing shared services to two subsidiary companies. Accordingly, license of Sri Lanka Insurance Corporation Limited to carry out insurance business will be terminated, there will be a change of the company name, and it has obtained an extension from IRCSL until 20th August 2024 to make the name change.

46 Segregation and Divestiture of Sri Lanka Insurance Corporation Limited and the Subsidiaries (Contd)

46.3 Divestiture of Sri Lanka Insurance Corporation Limited and the Subsidiaries

As per the Cabinet memorandum dated 27th February 2023 and subsequent Cabinet decision 23/0431/604/046 and letter from Ministry of Finance, Economic Stabilization and National Policies on 17th March 2023, the Cabinet of Ministers has granted the approval in principle for the divestment of Sri Lanka Insurance Corporation Ltd. The subsequent letter from the Secretary to the Treasury (S/T) dated 17th March 2023 to the SLIC Board of Directors (BOD) is required to provide fullest corporation to State Owned Enterprises Restructuring Unit (SOERU) and Transaction Advisors for the divestiture of SLIC. M/s Alvarez & Marsal acts as the Transaction Advisor for the Divestiture of shares held by Government of Sri Lanka (GoSL) in Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited.

At the special meeting of the Board of Directors of SLIC held on, 23rd August 2023, it was resolved to release information as may be requested by the Transaction Advisors in respect of the divestiture of SLIC through the information sharing mechanism already in place.

For the development of this information subsequent to the reporting date, please refer note no. 47.5.

46.4 Transfer of employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Private) Limited

The employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Pvt) Limited have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from 01 February 2024. Although the employees have been transferred, the Company still exists, and no decision has been made to wind up the Company as of the date of the signing of the Financial Statements.

Further details are mentioned in note No 48.5.

47 Events after the Reporting Date

There were no significant events after reporting date other than what is disclosed below, which require adjustments or disclosure in the financial statements.

Group

47.1 Litro Gas Lanka Limited

Dividends declared after the reporting period but before the financial statements are authorized for issue are not recognized as a liability at the end of the reporting period, as no obligation in accordance with LKAS 1, such dividends are disclosed in the notes to the financial statements. The disclosure includes the nature and amount of the dividend, the entity that declared the Nature and Amount of Dividends: As of the date of authorization for the issuance of these financial statements, dividends totaling Rs. 750 million have been declared subsequent to the Entity Declaring Dividends: The dividends were declared by Litro Gas Lanka Ltd on 18th January 2024.
Disclosure Timing: These dividends were declared after the reporting period but before the financial statements were authorized for issue.
Impact on Financial Statements: As per LKAS 1, the dividends are not recognized as a liability in the financial statements as of the reporting period end.
Total Dividend Declared for the Financial Year: The Company has declared total dividends totaling Rs. 1,500 million, including the Rs. 750 million disclosed herein, for the financial year
This disclosure complies with the requirements of LKAS 1 - Presentation of Financial Statements.

47.2 Litro Gas Terminal Lanka Limited

Dividends declared after the reporting period but before the financial statements are authorized for issue are not recognized as a liability at the end of the reporting period, as no obligation exists at that time

In accordance with LKAS 1, such dividends are disclosed in the notes to the financial statements. The disclosure includes the nature and amount of the dividend, the entity that declared the dividend, and any other relevant details.

Nature and Amount of Dividends: As of the date of authorization for the issuance of these financial statements, dividends totaling Rs. 750 million have been declared subsequent to the reporting period.

Entity Declaring Dividends: The dividends were declared by Litro Gas Terminal Lanka (Pvt) Ltd on 18th January 2024

Disclosure Timing: These dividends were declared after the reporting period but before the financial statements were authorized for issue

Impact on Financial Statements: As per LKAS 1, the dividends are not recognized as a liability in the financial statements as of the reporting period end.

Total Dividend Declared for the Financial Year: The Company has declared total dividends totaling Rs. 1,500 million, including the Rs. 750 million disclosed herein, for the financial year 2023

This disclosure complies with the requirements of LKAS 1 - Presentation of Financial Statements.

47.3 Lanka Hospitals Corporation PLC

Pursuant to the actions initiated by the Government of Sri Lanka to divest their shareholding interest in the company held through Sri Lanka Insurance Corporation Limited, the buyers due diligence process is currently in progress.

Company

47.4 The Segregation of Sri Lanka Insurance Corporation Limited Life and General Insurance Businesses

As per Section 53 of the Regulation of Insurance Industry (Amendment) to the insurance Act, No.03 of 2011, as stated in note no. 46.2, composite insurance companies are required to segregate the Non-life insurance business & Life insurance business carried on by it, into two separately established companies.

On 2nd January 2024, District Court order has been obtained for segregation of SLIC and subsequently, SLIC petitioned the Commercial High Court of Colombo as per Section 256 of the Companies Act No. 7 of 2007 and obtained approval for the Scheme of Arrangements on 19th January 2024. The shareholders also approved the major transaction arising from segregation at an Extraordinary General Meeting convened on 16th January 2024. With the requisite Cabinet, court, and shareholder approvals obtained, SLIC has complied with the regulatory requirement mandating the separation of its insurance businesses with effect from 1st February 2024. Consequently, the Insurance Regulatory Commission of Sri Lanka (IRCSL) granted insurance licenses effective from 1st February 2024 to Sri Lanka Insurance Corporation Life Limited to carry out the Life insurance business and Sri Lanka Insurance Corporation General Limited to carry out the Non-life insurance, respectively. Sri Lanka Insurance Corporation Limited operates as the parent company providing shared services to two subsidiary companies. Accordingly, license of Sri Lanka Insurance Corporation Limited to carry out insurance business will be terminated and there will be a change of the company name, and it has obtained an extension from IRCSL until 20th August 2024 to make the name change.

47 Events after the Reporting Date (contd)

47.5 Divestiture of Sri Lanka Insurance Corporation Limited and Subsidiaries

As per the Cabinet Decisions 23/1899/604/187 communicated by the Department of Public Enterprises on their letter dated 21st March 2024 and 1st April 2024 relating to the transfer of investments in subsidiaries to Secretary to the Treasury highlighting the steps for the share transfer process of Canwill Holdings Private Limited, Litro Gas Lanka Private Limited and Litro Terminal Lanka Private Limited. The proposed share transfer of above stated companies will be executed at the cost of the investments as indicated in the Section 2 of the Cabinet Decision on Cabinet Memorandum No 23/1899/604/187 dated 9th October 2023.

In addition to that, Secretary to the Treasury has requested to initiate the share transfer process of Lanka Hospitals Corporation PLC, a listed company and treat it at cost.

The share transfer mechanism of Lanka Hospitals Corporation PLC will be considered based on Section 84 – Transfer of Securities of a Public Company Listed with the Colombo Stock Exchange Outside the Trading System (Off the Floor Share Transactions), of Securities and Exchange Commission Act. The Management is currently in the process of submission the duly executed transfer forms to the Secretary to the Treasury in order to proceed with the formalities with the share transaction process.

The employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Pvt) Limited have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from 01 February 2024. Although the employees have been transferred, the Company still exists, and no decision has been made to wind up the Company as of the date of the signing of the Financial Statements.

48 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

In preparing these financial statements, the management has assessed the existing effects of the economic conditions, divestiture and segregation of Life & General business and the use of going concern basis of preparation. The Company has been evaluating the resilience of its businesses, considering a wide range of factors such as profitability, revenue streams, working capital management, capital expenditure, cash reserves, travel restrictions, ESG considerations, and cost management initiatives implemented by the Company in order to be able to continue business under current global & local economic conditions. Based on the analysis and future outlook based on available information, Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

48.1 The Lanka Hospitals Corporation PLC

The Directors have made an assessment of the Company's/Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration 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, the existing and potential continuing implications of COVID-19 pandemic and uncertain volatile Macro economic conditions on the business operations, performance of the Group and the measures adopted by the Government to support the recovery of the economy. Based on the above and taking into account the Company's capital management 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 for the preparation of its financial statements are met. The Board is not aware of any material uncertainties that may cast significant doubt on the Company's/ Group's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

48.2 Canwill Holdings (Pvt) Ltd

The Company's management has made an assessment on the Company and its subsidiaries' ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis. However, The Board of Directors of the Company of Helanco Hotels & Spa (Pvt) Ltd has resolved to discontinue the project to construct the Hotel in Hambantota in the year 2015. As a consequence, the hotel construction activities of the project have come to an end. Further, In May 2022 the Board of Directors of the Company of Sinolanka Hotels & Spa (Pvt) Ltd resolved to suspend the construction works of the Grand Hyatt project since the proposed Debt/Equity financing arrangement was not proceeding as planned due to the announcement of Sri Lanka's pre-emptive default status by CBSL on 12th April 2022, and as such from May 2022 the construction activities of the Grand Hyatt project was suspended. Accordingly, Deloitte Touche Tohmatsu India LLP (Deloitte) has been appointed as transaction advisor for the proposed divestiture process. The due diligence concerning technical, financial, legal, etc. that supports the said divestiture program has been initiated and the process of Expression of Interest (EOI) has already been completed. Following the due procedure, the prospective bidders have been shortlisted for the issuance of Request for Proposals (RFP). As per the aforesaid Cabinet of Ministers approval, Canwill Holdings (Pvt) Ltd and its subsidiary companies of Sinolanka Hotels & Spa (Pvt) Ltd and Helanco Hotels & Spa (Pvt) Ltd have been considered for the proposed divestiture.

48.3 Helanco Hotels and Spa (Private) Limited

The Board of Directors of the Company of Helanco Hotels & Spa (Pvt) Ltd has resolved to discontinue the project to construct the Hotel in Hambantota in the year 2015. As a consequence, the hotel construction activities of the project have come to an end. Further, the Ministry of Public Enterprise Development has given their instructions to transfer the company's stake in the proportion of shareholding in Canwill Holdings (Pvt) Ltd (Parent Company), in accordance with the Cabinet Decision No. 17/1613/733/029 dated 01st August 2017. This program has not been executed as of the reporting date. The management of the company is currently working on the proposed divestiture programme which is explained in detail under note number 15 hereunder. The Company has not resolved to liquidate the Company in the foreseeable future and the Financial Statements of Helanco Hotel & Spa (Pvt) Limited continue to be prepared on the Going Concern basis.

48.4 Sinolanka Hotel and Spa Private Limited

The company is in the process of constructing the Grand Hyatt Hotel in Colombo and there were no commercial operations during the year. Further, In May 2022 the Board of Directors resolved to suspend the construction works of the Grand Hyatt project since the proposed Debt/Equity financing arrangement was not proceeding as planned due to the announcement of Sri Lanka's pre-emptive default status by CBSL on 12th April 2022, and as such from May 2022 the construction activities of the Grand Hyatt project was suspended.

The State-Owned Enterprise Restructuring Unit (SOERU) that was established under the Ministry of Finance, Economic Stabilization, and National Policies has identified Canwill Holdings (Pvt) Ltd (Grand Hyatt) to divestiture on a priority basis. The Cabinet of Ministers, at their meeting held on 13th March 2023, has granted approval for the Cabinet Memorandum No: MF/018/CM/2023/055, to start the process of divestiture of the Canwill Holdings among the other SOEs.

Accordingly, Deloitte Touche Tohmatsu India LLP (Deloitte) has been appointed as transaction advisor for the proposed divestiture process. The due diligence concerning technical, financial, legal, etc. that supports the said divestiture programme has been initiated and the process of Expression of Interest (EOI) has already been completed. Following the due procedure, the prospective bidders have been shortlisted for the issuance of Request for Proposals (RFP). Sinolanka Hotels & Spa (Pvt) Ltd will be considered for the proposed divestiture as the subsidiary company under Canwill Holdings (Pvt) Ltd. The Company has not resolved to liquidate the Company in the foreseeable future and the management of the Company follows the necessary directives of the line Ministry on the way forward.

48.5 Management Service Rakshana (Pvt) Ltd

The employees who were seconded to Sri Lanka Insurance Corporation Limited by Management Services Rakshana (Pvt) Ltd have been transferred to Sri Lanka Insurance Corporation Life Limited and Sri Lanka Insurance Corporation General Limited with the implementation of the segregation of Sri Lanka Insurance Corporation Limited effective from 01st February 2024. Although the employees have been transferred, the Company still exists, and no decision has been made to wind up the Company as of the date of signing of the financial statements. Accordingly, the financial statements have been prepared based on the principle of the going concern assumption.

	Notes	2023 Rs.'000	2022 Rs.'000
Assets			
Financial investments	A	205,559,022	174,662,702
Investments in subsidiaries	B	3,796,543	3,296,543
Property, plant and equipment	E	92,963	95,451
Right- of-use asset		476,543	408,358
Loans to policyholders	C	2,095,883	1,867,624
Reinsurance receivable		55,520	1,008,259
Premium receivable from policyholders		712,597	675,082
Other assets	D	5,074,738	3,840,195
Cash and cash equivalents		2,643,743	2,901,563
Total assets		220,507,552	188,755,776
Equity			
Available-for-sale reserve	F	5,495,208	674,855
Revenue reserves	G	25,073,007	21,420,524
Restricted regulatory reserves		98,237	98,237
Revaluation reserve		71,673	71,673
Total equity attributable to equity holders of the company		30,738,123	22,265,289
Liabilities			
Insurance contract liabilities (provision) - life	H	183,784,493	159,769,324
Right- of -use liabilities		548,486	474,777
Reinsurance creditors		-	884,452
Tax liability		1,576,133	1,419,380
Provision for retirement benefits		668,199	770,576
Other liabilities	I	3,010,546	2,921,259
Financial liabilities (bank overdraft)		181,573	250,722
Total liabilities		189,769,429	166,490,489
Total equity and liabilities		220,507,552	188,755,778

A.FINANCIAL INVESTMENT

	Note	2023		2022	
		Carrying Value	Fair Value	Carrying Value	Fair Value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 December					
Held-to-maturity (HTM)	A.1	69,060,565	41,093,784	69,332,871	41,093,784
Loans and receivables (L & R)	A.2	49,582,419	43,814,122	43,326,871	43,326,871
Available-for-sale (AFS)	A.3	74,023,030	40,712,971	40,611,027	40,611,027
Fair value through profit or loss (FVTPL)	A.4	12,893,008	21,391,932	21,391,932	21,391,932
		205,559,022	147,012,810	174,662,702	146,423,615

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A.1 Held-to-maturity (HTM)				
Quoted debentures	4,024,822	1,014,795	1,014,795	1,014,795
Treasury bonds	65,035,744	40,078,990	68,318,076	40,078,990
	69,060,565	41,093,784	69,332,871	41,093,784

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A.2 Loans & receivables (L & R)				
Unlisted debentures	24,515,141	21,308,612	21,308,612	21,308,612
Fixed deposits	25,067,278	17,758,451	17,758,451	17,758,451
Development bonds	-	4,733,121	4,259,808	4,259,808
	49,582,419	43,800,183	43,326,871	43,326,871

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A.3 Available-For-Sale (AFS)				
Listed stocks	15,483,013	7,212,380	7,212,380	7,212,380
Unit trusts	1,042,048	886,205	886,205	886,205
Listed debentures	27,609,263	30,941,800	30,941,800	30,941,800
Treasury bonds	13,622,922	1,570,642	1,570,642	1,570,642
Commercial papers	16,265,784	-	-	-
	74,023,030	40,611,027	40,611,027	40,611,027

	2023		2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
A.4 Fair Value Through Profit or Loss (FVTPL)				
Listed stocks	11,402,491	19,633,095	19,633,095	19,633,095
Unit trusts	1,481,027	1,758,838	1,758,838	1,758,838
Investment Receivable	9,490	-	-	-
	12,893,008	21,391,932	21,391,932	21,391,932

FVTPL investments and AFS investments are valued at fair value. HTM and L&R investments are valued at amortised cost.

B.INVESTMENT SUBSIDIARIES

As at 31 December	2023		2022	
	Rs. '000		Rs. '000	
	3,796,543		3,296,543	

	Note	2023		2022	
		Carrying Value Rs. '000	Fair Value Rs. '000	Carrying Value Rs. '000	Fair Value Rs. '000
At Cost					
Listed Subsidiaries	B.1	1,296,543	1,296,543	1,296,543	1,296,543
Unlisted Subsidiaries	B.2	2,500,000	2,000,000	2,000,000	2,000,000
		3,796,543	3,296,543	3,296,543	3,296,543

	No. of Shares Rs. '000	2023		No. of Shares Rs. '000	2022	
		Carrying Value Rs. '000	Fair Value Rs. '000		Carrying Value Rs. '000	Fair Value Rs. '000
B.1 Listed Subsidiaries						
The Lanka Hospitals Corporation PLC	58,781,308	1,296,543	7,053,757	58,781,308	1,296,543	5,836,984
	58,781,308	1,296,543	7,053,757	58,781,308	1,296,543	5,836,984

	2023		2022	
	No of Shares	Carrying Value	No of Shares	Carrying Value
B.2 Unlisted Subsidiaries				
Canwill Holdings (Pvt) Ltd	235,294,117	2,000,000	235,294,117	2,000,000
Sri Lanka Insurance Corporation Life Limited	50,000,000	500,000	-	-
	285,294,117	2,500,000	235,294,117	2,000,000

C.LOANS LIFE POLICYHOLDERS

	2023		2022	
	Rs. '000		Rs. '000	
Policyholder loans				
		2,095,883	1,867,624	
		2,095,883	1,867,624	

D.OTHER ASSETS

	2023		2022	
	Rs. '000		Rs. '000	
Inventories		44,100	95,312	
Other debtors and receivables		322,087	255,177	
Other loans		3,152,669	2,790,822	
Amount due from general division		571,785	3,064	
Prepaid benefit on loans		984,096	695,822	
		5,074,738	3,840,195	

E.PROPERTY,PLANT AND EQUIPMENT

As at 31st December	Land	Building	Total
Freehold	Rs.'000	Rs.'000	Rs.'000
Cost			
Balance as at 01st January 2023	48,168	49,772	97,940
Balance as at 31st December 2023	48,168	49,772	97,940
Accumulated depreciation			
Balance as at 01st January 2023	-	2,489	2,489
Depreciation charge for the period	-	2,489	2,489
Balance as at 31st December 2023	-	4,977	4,977
Carrying amount			
As at 31st December 2023	48,168	44,795	92,963

F.AVAILABLE FOR SALE RESERVE

Life Policyholders are entitled to Rs. (1,277 Mn) and Shareholders are entitled for Rs. 675 Mn respectively.

G.REVENUE RESERVE

	2023	2022
	Rs.000	Rs.000
General Reserve	42,100	42,100
Reserve on actuarial gain/(loss) on retirement benefit	411,392	203,393
Surplus from life insurance	G.1 24,619,515	21,175,031
	25,073,007	21,420,524

G.1. Surplus from Life Insurance

	2023	2022
	Rs.000	Rs.000
Balance as at 01st January	21,175,032	18,386,454
Surplus attributable to shareholders from life insurance	3,444,484	3,016,654
Impact of last year AFS reserve transfer to share holders	-	(228,077)
Balance as at 31st December	24,619,515	21,175,032

H.INSURANCE CONTRACT LIABILITIES - LIFE

	2023	2022
	Rs.000	Rs.000
Life assurance fund	157,936,457	148,000,670
Movement of the fund	21,734,208	14,034,410
Transfers of surplus from long -term insurance business	(3,444,484)	(3,016,654)
Surcharge Tax - Life fund	-	(1,081,969)
	176,226,182	157,936,457
AFS Reserves		
AFS Reserves - Life fund	4,643,742	(1,217,455)
Policyholder outstanding claims	2,914,569	3,050,321
	183,784,493	159,769,323

I.OTHER LIABILITIES

	2023	2022
	Rs.000	Rs.000
Agency Commission Payable	213,652	264,869
Premium received in advance	308,518	297,423
Trade creditors and accrued expenses	2,488,376	2,358,968
	3,010,546	2,921,259