2024

FINANCIAL STATEMENTS

NATIONAL INSURANCE TRUST FUND

NATIONAL INSURANCE TRUST FUND BOARD
STATEMENT OF COMPREHENSIVE INCOME
For the month ended 31st December 2024

	Notes	2024 Rs.	2023 (Restated) Rs.
Revenue	3	**33,290,806,392**	**29,225,835,643**
Gross written premiums	4	22,364,432,268	12,543,850,425
Contribution Received for Agrahara	4.1	6,988,287,869	6,804,410,342
Crop Insurance Levy Collected	4.2	3,851,097,784	3,114,927,721
Reinsurance Premiums ceded	5	(717,221,156)	6,707,708
Net written premiums		**32,486,596,765**	**22,469,896,196**
Net change in Reserve for unearned premium	6	(5,535,259,460)	(476,271,792)
Reinsurers share of change in UPR	7	710,775,503	(100,748,210)
Net earned premium		**27,662,112,809**	**21,892,876,194**
Revenue from other operations			
Fees and commission income	8	1,369,902	1,349,912
Investment & Other Income	9	5,627,323,681	7,331,609,537
Other revenue		**5,628,693,583**	**7,332,959,449**
Gross benefits and claims Incured	10 (a)	(9,373,306,608)	(10,358,155,039)
Claims ceded to reinsurers	10 (b)	-	(452,855,860)
Gross change in contract liabilities	10 (c)	(72,851,826)	98,144,877
Change in contract liabilities ceded to reinsurers	10 (d)	(104,496,839)	-
Gross change in IBNR	10 (e)	(1,376,301,135)	(1,197,669,565)
Net benefits and claims		**(10,926,956,408)**	**(11,910,535,587)**
Underwriting and acquisition cost (including reinsuran	11	(4,104,626,368)	(1,901,780,800)
		-	
Other operating and administrative expenses	12	(1,454,244,935)	(2,079,700,754)
Finance cost & other Related Cost	13	(12,288,216)	(5,013,656)
Total benefits, claims and other expenses		**(16,498,115,927)**	**(15,897,030,797)**
Profit/(Loss) before tax	14	**16,792,690,465**	**13,328,804,846**
Income Tax		(4,945,845,545)	(4,977,397,379)
Deffered Tax		(9,451,597)	(13,752,383)
Income Tax for the Year	15	(4,955,297,142)	(4,991,149,762)
Profit/(Loss) After tax for the year		**11,837,393,323**	**8,337,655,084**
Other Comprehensive Income			
Net change in available for sale financial assets		409,202,019	2,663,729,759
Actual Gain/(Loss) on retirement benefit obligation		(14,680,430)	(38,243,327)
Revaluation Deficit on Property Plant & Equipment		-	
Deffered Tax efect on above		(7,068,869)	19,420,743
Other comprehensive income for the year, net of tax			
Total Comprehensive Income		**12,224,846,042**	**10,982,562,259**

NATIONAL INSURANCE TRUST FUND BOARD

STATEMENT OF FINANCIAL POSITION

As At 31st December 2024

	Notes	2024 Rs.	2023 Rs.
Assets			
Intangible assets	16	-	4,937,043
Property, plant and equipment	17	80,767,241	42,743,012
Right of use lease Assets	18	80,744,996	98,629,532
Financial Assets	19	57,223,447,821	43,283,419,678
Reinsurance Receivable	20	950,194,457	1,552,036,536
Premium receivables	21	7,720,015,653	6,453,216,103
Surcharge Tax Receivable	22	1,196,274,044	1,196,274,044
Soft Loans	23	1,000,785	1,730,785
Other non financial assets	24	141,155,444	107,917,916
Deferred Commission	25	2,958,349,605	819,635,744
Cash at bank and in hand	26	1,870,469,738	1,257,506,630
Total Assets		**72,222,419,785**	**54,818,047,023**
Equity and Liabilities			
Accumilated Fund-NITF	27	5,637,133,493	2,291,250,970
Other component of equity	28	110,704,159	(283,817,429)
Revaluation Reserve	29	(2,102,126)	(2,102,126)
Accumilated Fund-SRCC	30	31,033,108,823	26,453,622,290
Total Equity		**36,778,844,349**	**28,458,953,705**
Liabilities			
Insurance contract liabilities	31	26,872,410,565	20,598,773,647
Retirement benefit obligation	32	75,731,214	52,969,759
Deffered Tax	33	36,635,161	34,252,433
Lease Creditor	34	71,529,672	89,502,202
Income Tax Liability	35	4,870,673,108	3,585,233,095
Other liabilities	36	3,516,595,715	1,988,747,358
Bank overdraft	37	-	9,614,823
Total Liabilities		35,443,575,434	26,359,093,318
Total Equity and Liabilities		**72,222,419,785**	**54,818,047,023**

I certify that the Financial Statement of the Fund comply with the requirements of the Sri Lanka Accounting Standards

W M D K Weerakoon
Chief Financial Officer (Acting)
Assistant General Manager - Finance

L.A.G.N.Liyanarachchi
Chief Executive Officer

The Accounting policies and Notes on pages 5 to 57 form an integral parts of these Financial Statements.The Board of Directors are responsible for the Preparation and Presentation of Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf

Chairperson
Dr.Vishaka Wanasinghe

Director

24-Feb-25
Colombo

NATIONAL INSURANCE TRUST FUND BOARD

Statement Of Changes in Equity

As At 31st December 2024

	Note	Accumilated Fund - NITF	AFS Reserve	2023 Revaluation Reserve	SRCC Fund	Retained Earnings	Total
Balance as at 01.01.2023		(506,673,928)	(2,909,303,861)	(2,102,126)	22,146,747,594	-	18,728,667,679
Impact to the Statement of Financial Position as at December 31,2023 due to Restatement Adjustments		804,449,296			(17,884,044)		786,565,252
Restated Balance as at 01.01.2023		297,775,369	(2,909,303,861)	(2,102,126)	22,128,863,551		19,515,232,931
Profit For the Year						6,545,895,266	6,545,895,266
Transfer to Accumilated fund		201,715,783			6,344,179,482	(6,545,895,266)	-
Acturial (gain)/loss on gratuity valuation			(38,243,327)				(38,243,327)
Net Change in Available for Sale Financial Assets			2,663,729,759				2,663,729,759
Deffered Tax					(19,420,743)		(19,420,743)
Cash Transferred to the Consolidated Fund					(2,600,000,000)		(2,600,000,000)
		499,491,152	(283,817,429)	(2,102,126)	25,853,622,290	-	26,067,193,887

	Note	Accumilated Fund - NITF	AFS Reserve	2024 Revaluation Reserve	SRCC Fund	Retained Earnings	Total
Balance as at 01.01.2024		499,491,152	(283,817,429)	(2,102,126)	25,853,622,290	-	26,067,193,887
Impact to the Statement of Financial Position as at December 31,2023 due to Restatement Adjustments	41.7	1,791,766,683			600,000,000		2,391,766,683
Restated Balance as at 01.01.2024		2,291,257,835	(283,817,429)	(2,102,126)	26,453,622,290	-	28,458,960,569
Profit For the Year						11,837,393,323	11,837,393,323
Transfer to Accumilated fund		3,345,875,658			8,491,517,664	(11,837,393,323)	-
Acturial (gain)/loss on gratuity valuation			(14,680,430)				(14,680,430)
Net Change in Available for Sale Financial Assets			409,202,019				409,202,019
Deffered Tax					7,068,869		7,068,869
Cash Transferred to the Consolidated Fund					(3,919,100,000)		(3,919,100,000)
		5,637,133,493	110,704,159	(2,102,126)	31,033,108,823	-	36,778,844,349

NATIONAL INSURANCE TRUST FUND BOARD

CASH FLOW STATEMENT

For the month ended 31st December 2024

	Note	2024	2023
		Rs.	Rs.
Cash Flows from Operating Activities			
Profit Before Tax		16,792,690,465	13,328,804,846
Adjustments for :			
Depreciation of Property, Plant & Equipment		7,266,237	6,736,146
Interest Income Distress loan /SA	9.4	(52,281,699)	(21,664,344)
Amortisation of Intangible assets	12	4,937,043	7,316,324
Lease Expenses	13	11,433,820	4,198,682
Net Depreciation of Right of Use Assets	18	55,621,214	34,075,707
Gratuity provision	12.1	12,040,842	5,879,234
		16,831,707,921	**13,365,346,595**
Change in Operating Assets	A	(2,814,443,617)	1,061,817,419
Change in Operating Liabilities	B	7,779,020,032	1,664,865,272
Cash Flow from Operating Activities		21,796,284,336	16,092,029,286
Gratuity Paid	32.2	(3,959,817)	(1,857,058)
Income Tax Paid		(3,660,405,531)	(3,147,262,129)
Net Cash Generated from Operating Activities		18,131,918,988	12,942,910,099
Cash Flows from Investing Activities			
Acquisition of Financial Investments		(13,940,028,143)	(13,722,779,470)
Net Fair Value Changes in AFS Financial Assets		409,202,019	2,663,729,759
Interest Income Distress loan /SA		52,281,699	21,664,344
Recovery of Soft Loans		730,000	977,977
Acquisition of Property, Plant and Equipment	17	(45,283,602)	(17,730,556)
Acquisition of Right of Use Lease assets	18	(37,736,678)	(102,760,616)
Net Cash Used from Investing Activities		(13,560,834,706)	(11,156,898,562)
Cash Flows from Financing Activities			
Payment of Lease Interest	13	(11,433,820)	(4,198,682)
Acquisition/(Settlement) of Lease Rentals		(17,972,531)	46,622,407
Cash Transferred to the Consolidated Fund		(3,919,100,000)	(2,600,000,000)
Net Cash Used in Financing Activities		(3,948,506,351)	(2,557,576,274)
Net Increase / (Decrease) in Cash and Cash Equivalents	C	622,577,932	(171,564,737)
Net Cash and Cash Equivalents at the beginning of the Year		1,247,891,807	1,419,456,545
Cash and Cash Equivalents at the end of the Year		1,870,469,739	1,247,891,808

Notes to the Cash Flow Statement

	2024	2023
A. Change in Operating Assets		
(Increase)/ Decrease in Deferred Commission	(2,138,713,861)	20,860,366
(Increase)/ Decrease in reinsurance premium receivable	601,842,079	1,566,239,647
(Increase)/ Decrease in Premium Receivable	(1,266,799,549)	(623,656,839)
(Increase)/ Decrease in Other Non Financial Assets	(10,772,285)	98,374,246
Net Change in Operating Assets	(2,814,443,617)	1,061,817,419
B. Change in Operating Liabilities		
Increase / (Decrease) in Insurance Contract Liabilities	6,273,636,917	1,676,544,690
Increase / (Decrease) in Other liabilities	1,505,383,114	(11,679,418)
Net Change in Operating Liabilities	7,779,020,032	1,664,865,272
C. Increase / (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents at the end of the Year	**2,015,846,950**	1,124,294,784
Net Increase / (Decrease) of the cash effect of Exchange Rate Changes	(145,377,212)	123,597,023
Net Cash and Cash Equivalents at the end of the Year	**1,870,469,738**	**1,247,891,807**
Less: Cash and Cash Equivalents at the beginning of the Year	1,124,294,784	993,558,383
Net Increase / (Decrease) of the cash effect of Exchange Rate Changes	123,597,023	425,898,162
Net Cash and Cash Equivalents at the beginning of the Year	**1,247,891,807**	**1,419,456,545**
Net Increase / (Decrease) in Cash and Cash Equivalents	622,577,931	(171,564,738)

Year ended 31st December 2024

CORPORATE INFORMATION

1.1 Reporting Entity

National Insurance Trust Fund Board ("The Board") is incorporated by the "National Insurance Trust Fund Act, No. 28 of 2006" with the amendment Act no. 28 of 2007 and domiciled in Sri Lanka. The registered office of the Board is situated at No. 95, Sir Chittampalam A Gardiner Mawatha, Colombo 02 and the principal place of business is located at this address.

1.2 Parent Entity and Ultimate Parent Entity

The Board's parent and ultimate parent entity is the Government of Sri Lanka.

1.3 Principal Activities and Nature of Operations

The principal activities of the Board are carrying out non-life (General) insurance businesses including Agrahara helth insurance scheme and re-insurance businesses.
Further The Board maintains SRCC & T Fund and Crop Levy of 1% of the profit after tax from banks, finance companies and insurance companies operating in Sri Lanka are collected by The Board. There were no significant changes in the nature of the principal activities of the Board during the year under review.

1.4 Responsibility for Financial Statements

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

1.5 Number of Employees

The staff strength of The Board as at 31st December 2024 was 291 (2023 – 261).

1.6 Approval of financial statements by the Board of Directors

The financial statements of The Board for the year ended 31st December 2024 were approved and authorized to issue on 24.02.2025 in accordance with the resolution of the Board of Directors on 24.02.2025

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statements have been prepared, unless otherwise stated, in accordance with Sri Lanka Accounting Standards, promulgated by the Institute of Chartered Accountants of Sri Lanka (CA- Sri Lanka) and comply with the requirements of the Regulation of Insurance Industry Act No. 43 of 2000.

The Financial Statements include the following components:

- A Statement of Financial Position providing the information on the financial position of the Board as at the quarter-end, (page 10).
- A Statement of Comprehensive Income providing the information on the financial performance of the Board for the year under review. (page 09)
- A Statement of Changes in Equity depicting all changes in equity. (page 11)
- A Statement of Cash Flows providing the information to the users , on the ability of the Board to generate cash and cash equivalents and utilization of those cash flows (page 12) and Notes to the financial statements comprising accounting policies and other explanatory information (page 5 to 57).

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for following material items in the financial statements.

Item	Basis of Measurement	Note No.
Loans and receivables financial assets	At fair value	19.1
Available For Sale financial assets	At fair value calculated using the buying yield prevailed at the reporting date published by the Central Bank of Sri Lanka.	19.2
Foreign Currency Development Bonds	At amortized cost	19.3
Defined benefit obligations	Actuarially valued and recognized at present value of the defined benefit obligations	32
Policyholders' liabilities	Actuarial determined values based on actuarial guidelines issued by IRCSL	31
Incurred But Not Reported / Incurred But Not Enough Reported	Actuarial determined values based on actuarial Methodologies	31

Year ended 31st December 2024

2.3 Presentation of Financial Statements

The board presents its statement of financial position broadly in order that reflects their relative liquidity. No adjustments have been made for inflationary factors affecting the Financial Statements.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.4 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees (LKR) which is the functional currency of The Board. All financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee, except when otherwise indicated.

2.5 Materiality and Aggregation

Each material class of similar items is presented separately. Items of dissimilar nature or function are presented separately unless they are immaterial.

2.6 Reporting Period

The reporting period is from January to December 2024.
Where appropriate, the accounting policies have been explained in the succeeding notes.

2.7 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with Sri Lanka Accounting Standards / SLFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

Year ended 31st December 2024

2.7.1 Going concern

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

2.7.1 Fair value of financial instruments

Determination of fair values of financial assets and financial liabilities recorded on the statement of financial position for which there is no observable market price are determined using a variety of valuation techniques that include the use of mathematical techniques. The inputs to these models are derived from observable market data where possible, but if this is not available, judgment is required to establish their fair values.

2.7.2 Assessment of Impairment

The Board assesses whether there are any indicators of impairment for an asset or a cash-generating unit at each reporting date or more frequently, if events or changes in circumstances necessitate to do so. This requires the estimation of the 'value in use' of such individual asset or cash- generating unit. Estimating value in use requires the Management to make an estimate of the estimated future cash flows from the asset or the cash-generating unit and also to select a suitable discount rate in order to calculate the present value of the relevant cash flows. This valuation requires The Board to make estimation about expected future cash flows and discount rates; hence, they are subject to uncertainty.

2.7.3 Provision for Liabilities and Contingencies

The Board receives legal claims against it in the normal course of business. Management has made judgements as to the likelihood of any claim succeeding in making provisions. The time of concluding the legal claim is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions.

During the year under review, the Board decided to provide 15% of total legal claims for litigation provision.

2.8 Summary of significant accounting policies

2.8.1 Foreign currency translation

The Board's financial statements are presented in Sri Lankan Rupees which is also the Board functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of profit or loss.

2.8.2 Impairment of non-financial assets

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, The Board estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.
Impairment losses of continuing operations are recognized in the income statement in those expense categories consistent with the function of the impaired asset.

2.8.3 Impairment of financial assets

The Board assesses at each reporting date whether a financial asset or group of financial assets is impaired. The Board assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets not carried at fair value through profit or loss are impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

• Impairment of financial assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in the statement of comprehensive income.

The Board first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an

Year ended 31st December 2024

individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and that decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

• Impairment of available for-sale financial investments.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its costs (net of any principal repayment and amortization) and its current fair value, less any impairment loss previously recognized in of other comprehensive income, is transferred from equity to the statement of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale are not recognized in the statement of comprehensive income.

Reversals of impairment losses on debt instruments classified at available-for-sale are reversed through the statement of comprehensive income, if the increase in the fair value of the instruments can be objectively related to an event occurring after the impairment losses were recognized in the statement of comprehensive income.

• Impairment of financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The board has made an impairment provision of Rs. 138,603,776 for the year ended 31.12.2022 as per the debt restructure programme of Central Bank of Sri Lanka. However, the Democratic socialist Republic of Sri Lanka has issued an Exchange Memorandum under the Domestic Debt Optimization Programme in July 2023. This was issued under the domestic debt revamp to exchange the Sri Lanka Development Bonds (SLDB) of Sri Lanka for New USD or LKR Treasury Bonds of Sri Lanka. After evaluating the three options provided by the Central Bank of Sri Lanka under this debt restructure, and with the Board approval, outstanding SLDB were converted into LKR Treasury Bonds in August 2023. Accordingly, impairment provision was revered in year 2023 and no SLDB investments are reflected as at the balance sheet date 31st December 2023.

Year ended 31st December 2024

2.8.4 Provisions and contingencies

General Provisions are recognised when The Board has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where The Board expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Expense relating to any provision is presented in the statement of profit or loss, net of any reimbursement.
If the effect of the time value of money is material, provisions are discounting using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

In the opinion of The Board, litigations which are currently against the entity, in the normal course of business will not have significant impact on the reported financial results or future operation of The Board.

2.8.5 Statement of cash flows

The statement of cash flows has been prepared using the indirect method of preparing cash flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7 - Cash Flow Statements. Interest received are classified as investing cash flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash in hand and balances with banks. For cash flow statement purposes, cash and cash equivalents are presented, net of bank overdrafts.

2.8.6 New standards and interpretation not yet adopted

The following SLFRSs have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRSs will have an effect on the accounting policies currently adopted by The Board and may have an impact on the future financial statements.
• Sri Lanka Financial Reporting Standard (SLFRS) 15 - Revenue from Contracts with Customers SLFRS 15 establishes a five step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. It replaces existing revenue recognition guidance, including LKAS 18 - Revenue, LKAS 11- Construction Contracts and IFRIC 13 Customer Loyalty Programmes.
Either a full retrospective application or a modified retrospective application is required for 1 January 2018. Contracts within the scope of SLFRS 4 - Insurance Contracts are scope out, according to scope (paragraph 5 (b)) of SLFRS 15. The Board is evaluating the impact of other revenue contracts currently.

• SLFRS 9 - Financial Instruments SLFRS 9 - Financial Instruments, will replace LKAS 39 - Financial Instruments: Recognition and Measurement, for annual periods on or after 1 January 2018

Year ended 31st December 2024

with early adoption permitted. In 2017, The Board set up a team to implement SLFRS 9 within The Board.

The Board performed the diagnostic phase (preliminary impact assessment exercise) and implementation phase (solution development) on SLFRS 9. The Board has undertaken a significant analysis of how SLFRS 9 should be implemented and has taken tentative accounting policy decisions.

Classification Measurement from a classification and measurement perspective, the new standard will require all financial assets, except equity instruments and derivatives, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

Business Model Assessment The Board determines its business model at the level that best reflects how it manages financial assets to achieve its objectives. The Board 's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial asset held within that business model are evaluated and reported to the entity's key management personnel
- Risks that affect the performance of the business model (and the financial asset held within that business model) and, in particular, the way those risks are managed
- The expected frequency, value and timing of sales are also important aspect of The Board 's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios in to account. If cash flows after initial recognition are realized in a way that is different from The Board 's original expectation, The Board does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

Contractual Cash flow Characteristic Test as the second test of the classification process, The Board assesses contractual terms of the financial asset to identify whether they meet Solely the Payment of Principle and Interest (SPPI) criteria.

'Principle' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principle or amortization of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make SPPI assessment, The Board applies judgment and considers relevant factors such as currency in which the financial asset is denominated and the period for which the interest rate is set.

In contrast to contractual exposures that introduce a more than demonisms exposure to risk or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, do not give rise to contractual cash flows that are solely the payment of principle and interest on the amount outstanding. In such cases the financial asset is required to be measured at FVPL.

SLFRS 17, Insurance Contracts, in January 2023, effective for annual periods beginning on or after 1 January 2026, with earlier application permitted. However, International Accounting Standard Board (IASB) has decided to defer the effective date of IFRS 17 to period beginning on or after 1 January 2026. Therefore, NITF did not consider to disclose under this category.

NATIONAL INSURANCE TRUST FUND BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the month ended 31st December 2024

3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured.

For the year ended	2024	2023(Restated)
	Rs.	Rs.
Net Earned Premium	27,662,112,809	21,892,876,194
Other Revenue	5,628,693,583	7,332,959,449
	33,290,806,392	**29,225,835,643**

4 Gross Written Premium

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

Insurance contracts are those contracts when The Board (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 Board determines whether it has significant insurance risk, by comparing benefits paid with benefits payable, if the insured event did not occur. Insurance contracts can also transfer financial risk.

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

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

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

Recognition of gross written premium Gross Written Premium (GWP) represents the premium charged by The Board to underwrite risks. GWP is accounted on an accrual basis.

GWP comprises the total premiums received/receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognized on the date on which the policy commences. Rebates that form part of the premium rate, such as no claim rebates, are deducted from the GWP.

Reinsurance gross premiums include premium income in relation to inwards facultative business, Inwards proportional treaty and inwards non-proportional treaty reinsurance. Since, proportional treaty account statements are submitted to the Board, after completion of each quarter, the recognition of GWP of proportional treaties for the fourth quarter of the respective year will be recorded in the subsequent year. Accordingly, GWP of proportional treaty represents GWP of fourth quarter of preceding year and from first to third quarters of the reporting year.

Inwards facultative reinsurance premiums are recognized in the financial year in respect of the facultative risks assumed during the particular financial period and inward proportional treaty reinsurance premiums are recognized on the basis of periodic advices received from cedants.

Premium income on non-proportional treaties, which covers losses occurring during a specified treaty period, are recognized base on the contractual premium already established at the start of the treaty period under the terms and conditions of each contract.

Recognition of SRCC Motor Premium

According to the paragraph 3(1) of the extraordinary Gazette No. 1542/11 dated 25th March 2008, the premium collected from the issuance of policies for strike, riot, civil commotion and terrorism shall be credited to the account maintained in State Bank. However, non-mortar premiums of SRCC premiums are being collected as per the provisions stipulated in the gazette whereas motor SRCC premiums are being collected 2010 onwards at 12% only on excess of loss basis. Accordingly, the premium foregone due to the non-implementation of collection of motor class SRCC premium is approximately Rs 51Bn for the last 15 years as per the provisions given in the said gazette notification. Therefore, the Board of Directors of NITF has taken a decision (Board paper number 172/03) on 03rd September 2021 to collect 100% motor class SRCC premium similar to non-motor business class.

Even though, there are previous cabinet decisions and gazette notifications pertaining to SRCC premium collection from General Insurance Companies, a new cabinet memorandum was submitted for the approval of the cabinet on 26/04/2024. As per the 2.5 of the cabinet memorandum, "findings from the IRCSL regarding the Risk based Capital opposition of General Insurance Companies revealed that several entities fall short of meeting the minimum required capital levels due to implementation of the remittance of 100% SRCC & T motor premiums to te NITF from 25th March 2008 as per the aforesaid gazette notification."

Based on the above justification, the cabinet has decided on 13/05/2024 to accept 100% insurance liabilities under SRCC & T fund from the General Insurance Companies of Sri Lanka with effect from 01st January 2024.

Therefore, Gross Written Premium receivable for the past years is not applicable to make adjustments in the financial statements. Accordingly, for the financial year 2024, NITF recognized GWP on 100% basis for SRCC & T motor premium income.

The premium income for the year by major classes of business is as follows.

	2024 Rs.	2023(Restated) Rs.
Inward Reinsurance	2,829,360,252	3,769,650,022
SRCC & Tr Premium	19,372,517,928	8,583,946,737
General Insurance - Motor	144,468,255	137,795,894
General Insurance - Non Motor	18,085,833	32,457,772
Medical scheme for Parliamentory members	-	20,000,000
	22,364,432,268	**12,543,850,425**

4.1	**Contribution collected for Agrahara medical Insurance Scheme**	**2024** **Rs.**	**2023(Restated)** **Rs.**
	Contribution from Members	5,125,043,969	5,165,163,442
	Contribution from the Treasury	919,100,000	900,000,000
	Pensioners Insurance Scheme	391,222,600	330,514,600
	Semi Government Scheme	552,921,300	408,732,300
		6,988,287,869	**6,804,410,342**
4.2	**Crop Insurance Levy Collected**	3,851,097,784	3,114,927,721

5 PREMIUM CEDED TO REINSURERS

Recognition of premium ceded to reinsurers Non-life gross reinsurance premium written comprises the total premium payable for the whole cover provided by contracts entered into the period and is recognised on the date on which the policy commences. Premium includes any adjustments arising in the accounting period in respect of reinsurance contracts commencing in prior accounting periods.

	2024 Rs.	2023(Restated) Rs.
SRCC & T	(717,221,156)	6,707,708
	(717,221,156)	6,707,708

6 CHANGE IN RESERVE FOR UNEARNED PREMIUM

Change in reserve for unearned premium Unearned premium reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on 365th basis for General Insurance including motor & Non-Motor, 1/24th basis for SRCC and 35% on the gross premiums basis for Reinsurance in line with generally accepted insurance and reinsurance industry practices. Change in reserve for unearned insurance premium represents the net portion of the GWP transferred to the unearned premium reserve during the year to cover the unexpired period of the policies.

	2024 Rs.	2023(Restated) Rs.
Motor	(32,351,118)	6,011,322
Non Motor	6,619,570	25,003,549
Reinsurance	(139,019,437)	(316,880,784)
SRCC & T	(5,370,508,474)	(190,405,878)
	(5,535,259,460)	(476,271,791)

7 CHANGE IN RESERVE FOR UNEARNED REINSURANCE PREMIUM

Change in reserve for unearned reinsurance premium Unearned reinsurance premium is the proportion of premium written in a year that relates to periods of risk after the reporting date. unearned reinsurance premium is deferred over the term of the underlying direct insurance policies. Change in reserve for unearned reinsurance premium represents the net portion of the reinsurance premium transferred to the unearned reinsurance premium reserve during the year to cover the unexpired period of the policies.

	2024 Rs.	2023(Restated) Rs.
Retrocession	-	(57,963,615)
SRCC & T	710,775,503	(42,784,595)
	710,775,503	(100,748,210)

8 FEES AND COMMISSION INCOME

Recognition of fees Policyholders are charged for policy administration services and other contract fees. These fees are recognised as revenue upon receipt or become due.

	2024 Rs.	2023 Rs.
Policyholder administration fees	1,369,902	1,349,912
	1,369,902	1,349,912

9 INVESTMENT & OTHER INCOME

	2024 Rs.	2023 Rs.
Loans and receivables interest income	606,263,924	551,609,506
Available for sales interest income	4,949,103,408	6,559,501,384
Held to maturity interest income	-	42,267,223
Other Income	71,956,349	178,231,424
	5,627,323,681	7,331,609,537

9.1 Loans and receivables interest income		
Interest income from Repurchase Agreements	606,263,924	551,609,506
Interest income from Debentures		
	606,263,924	551,609,506
9.2 Available for sales interest income		
Interest income from Treasury Bills	3,684,442,307	5,175,416,997
Interest income from Treasury Bonds	1,264,661,101	1,384,084,387
	4,949,103,408	6,559,501,384
9.3 Held to maturity interest income		
Interest income from SLBD	-	42,267,223
	-	42,267,223
Total Investment Income	5,555,367,332	7,153,378,113

9.4 Other Income

Other income includes disposal gains/(losses) on salvages, property, plant and equipment and miscellaneous income. Profit or loss on sale of property, plant and equipment is recognized in the period in which the sale occurs and is classified under other income.

	2024 Rs.	2023 Rs.
Interest on Savings Accounts	33,219,570	18,837,004
Interest on Savings Accounts - Money Market	16,728,708	505,945
Interest on Soft Loans	181,909	144,229
Interest on Staff Distress Loans	2,151,512	2,177,166
Disposal of Salvage	10,030,950	15,773,367
Commission income SRCC & TC-Non motor	791,433	763,770
Penalty Income- Motor	7,325,953	-
Impairement for SLDB	-	138,603,786
Income of Lease Termination	36,418	-
Other	1,489,895	1,426,158
Total Other Income	71,956,349	178,231,424
Total Income	**5,627,323,681**	**7,331,609,537**

10 NET BENEFITS AND CLAIMS

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

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

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

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

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

	2024 Rs.	2023 (Restated) Rs.
(a) Gross benefits and claims paid		
Reinsurance	(1,180,621,457)	(1,087,673,247)
SRCC & Tr	(270,091,783)	(966,701,250)
General Insurance - Motor	(120,227,555)	(133,390,274)
General Insurance - Medical & Other	(45,750,113)	(96,917,956)
Crop Insurance	(1,586,354,907)	(762,067,260)
National Natural Disaster Scheme (NNDIS)	(197,245)	22,772,327
Agrahara medical Insurance Scheme	(6,170,063,547)	(7,334,177,379)
	(9,373,306,608)	(10,358,155,039)

	2024 Rs.	2023 (Restated) Rs.
(a.1) Agrahara medical Insurance Scheme		
Paid Claims		
Pension	(382,414,402)	(344,070,040)
Semi Government	(417,323,709)	(491,522,107)
Agrahara Parliament	-	(17,107,102)
Agrahara Normal	(283,851,808)	(461,451,110)
Agrahara Silver	(84,200,846)	(120,371,053)
Agrahara Gold	(5,003,057,692)	(5,905,402,538)
Surcharge Receipts	784,910	5,746,571
	(6,170,063,547)	(7,334,177,379)

NATIONAL INSURANCE TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS
For the month ended 31st December 2024

	2024 Rs.	2023 (Restated) Rs.
(b) Claims ceded to reinsurers		
SRCC & T	-	-
	-	-
(C) Gross change in contract liabilities		
Reinsurance	(35,115,146)	(1,430,091,000)
SRCC & T	368,919,692	1,393,703,913
General Insurance - Motor	36,894,615	(2,106,229)
General Insurance - Medical & Other	21,167,120	(14,743,373)
Crop Insurance	166,823,673	(185,000,000)
National Natural Disaster Scheme (NNDIS)	5,000,000	805,500
Agrahara medical Insurance Scheme	(636,541,780)	335,576,066
	(72,851,826)	98,144,877
(d) Change in contract liabilities ceded to reinsurers		
Reinsurance	-	-
National Natural Disaster Scheme (NNDIS)	-	-
SRCC	(104,496,839)	(452,855,860)
	(104,496,839)	(452,855,860)
(e) Gross change in IBNR		
Reinsurance	(883,756,225)	(1,124,425,706)
SRCC & Tr	(445,243,431)	(41,009,001)
General Insurance - Motor	(24,820,463)	(16,143,606)
General Insurance - Medical & Other	(9,818,430)	(12,282,548)
Crop Insurance	(288,786,305)	(411,135,021)
National Natural Disaster Scheme (NNDIS)	99,999	132,222
Agrahara medical Insurance Scheme	276,023,719	407,194,095
	(1,376,301,135)	(1,197,669,565)
Net benefits and claims	(10,926,956,408)	(11,910,535,587)

NATIONAL INSURANCE TRUST FUND BOARD

STATEMENT OF COMPREHENSIVE INCOME

For the month ended 31st December 2024

11 UNDERWRITING AND ACQUISITION COST

Recognition of underwriting and deferred acquisition costs Acquisition expenses, representing commissions, which vary with and are directly related to the production of business, are deferred and amortised over the period in which the related written premiums are earned.

Reinsurance commission is also treated in the same manner within deferred acquisition costs.

	2024 Rs.	2023 (Restated) Rs.
Acquisition Cost - Insurance Companies	(6,243,245,265)	(1,880,371,037)
Profit Commission Expenses	-	-
Broker Commission Fee	(94,965)	(549,398)
Change unearned commission reserve - SRCC	2,081,140,433	43,939,268
Change unearned commission reserve - General	-	-
Change unearned commission reserve - Reinsurance	57,573,428	(64,799,633)
	(4,104,626,368)	(1,901,780,800)

12 OTHER OPERATING AND ADMINISTRATIVE EXPENSES

Recognition of other operating and administrative expenses Other operating and administrative expenses are recognised on accrual basis. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment are charged to the statement of profit or loss.

	2024 Rs.	2023 (Restated) Rs.
Auditors Remuneration	1,224,000	1,028,000
Employee Benefit Expenses	315,789,078	268,265,012
Administration and establishment Expenses	1,057,672,219	1,756,947,852
Advertisement & Promotion Expenses	3,577,472	1,989,430
Depreciation of Property Plant and Equipment	7,266,237	6,736,146
Depreciation of Right of Use Assets	56,802,611	34,075,707
Amortisation of Intangible Assets	4,937,043	7,316,324
Legal Fees	6,851,275	3,257,282
Sponsership	125,000	85,000
	1,454,244,935	2,079,700,754

12.1 Employee Benefit Expenses

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

Defined benefit plans A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Board recognises the changes in the defined benefit obligations under staff expenses in the statement of profit or loss.

(a) current service cost

(b) interest cost

Defined contribution plans A defined contribution plan is a post- employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to the Employees' Provident Fund (EPF) under the Employees' Provident Fund Act No. 15 of 1958 as amended and Employees' Trust Fund under the Employees' Trust Fund Act No. 46 of 1980, covering all employees are recognised as an employee benefit expense in the statement of profit or loss when they are due. The Board contributes 12% and 3% of gross emoluments of employees' as employees' provident fund and trust fund contributions respectively.

	2024	**2023 (Restated)**
	Rs.	**Rs.**
Wages and salaries including bonus & incentives	229,416,714	185,300,992
Contributions to defined contributions plans	-	-
Employees' Provident Fund	23,327,086	19,046,526
Employees' Trust Fund	5,831,769	4,761,630
Other personal cost	45,172,668	53,276,630
Retirement benefit cost	12,040,842	5,879,234
	315,789,078	268,265,012

12.2 Administration and establishment Expenses

	2024	**2023 (Restated)**
	Rs.	**Rs.**
Professional fees	12,252,763	22,766,424
Electricity	14,075,993	14,407,204
Telephone	13,588,942	13,091,629
Printing & Stationary	13,192,094	13,386,839
Postage	4,388,066	4,883,975
Office Rent	3,555,267	4,465,620
SSCL Expenses	523,846,700	248,035,226
Inspection & Assessing	5,581,748	5,259,339
Annual Fee & Cess To IBSL	48,074,054	23,153,511
Travelling	4,536,073	2,873,376
Soft ware Maintenance	21,117,001	7,145,492
Fuel	3,526,592	2,449,598
Office/Fixed Assets Repaires and Maintenance	14,987,582	10,638,393
Reinsurance Receivable Impairment	8,601,639	863,896,464
Premium Receivable Impairment	93,297,913	148,315,734
Exchange loss	241,561,523	347,691,598
Security	4,141,867	5,449,651
Vehicle Repair Maintenance	2,794,538	5,410,771
Building Repair & Maintenance	6,000,000	
Other administration & establishment expenses	18,551,861	13,627,008
	1,057,672,219	1,756,947,852

13 FINANCE COST & OTHER RELATED COST

	2024	**2023**
	Rs.	**Rs.**
Lease Interest	11,433,820	4,198,682
Bank Charges	854,396	814,974
	12,288,216	5,013,656

NATIONAL INSURANCE TRUST FUND BOARD
STATEMENT OF COMPREHENSIVE INCOME
For the month ended 31st December 2024

14 PROFIT BEFORE TAX

The profit before tax for the year is stated after charging following

	Note	2024 Rs.	2023 (Restated) Rs.
Auditors' remuneration - statutory audit services	12	1,224,000	1,028,000
Amortisation of intangible assets	16	4,937,043	7,316,324
Depreciation of property, plant and equipment	17	7,266,237	6,736,146
Directors' emoluments	40	2,413,945	2,719,017

15 INCOME TAX EXPENSE

Recognition of income tax expense Income tax expense comprises current income tax. Current income taxes are recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity, when it is recognized in

15.1 INCOME TAX REVERSAL/(EXPENSE)

The major components of income tax expense for the years ended 31st December are as follows:
Tax Recognized in Profit & Loss for the Year Ended 31st December,

	2024 Rs.	2023 (Restated) Rs.
Current Income Tax		
Income Tax on current year's profit	(4,945,845,545)	(3,840,331,266)
(Over)/Under Provision of Current Taxes in Respect of Prior Years	-	(1,137,066,113)
Total Income Tax (Reversal)/Expense	(4,945,845,545)	(4,977,397,379)
Differed Tax		
Reversal Charge of differed Tax liability Note 01	(9,451,597)	(13,752,383)
Income Tax for the Year	(4,955,297,142)	(4,991,149,762)
Note 01		
Differed tax liability due to Employee benefit	(6,828,437)	(12,679,650)
Differed tax liability due to Property Plant & Equipment	(2,623,160)	(1,072,732)
Charge of differed tax liability	(9,451,597)	(13,752,382)

16 INTANGIBLE ASSETS

The Board 's intangible assets include the value of acquired computer software.Basis of recognition an intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to The Board and the cost of the asset can be measured reliably. Software acquired by The Board is initially measured at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation Intangible assets are amortised on a straight line basis over the period of four years. Amortisation is recorded in the statement of profit or loss.

Intangible assets with finite lives are amortised over the useful economic life. Amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. Amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible asset. Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows;

De-recognition of intangible asset an intangible asset is de-recognised on disposal or when no future economic benefits are expected from it. The gain or loss arising from the derecognition of such intangible assets is included in the statement of profit or loss when the item is de-recognised.

Impairment of intangible asset - An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss. Future servicing rights are also considered in establishing an onerous contract provision for each reporting period.

16.1 Fully amortised intangible assets in use was Rs. 7,067,073 fully amortised intangible assets which are still in use or idle intangible assets as at the reporting date (2023 – 7,067,073).

16.2 Title restriction on intangible assets No restrictions exist on the title of the intangible assets and no items pledged as securities for liabilities.

16.3 No Acquisition of intangible assets during the year 2024 (2023 – Nil).

16.4 Assessment of impairment of intangible assets The Board of Directors has assessed the potential impairment indicators of intangible assets as at 31 December 2024. Based on the assessment, no impairment indicators were identified and therefore no impairment provision is required to be made in the financial statements as at the reporting date with respect of intangible assets.

NATIONAL INSURANCE TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS
As At 31st December 2024

	2024 Rs.	2023 Rs.
Cost		
As at 1st Jan 2024	37,711,587	37,711,587
Additions	-	-
As at 31st Dec 2024	37,711,587	37,711,587
Accumulated amortisation and impairment		
As at 1st Jan 2024	32,774,544	25,458,220
Amortisation	4,937,043	7,316,324
As at 31st Dec 2024	37,711,588	32,774,544
Carrying amount		
As at 31st Dec 2024	**(0)**	**4,937,043**

The initial cost of fully ammortized Intangible Assets which are still in use as at reporting date, is as follows

	2024 Rs.	2023 Rs.
As at 31st Dec 2024		
Software	37,711,587	7,067,073

NATIONAL INSURANCE TRUST FUND BOARD

NOTES TO THE FINANCIAL STATEMENTS

As At 31st December 2024

17 PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment are tangible items that are held for servicing or for administrative purposes and are expected to be used for more than one year. Property, plant and equipment includes office equipment, furniture and fittings, Miscellaneous assets and motor vehicles.

Basis of recognition Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to The Board and cost of the asset can be measured reliably.

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

The Board applies the cost model to plant and equipment and records at cost of purchase or construction together with any incidental expenses thereon less accumulated depreciation and any accumulated impairment losses.

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

Depreciation is calculated using the straight-line method to write down the cost of property, plant and equipment to their residual values over their estimated useful lives. Depreciation charge begins when an assets is available for use. The estimated useful lives are as follows;

Plant & Machinery	Over 10 years
Furniture & Fitting	Over 13.33 years
Office Equipments	Over 13.33 years
Motor Vehicles	Over 10 years
Name Board	Over the lease period of the building

De-recognition of property, plant and equipment

Carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from it. Gain or loss arising from the de-recognition of an item of property, plant and equipment is included in the statement of profit or loss when the item is de-recognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognised. At each such capitalisation, the remaining carrying amount of the previous cost of inspection is derecognised.

17.1 Fully depreciated property, plant and equipment in use Property, plant and equipment also includes fully depreciated assets which are in the use of normal business activities. Initial cost of fully depreciated property, plant and equipment which are still in use as at the reporting date, is as follows:

17.2 Title restriction on property, plant and equipment There are no restrictions that existed on the title of property, plant and equipment of The Board as at the reporting date.

17.3 Acquisition of property, plant and equipment during the year During the financial year, The Board acquired property, plant and equipment amounting to Rs. 45,252,002 (2023 - Rs. 17,730,556). were made during the year to purchase property plant and equipment.

17.4 Property, plant and equipment pledged as security for liabilities There were no items of property, plant and equipment pledged as securities for liabilities as at 31 December 2024 (2023 - Nil).

17.5 Temporarily idle property, plant and equipment There were no temporarily idle property, plant and equipment as at 31 December 2024 (2023 - Nil).

17.6 Assessment of impairment of Property, plant and equipment The Board of Directors has assessed the potential impairment indicators of property, plant and equipment as at 31 December 2024. Based on the assessment, no impairment indicators were identified and therefore no impairment provision is required to be made in the financial statements as at the reporting date in respect of property plant and equipment.

17.7 Amount of contractual commitments for the acquisition of property, plant and equipment There are no contractual commitments for the acquisition of property, plant and equipment as at the reporting date

17.8 Subsequent Measurement of PPE

Revaluation is performed by professionally qualified valuers using the open market value. Assets are revalued periodically and revaluation have been done in 2018. Revaluations are performed once in every 05 years by internally appointed committee or external valuers subject to if there is any significant changes in fair value. The revaluation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. The revaluation reserve is transferred to retained earnings at the point of derecognition.

However, as per the LKAS 16 paragraph 34, frequent revaluations are unnecessary for items of property, plant and equipment with insignificant changes in fair value. NITF does not possess land and buildings and only possesses classes of motor vehicle, furniture and fittings and office equipment. Therefore, since NITF does not possess assets with significant changes in fair value, no revaluation of fixed assets was done for the financial year 2024.

Company	Note	Motor Vehicles Rs.	Office Equipment Rs.	Furniture & Fittings Rs.	Name Board	Machinery	Total Rs.
Cost/Valuation							
As at 1st Jan 2024		11,725,000	49,623,637	29,638,667	965,940	8,011,275	99,964,519
Additions		-	42,293,352	2,384,198	50,500	555,552	45,283,602
Disposals		-	-	-	-	-	-
As at 31st Dec 2024		11,725,000	91,916,989	32,022,865	1,016,440	8,566,827	145,248,121
Accumulated Depreciation							
As at 1st Jan 2024		11,225,000	20,812,267	20,651,759	965,940	3,559,677	57,214,642
Depreciation		400,000	3,833,834	2,169,162	29,706	833,535	7,266,237
Disposals		-	-	-	-	-	-
As at 31st Dec 2024		11,625,000	24,646,100	22,820,921	995,646	4,393,212	64,480,879
Carrying amount							
At 31 December 2023		499,998	28,804,506	8,986,908		4,451,599	42,743,013
As at 31st Dec 2024		100,000	67,270,888	9,201,944	20,794	4,173,616	80,767,241

Fully depreciated Property, Plant & Equipments in Use

The initial cost of fully depreciated PPE which are still in use as at reporting date, is as follows

	2024	2023
Motor Vehicles	16,425,000	10,925,000
Office Equipment	17,106,050	14,591,050
Furniture & Fittings	7,205,800	7,205,800
Name Board	965,940	965,940
	41,702,790	**33,687,790**

The carrying amount of the freehold properties, if they were carried at cost less accumulated depreciation would have been as follows:
Cost and accumulated depreciation of the revalued assets

Item	2024			2023		
	Cost	Accumulated Depriciation	Carrying Amonut	Cost	Accumulated Depriciation	Carrying Amonut
Motor Vehicle	30,008,003	30,008,003	-	30,008,003	30,008,003	-
Office Equipment	160,656,281	87,199,141	73,457,140	83,367,843	40,071,067	43,296,775
Furniture & Fittings	39,635,520	25,207,896	14,427,624	33,987,317	10,857,263	23,130,054
Name Board	1,016,440	995,646	20,794	965,940	965,940	-
Machinery	8,566,827	4,393,212	4,173,616	8,011,275	3,559,677	4,451,598
Total	239,883,071	147,803,897	92,079,174	156,340,377	85,461,949	70,878,427

18 RIGHT OF USE LEASE ASSETS

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. The right of use the 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 lease liability is initially measured at the present value of the lease payments that are not paid at the commencement of date, discounted using the interest rate implicit of the lease or, if that rate cannot be readily determined, the incremental borrowing rate.
The Fund as Lessee has applied SLFRS 16 -Leases with effect from 01st January 2019 using modified retrospective approach and therefore, comparative information has not been restated.

At inception of a contract, the Company 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 Company uses the definition of a lease in SLFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises 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 right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option if applicable. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

	Lease Hold Assets		
	Motor Vehicles	**Building**	**Total**
	Rs.	**Rs.**	**Rs.**
Cost/Valuation	-	271,610,096	271,610,096
Additions	38,113,111	1,115,858	39,228,969
Termination of lease		(1,492,291)	(1,492,291)
As at 31st Dec 2024	38,113,111	271,233,663	309,346,775
Accumulated Depreciation			
As at 1st Jan 2024	13,798,021	159,182,543	172,980,564
Depreciation on Lease Vehicle/Building	5,081,748	50,539,466	55,621,214
As at 31st Dec 2024	18,879,769	209,722,009	228,601,778
Carrying amount	19,233,342	61,511,654	80,744,996

19 FINANCIAL ASSETS

Classification of financial investments The Board initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which The Board becomes a party to the contractual provisions of the instrument. In the case of financial assets not at fair value through profit or loss, a financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

Depending on the intention and ability to hold the invested assets, The Board classifies its non-derivative financial assets into following categories:
• Fair Value Through Profit or Loss (FVTPL); • Loans and receivables (L&R); • Available-For-Sale (AFS) financial assets; and • Held to Maturity (HTM), as appropriate
However, investment classified as Fair Value Through Profit or Loss investments as at the reporting date (2023-Nil).

De-recognition of financial investments The Board de-recognises financial assets when the contractual rights to the cash flows from the asset expire or it transfers the right 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 a transferred financial asset that is created or retained by The Board is recognised as a separate asset or liability.
Offsetting of financial instruments Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when and only when The Board has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Board 's financial investments are summarized below by measurement category.

Category	Financial Asset
Fair Value through Profit or Loss	None
Available for Sale	Treasury Bonds Treasury Bills
Loans and Receivables	REPO, Overnight REPO
Held to Maturity	Foreign Currency Development Bonds Treasury Bonds

The following table consists of the fair values of financial investments together with their carrying values.
Fair value through profit or loss investments and available-for-sale investments have been valued at fair value. Loans and receivable investments have been valued at amortised cost.
Analysis of financial investments based on characteristics Following notes provide disclosures of the financial investments based on characteristics of each class of instrument.

19.1 Fair value through profit or loss Accounting policy - Recognition of fair value through profit or loss investments Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition at fair value through profit or loss. Investments typically bought with the intention to sell in the near future are classified as held for trading. Attributable transaction costs are recognised in the statement of profit or loss as incurred. These investments are initially recorded at fair value. Subsequent to initial recognition, they are remeasured at fair value.

Changes in fair value are recorded under 'Fair value gains and losses' in the statement of profit or loss. The Board evaluates its financial assets at fair value through profit or loss (held for trading) by considering whether the intent to sell them in the near term is still appropriate.

19.2 Loans and receivables Recognition of loans and receivables investments Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. These investments are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, loans and receivables are measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium if any, on acquisition and fee or costs that are an integral part of the EIR. EIR amortisation is included in the statement of profit or loss arising from impairment are recognised as an expense in the statement of profit or loss.

Gains and losses are recognised in the statement of profit or loss when the investments are de-recognised or impaired, as well as through the amortisation process. Loans and receivables comprise investments in repurchase agreements.

19.2.1 Repurchase agreements The Board has invested in reverse repurchase agreements (REPO) with People's Bank, Bank of Ceylon and NSB Fund Management (Pvt) Ltd which are fully secured against the assigned government securities with ISIN numbers. REPO rates for the outstanding balances were in the range of 7.25% - 10.50%, depending on different maturities.

19.3 Available-for-sale

Recognition of available-for-sale investments Available-for-sale financial investments may include Treasury Bills and Bonds.

After the initial measurement, available-for-sale financial assets are subsequently measured at fair value, with unrealised gains or losses recognised in other comprehensive under available-for-sale reserve. Interest earned whilst holding available-for sale investments is reported as 'Interest income' using the EIR. When the asset is de-recognised, cumulative gain or loss in the statement of profit or loss and other comprehensive income is transferred to the statement of profit or loss. If the asset is determined to be impaired, the cumulative loss is recognised in the statement of profit or loss and removed from the available-for-sale reserve.

The Board evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, The Board is unable to trade these financial assets due to inactive markets, The Board may elect to reclassify these financial assets, if management has the ability and intention to hold the assets for the foreseeable future or until maturity. Reclassification 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 reclassification to held to maturity investments is permitted only when the entity has the ability and intention to hold the financial asset until maturity.

For a financial asset reclassified out of the available-for-sale category, the fair value at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to the statement of profit or loss over the remaining life of the investment using EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Available-for-sale Available for-sale-reserves comprise the cumulative net change in the fair value of available-for-sale financial assets and is carried forward until the respective assets are de-recognised or impaired.

Recognition of fair value gains and losses Net fair value gains recorded in the statement of profit or loss on investments include gains and losses on financial assets. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Impairment of available-for-sale financial investments At the reporting date, there were no available-for-sale financial investments that were overdue and impaired.

	Notes	2024 Rs.	2023 Rs.
Loans And Receivables	19.1	3,340,935,693	4,217,648,919
Available For Sale Financial Assets	19.2	53,882,512,128	39,065,770,759
Held to Maturity Financial Assets		-	-
Total financial instruments		**57,223,447,821**	**43,283,419,678**

19.1 **Loans And Receivables**

	2024	2023
Government Securities - Repo Investment	3,340,935,693	4,217,648,919
Total loans and receivables at amortised cost	**3,340,935,693**	**4,217,648,919**

19.2 **Available For Sale Financial Assets**

	2024	2023
Government Securities - Treasury Bonds	9,032,507,144	11,152,321,561
Government Securities - Treasury Bills	44,850,004,984	27,913,449,198
	53,882,512,128	**39,065,770,759**

19.3 **Held to Maturity Financial Assets**

	2024	2023
Sri Lanka Development Bonds	-	-
	-	-

20 REINSURANCE RECEIVABLES

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

Ceded reinsurance arrangements do not relieve The Board from its obligations to policyholders.

Reinsurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable.
Reinsurance assets are de-recognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.
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 Board 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 Board will receive from the reinsurer. The impairment loss is recorded in the statement of profit or loss.
The Company cedes insurance risk to reinsurance in the normal course of business. Reinsurance receivables represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Assessment of impairment of reinsurance receivables

Impairment losses will be recognised on reinsurance receivables, if and only if, there is no objective evidence, as a result that occurred after initial recognition of the reinsurance assets, that the Company may not receive all amounts due to it under the terms of the contract; and that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

		Notes	2024 Rs.	2023(Restated) Rs.
20.1	**Reinsurance Receivable**			
	Reinsurance Receivable Retro	20.1	583,648,701	583,648,701
	Reinsurance Receivable NNIDS		19,993,473	19,993,473
	Reinsurance Receivable SRCC		346,552,283	948,394,362
			950,194,457	1,552,036,536
20.1	**Reinsurance Receivable**			
	Reinsurance Receivable Retro		1,802,699,087	2,395,939,527
	Impairment Provision - Reinsurance receivable		(872,498,103)	(863,896,464)
			930,200,984	1,532,043,063

21 PREMIUM RECEIVABLES

Insurance receivables Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to the initial recognition, insurance receivables are measured at amortised cost. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of profit or loss.

Insurance receivables are de-recognised, when the de-recognition criteria for financial assets have been met.
According to the Premium Payment warranty (PPW) directive issued by the Insurance Regulatory Commission of Sri Lanka (IRCSL), all General Insurance policies are issued subject to PPW and cancellable upon the expiry of 60 days if not settled. However, premium receivables from the government institutions and for compulsory insurance schemes such as RI and SRCC will not be cancelled/provided after expiry of 60 days as the recovery is certain from these parties.

Since the Board has adopted PPW for other private parties other than the government institutions and for compulsory insurance schemes such as RI and SRCC, no long outstanding balances are left in premium receivable. Thus, there is no need for an additional impairment loss provision other than the amounts provided for General Insurance Motor and Non Motor Insurance as follows:

Accordingly, 100% is provided for the general insurance Motor and Non Motor Insurance, upon the expiry of 60days.

Insurance Receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivable is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be Recoverable with the impairment loss recorded in the income statement.

Assessment of impairment of reinsurance premium receivables

In assessing the provision for impairment, at least 5 years long outstanding balance is considered for the impairment calculation. The outstanding balance is then applied the Expected credit loss (ECL) of 78% based on the rate of past recovery of Reinsurance premium receivables decided as per the base year of 2023.

Accordingly, in terms of the Premium Receivable Reinsurance, an amount of Rs. 253,673,058/- was provided for impairment for the year ended 31st December 2024 including a balance of Rs 11,345,975/- due from AIG Insurance Limited which has discontinued their operation.

REINSURANCE

Age	2024	2023
Up To 30 Days	143,222,715.89	350,855,772.28
31 to 60 Days	154,617,354.21	60,130,374.94
61 to 365 Days	680,298,653.54	890,098,644.07
Over 365 Days	1,277,611,539.32	1,102,249,646.89
	2,255,750,263	**2,403,334,438**

NON MOTOR

Age	2024	2023
0-30	1,179,194.49	6,915,135.37
31-60	141,276.23	340,553.22
61-365	4,369,427.43	6,810,199.55
over 365	25,667,168.93	20,863,143.10
	31,357,067	**34,929,031.24**

MOTOR

Age	2024	2023
0-30	19,890,785.75	8,038,317.57
31-60	3,107,478.01	2,256,431.97
61-365	5,429,453.10	5,382,067.99
over 365	580.36	187,255.56
	28,428,297	**15,864,073.09**

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			2024 Rs.	2023(Restated) Rs.
21.1	**Premium Receivable from :**			
	Agrahara		2,503,250	-
	Pension Agrahara		1,094,600	-
	Semi Agrahara		54,677,800	-
	Crop Levy 1%		1,294,588,539	673,518,755
	Primary Insurance SRCC		4,340,648,143	2,379,895,553
	Inward Reinsurance	21.1.1	2,002,077,205	3,382,144,255
	General Insurance Motor	21.1.1	22,998,264	10,337,050
	General Insurance Non motor	21.1.1	1,427,852	7,320,490
			7,720,015,653	6,453,216,103

		2024 Rs.	2023(Restated) Rs.
21.1.1	**Premium Receivable Impairment**		
	Inward Reinsurance	2,255,750,263	3,544,743,364
	Impairment Provision - Reinsurance	(253,673,058)	(162,599,109)
		2,002,077,205	3,382,144,255
	General Insurance Motor	28,428,297	15,906,373
	Impairment Provision - Motor	(5,430,033)	(5,569,324)
		22,998,264	10,337,050
	General Insurance Non motor	31,464,448	34,993,833
	Impairment Provision - Non Motor	(30,036,596)	(27,673,343)
		1,427,852	7,320,490
		2,026,503,320	3,399,801,795

22 SURCHARGE TAX RECEIVABLE

The Surcharge tax paid to Department of Inland Revenue in 2022 amounting to Rs. 1,196,274,044. However, due to disallowing to deduct the levy pad to Consolidated Fund from Corporate Income Tax (CIT) in year of assessment 2018/19 and 2019/20 it was determined subsequently CIT liability of Rs. 1,786,770,308 (approximately) which will be set off in the future.

	2024	**2023(Restated)**
	Rs.	**Rs.**
Surcharge Tax Receivable	1,196,274,044	1,196,274,044

23 SOFT LOANS

These loans were granted to the institutes/hotels affected by terrorist attacks through Bank of Ceylon for which funds disbursed from SRCC & T segment before NITF absorb the SRCC & T insurance cover.

	2024	**2023(Restated)**
	Rs.	**Rs.**
Soft Loans	1,000,785	1,730,785

24 OTHER NON-FINANCIAL ASSETS

OTHER ASSETS
Recognition of other assets Other assets which consist of non-financial assets are recognised at cost less any impairment losses.

Staff loans
This contains distress loans loans and festival advances given to the staff members of the board. There is no any loans or advances given to the directors of the board.

Impairment of staff loans
No expected credit losses (ECL) were recognised for staff loans since those are fully pledged with securities and ability of deducting from the salary

	2024	**2023(Restated)**
OTHER NON-FINANCIAL ASSETS	**Rs.**	**Rs.**
Advances & Prepayments	3,648,295	2,425,527
Prepayment on Rent Expenses	9,453,600	-
Refundable Deposits	1,170,000	3,326,643
Staff Distress Loans	56,344,654	51,915,545
WHT Receivable	442,343	-
other receivable	4,424,005	4,424,006
Cheque Return Receivable	633,115	633,115
General Insurance Motor	973,009	973,009
Agrahara Department - NITF	2,489,102	2,489,102
Refundable Deposit- Storage	2,108,893	-
Penalty Income Receivable	1,617,459	-
Rent Deposit	57,850,969	41,730,969
	141,155,444	107,917,916

25 DEFERRED COMMISSION

Acquisition expenses Costs of acquiring new businesses, including commission, underwriting, marketing and policy issuance expenses, which vary with and directly related to production of new businesses are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognized as an expense when incurred. Subsequent to initial
Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period and are treated as a change in an accounting estimate.

Deferred commission is de-recognized when the related contracts are either expired or cancelled.
An impairment review of deferred dommission is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognized in the statement of profit or loss. DAC is also considered in the liability adequacy test for each reporting period.

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

	2024	2023(Restated)
	Rs.	Rs.
As at 1st Jan 2024	1,840,018,871	840,496,110
Provision made /(released) during the year	1,118,330,734	(20,860,366)
As at 31st Dec 2024	2,958,349,605	819,635,744

26 CASH AND CASH EQUIVALENTS

Cash and bank balances Cash and bank balances in the statement of financial position comprise cash at bank and cash in hand which are subject to an insignificant risk of changes in value.
Cash and Cash equivalents
Bank overdrafts, which form an integral part of cash management and savings accounts are included as a component of cash and cash equivalents for the purposes of the statement of cash flows. In the statement of financial position, bank overdrafts are included under liabilities. The board has no any bank overdraft facilities obtained from the banks. However, a book overdraft balance is shown in balance sheet.

	2024	2023
	Rs.	Rs.
Petty Cash	367,795	384,828
Cash at bank	1,870,101,943	1,257,121,802
Cash in hand and at bank	1,870,469,738	1,257,506,630
Bank overdraft	-	(9,614,823)
Total cash and cash equivalents	1,870,469,738	1,247,891,807

27 Accumilated Fund-NITF

This represents cumulative net earnings of the entity over the years and comprised of both accumulated fund of NITF Fund.

	2024 Rs.	2023 Rs.
Balance as at 01.01.2024	499,491,152	(506,673,928)
Adjustment	1,791,766,683	-
Restated Balance as at 01.01.2024	2,291,257,835	297,775,369
Transfer to Accumilated fund	3,345,875,658	201,715,783
Balance as at 31.12.2024	5,637,133,493	499,491,152

28 Other component of equity

Other component of equity comprises of Available-for-sale Available for-sale-reserves of which the cumulative net change in the fair value of available-for-sale financial assets and is carried forward until the respective assets are de-recognised or impaired.

	2024 Rs.	2023 Rs.
Balance as at 01.01.2024	(283,817,429)	(2,909,303,861)
Financial Assets/Gratuity Valuation-2024	394,521,589	2,625,486,432
Balance as at 31.12.2024	110,704,160	(283,817,429)

29 Revaluation Reserve

The revaluation reserve relates to revaluation property plant and equipment.

	2024 Rs.	2023 Rs.
Balance as at 01.01.2024	(2,102,126)	(2,102,126)
Balance as at 31.12.2024	(2,102,126)	(2,102,126)

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30 Accumilated Fund-SRCC

This represents cumulative net earnings of the entity over the years and comprised of both accumulated fund of SRCC Fund.

	2024 Rs.	2023 Rs.
Balance as at 01.01.2024	25,853,622,290	22,146,747,594
Adjustment	600,000,000	17,884,043
Restated Balance as at 01.01.2024	26,453,622,290	22,128,863,551
Transfer to A/F	8,491,517,664	6,344,179,482
Deffered Tax	7,068,869	(19,420,743)
Cash Transferred to the Consolidated Fund	(3,919,100,000)	(2,600,000,000)
Balance as at 31.12.2024	31,033,108,823	25,853,622,290

31 INSURANCE CONTRACT LIABILITIES

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

As required by SLFRS 4 - Insurance Contracts, The Board performs a Liability Adequacy Test (LAT) in respect of non-life contract liabilities with the assistance of an external actuary.

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

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

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

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

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

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

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

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

Claims development tables and sensitivity analysis relating to the insurance contract liabilities are included in the risk management note.

31.1 Insurance contract liabilities

31.2 Provision for net unearned premium

31.3 Provision for gross outstanding claims

Claim provisioning of Agrahara, Crop and NNDIS are estimated based on claim department experience and management judgment. All claim provisions of other classes of business is estimated based on claim intimations. Further this provision is considered by the actuary in arriving at the ultimate loss.

31.4 Provision for gross IBNR claims

31.5 Reconciliation between insurance provision and technical reserves

31.6 Liability adequacy test A Liability Adequacy Test (LAT) was performed by NMG Financial Services Consulting Pte Limited, a firm of professional actuaries as at 31 December 2024 as required by SLFRS 4 - Insurance Contracts in order to assess the adequacy of the carrying amount of the provision for unearned premiums. The valuation is based on internationally accepted actuarial methods and is performed on a quarterly basis. According to the report issued by K A PANDIT, the liability carried forward by The Board was adequate. Hence, no provision was made for premium deficiency for the year ended 31 December 2024 (2023 - Nil).

31.7 Valuation of IBNR and IBNER The incurred but not reported claims reserve has been actuarially computed by NMG Financial Services Consulting Pte Limited as at 31 December 2023.

31.8 Changes in assumptions There were no material estimation changes from the previous valuation done for the balance as at 31 December 2024.

31.9 Outstanding claims of RI non flood claims include Rs 3,324,483,147 which are outstanding more than two years. NITF is continuously informing to general insurance companies on outstanding claims and to provide necessary documents to settle claims.

Outstanding claims of SRCC include long outstanding balance of Rs. 10,323,235.04 and Rs. 19,713,549.15 for motor and non-motor classes respectively. The provision was made in the financial statements as these claims were intimated and approved by the relevant commits and the Board. However, due to non-submission of documents by insurance companies, these claims are outstanding as at the balance sheet date.

Further, NITF is in process of finalization of sort out these outstanding claims by getting confirmations from respective Companies.

RI Non flood payable as at 31/12/2024

Age	Total in LKR
0-2 years	1,726,065,413.19
2-5 years	1,319,386,242.03
More than 5 years	937,810,077.96
	3,983,261,733.17

NATIONAL INSURANCE TRUST FUND BOARD
NOTES TO THE FINANCIAL STATEMENTS
As At 31st December 2024

31.1 INSURANCE CONTRACT LIABILITIES

As at 31st Dec 2024

		Note	Motor Rs.	Non Motor Rs.	NNDIS Rs.	Reinsurance Rs.	SRCC Rs.	Health Insurance Agrahara /MP Rs.	Crop Insurance Rs.	Total Rs.
(a)	**Insurance contract liabilities**									
	Outstanding claims provision	**31.1.2**	319,853,618	58,872,722	-	4,749,142,732	309,294,204	2,024,942,357	108,176,327	7,570,281,959
	Provision for unearned premiums	**31.1.3**	100,680,061	3,629,464	-	1,389,769,212	8,700,282,526	-	-	10,194,361,263
	Provision for claims IBNR	**31.1.4**	191,852,264	64,749,570	-	3,510,660,475	572,581,169	2,341,978,005	2,425,945,860	9,107,767,343
	Total Insurance contract liabilities		612,385,943	127,251,756	-	9,649,572,419	9,582,157,898	4,366,920,362	2,534,122,187	26,872,410,565
31.1.2	**Outstanding claims provision**									
	As at 1st Jan 2024		356,748,233	80,039,841	5,000,000	4,714,027,586	678,213,896	1,388,400,577	275,000,000	7,497,430,133
	Increase / Decrease in Provision		(36,894,615)	(21,167,120)	(5,000,000)	35,115,146	(368,919,692)	636,541,780	(166,823,673)	72,851,826
	As at 31st Dec 2024		319,853,618	58,872,722	-	4,749,142,732	309,294,204	2,024,942,357	108,176,327	7,570,281,959
31.1.3	**Provision for unearned premiums**									
	As at 1st Jan 2024		68,328,943	10,249,034	-	1,250,749,775	4,040,549,555	-		5,369,877,307
	Increase / Decrease in Provision		32,351,118	(6,619,570)		139,019,437	5,370,508,474	-	-	5,535,259,460
	As at 31st Dec 2024		100,680,061	3,629,464	-	1,389,769,212	9,411,058,029	-		10,905,136,766
	Reinsurance UPR									
	As at 1st Jan 2024			-	-	-	-	0	-	-
	Increase / Decrease in Provision			-		-	710,775,503	-		710,775,503
	As at 31st Dec 2024			-	-	-	(710,775,503)	-	-	(710,775,503)
	Provision for Unearned Changers		100,680,061	3,629,464	-	1,389,769,212	8,700,282,526	-	-	10,194,361,263
31.1.4	**Provision for claims IBNR**									
	As at 1st Jan 2024		167,031,801	54,931,140	99,999	2,626,904,250	127,337,739	2,618,001,724	2,137,159,555	7,731,466,208
	Increase / Decrease in Provision		24,820,463	9,818,430	(99,999)	883,756,225	445,243,430	(276,023,719)	288,786,305	1,376,301,135
	As at 31st Dec 2024		191,852,264	64,749,570	-	3,510,660,475	572,581,169	2,341,978,005	2,425,945,860	9,107,767,343

32 RETIRING BENEFIT OBLIGATION

A defined benefit plan is a post - employment benefit other than a defined contribution plan. The liability recognized in the financial statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The value of defined benefit obligation is calculated 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 the 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.

The re- measurement of the net defined benefit liability which comprises actuarial gains and losses are charged or credited to the statement of comprehensive income in the period in which they arise. However, according to the payment of Gratuity Act No.12 of 1983, the liability for the gratuity payment to an employee arises only on the completion of 5 years of continued service with the Fund.

32.1 Principal actuarial assumptions used.

Actuarial information	2024	2023
a) Discount Rate	12%	13.12%
b) Salary increase	11.11%	11.11%
d) Mortality rates	Indian Assured Lives 2012-14 (Urban)	
e) Disability rates	No disability rates we assumed	
Employee Information		
a) Average age	36.79	37.14
b) Average service period(years)	9.17	9.06
c) Expected future lifetime (years)	16	14
d) Number of Employees	291	261

Under the revised LKAS 19 framework, Sensitivity Analysis for each significant actuarial assumption as at the end of the reporting period is disclosed in order to show the impact of changes in the relevant assumptions on the defined benefit obligation.

	Current Period	Previous Period
Sensitivity Analysis		
Defined Benefit Obligation on Current Assumptions	**75,731,213**	**52,969,758**
Delta Effect of +1% Change in Rate of Discounting	(7,878,361)	(4,945,371)
Delta Effect of -1% Change in Rate of Discounting	9,322,212	5,796,502
Delta Effect of +1% Change in Rate of Salary Increase	9,312,268	5,853,195
Delta Effect of -1% Change in Rate of Salary Increase	(8,002,559)	(5,070,041)
Delta Effect of +1% Change in Rate of Employee Turnover	672,988	1,066,999
Delta Effect of -1% Change in Rate of Employee Turnover	(776,297)	(1,213,712)

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

32.2 Movements in present value of the retirement benefit obligation are as follows

	Note	2024 Rs.	2023 Rs.
As at 1st Jan 2024		52,969,759	10,704,256
Add: Retiring gratuity expenses	19.1	26,721,272	44,122,561
Less: Benefits paid during the year		(3,959,817)	(1,857,058)
		-	-
As at 31st Dec 2024		75,731,214	52,969,759

32.3 Retiring Gratuity Expense

	2024	2023
Current service cost	5,091,210	3,008,353
Past Services (Gains)/Cost		-
Interest cost	6,949,632	2,870,881
Acturial (gain)/loss	14,680,430	38,243,327
	26,721,272	44,122,561

33 Deferred Tax Assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profits will be available to the Company which can be utilised against such tax losses.
Judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies.

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

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

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

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

Deferred tax relating to items recognised outside the statement of profit or loss is recognised outside statement of profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

33.1 Valuation of deferred tax assests and liabilities

Uncertainities exsist with respect to the interpritation of complex tax regulations and the amount and timing of future taxable income. The Company establishes provisions based on the tax laws and interpritations.

As at	**2024**	**2023**
Differed tax assests	-	-
Differed tax liabiliies	36,635,161	34,252,433
	36,635,161	34,252,433

	2024		**2023**	
	Temporary difference	**Tax Effext**	**Temporary difference**	**Tax Effext**
Deferred tax liability				
Employee benefits (Gratuity)	75,731,214	22,719,364	52,969,758	15,890,927
Gratuity -OCI Acturial Gain	14,680,430	4,404,129	38,243,327	11,472,998
Property Plant and Equipment	31,705,560	9,511,668	22,961,693	6,888,508
	122,117,204	36,635,161	114,174,778	34,252,433
Recognised net deffered tax liability	122,117,204	36,635,161	114,174,778	34,252,433

Change in deffered tax liability

	Income Statement		**Statement of OCI**	
	2024	**2023**	**2024**	**2023**
Employee benefits (Gratuity)	6,828,437	12,679,650	-	-
Property Plant and Equipment	2,623,160	1,072,732	-	-
Gratuity -OCI Acturial Gain			(7,068,868)	19,420,743
Total	9,451,597	13,752,382	(7,068,868)	19,420,743

Reconciliation of deffered tax assest

	2024	**2023**
Balance as at 01st January	34,252,432	1,079,307
Amounts recorded in the income statement	9,451,597	13,752,382
Amount Recoered in other comprehensive in	(7,068,868)	19,420,743
Balance as at 01st January	36,635,161	34,252,432

34 Lease liabilities

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability 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 Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Extension options

Extension and termination options are included in the lease agreements of the Company. These are used to maximise operational flexibility in terms of managing the asset used in the Company's operations. The extension and termination options held are exercisable with the written consent by either party as specified in the agreement.

	Lease Hold Assets		
LEASE CREDITOR	**Motor Vehicles**	**Building**	**Total**
	Rs.	**Rs.**	**Rs.**
As at 1st Jan 2024		89,502,202	89,502,202
Additions	22,917,111	1,115,858	24,032,969
Interest Expense recognised in Income Statement	1,795,312	9,638,508	11,433,820
Settlement throught lease payment	(4,104,608)	(48,987,400)	(53,092,008)
Adjustment for Termination of Lease		(347,312)	(347,312)
As at 31st Dec 2024	20,607,815	50,921,856	71,529,671

35 INCOME TAX LIABILITY

Income tax payable Current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. Tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where The Board operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in the statement of profit or loss. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Recognition of income tax expenses - Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, when it is recognised in equity.

	Notes	2024 Rs.	2023 (Restated) Rs.
Income Tax Payable		4,870,673,108	3,585,233,095
		4,870,673,108	3,585,233,095

36 OTHER LIABILITIES

Other liabilities include government levies payable other than income tax payable and these liabilities are not financial liabilities as per LKAS 39 - Financial Instruments: Recognition and Measurement. These liabilities are recorded at amounts expected to be payable as at the reporting date.

	2024 Rs.	2023 (Restated) Rs.
Other financial liabilities	3,456,841,569	1,776,151,013
Other non financial liabilities	59,754,146	212,596,345
	3,516,595,715	1,988,747,358

36.1 Other financial liabilities

Recognition of financial liabilities The Board initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities consist of amount due to related parties, other creditors including accruals and outstanding commission payable.

Derecogntion of other financial liabilities A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

36.2 REINSURANCE PAYABLES

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

Other financial liabilities

Claim cheques/SLIPS returned payable	14,088,678	12,331,181
Unpresanted Cheque Payable	5,572,350	5,604,025
Commission payable - Reinsurance	42,434,299	42,434,299
Reinsurance Premium payable	2,184,861,118	1,498,304,933
Refundable Deposit Payable	14,948,496	7,377,767
Annual fee and Cess payable	8,297,637	5,300,630
Accrued expenses	22,766,817	31,784,307
Payable to Consolidated Fund	1,000,000,000	-
Profit Commission Payable	145,454,851	151,259,337
Payable to RI Dept:	463,730	11,024,228
Payable to Agr Dept:	6,112,216	6,118,174
Stamp Duty Payable	-	1,133,440
Other payables	11,841,377	3,478,693
	3,456,841,569	1,776,151,013

36.3 Other non financial liabilities

Government Levies	59,754,146	212,596,345
	59,754,146	212,596,345

37 Bank overdraft

Bank overdrafts, which form an integral part of cash management and savings accounts are included as a component of cash and cash equivalents for the purposes of the statement of cash flows. In the statement of financial position, bank overdrafts are included under liabilities. The board has no any bank overdraft facilities obtained from the banks. However, a book overdraft balance is shown in balance sheet.

	2024 Rs.	2023 Rs.
Bank overdraft	-	(9,614,823)
	-	(9,614,823)

38 OPERATING SEGMENTS

Operating segment is a component of an entity:

a) That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).

b) Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

c) For which discrete financial information is available.

· **General - Motor insurance**

It is a basic requirement of the Sri Lanka government that all types of motor vehicles used on public high ways should have at least a third party insurance cover. Through a comprehensive insurance cover benefits can be extended to cover passengers, vehicles, buildings, etc. Therefore, NITF motor insurance has introduced a comprehensive motor insurance by providing best service to the owner of the vehicle and third parties as well.

· **General – Non Motor insurance**

General Insurance Cover for all the Government Bodies which is mandatory to them with all the necessary benefits.

We are providing following insurance covers
Fire Insurance
Engineering Insurance - Contractor All Risk(CAR), Erection All Risk(EAR), Electronic Equipment, Contractor's Plant & machinery(CPM), etc...

Marine Insurance - (Cargo, Hull & machinery, Fishing boat Insurance)
Health Insurance - Surgical & Hospitalization
Travel Insurance
Miscellaneous Insurance - Personal Accident, Money Insurance, Banker's Indeminity, Public liability, Burglary, Workmen's Compensation Insurance(WCI) etc.

· **Agrahara**

Agrahara Insurance scheme was introduced by the Ministry of Public Administration Circular No: 5 /1997 and this scheme was under National Insurance Trust Fund from 1st of January 2006. Early stages we had a large number of claims, received from Sri Lanka Insurance and by now we have cleared the arrears and running smoothly.The main idea of this "Agrahara" medical insurance scheme is to uplift the living standards of the public service and provincial public service and their families. Therefore we have taken steps to expedite all claims received by us as early as possible.If we receive any claim with all the necessary requirements arrangements have being made to Pay these Claims immediately.

- **National Natural Dissaster Insurance Scheme (NNDIS)**

NNDIS segment was discontinued on 31/03/2020.

- **Re Insurance**

As per the government gazette notification No. 1791/4 of 31st December 2012, all primary insurers are required to cede 30% of their total reinsurance premium arising out of every general insurance contract to NITF.
Facultative reinsurance is commonly purchased for large, unusual or catastrophic risks. Reinsurers thus must have the necessary resources to underwrite individual risks carefully.

- **SRCC & T**

The SRCC & T Fund was established in 1988 by a cabinet decision on 18th November 1987 titled "Insurance Claims Resulting from Losses due to Terrorist Activities, Riots and Strikes."

The functions coming under the purview of the SRCC & T Fund have been absorbed into the National Insurance Trust Fund in terms of section 18(C) of the National Insurance Trust Fund (NITF) Act No. 28 of 2006.

The Extra Ordinary Gazette No. 1542/11 issued on 25th March 2008 has specified how to deal with Strikes, Riots, and Civil Commotions and Terrorism situations within the country. According to the above Extra Ordinary Gazette, all sums received as insurance premiums in respect of SRCC & T are utilized for meeting the just requirements of the insurance industry and for strengthening the national economy, all insurance covers issued by Insurance Companies in respect of the above mentioned matter, shall be obtained from NITF

- **Crop Insurance Scheme**

Crop Insurance Levy shall be paid by every institution under the purview of the Banking Act, No.30 of 1988, Finance Companies Act, No. 78 of 1988; or Regulation of Insurance Industry Act, No. 43 of 2000.

Accordingly, every Bank, Finance company or Insurance company registered under any of the above Acts shall be liable to Crop Insurance Levy to the National Insurance Trust Fund according to section 14 of the Finance Act no. 12 of 2013.

Base need to be considered as one percent (1%) of the profit after tax for a year of assessment (period of twelve months commencing on the first day of April of any year and ending on the thirty first day of March in the immediate succeeding year)

NATIONAL INSURANCE TRUST FUND BOARD
STATEMENT OF COMPREHENSIVE INCOME
For the month ended 31st December 2024

38.1 SEGMENT INFORMATION

Gross Written Premium to Underwriting results of the above categories of product are given bellow.

	2024							
	Motor Rs	**Non Motor Rs**	**NNDIS Rs**	**Reinsurance Rs**	**SRCC Rs**	**Health Scheme Agrahara**	**Crop Insurance Scheme**	**Total Rs**
PREMIUMS								
Gross written premiums	144,468,255	18,085,833	-	2,829,360,252	19,372,517,928	-		22,364,432,268
Contribution Received for Agrahara						6,988,287,869		6,988,287,869
Crop Insurance Levy Collected							3,851,097,784	3,851,097,784
Reinsurance Premiums ceded					(717,221,156)			(717,221,156)
Net written premiums	**144,468,255**	**18,085,833**	-	**2,829,360,252**	**18,655,296,772**	**6,988,287,869**	**3,851,097,784**	**32,486,596,765**
Gross change in UPR	(32,351,118)	6,619,570	-	(139,019,437)	(5,370,508,474)	-		(5,535,259,460)
Reinsurers share of change in UPR					710,775,503			710,775,503
Net change in Reserve for unearned Premium	(32,351,118)	6,619,570	-	(139,019,437)	(4,659,732,971)	-	-	(4,824,483,956)
NET PREMIUMS EARNED (A)	**112,117,137**	**24,705,403**	-	**2,690,340,815**	**13,995,563,802**	**6,988,287,869**	**3,851,097,784**	**27,662,112,809**
Fee income (B)	1,344,452	25,450						1,369,902
TOTAL UNDERWRITING INCOME (A + B)	**113,461,589**	**24,730,853**	-	**2,690,340,815**	**13,995,563,802**	**6,988,287,869**	**3,851,097,784**	**27,663,482,711**
Acquisition costs	(217,685)	(51,587)		(617,083,837)	(5,625,987,121)			(6,243,340,229)
Profit Commission Expenses					-			-
Change in deferred acquisition costs				57,573,428	2,081,140,433			2,138,713,861
Net acquisition costs (C)	(217,685)	(51,587)	-	(559,510,408)	(3,544,846,688)	-	-	(4,104,626,368)
Gross claims Incurred	(83,332,940)	(24,582,994)	4,802,755	(1,215,736,603)	(5,668,930)	(6,807,390,237)	(1,419,531,234)	(9,551,440,182)
Surcharge Receipts						784,910		784,910
Reinsurance recoveries				-				-
Changing of IBNR	(24,820,463)	(9,818,430)	99,999	(883,756,225)	(445,243,430)	276,023,719	(288,786,305)	(1,376,301,135)
NET CLAIMS INCURRED (D)	(108,153,403)	(34,401,424)	4,902,754	(2,099,492,828)	(450,912,360)	(6,530,581,608)	(1,708,317,539)	(10,926,956,407)
Reinsurers share of change in outstanding claims						.		-
NET CLAIMS INCURRED (D)	(108,153,403)	(34,401,424)	4,902,754	(2,099,492,828)	(450,912,360)	(6,530,581,608)	(1,708,317,539)	(10,926,956,407)
UNDERWRITING RESULT(A+B+C+D)	**5,090,502**	**(9,722,158)**	**4,902,754**	**31,337,579**	**9,999,804,753**	**457,706,261**	**2,142,780,245**	**12,631,899,935**
Administrative expenses (E)	(98,372,846)	(125,553,197)	-	(309,424,814)	(452,678,826)	(460,801,041)	(19,702,427)	(1,466,533,151)
TOTAL EXPENSES (C+D+E)	(206,743,933)	(160,006,207)	4,902,754	(2,968,428,050)	(4,448,437,874)	(6,991,382,649)	(1,728,019,966)	(16,498,115,926)
	(93,282,344)	(135,275,354)	4,902,754	(278,087,236)	9,547,125,928	(3,094,780)	2,123,077,817	11,165,366,785
Investment & Other Income for the year	7,671,342	4,350,685	880,155	682,622,141	3,899,688,879	72,137,711	959,972,767	5,627,323,681
Profit before tax	**(85,611,002)**	**(130,924,670)**	**5,782,909**	**404,534,906**	**13,446,814,807**	**69,042,931**	**3,083,050,584**	**16,792,690,465**
Income tax expense					(4,955,297,142)			(4,955,297,142)
Surcharge Tax								-
Profit after tax	**(85,611,002)**	**(130,924,670)**	**5,782,909**	**404,534,906**	**8,491,517,665**	**69,042,931**	**3,083,050,584**	**11,837,393,323**

39 Accounting Policies, Changes in Accounting Estimates and Errors - LKAS 08

39.1Re insurance premiums for proportional treaties relevant to prior periods amounting to Rs. 476,839,164, Re insurance premiums for Non proportional treaties relevant prior periods amounting to Rs. 307,105,592 and Reinsurance premiums for facultative Reinsurance agreements for prior periods amounting to Rs. 357,464,169 were restated according to the requirements of LKAS 08, Accounting Policies, Change in Accounting Estimates and Errors.

39.2 Unpresented payable balance amounted of Rs. 3,909,451 which were cancelled subsequently was restated according to the requirements of LKAS 08, Accounting Policies, Change in Accounting Estimates and Errors.

39.3 Social Security contribution levy paid in year 2023 in respect of SRCC non motor commission amounting to 26,077,313 Which is recoded under SSCL payable account was restated according to the requirements of LKAS 08, Accounting Policies, Change in Accounting Estimates and Errors.

39.4 Crop Insurance Levy collected in year 2003 amounting to Rs. 673,518,755 considering accrual basis was restated according to the requirements of LKAS 08, Accounting Policies, Change in Accounting Estimates and Errors.

39.5 Intangible Assets value of Rs 1,000,000/- which was not depreciated was restated according to the requirements of LKAS 08, Accounting Policies, Change in Accounting Estimates and Errors.

Correction of Payable to consolidated fund recorded in excess in 2003 was restated according to the requirements of LKAS 08, Accounting Policies, Change in Accounting Estimates and Errors.

NATIONAL INSURANCE TRUST FUND BOARD

NOTES TO THE FINANCIAL STATEMENTS

As At 31st December 2024

39.1 Impact to the Statement of Financial Position as at December 31,2023

	Previously Reported LKR	Increase/(Decrease) LKR	Restated Amount LKR
Assets			
Intangible assets	5,937,043	(1,000,000)	4,937,043
Property, plant and equipment-Office Equipment	42,743,012	6,864	42,749,876
Premium receivables-RI	2,240,735,329	1,141,408,926	3,382,144,255
Premium receivables-Crop	-	673,518,755	673,518,755
Liabilities			
Other Financial Liabilities-Payable to Consolidated fund	600,000,000	(600,000,000)	-
Other Financial Liabilities-Unpresented Chq Payable	9,513,476	(3,909,451)	5,604,025
Other non financial liabilities-SSCL RI	186,519,032	26,077,313	212,596,345
Equity			
Accumilated Fund -NITF	499,491,152	1,791,766,683	2,291,257,835
-SRCC	25,853,622,290	600,000,000	26,453,622,290

39.2 Impact to the Statement of Total Comprehensive Income as at December 31,2023

	Previously Reported LKR	Increase/(Decrease) LKR	Restated Amount LKR
Gross Written Premium			
Inward Reinsurance	11,402,441,499	1,141,408,926	12,543,850,425
FAC-357,464,169.22			
Gross benefits and claims			
Agrahara and Motor	10,361,559,541	(3,404,502)	10,358,155,039
Other operating and administrative expenses			
Other Operating & Administrative Expenses	2,053,128,389	26,565,500	2,079,693,889
Profit Before Tax	11,537,045,028	1,791,766,682	13,328,811,710
Income Tax for the year	4,991,149,762	-	4,991,149,762
Profit After Tax	6,545,895,266	1,791,766,682	8,337,661,948

40 Related Party Disclosures - LKAS 24

The entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the NITF, or vice versa. Members of key management are regarded as related parties and comprise the Line Ministry and Members of the Board.

The Entity carries out transactions in the ordinary course of its business on an arm's length with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24, Related Party Disclosures.

Details of the related party transactions are reported below.

Related Party	Relationship	Other Related Entities	Investment	Transactions		
				Revenue Grants Rs.	Transfers Rs.	Short term Employee Benifts Rs.
Ministry of Finance, Economic Stabilization and National Policies	Line Ministry	Not Applicable	-	919,100,000	3,419,100,000	-
Aian Reinsurance Corporation	Member Country and Council Member	Not Applicable	USD 980,000			
Mrs. Sagala Abhayawickreme	Chairman	Not Applicable		-	-	1,555,945
Other Members of the Board	Board Menber	Not Applicable		-	-	858,000

41 CONTINGENT LIABILITIES

A contingent liability is,

a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity; or

b)Present obligation that arises from past events but is not recognized because:

i) It is not probable that an out flow of resources embodying economic benefits will be required to settle the

ii) The amount of the obligation cannot be measured with sufficient reliability.

42 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Events occurring after the reporting period Events occurring after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

All material post reporting date events have been considered and where appropriate, adjustments or disclosures have been made in the respective notes to the financial statements. However, there is no any adjustable or non-adjustable events between the reporting date and the date when the financial statements are authorized for issue.

All pending litigation for claims has been evaluated and adequate provisions have been made in the financial statements where necessary

43 RISK MANAGEMENT

Risk management demonstrate the initiatives that are undertaken to reduce or mitigate the Board's exposure to losses. The Board is exposed to the following risks

Insurance Risk	Non-life Insurance and Inward Reinsurance Contracts Reinsurance
Financial Risk	Market Risk Liquidity Risk Credit Risk Operational Risk

INSURANCE AND FINANCIAL RISK

(a) Insurance risk

The principal risk the Board 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. Therefore, the objective of the Board is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines.

The Board principally issues the following types of general insurance contracts: Motor, Marine, Fire, Engineering, miscellaneous. Healthcare contracts provide medical expense coverage to policyholders. Risks under insurance policies usually cover twelve months duration.

For general insurance contracts including inward reinsurance, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. For healthcare contracts, the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

These risks do not vary significantly in relation to the location of the risk insured by the Board, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Board. The Board further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Board's risk appetite as decided by management.

Frequency and Severity of Claims

The frequency and severity of claims can be affected by several factors. The Board underwrites mainly property, engineering, motor, miscellaneous accident, marine, medical and personal accident classes. These classes of insurance are generally regarded as short-term insurance contracts where claims are normally intimated and settled within a short time span. This helps to mitigate insurance risk.

Property

For property insurance contracts, the main perils are fire damage and other allied perils and business interruption resulting therefrom.

These contracts are underwritten either on replacement value or indemnity basis with appropriate values for the interest insured. The cost of rebuilding or repairing the damaged properties, the time taken to reinstate the operations to its pre-loss position in the case of business interruption and the basis of insurance are the main factors that influence the level of claims.

Engineering

For engineering insurance contracts, the main elements of risks are loss or damage to insured project works and resultant third party liabilities, loss or damage to insured plant, machinery and equipment and resultant business interruption losses. The extent of the loss or damage is the main factor that influences the level of claims.

Motor

For motor insurance contracts, the main elements of risks are claims arising out of death and bodily injury and damage to third party properties as well as that of insured vehicles. The potential court awards for deaths and bodily injury and the extent of damage to properties are the key factors that influence the level of claims.

Miscellaneous Accident

For miscellaneous accident classes of insurance such as loss of money, infidelity of employees, personal accident, workmen's compensation, travel, general third party liability and professional indeminity are underwritten.

The extent of loss or damage and the potential court awards for liability classes are the main factors that influence the level of claims.

Marine

In marine insurance the main risk elements are loss or damage to insured cargo and hull due to various mishaps resulting in the total or partial loss claims. The extent of the loss or damage is the main factor that influences the level of claims.

Medical and Personal Accident

In medical insurance, the main risk elements are illness and accidents and related healthcare costs. For personal accident the main risks elements are claims arising from death and/or permanent or partial disability.

Geographical concentration of risks

The insurance risk arising from insurance contracts is primarily concentrated in Sri Lanka.

(b) Financial Risk

i. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by falling to discharge an obligation.

The following processes/activities reduces the credit risk of financial instruments.
- Credit risk policy is based on circulars and guidelines issued by the Ministry of Finance . The exposures is limited to Government Securities only.
- The management evaluates the exposure and the new investments in instruments in order to reduce the risks.
- The regular review by the Board also minimises the credit risks.

ii. Liquidity risk

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

Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

The following policies and procedures are in place to mitigate the company's exposure to liquidity risk:
* Liquidity requirements are monitored on a monthly basis and management ensures that sufficient liquid funds are available to meet any commitments as they arise.
* Contingency fund plans are in place, to meet the emergency call of funds.

iii. Market risk

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

a) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose to cash flow interest risk, whereas fixed interest rate instruments expose to fair value interest risk. Board have invested in Government securities with fixed interest rates. Hence no significant interest rate risk from the change in market interest rate.

Following table decsribes the Boar's sensitivity to interest rate risk. The sensitivity of reported fair value of financial

Change in Variables	2024		2023	
	Impact on PBT* Rs.	Impact on equity* Rs.	Impact on PBT* Rs.	Impact on equity* Rs.
+ 100 basis Points	(241,712,484.77)	(241,712,484.77)	(285,574,826.01)	(285,574,826.01)
- 100 basis Points	247,252,538.81	247,252,538.81	292,280,896.10	292,280,896.10
+ 200 basis Points	(478,114,509.79)	(478,114,509.79)	(564,727,348.17)	(564,727,348.17)
- 200 basis Points	500,304,519.70	500,304,519.70	591,543,741.83	591,543,741.83

*PBT -Profit before tax

b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management believes that there is minimal risk of significant losses due to exchange rate fluctuations and consequently the Board does not hedge its foreign currency exposure.

44 Capital management framework

The Company's capital management framework forms the basis for activity managing capital within the Company and seeks to optimize the structure and source of capital to ensure that it consistently maximizes returns to the shareholders and policyholders while complying with the regulatory requirements.
The Company has established the following capital management objectives, policies and approaches in managing the risks that affect
its capital position.

- To maintain the robust level of stability of the Company thereby providing a degree of security to policyholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- To align the profile of assets and liabilities taking account of risks inherent in the business.
- To maintain financial strength to support new business growth and to satisfy the requirement of the policyholders, regulators and stakeholders.
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

Operations of the Company are also subject to regulatory requirements of the Insurance Regulatory Commission of Sri Lanka (IRCSL). The regulations imposed, not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy under the risk based capital regime) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseeable liabilities as they arise. The Company has complied with all these regulatory requirements during the financial year. The primary source of capital used by the Company is equity which includes the retained earnings.

Capital requirements are measured on the risk based capital regime which is calculated in a periodic basis and assessed against the available capital and determined by the capital adequacy ratio. The process is ultimately subject to the approval of the Board.

The Company has made no significant changes from previous years to its policies and processes of its capital structure.