



EMPLOYEES' PROVIDENT FUND FINANCIAL HIGHLIGHTS - 2020



Financial highlights of the Employees' Provident Fund (EPF) for the year ended 31st December 2020 and key performance indicators are disclosed below for the information of the general public. Financial Statements for the year 2020, submitted by the Monetary Board of the Central Bank of Sri Lanka to the Minister of Labour will be presented to the Parliament by the Hon. Minister in terms of the Section 6 (4) of the Employees' Provident Fund Act no 15 of 1958. In terms of Section 14 (1) of the said Act, interest rate for 2020 has been fixed by the Monetary Board with the concurrence of the Hon. Minister of Finance and Hon. Minister of Labour.

SUMMARIZED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2020

Item	2020	2019	Change (%)
Total Gross Income	285,631	259,323	10.14
Less: Total Operating Expenditure	1,645	1,582	3.98
EPF Dept.: Central Bank of Sri Lanka	993	927	7.12
EPF Section: Department of Labour	652	655	(0.46)
Net Income before Income Tax	283,986	257,741	10.18
Less: Income Tax	39,063	34,965	11.72
Net Income after Income Tax	244,923	222,776	9.94
Add: Retained profit brought forward	129	159	(18.87)
Adjusted opening retained profit	129	159	(18.87)
Capital Gain on Disposal of Unlisted Equity	-	90	(100.00)
Net Income available for Distribution to the Members	245,052	223,026	9.88
Less: Interest paid on current year Refunds	4,316	4,762	(9.37)
Add/ (Less): Transfer from / (to) Profit Equalization Reserve	(13,000)	(7,700)	68.83
Less: Interest paid on Member Balances @ 9.00% in 2020 (9.25% in 2019)	227,307	210,434	8.02
Retained Profit Carried Forward	430	129	233.33

SUMMARIZED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

Item	2020	2019	Change (%)
Property, Plant and Equipment (including Intangible Assets)	336	275	22.18
Financial Assets	2,829,494	2,548,721	11.02
Current Assets	18,278	17,806	2.65
Total Assets	2,848,108	2,566,802	10.96
Less: Current Liabilities	23,795	26,363	(9.74)
Total Net Assets	2,824,313	2,540,438	11.17
Represented By:			
Total Member Balances (After crediting interest)	2,767,832	2,497,610	10.82
Reserves	56,051	42,700	31.27
Retained Profit	430	129	233.33
Net Worth of the Fund	2,824,313	2,540,438	11.17

SUMMARIZED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2020

Description	Member Balance	Retained Profit	Other Reserves	Total
Balance as at 31st December 2018	2,254,194	159	35,007	2,289,360
Net Profit for the year - 2019	-	222,776	-	222,776
Capital gain on disposal of unlisted shares Net	-	90	-	90
Net Gain/ (Loss) on financial assets fair value - through other comprehensive income Net Profit	-	-	(7)	(7)
Net Contributions for 2019	32,981	-	-	32,981
Member Interest Paid on Refunds - 2019	-	(4,762)	-	(4,762)
Member Interest payable (2019 at 9.25%)	210,434	(210,434)	-	-
Transfer to Equalization Reserve	-	(7,700)	7,700	-
Balance as at 31st December 2019	2,497,609	129	42,700	2,540,438
Net Profit for the year - 2020	-	244,923	-	244,923
Net Gain/ (Loss) on financial assets fair value through other comprehensive income	-	-	351	351
Net Contributions for 2020	42,916	-	-	42,916
Member Interest Paid on Refunds - 2020	-	(4,316)	-	(4,316)
Member Interest payable (2020 at 9.00%)	227,307	(227,307)	-	-
Transfer to Profit Equalization Reserve	-	(13,000)	13,000	-
Balance as at 31st December 2020	2,767,832	429	56,051	2,824,312

SELECTED KEY PERFORMANCE INDICATORS

Indicator	2020	2019
Membership		
Contributing Member Accounts (Active Members) (mn.)	2.6	2.9
Non-contributing Member Accounts (Inactive Members) (mn.)	17.1	16.5
Total Member Accounts (mn.)	19.7	19.4
Contributing Employers (Nos.)	85,853	84,874
Total Member Balances (Rs. mn.)	2,767,832	2,497,609
Member Contributions Received (Rs. mn.)	150,735	157,247
Annual growth in Member Contributions (%)	(4.1)	8.4
Gross Income (Rs. mn.)	285,631	259,323
Income from Government Securities	266,545	246,362
Income from Equities		
Dividend Income and Capital Gain	2,917	6,109
Gain/ (Loss) on Fair Valuation of Equities	5,023	(1,890)
Income from Corporate Debts and Reverse repos	5,057	6,353
Income from Fixed Deposits	5,877	2,104
Other Income	212	284
Operating Expenses (Rs. mn.)	1,645	1,582
As a % of total Gross Income of the Fund	0.58	0.61
Investment Portfolio (Rs. mn.)	2,829,494	2,548,721
Annual Growth in Investment Portfolio (%)	11.0	10.9
Composition (%)		
Government Securities -Treasury Bonds and Bills	93.4	93.8
Equities	2.8	3.0
Corporate Debt Instruments	1.2	1.6
Reverse Repos	0.6	0.6
Fixed Deposits	2.0	1.0
Total	100	100
Refunds		
Amount Paid to Members (Rs. mn.)	109,725	126,330
Refunds - including part payments and 30% withdrawals (Nos.)	197,401	241,581
Annual increase in Refunds (%)	(18.3)	(0.2)
Housing Loan Guarantee Facilities		
Amount Sanctioned (Rs. mn.)	4,497	5,097
Guarantee Certificates issued (Nos.)	8,537	10,022
Return on Investments		
Gross Rate of Return on Average Portfolio (%)	10.62	10.70
Rate of Interest Paid on Member Balances (%)	9.00	9.25
Effective Rate of Interest Paid on Member Balances (%)	9.02	9.27

SUMMARIZED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2020

For the year ended 31st December	2020	2019
Net cash generated from operating activities	222,130	206,595
Net cash used in investing activities	(263,723)	(237,763)
Net cash generated from financing activities	41,065	30,961
Net increase/ (decrease) in cash and cash equivalents	(528)	(207)
Cash and cash equivalents at the beginning of the year	3,167	3,419
Cash and cash equivalents at the end of the year-Before Adjustments	2,639	3,212
Adjustments:		
Cash balance at the end of the year - Dept. of Labour	(26)	(45)
Cash and cash equivalents at the end of the year	2,613	3,167

EFFECTIVE RATE OF RETURN FOR MEMBER BALANCES VS. MARKET RATES (%)

Year	2016	2017	2018	2019	2020
Effective Rate of Return offered by EPF	10.51	10.51	9.54	9.27	9.02
Rate of Return offered by a similar Superannuation Fund	9.10	9.00	9.00	8.00	8.00
One Year Fixed Deposits rate of a major Savings Bank	11.00	11.00	10.50	9.83	5.25
Commercial Banks' Average Weighted Deposits Rate (AWDR)	8.17	9.07	8.81	8.20	5.80
Annual Average Inflation – CCPI (2013=100)	4.0	7.7	2.1	3.5	6.2

Source: Annual Report 2020, Central Bank of Sri Lanka

We, the under-signed, certify that the above financial highlights were extracted from the audited financial statements for the year 2020 prepared in accordance with the applicable Sri Lanka Accounting Standards (LKAS/SLFRS).

W D Lakshman
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Superintendent
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