



EMPLOYEES' PROVIDENT FUND
STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31 st December	Note	2017			2016
		Monetary Board	Labour Dept.	Total	Total
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	5	188,346,052	-	188,346,052	165,485,417
Dividend Income	6	2,993,591	-	2,993,591	4,262,609
Realised Capital Gain on Financial Assets	7	5	-	5	1,063,965
Amortisation Gain on Held to Maturity Financial Assets	8	31,289,279	-	31,289,279	28,170,893
Net Gain on Financial Instruments at Fair Value Through Profit or Loss	9	1,476,850	-	1,476,850	(842,114)
Impairment of Financial Assets	10	(1,502,111)	-	(1,502,111)	(5,231,637)
Investment Income		222,603,666	-	222,603,666	192,909,133
Other Income	11	577,907	10,911	588,818	162,263
Gross Income		223,181,573	10,911	223,192,484	193,071,396
Operating Expenses	12	(792,889)	(555,783)	(1,348,672)	(1,487,240)
Operating Profit/ (Loss) before Income Tax		222,388,684	(544,872)	221,843,812	191,584,156
Tax Expense	13	(18,897,051)	-	(18,897,051)	(15,657,191)
Profit/ (Loss) for the Year		203,491,633	(544,872)	202,946,761	175,926,965
Retained Profit Brought Forward				189,341	215,575
Profit available for Distribution				203,136,102	176,142,540
Profit Distribution					
Less : Interest Paid on Refunds - Current Year				(4,624,262)	(4,645,766)
Add/ (Less) - Transfer from / (to) Profit Equalization Reserve				(7,000,000)	250,000
Interest on member balances as at 31 st December 2017@ 10.50% (2016-10.50%)				(191,243,838)	(171,557,433)
Balance Carried Forward for the Next Year				268,002	189,341

The accounting policies and notes on pages 248 through 289 form an integral part of the Financial Statements.

The Monetary Board is responsible for the preparation of these Financial Statements.

These Financial Statements were approved by the Monetary Board.

For and on behalf of the Monetary Board

Dr. Indrajith Coomaraswamy

Governor

Central Bank of Sri Lanka

K.N.N.Malkanathi Bandara

Superintendent

Employees' Provident Fund

Date : 26 February 2018



EMPLOYEES' PROVIDENT FUND
STATEMENT OF COMPREHENSIVE INCOME

<i>For the year ended 31st December</i>	Note	2017 Rs.'000	2016 Rs.'000
Profit for the Year		202,946,761	175,926,965
Other Comprehensive Income			
Net Gain/(Loss) on Changes in Fair Value of Available-for-Sale Financial Assets	14	6,033,647	(8,180,733)
Total Comprehensive Income for the Year		208,980,408	167,746,232

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For and on behalf of the Monetary Board,

.....
Dr. Indrajith Coomaraswamy
Governor
Central Bank of Sri Lanka
Date : 26 February 2018

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K N N Malkanthi Bandara
Superintendent
Employees' Provident Fund

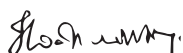


EMPLOYEES' PROVIDENT FUND
STATEMENT OF FINANCIAL POSITION


<i>As at 31st December</i>	Note	2017 Rs. Rs.'000	2016 Rs. Rs.'000
Assets			
Property, Plant and Equipment	15	298,672	276,675
Intangible Assets	16	1,137	1,261
Financial Assets - FVTPL	17	15,699,351	14,222,501
Financial Assets - Available for sale	18	138,947,786	162,552,422
Financial Assets - Held to Maturity	19	1,789,725,122	1,592,691,816
Financial Assets - Loans and Receivables	20	48,000,000	2,745,000
Inventory		11,928	9,286
Interest Receivable		59,674,181	54,435,170
Contributions Receivable		11,653,125	10,794,640
Other Current Assets	21	1,939,813	2,976,568
Cash and Cash Equivalents	22	3,273,943	4,385,242
		2,069,225,058	1,845,090,581
Liabilities			
Creditors	23	1,411	1,980
Accrual Expenses		149,016	185,065
Other Current Liabilities	24	2,775,212	3,406,489
		2,925,639	3,593,534
Total Net Assets			
		2,066,299,419	1,841,497,047
Represented by,			
Member Balances	25	2,020,782,471	1,810,594,518
		2,020,782,471	1,810,594,518
Reserves	26	45,248,946	30,713,188
Retained Profit		268,002	189,341
		45,516,948	30,902,529
Total Net Worth of the Fund			
		2,066,299,419	1,841,497,047

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Governor
Central Bank of Sri Lanka

Date : 26 February 2018


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K N N Malkanthi Bandara
Superintendent
Employees' Provident Fund



EMPLOYEES' PROVIDENT FUND RECEIPTS AND PAYMENTS ACCOUNT

<i>For the year ended 31st December</i>	Note	2017			2016
		Monetary Board	Labour Dept.	Total	Total
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash balance at the beginning of the year		4,385,242	67,514	4,452,756	3,718,959
Total Receipts	27	310,218,484	590,925	310,809,409	333,067,850
Total Payments	28	(311,329,783)	(600,745)	(311,930,528)	(332,334,053)
Cash balance at the end of the year		3,273,943	57,694	3,331,637	4,452,756

The accounting policies and notes on pages 248 through 289 form an integral part of the Financial Statements.

For and on behalf of the Monetary Board;

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Dr. Indrajith Coomaraswamy
Governor
Central Bank of Sri Lanka

Date : 26 February 2018

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K N N Malkanthi Bandara
Superintendent
Employees' Provident Fund



EMPLOYEES' PROVIDENT FUND
STATEMENT OF INVESTMENTS

Class of Investment	Note	Face value Rs.'000	Cost Rs.'000	Amortised Cost Rs.'000	Market Value Rs.'000	Book Value Rs.'000
As at 31st December 2017						
Treasury Bonds	17,18,19	1,855,665,266	1,692,832,248	1,748,768,953	1,851,789,868	1,748,785,406
Treasury Bills	18,19	74,475,428	68,295,753	69,746,857	69,832,608	69,783,696
Corporate Debentures	17,18,19	58,850,712	58,850,915	58,850,790	35,975,818	58,744,349
Trust Certificates	19	3,046,772	2,225,489	2,746,075	2,746,076	2,746,076
Listed Equity	17,18	-	78,670,401	78,670,401	74,042,107	74,042,107
Unlisted Equity	18	-	10,770,625	10,770,625	10,270,625	10,270,625
Fixed Deposits	20	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000
		2,020,038,178	1,939,645,432	1,997,553,701	2,092,657,102	1,992,372,259
As at 31st December 2016						
Treasury Bonds	17,18,19	1,737,219,190	1,569,533,652	1,619,623,282	1,498,488,596	1,611,629,158
Treasury Bills	18	41,056,824	37,980,948	38,424,111	38,815,227	38,815,227
Corporate Debentures	17,18,19	34,343,590	34,345,794	34,345,710	34,058,521	34,359,359
Trust Certificates	19	4,499,810	3,397,594	3,832,592	3,832,592	3,832,592
Listed Equity	17,18	-	75,164,361	75,164,361	70,579,779	70,579,779
Unlisted Equity	18	-	10,770,625	10,770,625	10,270,625	10,270,625
Reverse Repo	20	2,745,000	2,745,000	2,745,000	2,745,000	2,745,000
		1,819,864,414	1,735,735,975	1,784,903,681	1,658,789,940	1,772,211,740

The accounting policies and notes on pages 248 through 289 form an integral part of the Financial Statements.

For and on behalf of the Monetary Board

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Dr. Indrajith Coomaraswamy
Governor
Central Bank of Sri Lanka

Date : 26 February 2018

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Superintendent
Employees' Provident Fund



**EMPLOYEES' PROVIDENT FUND
STATEMENT OF CASH FLOWS**

<i>For the year ended 31st December</i>	2017 Rs.:000	2016 Rs.:000
Cash flows from operating activities:		
Interest received from Investments	172,452,670	158,387,150
Dividends received from equity securities	3,570,306	2,817,019
Surcharges and Other Income	587,559	153,281
Recoveries from Receivables	52,523	1,088,846
Other Operating Expenses	(1,131,957)	(1,069,243)
Advance Payments	(6,819)	(9,574)
Settlement of Creditors and other Payables	(2,659,197)	(2,927,373)
Cash generated from operations	172,865,085	158,440,106
Taxes Paid	(10,214,556)	(7,869,247)
Net cash generated from operating activities	162,650,529	150,570,859
Cash flows from investing activities:		
Investment in Financial Assets	(586,459,418)	(826,843,887)
Maturities of Investments	406,955,384	615,601,139
Proceeds on sale of Financial Investments	-	51,531,146
Acquisition of Property, Plant and Equipment	(64,314)	(48,329)
Net cash used in investing activities	(179,568,348)	(159,759,931)
Cash flow from financing activities:		
Contribution received	133,353,013	118,326,507
General Deposit	(12,292)	16,723
Refunds to Members	(117,476,507)	(108,392,979)
Net cash generated from financing activities	15,864,214	9,950,251
Net increase in cash and cash equivalents	(1,053,605)	761,179
Cash and cash equivalents at the beginning of the year	4,385,242	3,691,577
Cash and cash equivalents at the end of the year-Before Adjustments	3,331,637	4,452,756
Adjustments:		
Cash balance at the end of the year -Labour Dept.	(57,694)	(67,514)
Cash and cash equivalents at the end of the year (Note A)	3,273,943	4,385,242
Note A		
Analysis of Cash and Cash equivalents as at 31 st December;		
Cash in Hand	20	4
Cash at Bank	3,273,923	3,941,838
Cash-in-Transit	-	443,400
	3,273,943	4,385,242



EMPLOYEES' PROVIDENT FUND
STATEMENT OF CHANGES IN EQUITY / MEMBERS' WEALTH

Description	Members Balance	Building Reserve Fund	Technology Advancement Reserve Fund	Profit Equalisation Reserve Fund	General Reserve Fund	Investment Revaluation Reserve	Retained Profit	Total
	Rs.:000	Rs.:000	Rs.:000	Rs.:000	Rs.:000	Rs.:000	Rs.:000	Rs.:000
Balance as at 31st December 2015	1,625,492,921	3,157,000	350,000	24,100,000	6,650,000	4,886,921	215,575	1,664,852,417
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	(8,180,735)	-	(8,180,735)
Net Profit for the year - 2016	-	-	-	-	-	-	175,926,965	175,926,965
Net Contributions for 2016	13,544,164	-	-	-	-	-	-	13,544,164
Member Interest Paid on Refunds - 2016	-	-	-	-	-	-	(4,645,766)	(4,645,766)
Member Interest payable (2016 at 10.50%)	171,557,453	-	-	-	-	-	(171,557,453)	-
Transfers to Profit Equalization Reserve	-	-	-	(250,000)	-	-	250,000	-
Balance as at 31st December 2016	1,810,594,518	3,157,000	350,000	23,850,000	6,650,000	(3,293,812)	189,541	1,841,497,047
Net change in fair value of available-for-sale financial assets	-	-	-	-	-	7,535,758	-	7,535,758
Net Profit for the year - 2017	-	-	-	-	-	-	202,946,761	202,946,761
Net Contributions for 2017	18,944,115	-	-	-	-	-	-	18,944,115
Member Interest Paid on Refunds - 2017	-	-	-	-	-	-	(4,624,262)	(4,624,262)
Member Interest payable (2017 at 10.50%)	191,243,858	-	-	-	-	-	(191,243,858)	-
Transfers to Profit Equalization Reserve	-	-	-	7,000,000	-	-	(7,000,000)	-
Balance as at 31st December 2017	2,020,782,471	3,157,000	350,000	30,850,000	6,650,000	4,241,946	268,002	2,066,299,419



EMPLOYEES' PROVIDENT FUND NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

1.1 Reporting Entity

The Employees' Provident Fund ("EPF" or "the Fund") is a mandatory defined contributory retirement scheme for the private and semi government sector employees in Sri Lanka established under the EPF Act No.15 of 1958. The Commissioner of Labour acts as the general administrator of the Fund while the Monetary Board of the Central Bank of Sri Lanka is entrusted with the powers, duties and responsibilities to act as the custodian of the Fund. The Employees Provident Fund Department of the Central Bank of Sri Lanka facilitates the Monetary Board in discharging its powers, duties and functions entrusted to it by the Act.

2. Basis of Accounting

2.1 Statement of Compliance

The financial statements of the Fund have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs & LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the EPF Act No. 15 of 1958.

In terms of the Section 5(1) (h) and (i) of EPF Act No.15 of 1958, the Monetary Board is required to maintain a general account in respect of the Fund and prepare the following financial statements annually.

- a. Statement of Income and Expenditure,
- b. Statement of Assets and Liabilities,
- c. Statement of Receipts and Payments, and
- d. Statement of Investments, showing the face value, purchase price and market value of each type of investment.

2.2 Responsibility for Financial Statements

The Monetary Board of Central Bank of Sri Lanka is responsible for the preparation and presentation of the Financial Statements of the Fund as per the provisions of the EPF Act No. 15 of 1958.



2.3 Approval of Financial Statements by the Monetary Board

The Financial Statements for the year ended 31st December 2017, were authorised for issue by the Board of Directors on 09th February 2018.

2.4 Basis of Preparation

The Financial Statements have been prepared on the historical cost basis, except for financial assets that have been measured at fair value as identified in specific accounting policies below.

2.5 Functional and Presentation Currency

The Financial Statements of the Fund are presented in Sri Lankan Rupees, which is the functional and presentation currency of the Fund.

2.6 Use of Materiality, Offsetting and Rounding

Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or functions are presented separately unless they are immaterial.

Offsetting

Assets and liabilities and income and expenses in the Financial Statements are not set off unless required or permitted by Sri Lanka Accounting Standards.

Rounding

The amounts in the Financial Statements have been rounded off to the nearest Rupees thousands, except where otherwise indicated.

2.7 Use of Judgments, Estimates and Assumptions

In preparing these Financial Statements of the Fund, the Monetary Board has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised prospectively.



The Management considered the following items, where significant judgments, estimates and assumptions have been used in preparing these Financial Statements.

Going concern

The Management has made an assessment of Fund's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Therefore, the Financial Statements of the Fund continued to be prepared on a going concern basis.

In addition to that specific accounting judgments, estimations and assumptions were used in following disclosures.

- Valuation of Financial Instruments
- The impairment of assets
- Depreciation of Property, Plant and Equipment
- Provision for liabilities

2.8 Events Occurring after the Reporting Period and Contingent Liabilities

All material events occurring after the Reporting Date has been considered when preparing the financial statements. Provisions and relevant disclosures have been made for all known liabilities.

3. Significant Accounting Policies

3.1 Recognition of Income and Expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and revenue can be reliably measured. Expenses are recognised in the Statement of Income and Expenditure on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in managing the Fund by both the EPF Department of the Central Bank and the EPF Section of the Department of Labour has been charged to the Fund as its expenditure.

3.1.1 Interest Income

Interest income is recognised in the Statement of Income and Expenditure for all interest bearing financial instruments on an accrual basis using the effective interest method based on actual purchase price less impairment losses. Interest income consists of coupon interest income and gain or loss on amortisation of discount or premium of the financial instruments. Amortisation gain or loss of long dated securities are separately disclosed in the income statement.



3.1.2 Dividends

Dividend income is recognised when the Fund's right to receive the payment is established. Dividend income is presented net of any non-recoverable Withholding Taxes (WHT).

3.1.3 Gain on Sale of Financial Investments Held for Trading

Gain on Sale of Financial Investments Held for Trading comprises realised trading gains on disposal of government securities, quoted shares and listed debentures, and are presented in direct income as sale of financial investments at fair value through profit or loss in the Statement of Income and Expenditure.

3.1.4 Gain on Disposal of Financial Investments Available for Sale

Gain on Disposal of Financial Investments Available for Sale comprises realised capital gain on disposal of investment in equity securities classified as available for sale, is presented in direct income as sale of financial investments available for sale in the Statement of Income and Expenditure.

3.1.5 Gain on Fair Valuation of Financial Investments Held for Trading

Fair Valuation changes on Financial Investments Held for Trading comprises unrealised gains on fair valuation (marked to market valuation) of government securities, quoted shares and listed debentures, are presented in profit or loss as gain on fair valuation of Financial Investments Held for Trading in the Statement of Income and Expenditure.

3.1.6 Personnel Expenses

Personnel expenses include all staff related expenses incurred by both the EPF Department of the Central Bank and the EPF Section of the Department of Labour. The Fund does not maintain separate pension fund or other post employee benefit plans.

3.1.7 Income Tax

The income tax is calculated to the extent of the tax payable on investment income and other income. Income tax liability of the Fund is 10% of the assessable income. There is no liability on capital gains earned on Treasury bills, Treasury bonds and shares, since they are exempted from tax as per the Inland Revenue Act.

Since EPF changed its accounting policy (w.e.f. 01.09.2006) to value the Treasury bonds and bills portfolio at after tax weighted average cost (WAC) and to amortise subsequently, the amortisation gain was recorded net of tax.



Accordingly, the proportion of WHT applicable for the income earned on Treasury bonds and bills for the year is added back to the amortisation gain account in order to give a fair view about the amortisation gain and the income tax expenditure.

3.2 Assets

3.2.1 Financial Instruments – Initial Recognition, classification and subsequent measurement

3.2.1.1 Date of Recognition

Financial assets are recognised when, and only when the Fund becomes a party to the contractual provision of a financial instrument.

3.2.1.2 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their purpose, characteristics and the Management's intention in acquiring them.

All financial instruments are measured initially at their fair value plus transaction costs that are directly attributable to acquisition or issue of such financial instrument, except in the case of financial assets and financial liabilities at fair value through profit or loss as per the Sri Lanka Accounting Standard – LKAS 39 on 'Financial Instruments: Recognition and Measurement'. Transaction cost in relation to financial assets and financial liabilities at fair value through profit or loss are dealt with the Statement of Income and Expenditure.

3.2.1.3 'Day 1' Profit or Loss

The Fund considers that the transaction price for the instrument, provides better evidence of the fair value of the instrument than its own estimate of fair value, unless it is evidenced as contradictory. If the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Fund recognizes the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Gain or Loss from unrealized price revaluations'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the profit or loss when the inputs become observable, or when the instrument is derecognized.

3.2.1.4 Classification and Subsequent Measurement of Financial Assets

The Fund classifies financial assets into one of the following categories:

- (i) Financial assets at fair value through profit or loss

The category of financial assets and liabilities at FVTPL is sub-divided into:



- *Financial assets and liabilities held for trading:* financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equities, debentures and other interest-bearing investments. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Initial Measurement of Financial Instruments

- *Financial instruments designated as at FVTPL upon initial recognition:* These financial assets and liabilities are designated upon initial recognition on the basis that they are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's offering document.

FVTPL securities are subsequently valued at fair value as indicated by market values. Changes in market value are recognised as an increase or decrease in the value of the securities while resulting net gains and losses are recognised in the Statement of Income and Expenditure.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Fund does not intend to sell immediately or in the near term. Securities purchased under agreement to re-sell (Reverse Repos), are classified as loans and receivables. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Gains and loss are recognised in the Statement of Income and Expenditure.

(iii) Held-to-Maturity Financial Assets (HTM)

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Fund has the positive intent and ability to hold to maturity, and which were not designated as at fair value through profit or loss or as available-for-sale.

HTM investments are subsequently measured at amortised cost using the effective interest rate method, less any impairment. Premium and discount arising on the purchase of HTM investments are included in the calculation of their effective interest rates. Gains and loss are recognised in the Statement of Income and Expenditure when HTM investments are derecognised or impaired.



A sale or reclassification of more than an insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Fund from classifying investment securities as held to maturity for the current and the following two financial years.

(iv) Available-for -Sale Financial Assets (AFS)

'Available-for-sale investments' are non-derivative investments that are designated as available- for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise Government securities, equity securities and debt securities. AFS assets are continued to be measured at fair value in the Statement of Financial Position. Fair value changes in AFS assets are recognised under Other

Comprehensive Income and accumulated to members' wealth, through the Revaluation Reserve until AFS assets are either sold or become impaired. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Fund becomes entitled to the dividend. Impairment losses are recognised in profit or loss. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

3.2.1.5 Impairment of Financial Assets

At each reporting date, an assessment is made of whether there is any objective evidence of impairment in the value of a financial asset. Impairment losses are recognised if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Objective evidence of impairment of securities may include specific information about the issuer such as a significant financial difficulty of the issuer, a breach of contract such as a default, bankruptcy or other financial distress, but may also include information about significant changes in the market condition that provides evidence that the cost of the securities may not be recovered. A significant or prolonged decline in the fair value of the asset below its cost is also objective evidence of impairment. In assessing whether it is significant, the decline in fair value is evaluated against the original cost of the asset at initial recognition. In assessing whether it is prolonged, the decline is evaluated against the period in which the fair value of the asset has been below its original cost at initial recognition.



3.2.1.6 De-recognition of Financial Assets

Financial assets are de-recognised when the contractual right to receive cash flows from the assets has expired; or when the Fund has transferred its contractual right to receive the cash flows of the financial assets, and either:

- Substantially all the risks and rewards of ownership have been transferred; or
- The Fund has neither retained nor transferred substantially all the risks and rewards, but has not retained control.

A financial liability is derecognised when the obligation under the liability is discharged, canceled or expires.

3.2.1.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.2.2 Property, Plant and Equipment (PPE)

Recognition

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

Measurement

All property, plant and equipment are initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs (as explained under 'subsequent costs'). Purchased software which is integral to the functionality of the related equipment is capitalised as part of that equipment.

Cost model

Property, plant and equipment, is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When an asset's carrying value is higher than its estimated recoverable amount, the carrying value is written down to its recoverable amount (Please refer Note 3.2.6 - Impairment of non-financial assets).

Subsequent costs

When significant parts of a property, plant and equipment are required to be replaced at regular intervals, the Fund derecognises the replaced part, and recognises the new part with



its own associated useful life and depreciates accordingly. Ongoing repair and maintenance costs are charged to profit or loss as incurred.

Derecognition

An item of property, plant and equipment is derecognised upon disposal, replacement or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in Profit or Loss in the period the asset is derecognised.

Depreciation

Depreciation is based on straight-line method over the estimated useful lives of the asset. Depreciation of an asset begins from the date it is available for use or in respect of self-constructed assets from the date that the asset is completed and ready for use. Depreciation ceases at the earlier of the date that the asset is classified as held for sale or the date that the asset is derecognised.

The estimated rates of depreciation of assets are follows;

Asset Class	Rate of Depreciation
Buildings	02%
Plant and Machinery	25%
Office Equipment	25%
Furniture & Fittings	10%
Motor Vehicles	20%
Computer Equipment	25%
(50% for the assets acquired before 31 st December 2016)	
Other	20%

Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted if appropriate.

3.2.3 Intangible Assets

Computer software not integral to computer hardware are shown as intangible assets and recognised at cost. Subsequent to the initial recognition, they are carried at cost less any accumulated amortisation based on useful life of three years (two years for the software acquired before 31st December 2016).



3.2.4 Inventories

Inventories are carried at weighted average cost. Allowance is made for slow moving inventories.

3.2.5 Receivables

Receivables are carried at expected realisable value after making provision for impairment. All receivables are assessed for specific impairment by considering objective evidences.

3.2.6 Impairment of Non- Financial Assets

The Fund assesses at the end of each financial period if events or changes in circumstances indicate that there is an indication that a non- financial asset may be impaired. If such indication exists, the Fund makes an estimated recoverable amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

3.3 Liabilities

3.3.1 Unclaimed Benefits

EPF benefits which are duly refunded to the members or the beneficiaries, but returned for various reasons as well as the Retained Benefit over one year are credited to the Unclaimed Benefits Account until they are re-claimed.

3.3.2 Retained Benefits

EPF benefits, retained on the instructions of the Commissioner of Labour are shown as Retained Benefits until instructions are received to release them. Such benefits are not retained for more than one accounting period in this account and transfer to unclaimed benefit Account.

3.3.3 Under Payments & Over Payments (Refunds)

The balance shown in the Under Payments & Over Payments (Refunds) Account represents payment of benefits to be made as part payments.

3.3.4 Under Payments & Over Payments (Contribution)

The balance shown in the Under Payments & Over Payments (Contribution) Account represents receipts of contribution.



3.3.5 Provisions

Provisions are recognised when the Fund has an obligation at present (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 reliable estimate can be made of the amount of the obligation.

3.3.6 De-recognition of Liabilities

Liabilities are de-recognised when they are extinguished, that is when the obligation is discharged, canceled, or expires.

3.4 *Income Statement*

EPF prepares its Income Statement using two separate statements i.e. Statement of Income & Expenditure and Statement of Comprehensive Income to show comprehensive income and other comprehensive income.

3.5 *Statement of Cash Flows*

The Statement of Cash Flows has been prepared using the “direct method” of preparing cash flows in accordance with the Sri Lanka Accounting Standard “LKAS 07- Statement of Cash Flows”. Cash and cash equivalents comprise short term, highly- liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

3.6 *Receipts and Payments Account*

Statement of Receipts and Payments represents all receipts received in the form of cash during the year and payments made in cash during the year

3.7 *Comparative Information*

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

4. *New Standards issued but not yet effective as at Reporting Date*

A number of new standards and amendments to standards, which have been issued but not yet effective as at the Reporting date, have not been applied in preparing these Financial Statements. Accordingly, the following Accounting Standards have not been applied in



preparing these Financial Statements and the Fund plans to apply these standards on the respective effective dates.

The following standard is expected to have a material impact on the Fund's financial statements in the period of initial application.

4.1 SLFRS 09 “Financial Instruments”

Summary of Requirements

The Fund is required to adopt SLFRS 09: Financial Instruments from 1 January 2018. SLFRS 09 Financial Instruments sets out requirements for recognizing and measuring financial assets and financial liabilities. This standard replaces LKAS 39 Financial Instruments: Recognition and Measurement.

Possible impact on Financial Statements

Classification - Financial Assets

SLFRS 09 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

SLFRS 09 contains 03 principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. Accordingly, the existing financial instruments categories of FVTPL, Available for Sale, Held to Maturity and Loans and Receivables will be reclassified in accordance with SLFRS 09 with effect from 01 January 2018.

Impairment - Financial Assets

IFRS 09 replaces the ‘incurred loss’ model in LKAS 39 with a forward looking ‘expected credit loss’ model. This will require considerable judgement about how changes in economic factors affect ECL’s, which will be determined on a probability – weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under SLFRS 09, loss allowance will be measured on either of the following bases:

- 12 - month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and



- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12 – month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.

The Fund is assessing the potential impact on its Financial Statements resulting from the application of above provisions in SLFRS 09 and make necessary adjustment to the 2018 Financial Statements.



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

5. Interest Income

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest on Treasury Bonds	175,651,042	-	175,651,042	161,254,869
Interest on Treasury Bills	4,622,562	-	4,622,562	443,163
Interest on Corporate Debt Securities - Listed	3,135,110	-	3,135,110	2,157,178
Interest on Corporate Debt Securities - Unlisted	672,494	-	672,494	601,194
Interest on Trust Certificates	338,669	-	338,669	290,568
Interest on Reverse Repos	332,128	-	332,128	738,445
Interest on Fixed Deposits	3,594,047	-	3,594,047	-
	188,346,052	-	188,346,052	165,485,417

6. Dividend Income

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend from Equity Securities - Quoted	2,858,597	-	2,858,597	2,103,787
Dividend from Equity Securities - Unquoted	4,894	-	4,894	2,028,722
Dividend from Unlisted Preference Shares	130,100	-	130,100	130,100
	2,993,591	-	2,993,591	4,262,609

7. Realised Capital Gain/ (Loss) on Financial Assets

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gain on dealing of T Bonds - AFS	-	-	-	13,811
Gain on dealing of T Bonds -HTM	-	-	-	598,028
Loss on dealing of Shares - FVTP	-	-	-	(9,248)
Gain on dealing of Shares - AFS	5	-	5	461,374
	5	-	5	1,063,965

8. Amortisation Gain on Held to Maturity Financial Assets

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Treasury Bonds	31,289,320	-	31,289,320	28,170,934
Quoted Debt Securities-Listed	(41)	-	(41)	(41)
	31,289,279	-	31,289,279	28,170,893



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

9. Net Gain/(Loss) on Financial Instruments at Fair Value Through Profit or Loss

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Quoted Equity Securities	(163,352)	-	(163,352)	(257,733)
Government Securities - Treasury Bonds	1,640,202	-	1,640,202	(584,381)
	1,476,850	-	1,476,850	(842,114)

10. Impairment of Financial Assets

<i>For the year ended 31st December</i>	2017 Rs.'000	2016 Rs.'000
Quoted Equity Securities		
Ceylon Grain Elevators PLC	136,439	-
Browns & Co PLC	203,967	-
Galadari Hotels (Lanka) PLC	59,280	-
Mackwoods Energy PLC	4,000	-
Taj Lanka Hotels PLC	224,476	-
Ceylon Guardian Investment PLC	282,448	-
Ceylon Hotel Corporation PLC	377,693	-
Hayleys Fabrics PLC	8,511	130,481
Bukith Darah PLC	198,369	1,508,810
The Finance Company PLC	7,128	53,602
Colombo Dockyard PLC	-	1,868,729
Raigam Wayamba Salterns PLC	-	64,375
Carson Cumberbatch PLC	-	1,625,639
	1,502,111	5,231,637

11. Other Income

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Surcharges	576,689	-	576,689	156,361
Fee Income	40	-	40	-
Other Income	1,178	10,911	12,089	5,902
	577,907	10,911	588,818	162,263



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

12. Operating Expenses

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Personnel Expenses	459,475	387,855	847,330	861,149
Administration Expenses	296,387	157,661	454,048	402,786
Other Expenses	37,027	10,267	47,294	223,305
	792,889	555,783	1,348,672	1,487,240

13. Tax Expense

<i>For the year ended 31st December</i>	2017 Rs.'000	2016 Rs.'000
Amortized WHT on T bonds	18,540,943	15,319,213
Income Tax	550,121	337,978
Over provision in respect of Y/A 2016/17	(194,013)	-
	18,897,051	15,657,191

Current tax has been computed in accordance with the provisions of Inland Revenue Act No. 10 of 2006 and amendments thereto.

The Fund is liable to income tax at 10%.

14. Net Gain/ (Loss) on Changes in Fair Value of Available-for-Sale Financial Assets

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Gain/ (Loss) on Listed Equity	119,638	-	119,638	(3,364,340)
Gain/ (Loss) on T Bonds	6,370,376	-	6,370,376	(5,089,100)
Gain/ (Loss) on T Bills	(354,277)	-	(354,277)	391,116
Loss on Debentures	(102,090)	-	(102,090)	(118,409)
	6,033,647	-	6,033,647	(8,180,733)



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

15 Property, Plant and Equipment

15.1 Total - 2017

	Computer Equipment Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Motor Vehicles Rs.'000	Other Rs.'000	Total Rs.'000
Cost						
As at 01 st January 2017	496,506	95,853	383,713	100,396	6,315	1,082,783
Additions during the year	40,574	3,321	13,474	3,172	91	60,632
Disposals During the year	-	-	-	-	-	-
As at 31st December 2017	537,080	99,174	397,187	103,568	6,406	1,143,415
Accumulated Depreciation						
As at 01 st January 2017	449,452	62,947	232,444	58,491	2,774	806,108
Charge for the year	8,239	8,573	19,315	1,804	704	38,635
Disposals During the year	-	-	-	-	-	-
As at 31st December 2017	457,691	71,520	251,759	60,295	3,478	844,743
Net Book Value						
As at 31 st December 2017	79,389	27,654	145,428	43,273	2,928	298,672
As at 31 st December 2016	47,054	32,906	151,269	41,905	3,541	276,675

Total - 2016

	Computer Equipment Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Motor Vehicles Rs.'000	Other Rs.'000	Total Rs.'000
Cost						
As at 01 st January 2016	497,431	91,388	351,196	100,396	3,551	1,043,962
Additions during the year	4,378	4,465	27,214	-	2,764	38,821
Disposals During the year	-	-	-	-	-	-
Transfers/ Adjustments	(5,303)	-	5,303	-	-	-
As at 31st December 2016	496,506	95,853	383,713	100,396	6,315	1,082,783
Accumulated Depreciation						
As at 01 st January 2016	439,791	54,695	216,117	56,870	2,541	770,014
Charge for the year	13,802	8,252	12,186	1,621	233	36,094
Disposals During the year	-	-	-	-	-	-
Transfers/ Adjustments	(4,141)	-	4,141	-	-	-
As at 31st December 2016	449,452	62,947	232,444	58,491	2,774	806,108
Net Book Value						
As at 31 st December 2016	47,054	32,906	151,269	41,905	3,541	276,675
As at 31 st December 2015	57,640	36,693	135,079	43,526	1,010	273,948



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Property, Plant & Equipment (Contd...)
15.2.2016

	Computer Equipment		Office Furniture and Fittings		Office Equipment		Motor Vehicles		Other		Total	
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Monetary Board Rs.'000	Labour Dept. Rs.'000	Monetary Board Rs.'000	Labour Dept. Rs.'000	Monetary Board Rs.'000	Labour Dept. Rs.'000	Monetary Board Rs.'000	Labour Dept. Rs.'000	Monetary Board Rs.'000	Labour Dept. Rs.'000
Cost												
As at 01 st January 2016	108,161	589,270	45,933	45,455	13,396	337,800	-	100,396	3,199	352	170,689	873,273
Additions during the year	168	4,210	79	4,386	3,048	24,166	-	-	2,764	-	6,059	32,762
Disposals During the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfers / adjustments	-	(5,303)	-	-	-	5,303	-	-	-	-	-	-
As at 31st December 2016	108,529	588,177	46,012	49,841	16,444	367,269	-	100,396	5,963	352	176,748	906,035
Accumulated Depreciation												
As at 01 st January 2016	100,197	539,594	20,503	34,192	10,713	205,404	-	56,870	2,189	352	153,602	636,412
Charge for the year	5,516	8,286	3,595	4,657	1,424	10,762	-	1,621	233	-	10,768	25,326
Disposals During the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfers / Adjustments	-	(4,141)	-	-	-	4,141	-	-	-	-	-	-
As at 31st December 2016	105,713	543,738	24,098	38,849	12,137	220,307	-	58,491	2,422	352	144,370	661,738
NBV as at 31st December 2016	2,616	44,438	21,914	10,992	4,307	146,963	-	41,905	3,541	-	32,378	244,297
NBV as at 31st December 2015	7,964	49,676	25,450	11,263	2,683	152,596	-	43,526	1,010	-	37,087	236,861



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

16. Intangible Assets

Computer Software	2017 Rs.'000	2016 Rs.'000
Cost		
As at 01 st January	33,561	32,796
Acquisitions during the Year	305	765
As 31st December	33,866	33,561
Amortisation		
As at 01 st January	32,300	31,932
Amortisation during the period	429	368
As 31st December	32,729	32,300
Net book value		
As at 01 st January	1,261	864
As 31st December	1,137	1,261

17. Financial Assets - Fair Value Through Profit or Loss

<i>As at 31st December</i>	2017			2016		
Financial assets held for trading	Face Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Face Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000
Investments in equity securities						
Quoted Equity Securities (Note 17.1)	-	2,982,561	2,451,743	-	2,982,561	2,615,095
	-	2,982,561	2,451,743	-	2,982,561	2,615,095
Investments in Government Securities						
Treasury Bonds (Note 17.2)	12,545,000	12,233,851	13,133,108	12,545,000	12,233,851	11,492,906
	12,545,000	12,233,851	13,133,108	12,545,000	12,233,851	11,492,906
Investments in debt securities						
Corporate Debentures (Note 17.3)	114,500	114,500	114,500	114,500	114,500	114,500
	114,500	114,500	114,500	114,500	114,500	114,500
Total financial assets Held for Trading	12,659,500	15,330,912	15,699,351	12,659,500	15,330,912	14,222,501
Financial assets designated at FVTPL	-	-	-	-	-	-
Total Financial assets at FVTPL	12,659,500	15,330,912	15,699,351	12,659,500	15,330,912	14,222,501



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

17.1 Investments in equity securities - Quoted

As at 31 st December	2017		2016	
	Cost Rs.'000	Market Value Rs.'000	Cost Rs.'000	Market Value Rs.'000
Access Engineering PLC	102,915	110,330	102,915	116,433
ACL Cables PLC	22,978	17,264	22,978	24,634
ACL Plastics PLC	19,893	18,368	19,893	33,674
Aitken Spence PLC	280,028	173,129	280,028	206,106
Aitken Spence Hotel Holdings PLC	164,977	83,735	164,977	122,338
Asian Hotels & Properties PLC	96,297	100,719	96,297	108,731
Balangoda Plantations PLC	40,338	40,803	40,338	16,483
Bogawantalawa Tea Estates PLC	1,463	1,389	1,463	793
Brown & Company PLC	25,399	17,558	25,399	24,855
Browns Capital PLC	524	336	524	115
Browns Investment PLC - Voting	3,690	5,415	3,690	2,916
Bukith Darah PLC	2,614	766	2,614	1,019
C W Mackie PLC	12,644	6,428	12,644	7,644
Cargills (Ceylon) PLC	2,274	2,889	2,274	2,809
Carson Cumberbatch PLC	13,160	5,336	13,160	5,288
Central Finance Company PLC	74,401	59,854	74,401	64,847
Ceylon Guardian Investment Trust PLC	40,108	19,477	40,108	24,174
Ceylon Hospitals PLC - Voting	106,534	89,390	106,534	94,128
Ceylon Tea Services PLC	23,494	17,724	23,494	19,673
Ceylon Theatres PLC	6,507	8,184	6,507	5,693
Chemanex PLC	1,454	1,199	1,454	1,588
CIC Holdings PLC - Non Voting	29,552	16,179	29,552	23,211
CIC Holdings PLC - Voting	119,043	69,124	119,043	101,902
Dialog Axiata PLC	505	625	505	505
Diesel & Motor Engineering PLC	88,707	61,388	88,707	72,789
Dipped Products PLC	65,128	49,544	65,128	50,593
Expolanka Holdings PLC - Voting	8,421	5,122	8,421	6,089
Hayleys PLC	214,119	172,987	214,119	193,803
John Keells Holdings PLC	726,143	729,397	726,143	712,206
Kegalle Plantations PLC	24,734	8,561	24,734	5,932
Kelani Tyres PLC	1,021	613	1,021	896
Lanka IOC PLC	139	124	139	141
Lankem Ceylon PLC	4,349	1,200	4,349	1,800
Mackwoods Energy PLC	15,760	4,576	15,760	6,863
Malwatte Valley Plantations PLC	8,783	8,712	8,783	2,297
Malwatte Valley Plantations PLC - Non Voting	3,101	3,356	3,101	969
Palm Garden Hotel PLC	54,109	7,010	54,109	7,601
People's Leasing & Finance PLC	266,478	251,205	266,478	254,160
Raigam Wayamba Salterns PLC	32,991	22,767	32,991	19,798
Royal Ceremics Lanka PLC	150,233	157,542	150,233	158,918
Seylan Developments PLC	1,416	1,360	1,416	1,440
Sri Lanka Telecom PLC	39,003	33,049	39,003	41,746
Taj Lanka Hotels PLC	2,896	1,692	2,896	2,681
Tangerine Beach Hotels PLC	2,338	1,976	2,338	2,276
Tea Smallholder Factories PLC	440	320	440	192
Tokyo Cement Company(Lanka) PLC - Non-Voting	6,138	11,310	6,138	8,227
Vallibel One PLC	75,322	51,691	75,322	54,319
	2,982,561	2,451,743	2,982,561	2,615,095

Values of the investments in equity securities - quoted : are based on the volume weighted average prices as at 31st December, published by the Colombo Stock Exchange.



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

17.2 Treasury Bonds

As at 31 st December	Year of Maturity	2017			2016		
		Face Value Rs.'000	Purchase Cost Rs.'000	Market Value Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Market Value Rs.'000
Government of Sri Lanka Treasury Bonds	2018	500,000	462,418	496,128	500,000	462,418	471,776
	2020	500,000	460,526	497,129	500,000	460,526	464,199
	2022	1,000,000	912,332	1,002,731	1,000,000	912,332	909,385
	2024	1,745,000	1,795,866	1,850,766	1,745,000	1,795,866	1,665,763
	2026	3,000,000	2,707,869	3,150,384	3,000,000	2,707,869	2,760,027
	2028	3,250,000	3,133,630	3,377,117	3,250,000	3,133,630	2,891,210
	2029	350,000	398,411	410,606	350,000	398,411	352,367
	2030	350,000	394,105	364,510	350,000	394,105	310,918
	2035	1,850,000	1,968,694	1,983,737	1,850,000	1,968,694	1,667,261
			12,545,000	12,233,851	13,133,108	12,545,000	12,233,851

The fair values of the Government Securities are based on the average quotes published as at 31st December by the Central Bank of Sri Lanka

17.3 Corporate Debentures

As at 31 st December	Year of Maturity	2017			2016		
		Face Value Rs.'000	Purchase Cost Rs.'000	Market Value Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Market Value Rs.'000
Nawaloka Hospitals PLC	2018	114,500	114,500	114,500	114,500	114,500	114,500
		114,500	114,500	114,500	114,500	114,500	114,500

The fair values of the Corporate Debentures - listed : are based on the average prices as at 31st December, published by the Colombo Stock Exchange.

18 Financial Assets - Available for Sale

As at 31 st December	2017			2016		
	Face Value Rs.'000	Purchase Cost Rs.'000	Market Value Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Market Value Rs.'000
Investments in equity securities						
Quoted (Note 18.1.1)	-	75,687,840	71,590,364	-	72,181,800	67,964,684
Unquoted (Note 18.1.2)	-	10,770,625	10,270,625	-	10,770,625	10,270,625
	-	86,458,465	81,860,989	-	82,952,425	78,235,309
Investments in Government Securities						
Treasury Bonds (Note 18.2.1)	47,074,818	49,887,914	49,005,109	47,124,818	49,933,888	42,680,707
Treasury Bills (Note 18.2.2)	5,550,000	5,014,547	5,416,614	41,056,824	37,980,948	38,815,227
	52,624,818	54,902,461	54,421,723	88,181,642	87,914,836	81,495,934
Investments in debt securities						
Corporate Debenture (Note 18.3.1)	-	2,771,515	2,665,074	-	2,825,530	2,821,179
	-	2,771,515	2,665,074	-	2,825,530	2,821,179
Total investments in AFS Financial Assets	52,624,818	144,132,441	138,947,786	88,181,642	173,692,791	162,552,422



EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

18.1 Investments in equity securities

18.1.1 Quoted Equity Securities

As at 31 st December	2017		2016	
	Cost	Market Value	Cost	Market Value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ACL Cables PLC	132,536	233,211	132,536	332,766
Access Engineering PLC	345,820	370,910	345,820	391,428
Aitken Spence PLC	1,717,108	951,159	1,717,108	1,132,308
Aitken Spence Hotel Holdings PLC	1,545,230	845,563	1,545,230	1,235,381
Amaya Leisure PLC	340,028	256,007	340,028	326,871
Asian Hotels & Properties PLC	3,177,485	2,288,470	3,177,485	2,470,507
Asiri Surgical Hospital PLC	1,681	2,496	1,681	2,568
Bairaha Farms PLC_Voting Shares	5,274	5,227	5,274	6,440
Browns & Company PLC	1,774,160	469,923	1,774,160	559,908
Bukith Darah PLC	2,307,996	600,816	2,307,996	799,185
CIC Holdings PLC - Non Voting	192,174	115,518	192,174	165,722
CIC Holdings PLC Voting	575,257	340,353	575,257	501,746
Cargills (Ceylon) PLC	1,369,726	1,467,659	1,369,726	1,427,278
Carson Cumberbatch PLC	2,594,080	980,700	2,594,080	968,441
Central Finance Company PLC	2,571,171	2,088,938	2,571,171	2,263,205
Pyramal Glass Ceylon PLC	541,434	523,839	541,434	478,681
Ceylon Grain Elevators PLC	1,005,585	353,671	1,005,585	443,560
Ceylon Guardian Investment PLC	515,379	232,932	515,379	289,109
Ceylon Hospitals PLC (NV)	25,411	75,380	25,411	80,229
Ceylon Hotels Corporation PLC	711,243	333,550	711,243	416,932
Ceylon Tea Services PLC	1,059,144	850,049	1,059,144	943,555
Ceylon Theatres PLC	1,080,051	1,249,686	1,080,051	869,226
Chevron Lubricant Lanka PLC	49,564	120,894	49,564	159,600
Colombo Dockyard PLC	2,791,809	1,039,345	2,791,809	923,079
Commercial Bank of Ceylon PLC	9,067,069	12,213,035	7,992,963	11,707,464
DFCC Bank PLC	3,395,968	2,992,513	3,395,968	2,985,202
Diesel & Motor Engineering PLC	1,536,983	803,589	1,536,983	952,827
Dialog Axiata PLC	1,742,038	2,349,608	1,742,038	1,897,760
Dipped Products PLC	801,551	599,625	801,551	612,323
Galadari Hotels (Lanka) PLC	810,322	189,698	810,322	253,721
Hatton National bank PLC	6,470,836	9,526,634	5,166,481	7,279,368
Haycarb PLC	238,460	209,091	238,460	212,635
Hayleys PLC	882,453	737,178	882,453	825,884
Hayleys Fabrics PLC	213,592	74,800	213,592	83,111
John Keells Holdings PLC	871,807	779,262	871,807	759,630
John Keells Hotels PLC	1,166,289	690,575	1,166,289	855,372
Kelani Tyres PLC	97,614	68,376	97,614	99,946
Lanka IOC PLC	76,299	65,580	76,299	74,245
Lanka Orix Leasing Company PLC	1,611,013	1,747,478	1,611,013	1,100,714
Lanka Tiles PLC	406,130	571,356	406,130	476,461
Laugfs Gas PLC - Non Voting	706,344	360,826	706,344	593,559



EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

18.1.1 Quoted Equity Securities (Contd...)

As at 31 st December	2017		2016	
	Cost Rs.'000	Market Value Rs.'000	Cost Rs.'000	Market Value Rs.'000
Laugfs Gas PLC - Voting	2,684,120	1,360,598	2,684,120	1,927,997
Lighthouse Hotel PLC	309,422	206,951	309,422	270,003
Mackwoods Energy PLC	19,999	3,143	19,999	4,143
National Development Bank PLC	1,523,238	2,267,088	1,429,995	2,497,599
Nations Trust Bank PLC	8,080	9,469	8,080	9,821
Nawaloka Hospitals PLC	21,565	28,457	21,565	27,839
Nestle Lanka PLC	21,687	162,600	21,687	200,190
People's Leasing & Finance PLC	1,237,421	1,206,526	1,237,421	1,220,720
Raigam Wayamba Salterns PLC	120,691	64,763	120,691	56,316
Richard Pieris & Company PLC	1,647,208	2,208,694	1,647,208	1,359,196
Royal Ceremics Lanka PLC	1,483,645	1,591,788	1,483,645	1,605,690
Sampath Bank PLC	3,574,785	6,858,913	2,593,828	4,595,958
Seylan Bank PLC - Non Voting	339,635	522,258	321,383	531,796
Seylan Bank PLC	1,154,033	1,543,915	1,118,906	1,561,230
Sierra Cables PLC	33	22	33	29
Softlogic Holdings PLC	133,137	90,381	133,137	93,997
Sri Lanka Telecom PLC	818,616	688,688	818,616	869,922
Taj Lanka Hotels PLC	341,046	116,570	341,046	184,535
Tangerine Beach Hotels PLC	145,320	82,757	145,320	95,330
The Finance Company PLC	205,490	26,474	205,490	33,602
The Kingsbury PLC	555,502	345,059	555,502	388,511
Tokyo Cement Company (Lanka) PLC -NV	128,512	321,658	128,512	233,974
Trans Asia Hotels PLC	263,155	382,362	263,155	403,843
Vallibel One PLC	2,427,386	1,745,730	2,427,386	1,834,496
	75,687,840	71,590,364	72,181,800	67,964,684

The fair values of the investments in quoted equity securities are based on the volume weighted average prices as at 31st December, published by the Colombo Stock Exchange.

18.1.2 Unquoted Equity Securities

As at 31 st December	2017		2016	
	Cost Rs.'000	Book Value Rs.'000	Cost Rs.'000	Book Value Rs.'000
Canwill Holdings (Pvt) Ltd.	5,000,000	5,000,000	5,000,000	5,000,000
Cargills Bank Limited	495,000	495,000	495,000	495,000
Fitch Ratings Lanka Limited	625	625	625	625
Jetwing Symphony Limited	390,000	390,000	390,000	390,000
Sri Lankan Airlines	500,000	0.1	500,000	0.1
Sri Lankan Catering Limited	1,005,000	1,005,000	1,005,000	1,005,000
Weligama Hotel Properties (Pvt) Ltd	405,000	405,000	405,000	405,000
West Coast Power (Pvt) Ltd	2,975,000	2,975,000	2,975,000	2,975,000
	10,770,625	10,270,625	10,770,625	10,270,625

Investments in unquoted equity securities are carried at their cost less impairment if any, as information are not available to reliably estimate the market value of these investments.



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

18.2 Investments in Government Securities

18.2.1 Treasury Bonds

As at 31 st December	Year of Maturity	2017			2016		
		Face Value	Purchase Cost	Market Value	Face Value	Purchase Cost	Market Value
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Government of Sri Lanka Treasury Bonds	2017	-	-	-	50,000	45,974	49,547
	2018	1,700,000	1,487,288	1,688,142	1,700,000	1,487,288	1,607,675
	2020	76,000	63,837	70,083	76,000	63,837	63,425
	2021	1,605,000	1,700,640	1,632,946	1,605,000	1,700,640	1,510,529
	2022	2,125,000	2,454,386	2,222,162	2,125,000	2,454,386	2,035,452
	2023	1,650,000	1,681,093	1,652,214	1,650,000	1,681,093	1,477,231
	2024	2,650,000	3,107,342	2,810,619	2,650,000	3,107,342	2,529,669
	2025	14,600,000	15,527,580	14,777,706	14,600,000	15,527,580	13,023,101
	2026	403,818	401,763	401,453	403,818	401,763	347,648
	2028	2,100,000	2,366,429	2,263,995	2,100,000	2,366,429	1,944,995
	2029	193,000	248,028	226,362	193,000	248,028	195,319
	2030	4,750,000	4,905,821	4,946,916	4,750,000	4,905,821	4,219,601
	2032	779,000	544,616	643,529	779,000	544,616	524,000
	2035	11,723,000	12,217,288	12,570,456	11,723,000	12,217,288	10,565,025
	2045	2,720,000	3,181,803	3,098,526	2,720,000	3,181,803	2,587,490
		47,074,818	49,887,914	49,005,109	47,124,818	49,933,888	42,680,707

18.2.2 Treasury Bills

As at 31 st December	Year of Maturity	2017			2016		
		Face Value	Purchase Cost	Market Value	Face Value	Purchase Cost	Market Value
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Government of Sri Lanka Treasury Bills	2018	5,550,000	5,014,547	5,416,614	-	-	-
	2017	-	-	-	41,056,824	37,980,948	38,815,227
		5,550,000	5,014,547	5,416,614	41,056,824	37,980,948	38,815,227



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

18.3 Investments in debt securities

18.3.1 Corporate Debentures

As at 31 st December	Year of Maturity	2017		2016	
		Purchase Cost Rs.'000	Market Value Rs.'000	Purchase Cost Rs.'000	Market Value Rs.'000
Richard Pieris and Company PLC 2017_10.75% P.A	2017	-	-	35,680	36,058
Central Finance Company PLC_2013-2017_13.25%p.a	2017	-	-	18,335	18,335
Richard Pieris and Company PLC 2018_11.00% p.a	2018	81,390	81,390	81,390	81,390
LB Finance PLC_2013-2018_14.5% p.a	2018	220,670	222,877	220,670	222,877
Sampath Bank Debenture_Fixed 13.0%p.a	2018	251,775	246,740	251,775	264,993
Sampath Bank Debenture_Fixed 13.4%p.a	2018	170,095	170,945	170,095	167,544
Central Finance Company PLC_2013-2018_13.50%p.a	2018	15,255	15,026	15,255	16,285
Central Finance Company PLC_2013-2018_13.95%p.a	2018	23,950	26,618	23,950	26,618
Nations Trust Bank PLC_2013-2018_13.00%p.a	2018	549,150	550,248	549,150	613,730
Richard Pieris and Company PLC 2019_11.25% p.a	2019	100,000	97,000	100,000	99,120
Pan Asia Banking Corporation PLC_9.75% pa	2019	250,000	250,000	250,000	250,000
Pan Asia Banking Corporation PLC_9.5233% pa	2019	209,230	209,230	209,230	209,230
HNB Debenture _ 7.75% p.a	2019	500,000	425,000	500,000	445,000
Sampath Bank Debenture_ 8.10% p.a	2019	200,000	170,000	200,000	170,000
Seylan Bank Debenture_8.60%pa 2014/2020	2020	200,000	200,000	200,000	200,000
		2,771,515	2,665,074	2,825,530	2,821,179



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

19. Held to Maturity Financial Assets

As at 31 st December	2017				2016			
	Face Value	Cost	Market Value	Amortised Cost	Face Value	Cost	Market Value	Amortised Cost
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Government Securities								
Treasury Bonds (Note 19.1.1)	1,796,045,448	1,630,710,485	1,789,651,651	1,686,647,189	1,677,549,372	1,444,314,782	1,557,455,544	
Treasury Bills (Note 19.1.2)	68,925,428	65,281,206	64,415,995	64,567,082	-	-	-	
	1,864,970,876	1,695,991,691	1,854,067,646	1,751,014,271	1,677,549,372	1,444,314,782	1,557,455,544	
Investments in debt securities								
Quoted (Note 19.2.1)	24,983,190	24,983,393	23,929,702	24,983,268	25,422,053	25,141,135	25,422,173	
Unquoted (Note 19.2.2)	10,981,507	10,981,507	10,981,507	10,981,507	5,981,507	5,981,507	5,981,507	
	35,964,697	35,964,900	34,911,209	35,964,775	31,403,560	31,122,642	31,403,680	
Investments in Trust Certificates (19.3)	3,046,772	2,225,489	2,746,076	2,746,076	4,499,810	3,832,592	3,832,592	
	3,046,772	2,225,489	2,746,076	2,746,076	4,499,810	3,832,592	3,832,592	
Total investments in HTM Assets	1,903,982,345	1,732,182,080	1,891,724,930	1,789,725,122	1,713,452,742	1,479,270,016	1,592,691,816	

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

19.1 Held to Maturity Financial Investments (Contd...)

19.1.1 Investment in Government Securities

19.1.1.1 Treasury Bonds

As at 31 st December	Year of Maturity	2017				2016			
		Face Value	Purchase Cost	Market Value	Amortised Cost	Face Value	Purchase Cost	Market Value	Amortised Cost
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Government of Sri Lanka Treasury Bonds	2017	-	-	-	-	57,942,920	50,845,644	57,418,821	57,472,636
	2018	109,228,700	93,658,471	108,943,380	107,979,875	109,228,700	93,658,471	105,040,146	105,069,856
	2019	87,775,141	81,541,990	86,855,204	86,116,867	84,184,400	77,923,760	78,695,022	81,557,005
	2020	98,545,167	81,419,386	93,008,966	91,568,590	94,545,167	77,476,606	81,252,142	85,400,576
	2021	54,785,000	53,042,015	56,090,592	53,661,220	39,285,000	37,775,777	36,910,734	38,135,918
	2022	98,137,710	85,822,453	95,276,672	91,470,538	86,387,710	73,801,662	74,895,074	78,196,715
	2023	129,453,886	118,523,914	123,083,893	122,959,130	111,739,600	100,509,485	91,749,090	104,118,441
	2024	68,289,296	66,587,084	71,644,986	66,454,416	50,589,296	31,135,690	28,874,000	30,880,697
	2025	111,849,917	112,523,378	114,310,889	112,285,481	82,074,186	82,805,307	73,671,205	82,814,523
	2026	194,361,030	147,799,767	175,332,944	157,276,723	163,361,030	118,044,708	120,759,695	125,174,612
	2027	25,408,238	26,803,222	27,850,609	26,778,445	-	-	-	-
	2028	197,455,680	159,719,821	184,454,382	165,597,579	197,455,680	159,719,821	155,652,625	165,927,354
	2029	85,860,233	102,712,512	100,724,130	100,579,002	85,860,233	102,712,512	86,506,420	101,277,045
	2030	48,450,000	49,119,927	50,458,543	49,057,253	48,450,000	49,119,927	43,039,928	49,082,311
	2032	95,263,350	61,148,043	80,910,115	63,864,223	95,263,350	61,148,043	65,988,178	63,189,359
	2033	139,084,560	113,338,701	130,322,888	115,171,963	139,084,560	113,338,701	106,710,643	114,687,416
	2034	75,158,330	89,874,726	90,881,979	88,933,570	75,158,330	89,874,726	75,510,823	89,254,118
2035	39,250,000	42,550,835	42,087,383	42,421,069	39,250,000	42,550,835	35,372,964	42,487,760	
2041	26,700,000	27,737,826	29,835,541	27,737,276	26,700,000	27,737,826	24,536,713	27,747,545	
2043	50,676,000	22,309,955	26,253,349	22,485,013	50,676,000	22,309,955	21,122,727	22,441,990	
2044	78,263,210	92,355,217	99,009,920	92,131,898	78,263,210	92,355,217	78,677,702	92,221,080	
2045	2,050,000	2,321,241	2,335,286	2,317,058	2,050,000	2,321,241	1,950,130	2,318,787	
		1,796,045,448	1,630,710,485	1,789,651,651	1,686,647,189	1,677,549,372	1,444,314,782	1,557,455,544	

The fair values of the Government Securities are based on the average quotes published as at 31st December by the Central Bank of Sri Lanka





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19.1.2 Treasury Bills

As at 31 st December	Year of Maturity	2017				2016			
		Face Value	Purchase Cost	Market Value	Amortised Cost	Face Value	Purchase Cost	Market Value	Amortised Cost
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Government of Sri Lanka Treasury Bills	2018	68,925,428	63,281,206	64,415,995	64,367,082	-	-	-	-
		68,925,428	63,281,206	64,415,995	64,367,082	-	-	-	-

The fair values of the Government Securities are based on the average quotes published as at 31st December by the Central Bank of Sri Lanka

19.2 Investments in Debt Securities

19.2.1 Corporate Debentures - Quoted

As at 31 st December	Year of Maturity	2017				2016			
		Face Value	Purchase Cost	Market Value	Amortised Cost	Face Value	Purchase Cost	Market Value	Amortised Cost
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
PABC DC 2012_2017 6MN TBILL + 2.95	2017	-	-	-	-	250,000	250,000	250,000	250,000
Richard Pieris and Company PLC 2017_10.75% p.a	2017	-	-	-	-	35,680	35,680	36,058	35,680
Central Finance PLC_14.50% p.a	2017	-	-	-	-	81,300	81,300	81,300	81,300
Lion Brewery (Ceylon) PLC_13.75 p.a	2017	-	-	-	-	39,900	39,900	44,592	39,900
Singer Finance (Lanka) PLC 14.25%.pa	2017	-	-	-	-	123,306	123,306	135,637	123,306
People's Leasing & Finance PLC 2014-2017 _ 8.75%pa	2017	-	-	-	-	159,540	159,540	162,587	159,540
Sampath Bank Debenture 2012/2017 Fixed 16.5%	2017	-	-	-	-	14,430	14,430	14,719	14,430
Housing Development & Finance Corporation 15%	2017	-	-	-	-	65,580	65,580	69,075	65,580
Central Finance Company PLC_2013-2017_13.25%pa	2017	-	-	-	-	18,335	18,335	18,335	18,335
Seylan Bank 15% Debenture 2013/18	2018	100,000	100,000	106,000	100,000	100,000	106,000	100,000	100,000
People's Leasing & Finance PLC 5 Year Debenture Fix	2018	105,900	105,900	107,520	105,900	105,900	111,725	105,900	105,900



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Notes to the Financial Statements

19.2.1 Corporate Debentures - Quoted (Contd...)

As at 31 st December	Year of Maturity	2017				2016			
		Face Value	Purchase Cost	Market Value	Amortised Cost	Face Value	Purchase Cost	Market Value	Amortised Cost
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Merchant Bank of Sri Lanka- 5 year Debenture Fix	2018	281,590	281,590	285,729	281,590	281,590	287,222	281,590	
Richard Pieris and Company PLC 2018_11.00% p.a	2018	81,390	81,390	81,390	81,390	81,390	81,390	81,390	
Central Finance PLC_14.75% p.a	2018	105,300	105,300	120,266	105,300	105,300	120,266	105,300	
Lion Brewery (Ceylon) PLC_14.00% p.a	2018	53,200	53,200	61,738	53,200	53,200	61,738	53,200	
Singer Finance (Lanka) PLC 14.50%.pa	2018	93,576	93,576	95,448	93,576	93,576	95,448	93,576	
People's Leasing & Finance PLC 2014-2018 _ 9.625%pa	2018	32,880	32,880	34,143	32,880	32,880	34,143	32,880	
Nawaloka Hospitals PLC_14.15% p.a	2018	114,500	114,500	114,500	114,500	114,500	114,500	114,500	
Bank of Ceylon_13.00%.p.a	2018	575,950	575,950	575,950	575,950	575,950	575,950	575,950	
Sampath Bank Debenture_Fixed 13.0%.p.a	2018	251,775	251,775	246,740	251,775	251,775	264,993	251,775	
Sampath Bank Debenture_Fixed 13.4%.p.a	2018	170,095	170,095	170,945	170,095	170,095	167,544	170,095	
Central Finance Company PLC_2013-2018_13.50%.p.a	2018	15,255	15,255	15,026	15,255	15,255	16,285	15,255	
Central Finance Company PLC_2013-2018_13.95%.p.a	2018	23,950	23,950	26,618	23,950	23,950	26,618	23,950	
National Development Bank PLC_2013-2018_13.00%.p.a	2018	173,160	173,160	169,749	173,160	173,160	173,353	173,160	
National Development Bank PLC_2013-2018_13.40%.p.a	2018	88,240	88,240	88,240	88,240	88,240	86,916	88,240	
Nations Trust Bank PLC_2013-2018_13.00%.p.a	2018	549,150	549,150	550,248	549,150	549,150	613,730	549,150	
Hemas Holding PLC_11.00%.p.a_2019	2019	81,980	81,980	83,202	81,980	81,980	83,202	81,980	
Richard Pieris and Company PLC 2019_11.25% p.a	2019	100,000	100,000	97,000	100,000	100,000	99,120	100,000	
Siyapatha Finance PLC - A	2019	500,000	500,000	495,000	500,000	500,000	500,000	500,000	
Lanka ORIX Leasing Company PLC Debenture 9% p.a	2019	100,000	100,203	91,240	100,078	100,203	89,350	100,119	
HNB Debenture _ 7.75% p.a	2019	1,500,000	1,500,000	1,275,000	1,500,000	1,500,000	1,535,000	1,500,000	
Sampath Bank Debenture_ 8.10% p.a	2019	1,800,000	1,800,000	1,530,000	1,800,000	1,800,000	1,530,000	1,800,000	
Lanka ORIX Finance PLC Debenture _ 9.25% p.a	2020	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
Pradeshya Sanwardana Bank Debenture_9.00% p.a	2020	500,000	500,000	500,000	500,000	500,000	500,000	500,000	
Central Finance Company PLC_2015-2020_9.52%.p.a	2020	200,000	200,000	200,000	200,000	200,000	200,000	200,000	
National Development Bank PLC_2015-2020_09.40%.p.a	2020	2,000,000	2,000,000	1,720,000	2,000,000	2,000,000	1,980,000	2,000,000	
Seylan Bank Debenture_ 8.60%.pa 2014/2020	2020	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	
seylan debenture 15.07.2021	2021	1,000,000	1,000,000	1,010,000	1,000,000	1,000,000	1,010,000	1,000,000	
Siyapatha Finance PLC - B	2021	200,000	200,000	200,000	200,000	200,000	200,000	200,000	



EMPLOYEES' PROVIDENT FUND
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19.2.1 Corporate Debentures - Quoted (Contd...)

	Year of Maturity	2017				2016			
		Face Value	Purchase Cost	Market Value	Amortised Cost	Face Value	Purchase Cost	Market Value	Amortised Cost
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Commercial Bank Debentures Type A 2016-2021	2021	2,000,000	2,000,000	1,743,400	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Nations Trust Bank Type A 2021 12.65%	2021	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
People's Leasing Company 2016-2021	2021	1,000,000	1,000,000	999,600	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Bank Of Ceylon_13.25%_2021	2021	1,141,892	1,141,892	1,141,892	1,141,892	1,141,892	1,141,892	1,141,892	1,141,892
Sampath Bank_12.50%_2022	2022	349,207	349,207	349,207	349,207	-	-	-	-
seylan bank debenture 15.07.2016 to 15.07.2023	2023	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Bank of Ceylon_13.75%_2023	2023	134,090	134,090	136,101	134,090	134,090	134,090	134,090	134,090
DFCC Type B Debenture 12.75%_2023	2023	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
National Development Bank PLC_2013-2023_13.90%p.a	2023	375,000	375,000	322,500	375,000	375,000	375,000	375,000	375,000
National Development Bank PLC_2013-2025_14.00%p.a	2025	500,000	500,000	500,200	500,000	500,000	500,000	500,000	500,000
Commercial Bank Debentures Type B 2016-2026	2026	1,685,110	1,685,110	1,685,110	1,685,110	1,685,110	1,685,110	1,685,110	1,685,110
		24,983,190	24,983,393	23,929,702	24,983,268	25,422,053	25,422,257	25,141,135	25,422,173

19.2.2 Corporate Debentures - Unquoted

	Year of Maturity	2017				2016			
		Face Value	Purchase Cost	Market Value	Amortised Cost	Face Value	Purchase Cost	Market Value	Amortised Cost
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
HNB Debenture 14% pa	2018	316,717	316,717	316,717	316,717	316,717	316,717	316,717	316,717
HDFC Bank Debentures HL 2.50%p.a.	2020	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
DFCC Vardhana Bank Debenture 09.40%p.a	2020	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
SMIB Bank Debentures HL 2.50% p.a.	2020	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
National Savings Bank_13%_2021	2021	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
HNB Debenture 11.50% p.a	2021	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Hatton National Bank Type A 2016-2021	2021	444,790	444,790	444,790	444,790	444,790	444,790	444,790	444,790
Hatton National Bank Type B 2016-2023	2023	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Bank Of Ceylon_12.75%_2025	2025	5,000,000	5,000,000	5,000,000	5,000,000	-	-	-	-
		10,981,507	10,981,507	10,981,507	10,981,507	5,981,507	5,981,507	5,981,507	5,981,507

The fair values of the corporate debentures - listed : are based on the average prices as at 31st December, published by the Colombo Stock Exchange. Unlisted debentures have been carried at cost as no reliable information are available to estimate the fair value.

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

19.3 Investment in Trust Certificates

	As at 31 st December				2017				2016			
	Face Value		Cost	Market Value	Amortised Cost	Face Value		Cost	Market Value	Amortised Cost		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
Mercantile Investments & Finance PLC	30,000	17,738	29,623	29,623	210,000	134,687	196,637	196,637	196,637			
People's Leasing & Finance PLC TC	3,016,772	2,207,751	2,716,453	2,716,453	4,289,810	3,262,907	3,635,955	3,635,955	3,635,955			
	3,046,772	2,225,489	2,746,076	2,746,076	4,499,810	3,597,594	3,852,592	3,852,592	3,852,592			

20 Loans & Receivables

	2017	2016
	Rs.'000	Rs.'000
Investments in Reverse Repos	-	2,745,000
Investments in Fixed Deposits	48,000,000	-
Net Investment	48,000,000	2,745,000

21 Other Current Assets

	As at 31 st December		2017		2016	
	Monetary Board	Labour Dept.	Total		Total	
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend Receivable	32,795	-	32,795	1,347,843		
Other Receivable	3,925	350	4,275	6,645		
Tax Paid at Source	280,318	-	280,318	191,325		
Income Tax Recoverable	689,273	-	689,273	501,413		
Receivable-Mehewara Piyasa	377,147	-	377,147	427,147		
Prepayments	10,613	11,360	21,973	21,904		
CGL Imprest	-	534,034	534,034	480,290		
	1,394,069	545,744	1,939,813	2,976,568		





EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

22 Cash and Cash Equivalents

<i>As at 31st December</i>	2017	2016
	Rs.'000	Rs.'000
Cash in Hand	20	4
Cash at Bank	3,273,923	3,941,838
Cash in Transit	-	443,400
	3,273,943	4,385,242

23 Creditors

<i>As at 31st December</i>	2017			2016
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Domestic - Vendors	693	-	693	1,688
Retention - Fixed Asset Purchases	718	-	718	292
	1,411	-	1,411	1,980

24 Other Current Liabilities

<i>As at 31st December</i>	2017			2016
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
EPF Contributions Payable	30	-	30	30
Good Received / Invoice Received				
Clearing- Inventory	(4,068)	-	(4,068)	(2,009)
Good Received / Invoice Received				
Clearing-Services/ Assets	(115)	-	(115)	232
Housing Loan Defaults Payable	2,600,000	-	2,600,000	2,600,000
Other Payables	2	-	2	2
Refund Claims Payable	170,999	-	170,999	799,865
Provision for Gratuity	165	-	165	165
Investment Clearing A/C	8,199	-	8,199	8,204
	2,775,212	-	2,775,212	3,406,489



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

25 Member Balances

(Rs.)

Description	Balance as at 01.01.2017 Rs.'000	Debits during the year Rs.'000	Credits during the year Rs.'000	Balance as at 31.12.2017 Rs.'000
Current Year Contribution - Contribution No 01 A/C	54,796,327	165,500,476	163,884,908	53,180,759
Statemented Contribution - Contribution No 02 A/C	1,563,966,321	186,214,239	375,433,784	1,753,185,866
Contribution from Comm. of Labour - CL No 01 A/C	10,979,008	10,006,204	9,782,763	10,755,567
U/P O/P Contributions A/C	1,538,465	1,239,873	1,348,905	1,647,497
Contribution for 1997/98 - 96 Contribution	193	-	-	193
Members Collection A/C	5,885	142,367,354	142,369,836	8,367
Unclaimed Benefits	506,781	395,170	566,329	677,940
Retained Benefits	89,771	17,583	29,032	101,220
Refunds-Part payments(U/P O/P Refunds)	(516,484)	121,838,839	121,777,790	(577,533)
General Deposit Account	356,422	113,824	135,658	378,256
Interest Payable	178,871,829	171,420,905	193,973,415	201,424,339
Total	1,810,594,518	799,114,467	1,009,302,420	2,020,782,471

26 Reserves

(Rs.)

Description	Balance as at 01.01.2017 Rs.'000	Transfer (from)/to during the year Rs.'000	Impairment Rs.'000	Balance as at 31.12.2017 Rs.'000
Investment Revaluation Reserve (Note 26.1)	(3,293,812)	6,033,647	1,502,111	4,241,946
Building Reserve Fund (26.2)	3,157,000	-	-	3,157,000
Technology Advancement Reserve Fund (26.3)	350,000	-	-	350,000
Profit Equalisation Reserve Fund (26.4)	23,850,000	7,000,000	-	30,850,000
General Reserve Fund (26.5)	6,650,000	-	-	6,650,000
Total	30,713,188	13,033,647	1,502,111	45,248,946

Transfers to these reserves are in accordance with the Section 5 (1) (KK) of the EPF Act which provides for establishing such reserves out of the income of the Fund as the Monetary Board may determine to meet any contingencies or any depreciation in the market value of the assets of the Fund.

26.1 Investment Revaluation Reserve

(Rs.)

Description	Balance as at 01.01.2017 Rs.'000	Transfer during the year Rs.'000	Impairment Rs.'000	Balance as at 31.12.2017 Rs.'000
Treasury Bonds	(7,253,181)	6,370,376	-	(882,805)
Treasury Bills	391,116	(354,277)	-	36,839
Equity Securities	3,572,603	119,638	1,502,111	5,194,352
Debenture	(4,350)	(102,090)	-	(106,440)
Total	(3,293,812)	6,033,647	1,502,111	4,241,946

Investment revaluation reserve consists of revaluation gains and losses recognised in other comprehensive income on Available for Sale financial assets.



EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

26.2 **Building revaluation reserve**

Building revaluation reserve has been constituted for the purpose of construction of a building for the Fund.

26.3 **Technology Advancement Reserve Fund (TARF)**

TARF was established in 1998 with an initial allocation of Rs. 50 Mn in order to meet the expenditure on the progressive modernisation of the EPF system.

26.4 **Profit Equalisation Reserve Fund (PERF)**

Distributable income to the members can be affected by the wide fluctuations of market prices of the investments made by the Fund. PERF was established in 1998 to use in such a circumstance to avoid such an adverse impact on the distributable income to members of the Fund.

26.5 **General Reserve Fund (GRF)**

The purpose of the building up the GRF is to absorb losses that may arise from accidental occurrences, which are not covered by the existing reserves.



EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

27 Receipts

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Income - Interest from Investments	172,452,670	-	172,452,670	158,387,150
Less: Income tax	-	-	-	-
	172,452,670	-	172,452,670	158,387,150
Contributions	133,353,013	-	133,353,013	118,326,507
Reimbursement of Expenses by the EPF-CBSL Imprest Account (Commissioner of Labour)	-	593,515	593,515	602,520
	-	(23,908)	(23,908)	(21,882)
General Deposit Account - (EPF Contributions)	-	11,616	11,616	38,605
Surcharges	576,689	405	577,094	157,103
Proceeds on sale of T. Bonds/T Bills	-	-	-	47,712,175
Proceeds on dealing of Shares	-	-	-	3,818,971
Receipts from Mehewara piyasa	50,000	-	50,000	1,093,400
Dividends	3,570,306	-	3,570,306	2,817,019
Sundry Income	1,218	9,247	10,465	(3,822)
Debtors	2,473	50	2,523	(4,554)
Settlement of Advances	1,122	-	1,122	471
Unclaimed Benefits	210,993	-	210,993	144,187
	310,218,484	590,925	310,809,409	333,067,850

28 Payments

<i>For the year ended 31st December</i>	2017			2016
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Investments	586,459,418	-	586,459,418	826,843,887
Less - Maturity Proceeds	(406,955,384)	-	(406,955,384)	(615,601,139)
	179,504,034	-	179,504,034	211,242,748
Refunds	117,687,499	-	117,687,499	108,536,270
WHT paid on Investment	10,151,133	-	10,151,133	7,869,248
Operating Expenses	659,511	472,446	1,131,957	1,069,243
Settlement of creditors/payables	2,659,197	-	2,659,197	2,927,373
Income Tax Retained on Refund of Benefits	-	-	-	896
Reimbursement of expenses - Comm. Labour	593,515	-	593,515	602,520
Under payments and over payments - Refunds	-	-	-	-
Acquisition of Property, Plant and Equipments	9,778	54,536	64,314	48,329
Advances - Miscellaneous	1,693	6,249	7,942	10,046
Tax Paid	63,423	-	63,423	-
Adjustment: Cash Balance at the Beginning of the Year	-	67,514	67,514	27,381
Total	311,329,783	600,745	311,930,528	332,334,053



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

29. Movement of Investment

For the year ended 31 st December Type of Investment	Opening Balance		Investments		Maturities		Sales		Amortization		Valuation Gain/ Loss		Closing Balance		2017		2016		Change		
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	%	%	%	%	%	%	
Fair Value Through Profit & Loss Investments																					
Treasury Bonds	11,492,906	-	-	-	-	-	-	-	-	-	1,640,202	13,153,108	0.7	0.6	0.0						
Listed Equity	2,615,095	-	-	-	-	-	-	-	-	(163,352)	2,451,743	0.1	0.1	(0.0)							
Corporate Debenture	114,500	-	-	-	-	-	-	-	-	-	114,500	0.0	0.0	(0.0)							
	14,222,501	-	-	-	-	-	-	-	-	-	1,476,850	15,699,351	0.8	0.8	(0.0)						
Available For Sale Investments																					
Treasury Bonds	42,680,707	-	-	-	50,000	-	-	-	4,026	-	6,370,376	49,005,109	2.5	2.4	0.1						
Treasury Bills	38,815,227	-	-	5,014,548	41,056,824	-	-	-	2,997,940	-	(354,277)	5,416,614	0.3	2.2	(1.9)						
Listed Equity	67,964,684	-	-	3,506,042	-	-	-	-	-	-	119,638	71,590,364	3.6	3.8	(0.2)						
Unlisted Equity	10,270,625	-	-	-	-	-	-	-	-	-	-	10,270,625	0.5	0.6	(0.1)						
Corporate Debenture	2,821,179	-	-	-	54,015	-	-	-	-	-	(102,090)	2,665,074	0.1	0.2	(0.0)						
	162,552,422	-	-	8,520,590	41,160,839	-	-	-	3,001,966	-	6,033,647	138,947,786	7.0	9.2	(2.2)						
Held to Maturity Investments																					
Treasury Bonds	1,557,455,544	-	-	174,390,214	57,942,920	-	-	-	12,744,351	-	-	1,686,647,189	84.7	87.9	(3.2)						
Treasury Bills	-	-	-	72,904,716	9,700,000	-	-	-	1,162,366	-	-	64,367,082	3.2	-	3.2						
Corporate Debenture	31,403,680	-	-	5,349,207	788,071	-	-	-	(41)	-	-	35,964,775	1.8	1.8	0.0						
Trust Certificates	3,832,592	-	-	-	1,453,038	-	-	-	366,522	-	-	2,746,076	0.1	0.2	(0.1)						
	1,592,691,816	-	-	252,644,137	69,884,029	-	-	-	14,273,198	-	-	1,789,725,122	89.8	89.9	(0.0)						
Loans & Receivables Investments																					
Reverse Repo	2,745,000	-	-	962,996,523	965,741,523	-	-	-	-	-	-	-	-	-	0.2						
Fixed Deposits	-	-	-	85,500,000	37,500,000	-	-	-	-	-	-	48,000,000	2.4	-	2.4						
	2,745,000	-	-	1,048,496,523	1,003,241,523	-	-	-	-	-	-	48,000,000	2.4	0.2	(0.2)						
Total	1,772,211,739	-	-	1,309,661,050	1,114,286,191	-	-	-	17,273,164	-	7,510,497	1,992,372,259	100	100	(0.0)						



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Movement of Investment (Contd...)
For the year ended 31st December 2016

Type of Investment	Opening Balance		Investments		Maturities		Sales		Amortization		Valuation Gain/ Loss		Closing Balance		2016		2015		Change		
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%	%	%	%	%	%	
Fair Value Through Profit & Loss Investments																					
Treasury Bonds	1,870,879	10,206,408	-	-	-	-	-	-	-	-	(584,381)	-	-	11,492,906	0.6	-	-	-	-	0.6	
Listed Equity	1,717,657	2,277,611	-	-	-	-	-	1,120,583	-	-	(259,590)	-	-	2,615,095	0.1	-	-	0.1	-	0.0	
Corporate Debenture	114,500	-	-	-	-	-	-	-	-	-	-	-	-	114,500	0.0	-	-	0.0	-	(0.0)	
	3,703,036	12,484,019	-	-	-	-	-	1,120,583	-	-	(843,971)	-	-	14,222,501	0.8	-	-	0.1	-	0.7	
Avialable For Sale Investments																					
Treasury Bonds	46,094,809	1,904,870	-	-	-	-	-	242,490	-	-	(5,076,482)	-	-	42,680,707	2.4	-	-	2.9	-	(0.5)	
Treasury Bills	-	37,980,948	-	-	-	-	-	-	-	-	834,279	-	-	38,815,227	2.2	-	-	-	-	2.2	
Listed Equity	75,625,152	1,309,910	-	-	-	-	-	776,457	-	-	(8,193,921)	-	-	67,964,684	3.8	-	-	4.7	-	(0.9)	
Unlisted Equity	10,270,625	-	-	-	-	-	-	-	-	-	-	-	-	10,270,625	0.6	-	-	0.6	-	(0.1)	
Corporate Debenture	3,036,763	-	-	-	-	-	-	-	-	-	(118,409)	-	-	2,821,179	0.2	-	-	0.2	-	(0.0)	
	135,047,349	41,195,728	-	-	-	-	-	1,018,947	-	-	(12,554,553)	-	-	162,552,422	9.2	-	-	8.4	-	0.8	
Held to Maturity Investments																					
Treasury Bonds	1,439,038,587	170,054,526	17,623,200	1,654,973,285	-	-	-	46,866,090	12,851,721	-	-	-	-	1,557,455,544	87.9	-	-	89.7	-	(1.8)	
Treasury Bills	19,422,218	13,671,792	1,690,289	1,654,973,285	-	-	-	-	(41)	-	-	-	-	31,403,680	1.8	-	-	1.2	-	0.6	
Corporate Debenture	2,929,796	2,000,000	1,587,773	1,654,973,285	-	-	-	-	290,568	-	-	-	-	3,832,592	0.2	-	-	0.2	-	0.0	
Trust Certificates	1,461,390,601	185,726,318	20,701,262	1,654,973,285	-	-	-	46,866,090	13,142,249	-	-	-	-	1,592,691,816	89.9	-	-	91.1	-	(1.2)	
Loans & Receivables Investments																					
Reverse Repo	4,100,000	1,653,618,285	1,654,973,285	1,653,618,285	-	-	-	-	-	-	-	-	-	2,745,000	0.2	-	-	0.3	-	(0.1)	
	4,100,000	1,653,618,285	1,654,973,285	1,653,618,285	-	-	-	-	-	-	-	-	-	2,745,000	0.2	-	-	0.3	-	(0.1)	
Total	1,604,240,986	1,893,024,350	1,675,791,722	1,893,024,350	-	-	-	49,005,620	13,142,249	-	-	-	-	1,772,211,739	100	-	-	100	-		



EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

30. Fair values of Financial Instruments

30.1 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 01 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 02 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 03 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Assessing the significance of a particular input requires judgment, considering factors specific to the asset or liability.

30.2 Fair Value Hierarchy – Financial instruments measured at fair value

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the Statement of Financial Position.

	2017			Total	2016			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Financial Assets – FVTPL								
Treasury Bonds	13,133,108	-	-	13,133,108	11,492,906	-	-	11,492,906
Quoted equity securities	2,451,743	-	-	2,451,743	2,615,095	-	-	2,615,095
Quoted debt securities	114,500	-	-	114,500	114,500	-	-	114,500
Financial Assets – Available for sale								
Treasury Bonds	49,005,109	-	-	49,005,109	42,680,707	-	-	42,680,707
Treasury Bills	5,416,614	-	-	5,416,614	38,815,227	-	-	38,815,227
Quoted equity securities	71,590,364	-	-	71,590,364	67,964,684	-	-	67,964,684
Unquoted equity securities*	10,270,625	-	-	10,270,625	10,270,625	-	-	10,270,625
Quoted debt securities	2,665,074	-	-	2,665,074	2,821,179	-	-	2,821,179
Financial Assets – Held to Maturity								
Treasury Bonds	1,789,651,651	-	-	1,789,651,651	1,444,314,782	-	-	1,444,314,782
Treasury Bills	64,415,995	-	-	64,415,995	-	-	-	-
Quoted debt securities	23,929,702	-	-	23,929,702	31,122,641	-	-	31,122,641
Unquoted debt securities*	10,981,507	-	-	10,981,507	-	-	-	-
Trust Certificates*	2,746,076	-	-	2,746,076	3,832,592	-	-	3,832,592
Financial Assets – Loans & Receivables								
Repo Investments*	-	-	-	-	2,745,000	-	-	2,745,000
Fixed Deposits*	48,000,000	-	-	48,000,000	-	-	-	-

* Since observable data are not available to value these financial instruments, cost has been substituted as the fair value. The Fund considers the transaction price for the instrument provides better evidence of the fair value of the instrument than its own estimate of fair value, unless it is evidenced to contradictory.



EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

31. Financial Risk Management Objectives, Policies and Processes

Introduction

EPF being a Superannuation Fund manages long term savings of private and semi Government sector employees with the objective of maximising retirement benefits to its members while ensuring safety of the Fund. Therefore, management of risks associated with the Fund is critically important for the members as well as for the entire financial system of the country. The EPF embraces risk management, as an integral component of its investments, operations and decision making process.

The Investment Policy Statement and Investment and Trading Guidelines define the level of risks the EPF is willing to tolerate and form the basis of allocation of funds for investment. The asset allocations are regularly reviewed to ensure that funds are invested within the risk appetite of the EPF. The key risks faced by the Fund are Credit Risk, Market Risk, Liquidity Risk and Operational Risk.

Credit Risk

Credit Risk is the risk of loss due to the inability or unwillingness of a borrower/ counter-party to meet its payment obligations. The credit risk of the Fund is deemed minimal as 91% of the total investment is concentrated in Government Securities. Further the other investments are made in highly creditworthy corporate debt instruments (investment grade) after thorough analysis of risks and returns. In additions, all Reverse Repo Investments of the Fund have been adequately collateralize by Government securities for fluctuations in market value. Therefore, the credit risk of the Fund as a whole was at a very low level. Composition of the investments of the Fund as at the year end is as follows.

Analysis of Risk Concentration – Investment Composition (at cost)

	2017		2016	
	Amount Rs.'000	%	Amount Rs.'000	%
Government Securities	1,761,128,002	90.8%	1,607,314,601	92.9%
Corporate Debt Securities	58,850,915	2.0%	54,343,794	2.0%
Investment in Equity Securities	89,441,026	4.6%	83,106,755	4.8%
Other	50,225,489	2.6%	6,142,594	0.4%
	1,939,645,432	100.0%	1,730,907,744	100.0%

Market Risk

Market Risk is the risk of losses from changes in the market value of portfolios and financial instruments due to movements in interest rates, foreign exchange and equity prices. The market risk faced by the Fund primarily arises from interest rate risk and equity price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest Rate Risk : If the general interest rates of the economy are to increase, yields of treasury bonds will follow, causing prices of the bonds to drop and value of the trading and AFS portfolio to deteriorate. This is the interest rate risk faced by the Fund. However, this has been mitigated by selecting treasury bonds of varying maturities, limiting the size of the trading portfolio and re balancing the portfolio occasionally.

Equity Price Risk : The equity price risk is the reduction in the value of equity portfolio due to the decline in share prices. This is an inherent risk of equity investments which has been mitigated by investing in fundamentally sound stocks with robust value. Further, the listed equity portfolio has been diversified into different sectors and the market risk on the listed equity portfolio is relatively low on the overall Fund since exposure to the equity market is approximately 4.6% of the total portfolio of the Fund and as the Fund makes appropriate adjustments to its portfolio from time to time as and when necessary.



EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

Financial Risk Management Objectives, Policies and Processes (Continued...)

Analysis of Risk Concentration – Sector wise exposure analysis

	2017		2016	
	Amount Rs.'000	%	Amount Rs.'000	%
Banking, Finance and Insurance	31,501,035	40.04%	27,994,993	37.25%
Beverage, Food and Tobacco	2,635,722	3.35%	2,635,721	3.51%
Construction and Engineering	3,240,545	4.12%	3,240,544	4.31%
Chemical and Pharmaceutical	1,160,289	1.47%	1,160,289	1.54%
Diversified Holdings	12,676,928	16.11%	12,676,928	16.87%
Footwear and Textile	213,592	0.27%	213,592	0.28%
Hotels and Travels	9,685,658	12.31%	9,685,658	12.89%
Health and Care	155,190	0.20%	155,190	0.21%
Investment	559,702	0.71%	559,702	0.74%
Motors	1,625,690	2.07%	1,625,690	2.16%
Manufacturing	4,911,996	6.24%	4,911,996	6.54%
Oil Palms	2,310,610	2.94%	2,310,610	3.07%
Power and Energy	3,502,660	4.45%	3,502,660	4.66%
Plantations	78,419	0.10%	78,419	0.10%
Telecommunications	2,600,163	3.31%	2,600,163	3.46%
Trading	1,812,203	2.30%	1,812,203	2.41%
Total	78,670,401	100%	75,164,361	100

Liquidity Risk

Liquidity Risk is the risk arising from the inability of the EPF to meet its financial commitments and obligations when they fall due. The net contribution of the Fund has been around Rs. 1.3 Bn per month during the year. Further, interest and maturity proceeds provided additional cash flow to the Fund. EPF actively participates in the overnight Reverse Repo market as a lender enabling the Fund to maintain adequate Funds to meet daily liquidity requirements.

Management of liquidity risk includes taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

Further, the Fund maintains sufficient amounts/ instruments of different maturities and highly liquid assets in order to meet all its liquidity needs through which the overall liquidity risk of the Fund is mitigated to greater extent.

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or external events. The Members' accounts of the Fund are maintained in a system that records all transactions centrally, while facilitating greater integration of processes in the EPF System at the CBSL, leading to significant improvement in operational efficiency and greater accuracy of data, with minimum manual interventions.

Operational activities are audited by an independent internal auditor and audit findings are discussed on a monthly basis to rectify the weaknesses and deviations immediately. Further, the operational risk of the fund is managed through defined authority level for transactions, availability of operational manuals, restrictions to access to information through password protection, maintenance of separate investment risk management unit and operational risk register etc. Operational risk of the Fund has been further minimised by maintaining an online real-time backup system to maintain member accounts which enables the Fund to carry out its functions without any disruptions. In addition, the Strategic Plan is reviewed every year to ensure smooth functioning of the operations in the event of any unforeseen circumstances. Accordingly the operational risk of the Fund is at very low level.

Further, the EPF aims to improve its operational risk management process by including all its activities in operational risk management function and make it an integral part of the EPF's decision making process.



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

32. Classification of Maturity Profile of the Portfolio
As at 31st December 2017

Class Of Investment	(Rs. mn)													Not Defined	Total												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030			2032	2033	2034	2035	2041	2043	2044	2045				
Treasury Bond																											
HTM	108,229	87,775	98,545	54,785	98,138	129,454	68,289	111,850	194,361	25,408	197,456	85,860	48,450	95,265	139,085	75,158	39,250	26,700	30,676	78,263	2,050	2,050	-	-	-	1,796,045	
AFS	1,700	-	76	1,605	2,125	1,650	2,650	14,600	404	-	2,100	193	4,750	779	-	-	11,723	-	-	-	2,720	-	-	-	-	-	47,075
FVTPL	500	-	500	-	1,000	-	1,745	-	3,000	-	3,250	550	550	-	-	-	1,850	-	-	-	-	-	-	-	-	-	12,545
Sub totals	111,429	87,775	99,121	56,390	101,263	131,104	72,684	126,450	197,765	25,408	202,806	86,403	53,550	96,042	139,085	75,158	52,823	26,700	50,676	78,263	4,770	4,770	-	-	-	1,855,665	
Corporate Debentures																											
HTM	3,153	4,082	7,220	10,487	349	3,509	-	5,500	1,685	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35,965
AFS	1,312	1,259	200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,772
FVTPL	115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	115
Sub totals	4,559	5,341	7,420	10,487	349	3,509	-	5,500	1,685	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,851
Treasury Bills	74,475	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,475
Trust Certificates	1,817	806	424	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,048
Fixed Deposits	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	48,000
Listed Equity																											
FVTPL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,452
AFS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71,590
Sub totals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,042
Unlisted Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,271
Grand total	240,281	95,923	106,966	66,877	101,612	134,613	72,684	131,950	199,450	25,408	202,806	86,403	53,550	96,042	139,085	75,158	52,823	26,700	50,676	78,263	4,770	4,770	-	-	-	2,104,355	

