

EMPLOYEES' PROVIDENT FUND

STATEMENT OF INCOME AND EXPENDITURE

For the year ended 31 st December	Note	2018			2017 Total Rs.'000
		Monetary Board	Labour Dept.	Total	
		Rs.'000	Rs.'000	Rs.'000	
Interest Income	5	229,446,025	-	229,446,025	219,635,331
Dividend Income	6	3,887,578	-	3,887,578	2,993,591
Realised Capital Gain on Financial Assets	7	7,216	-	7,216	5
Net Gain/ (Loss) on Financial Instruments at Fair Value AB Through Profit or Loss	8	(10,901,286)	-	(10,901,286)	1,476,850
Impairment of Financial Assets	9	585	-	585	(1,502,111)
Investment Income		222,440,118	-	222,440,118	222,603,666
Other Income	10	389,944	13,035	402,979	588,818
Gross Income		222,830,062	13,035	222,843,097	223,192,484
Operating Expenses	11	(901,826)	(603,511)	(1,505,337)	(1,348,672)
Operating Profit/ (Loss) before Income Tax		221,928,236	(590,476)	221,337,760	221,843,812
Tax Expense	12	(30,720,357)	-	(30,720,357)	(18,897,051)
Profit/ (Loss) for the Year		191,207,879	(590,476)	190,617,403	202,946,761
Retained Profit brought Forward				268,002	189,341
Opening balance adjustment (Note 28.6)				2,202,948	-
Adjusted Opening Retained Profit				2,470,950	189,341
Profit available for Distribution				193,088,353	203,136,102
Profit Distribution					
Less : Interest Paid on Current Year Refunds				(4,296,117)	(4,624,262)
Add/ (Less) - Transfer from / (to) Profit Equalisation Reserve				6,000,000	(7,000,000)
Interest on member balances as at 31 st December 2018 @ 9.50% (2017-10.50%)				(194,632,761)	(191,243,838)
Balance Carried Forward for the Next Year				159,475	268,002

The accounting policies and notes on pages 303 through 372 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

Date : 21 February 2019



K.N.N. Malkanthi Bandara
Superintendent
Employees' Provident Fund

EMPLOYEES' PROVIDENT FUND
STATEMENT OF COMPREHENSIVE INCOME

<i>For the year ended 31st December</i>	Note	2018 Rs.'000	2017 Rs.'000
Profit for the Year		190,617,403	202,946,761
Other Comprehensive Income			
Net Gain/(Loss) on Changes in Fair Value of Available-for-Sale Financial Assets	13	-	6,033,647
Total Comprehensive Income for the Year		190,617,403	208,980,408

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For and on behalf of the Monetary Board,



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Dr. Indrajith Coomaraswamy
Governor
Central Bank of Sri Lanka

Date : 21 February 2019



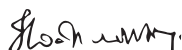
K N N Malkanthi Bandara
Superintendent
Employees' Provident Fund

EMPLOYEES' PROVIDENT FUND
STATEMENT OF FINANCIAL POSITION

<i>As at 31st December</i>	Note	2018 Rs. Rs.'000	2017 Rs. Rs.'000
Assets			
Property, Plant and Equipment	14	286,150	298,672
Intangible Assets	15	4,220	1,137
Equity Instruments at FVOCI	16	9,914,892	-
Equity Instruments at FVTPL	17	64,937,663	-
Debt Instruments at Amortised Cost	18	2,223,978,499	-
Financial Assets at FVTPL	19	-	15,699,351
Financial Assets - Available for Sale	20	-	138,947,786
Financial Assets - Held to Maturity	21	-	1,789,725,122
Financial Assets - Loans and Receivables	22	-	48,000,000
Inventories		10,020	11,928
Interest Receivables		783,109	59,674,181
Contribution Receivable		12,574,614	11,653,125
Other Current Assets	23	1,057,336	1,250,540
Cash and Cash Equivalents	24	3,419,043	3,273,943
		2,316,965,546	2,068,535,786
Liabilities			
Accounts Payable	25	3,677	1,411
Accrual Expenses		249,485	149,016
Other Current Liabilities	26	27,351,459	2,085,939
		27,604,621	2,236,367
Total Net Assets		2,289,360,925	2,066,299,419
Represented by, Member Balances	27	2,254,194,450	2,020,782,471
Reserves	28	35,007,000	45,248,946
Retained Profit		159,475	268,002
		35,166,475	45,516,948
Total Net Worth of the Fund		2,289,360,925	2,066,299,419

The accounting policies and notes on pages 303 through 372 form an integral part of the Financial Statements.

For and on behalf of the Monetary Board,



Dr. Indrajith Coomaraswamy
Governor
Central Bank of Sri Lanka



K N N Malkanthi Bandara
Superintendent
Employees' Provident Fund


Date : 21 February 2019

EMPLOYEES' PROVIDENT FUND
RECEIPTS AND PAYMENTS ACCOUNT

For the year ended 31 st December	Note	2018			2017 Total Rs.'000
		Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	
Cash balance at the beginning of the year		3,273,943	57,694	3,331,637	4,452,756
Total Receipts	29	352,463,484	624,664	353,088,148	310,809,409
Total Payments	30	(352,318,349)	(605,102)	(352,923,451)	(311,930,528)
Cash balance at the end of the year		3,419,078	77,256	3,496,334	3,331,637

The accounting policies and notes on pages 303 through 372 form an integral part of the Financial Statements.

For and on behalf of the Monetary Board;



Dr. Indrajith Coomaraswamy
Governor
Central Bank of Sri Lanka

Date : 21 February 2019



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	Fair Value Rs.'000	Amortised Cost Rs.'000	Book Value Rs.'000
As at 31st December 2018						
Treasury Bonds	18.1.1	2,110,854,987	1,970,722,277	2,017,224,894	2,084,497,740	2,084,497,740
Treasury Bills	18.1.2	36,321,220	33,398,583	34,413,982	34,733,240	34,733,240
Corporate Debt Instruments	18.2/18.6	42,962,299	42,962,502	41,989,973	43,658,095	43,654,523
Trust Certificates	18.3	1,230,857	831,235	1,132,594	1,132,594	1,132,558
Reverse Repo	18.4	26,325,000	26,325,000	26,350,903	26,350,903	26,350,903
Fixed Deposits	18.5	32,500,000	32,500,000	33,609,718	33,609,718	33,609,534
Listed Equities	17	-	80,467,243	64,937,663	80,467,243	64,937,663
Unlisted Equities	16	-	10,414,892	9,914,892	10,414,892	9,914,892
		2,250,194,363	2,197,621,733	2,229,374,618	2,314,864,426	2,298,831,054
As at 31st December 2017						
Treasury Bonds	19,20,21	1,855,665,266	1,692,832,248	1,851,789,868	1,748,768,953	1,748,785,406
Treasury Bills	20,21	74,475,428	68,295,753	69,832,608	69,746,857	69,783,696
Corporate Debentures	19,20,21	38,850,712	38,850,915	35,975,818	38,850,790	38,744,349
Trust Certificates	21	3,046,772	2,225,489	2,746,076	2,746,075	2,746,076
Listed Equities	19,20	-	78,670,401	74,042,107	78,670,401	74,042,107
Unlisted Equities	20	-	10,770,625	10,270,625	10,770,625	10,270,625
Fixed Deposits	22	48,000,000	48,000,000	48,000,000	48,000,000	48,000,000
		2,020,038,178	1,939,645,432	2,092,657,102	1,997,553,701	1,992,372,259

The financial assets classification was changed with effect from 01.01.2018, according to the requirements of new Sri Lanka Financial Reporting Standard (SLFRS) 09 - Financial Instruments. Accordingly, EPF has accounted the financial assets as per the provisions of SLFRS 09 and detailed reconciliation is given in Notes 34 - 36.


The accounting policies and notes on pages 303 through 372 form an integral part of the Financial Statements.

For and on behalf of the Monetary Board



.....
Governor
Central Bank of Sri Lanka

Date : 21 February 2019


.....
Superintendent
Employees' Provident
Fund

EMPLOYEES' PROVIDENT FUND

STATEMENT OF CASH FLOWS

<i>For the year ended 31st December</i>	2018 Rs.'000	2017 Rs.'000
Cash flows from operating activities:		
Interest received from Investments	198,799,665	172,452,670
Dividends received from equities	3,045,185	3,570,306
Surcharges and Other Income	402,031	587,559
Recoveries from Receivables	4,897,839	52,523
Payment for Operating Expenses	(1,197,440)	(1,131,957)
Advance Payments	(3,220)	(6,819)
Settlement of Creditors and other Payables	(4,226,687)	(2,659,197)
Cash generated from operations	201,717,372	172,865,085
Taxes Paid	(5,437,603)	(10,214,556)
Net cash generated from operating activities	196,279,770	162,650,529
Cash flows from investing activities:		
Investment in Financial Assets	(1,039,650,828)	(586,459,418)
Maturities of Investments	805,119,460	406,955,384
Acquisition of Property, Plant and Equipment	(39,606)	(64,314)
Net cash used in investing activities	(234,570,974)	(179,568,348)
Cash flow from financing activities:		
Contribution received	144,996,456	133,353,013
General Deposit Account - Labour Department	14,301	(12,292)
Refunds to Members	(106,497,162)	(117,476,507)
Net cash generated from financing activities	38,513,595	15,864,214
Net increase in cash and cash equivalents	222,391	(1,053,605)
Cash and Cash equivalents at the beginning of the year	3,273,943	4,385,242
Cash and cash equivalents at the end of the year-Before Adjustments	3,496,334	3,331,637
Adjustments:		
Cash balance at the end of the year - Labour Department	(77,256)	(57,694)
Cash and cash equivalents at the end of the year (Note A)	3,419,078	3,273,943
Note A		
Analysis of Cash and Cash equivalents as at 31 st December;		
Cash in Hand	20	20
Cash at Bank	3,419,058	3,273,923
	3,419,078	3,273,943
(-) Provision for impairment	(35)	-
	3,419,043	3,273,943

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

Description	Members Balance Rs.'000	Building Reserve Fund Rs.'000Rs.'000	Technology Advancement Reserve Fund Rs.'000Rs.'000	Profit Equalisation Reserve Fund Rs.'000	General Reserve Fund Rs.'000	Investment Revaluation Reserve Rs.'000	Retained Profit Rs.'000	Total Rs.'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)	189,341	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%)	191,243,838	-	-	-	-	-	(191,243,838)	-
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
Impact of adopting SLFRS 09 (Note 34.2)	-	-	-	-	-	(4,241,946)	2,206,626	(2,035,320)
Restated opening balance under SLFRS 09	2,020,782,471	3,157,000	350,000	30,850,000	6,650,000	-	2,474,628	2,064,264,098
Opening Balance adjustment to Retained Loss - Labour Department	-	-	-	-	-	-	(3,678)	(3,678)
Adjusted Opening Balance	2,020,782,471	3,157,000	350,000	30,850,000	6,650,000	-	2,470,950	2,064,260,420
Net Profit for the year - 2018	-	-	-	-	-	-	190,617,403	190,617,403
Net Contributions for 2018	38,779,219	-	-	-	-	-	-	38,779,219
Member Interest Paid on Refunds - 2018	-	-	-	-	-	-	(4,296,117)	(4,296,117)
Member Interest payable (2018 at 9.50%)	194,632,761	-	-	-	-	-	(194,632,761)	-
Transfers from Profit Equalization Reserve	-	-	-	(6,000,000)	-	-	6,000,000	-
Balance as at 31st December 2018	2,254,194,450	3,157,000	350,000	24,850,000	6,650,000	-	159,475	2,289,360,925

Employees' Provident Fund



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 2018, were authorised for issue by the Monetary Board on 21st February 2019.

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. Interest income consists of coupon interest income and gain or loss on amortisation of discount or premium of the financial instruments.

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 at Fair Value Through Profit or Loss (FVTPL) comprises realised trading gains on disposal of listed shares 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 at Fair Value through Other Comprehensive Income

Gain on Disposal of Financial Investments at Fair Value through Other Comprehensive Income (FVOCI) comprises realised capital gain on disposal of investment in equity securities classified as FVOCI, is directly transferred to retained earnings and no recycling impact is recorded 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 listed equity, are presented in profit or loss as 'gain or loss on fair valuation of Financial Investments at Fair Value through Profit or Loss' in the Statement of Income and Expenditure.

3.1.6 Gain on Fair Valuation of Financial Investments at FVOCI

Fair Valuation changes on Financial Investments at FVOCI comprises unrealised gains on fair valuation (marked to market valuation) of unlisted equity, if any are presented in other comprehensive income as gain or loss on fair valuation of Financial Investments at FVOCI in the Statement of Comprehensive Income.

3.1.7 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.

3.1.8 Income Tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

The fund is liable to pay income tax at the rate 10% until up to 31st March 2018 in accordance with the Inland Revenue Act No. 10 of 2006. As per the new Inland Revenue Act No 24 of 2017 with effective from 1st April 2018, the fund is liable to pay income tax at 14%.

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. However due to the abolishment of WHT on government securities with the new inland revenue act, amortization of WHT was not considered with effect from 01st April 2018.

3.2 Assets

3.2.1 Financial Instruments

3.2.1.1 Initial Recognition, classification and subsequent measurement

The EPF classifies its financial assets into the following measurement categories:

- (i) Those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- (ii) Those to be measured at amortised cost

The classification depends on the EPF's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

(i) Financial assets measured at amortised cost

Debt instruments

Investments in debt instruments are measured at amortised cost where they have:

- Contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- Are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in Note

3.2.1.2 Impairment of financial assets.

(ii) Financial assets measured at fair value through other comprehensive income Debt instruments

Investments in debt instruments are measured at fair value through other comprehensive income where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and

- are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Upon disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement.

The measurement of credit impairment is based on the three-stage expected credit loss model as applied to financial assets at amortised cost. The expected credit loss model is described below in Note 3.2.1.2 Impairment of financial assets.

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognized by the EPF in a business combination to which SLFRS 3 'Business Combination' applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management. For portfolios where management does not consider an irrevocable election of adopting fair value through other comprehensive income, by default such investments shall be measured at fair value through profit and loss.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss.

(iii) Items at fair value through profit or loss

Items at fair value through profit or loss comprise:

(a) Items held for trading;

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Trading derivatives and trading securities are classified as held for trading and recognised at fair value.

(b) Items specifically designated as fair value through profit or loss on initial recognition

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement

or recognition inconsistencies (i.e. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

- (c) Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Derivative financial instruments and hedge accounting

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable, and typically comprise of instruments such as swaps, forward rate agreements, futures and options.

All derivatives are recognised in the balance sheet at fair value and are classified as trading except where they are designated as a part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is remeasured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

3.2.1.2 Impairment of financial assets

The EPF applies a three-stage approach to measuring expected credit losses (ECLs) for the following categories of financial assets that are not measured at fair value through profit or loss:

- Debt instruments measured at amortised cost and fair value through other comprehensive income;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognised on equity investments.

Financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime

ECL associated with the probability of default events occurring within the next 12 months is recognised.

EPF determines 12 month ECL from customers whom are not significantly credit deteriorated

Stage 2: Lifetime ECL – not credit impaired

For exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired, a lifetime ECL (i.e. reflecting the remaining lifetime of the financial asset) is recognised.

In consistent with the policies of the EPF, rated below BBB- are considered to non-investment grade investments and EPF considers such investments as significant deterioration of credit risk incurred. Such investments are considered for life time ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through the two notches downgrade of the external credit rating of the counterparty since the origination of the instrument.

For sovereign instruments significant deterioration is defined as four notches downgrade of external credit rating of the counterparty.

Stage 3: Lifetime ECL – credit impaired

Exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Determining the stage for impairment

At each reporting date, the EPF assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The EPF considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

The EPF assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, taking

into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, of the borrower and other relevant factors.

Measurement of ECLs

ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the EPF in accordance with the contract and the cash flows that the EPF expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the effective interest rate.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the EPF if the commitment is drawn down and the cash flows that the EPF expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the EPF expects to recover.

For further details on how the EPF calculates ECLs including the use of forward looking information, refer to the Credit quality of financial assets section in Note 34.6.

ECLs are recognised using a provision for doubtful debts account in profit and loss. In the case of debt instruments measured at fair value through other comprehensive income, the measurement of ECLs is based on the three-stage approach as applied to financial assets at amortised cost. The EPF recognizes the provision charge in profit and loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

3.2.1.3 Recognition and Derecognition of financial instruments

A financial asset or financial liability is recognised in the balance sheet when the EPF becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers.

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

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

A financial liability is derecognised from the balance sheet when the EPF has discharged its obligation or the contract is cancelled or expires.

3.2.1.4 Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the EPF has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.2.1.5 Critical accounting assumptions and estimates

Assumptions made at each reporting date are based on best estimates at that date. Although the EPF has internal control systems in place to ensure that estimates are reliably measured, actual amounts may differ from those estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The accounting policies which are most sensitive to the use of judgement, estimates and assumptions are specified below.

Fair value measurement

A significant portion of financial instruments are carried on the statement of financial position at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where the classification of a financial asset or liability results in it being measured at fair value, wherever possible, the fair value is determined by reference to the quoted bid or offer price in the most advantageous active market to which the EPF has immediate access. An adjustment for credit risk is also incorporated into the fair value as appropriate.

Fair value for a net open position that is a financial liability quoted in an active market is the current offer price, and for a financial asset the bid price, multiplied by the number of units of the instrument held or issued.

Where no active market exists for a particular asset or liability, the EPF uses a valuation technique to arrive at the fair value, including the use of transaction prices obtained in

recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques, based on market conditions and risks existing at reporting date. In doing so, fair value is estimated using a valuation technique that makes maximum use of observable market inputs and places minimal reliance upon entity-specific inputs.

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 transferred to unclaimed benefit Account.

3.3.3 Under Payments & Over Payments (Refunds)

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

3.3.4 Under Payments & Over Payments (Contribution)

The balance shown in the Under Payments & Over Payments (Contribution) Account represents contributions received but not credited to the member accounts, temporarily.

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

4. 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.

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

5. Interest Income

<i>For the year ended 31st December</i>	2018			2017
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest on Treasury Bonds	212,232,470	-	212,232,470	206,940,362
Interest on Treasury Bills	6,026,390	-	6,026,390	4,622,562
Interest on Corporate Debt Securities - Listed	3,699,770	-	3,699,770	3,135,069
Interest on Corporate Debt Securities - Unlisted	1,283,769	-	1,283,769	672,494
Interest on Trust Certificates	159,321	-	159,321	338,669
Interest on Reverse Repos	685,316	-	685,316	332,128
Interest on Fixed Deposits	5,358,990	-	5,358,990	3,594,047
	229,446,025	-	229,446,025	219,635,331

As explained in note 12, EPF ceased to recognize amortised WHT paid on Treasury Bonds to the income with effect from 31.03.2018

6. Dividend Income

<i>For the year ended 31st December</i>	2018			2017
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend from Equity Securities - Listed	2,663,693	-	2,663,693	2,858,597
Dividend from Equity Securities - Unlisted	1,095,986	-	1,095,986	4,894
Dividend from Unlisted Preference Shares	127,900	-	127,900	130,100
	3,887,578	-	3,887,578	2,993,591

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

<i>For the year ended 31st December</i>	2018			2017
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gain on dealing of Shares - FVTP	7,216	-	7,216	-
Gain on dealing of Shares - AFS	-	-	-	5
	7,216	-	7,216	5

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

<i>For the year ended 31st December</i>	2018			2017
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Listed Equity Securities	(10,901,286)	-	(10,901,286)	(163,352)
Government Securities - Treasury Bonds	-	-	-	1,640,202
	(10,901,286)	-	(10,901,286)	1,476,850

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

9. Impairment of Financial Assets

For the year ended 31st December

	2018	2017
	Rs.'000	Rs.'000
Listed 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	-	8,311
Bukith Darah PLC	-	198,369
The Finance Company PLC	-	7,128
	-	1,502,111

Under/ (Over) Provision for impairment; (Note 18 & 24)

Corporate Debt Securities	(332)	-
Trust Certificate	(91)	-
Fixed Deposits	(159)	-
Preference Shares	(3)	-
Bank Balances	(1.1)	-
	(585)	-
	(585)	1,502,111

Under/ (Over) Provision of Impairment/ Impairment Expense

The impairment model was changed from Incurred Loss model to Expected Credit Loss Model according to the provisions given in SLFRS 09. Detailed information are given in Note 34.6.

10. Other Income

For the year ended 31st December

	2018		2017
	Monetary Board	Labour Dept.	Total
	Rs.'000	Rs.'000	Rs.'000
Surcharges	367,196	-	367,196
Fee Income	17,558	-	17,558
Other Income	5,191	13,035	18,225
	389,944	13,035	402,979
			588,818

11. Operating Expenses

For the year ended 31st December

	2018		2017
	Monetary Board	Labour Dept.	Total
	Rs.'000	Rs.'000	Rs.'000
Personnel Expenses	559,472	407,899	967,371
Administration Expenses	283,825	186,160	469,986
Other Expenses	58,528	9,452	67,980
	901,826	603,511	1,505,337
			1,348,672

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

12. Tax Expense

For the year ended 31st December

	2018	2017
	Rs.'000	Rs.'000
Income Tax on Profit for the Year (12.1)	24,929,433	550,121
(Over)/ Under Provision in respect of Previous Years	917,466	(194,013)
Amortised WHT on Treasury Bonds	4,873,458	18,540,943
	30,720,357	18,897,051

Tax expenses comprises the estimated tax on the taxable income for the year and any adjustment to the tax estimates in respect of previous years. The amount of current year tax expense is the best estimate of the tax liability in terms of the applicable laws, directions and determinations.

Summary of significant provision applicable under relevant tax legislation

- In accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto, the Fund is liable to income tax at the standard rate of 10% until up to 31.03.2018.
- As per the new Inland Revenue Act No 24 of 2017 with effective from 1st April 2018, the fund is liable to pay income tax at 14%.
- The Fund recognized, WHT which is paid up front on Treasury Bond interest income as tax expense over the entire life of the Treasury Bond. However due to the abolishment of WHT on government securities with the new inland revenue act, amortisation of WHT as tax expenses was not considered with effect from 01st April 2018.

12.1 Reconciliation between Investment income & Taxable investment income

	2018 up to 31.03.2018 Rs. '000	After 01.04.2018 Rs. '000	Total Rs. '000	2017 Rs. '000
Investment Income	55,089,111	167,351,007	222,440,118	222,603,666
Adjustment;				
Interest on Treasury Bond	(46,169,606)	-	(46,169,606)	(175,651,042)
Interest on Debenture	(1,091,830)	-	(1,091,830)	(3,807,604)
Interest on Trust Certificate	(52,220)	-	(52,220)	(338,668)
Interest on Fixed Deposit	(1,335,327)	-	(1,335,327)	(3,594,047)
Dividend Income	(2,197,439)	(1,690,139)	(3,887,578)	(2,993,591)
Capital Gain on Shares	-	(7,214)	(7,214)	(5)
Capital Gain on Treasury Bills	(2)	-	(2)	
Amortisation Gain on Treasury Bond	(2,617,453)	-	(2,617,453)	(31,289,320)
Amortisation Loss on Debenture	10	31	41	41
Unrealised Loss/ (Gain) on Financial Instruments at Fair Value through Profit or Loss	37,904	10,863,382	10,901,286	(1,476,850)
Impairment Loss on Available for Sale Financial Asset	-	(585)	(585)	1,502,111
Other Income	135,432	267,547	402,979	588,818
Expenses Attributable to Other Income	(287)	(1,147)	(1,434)	(42,319)
Adjusted income for taxation	1,798,293	176,782,882	178,581,175	5,501,190
current tax expenses for the Fund				
10% (Up to 31.03.2018)	179,829	-	179,829	550,119
14% (after 01.04.2018)	-	24,749,604	24,749,604	-
	179,829	24,749,604	24,929,433	550,119

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

For the year ended 31st December

	2018 Total Rs.'000	2017 Total Rs.'000
Gain/ (Loss) on Listed Equity	-	119,638
Gain/ (Loss) on T Bonds	-	6,370,376
Gain/ (Loss) on T Bills	-	(354,277)
Gain/ (Loss) on Debentures	-	(102,090)
	-	6,033,647

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

14. Property, Plant and Equipment

14.1 Total - 2018

	Computer Equipment	Furniture and Fittings	Office Equipment	Motor Vehicles	Other	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost						
As at 01 st January 2018	537,080	99,174	397,187	103,568	6,406	1,143,415
Additions during the year	26,206	4,413	5,111	-	18	35,748
Disposals During the year	-	-	-	-	-	-
Adjustments	(4,336)	-	(1,319)	(6,366)	-	(12,021)
As at 31st December 2018	558,950	103,587	400,979	97,202	6,423	1,167,142
Accumulated Depreciation						
As at 01 st January 2018	457,691	71,520	251,759	60,295	3,478	844,743
Charge for the year	9,952	8,739	21,068	-	654	40,412
Disposals During the year	-	-	-	-	-	-
Adjustments	203	-	(165)	(4,202)	-	(4,163)
As at 31st December 2018	467,845	80,259	272,662	56,093	4,132	880,992
Net Book Value (NBV)						
As at 31st December 2018	91,105	23,328	128,317	41,109	2,291	286,150
As at 31st December 2017	79,389	27,654	145,428	43,273	2,928	298,672

Total - 2017

	Computer Equipment	Furniture and Fittings	Office Equipment	Motor Vehicles	Other	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	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 (NBV)						
As at 31st December 2017	79,389	27,654	145,428	43,273	2,928	298,672
As at 31st December 2016	47,054	32,906	151,269	41,905	3,541	276,675

EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

Property, Plant & Equipment Contd....

14.2 2018

	Computer Equipment		Furniture and Fittings		Office Equipment		Motor Vehicles		Other		Total	
	Monetary Board	Labour Dept.	Monetary Board	Labour Dept.	Monetary Board	Labour Dept. Monetary Board	Monetary Board	Labour Dept.	Monetary Board	Labour Dept.	Monetary Board	Labour Dept. Total
Cost	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 01 st January 2018	114,620	422,460	46,012	53,162	18,644	378,543	-	103,568	6,054	352	185,330	958,085
Additions during the year	3,938	22,269	-	4,413	595	4,516	-	-	18	-	4,550	31,198
Disposals During the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	(4,336)	-	-	-	(1,319)	-	(6,366)	-	-	-	(12,021)
As at 31st December 2018	118,558	440,392	46,012	57,575	19,239	381,741	-	97,202	6,071	352	189,880	977,261
Accumulated Depreciation												
As at 01 st January 2018	109,046	348,645	27,684	43,836	13,984	237,775	-	60,295	3,126	352	153,840	690,903
Charge for the year	2,442	7,510	3,523	5,216	1,988	19,080	-	-	654	-	8,606	31,805
Disposals During the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	203	-	-	-	(165)	-	(4,202)	-	-	-	(4,163)
As at 31st December 2018	111,489	356,357	31,207	49,052	15,972	256,690	-	56,094	3,780	352	162,446	718,545
NBV as at 31st December 2018	7,069	84,035	14,805	8,523	3,267	125,050	-	41,109	2,292	-	27,434	258,717
NBV as at 31st December 2017	5,574	73,815	18,328	9,326	4,660	140,768	-	43,273	2,928	-	31,490	267,182
												298,672

Property, Plant & Equipment Contd....

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EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

15. Intangible Assets

Computer Software	2018			2017
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Cost				
As at 01st January	33,866	-	33,866	33,561
Acquisitions during the Year	376	4,626	5,002	305
As 31st December	34,242	4,626	38,868	33,866
Amortisation				
As at 01st January	32,729	-	32,729	32,300
Amortisation during the period	280	1,639	1,919	429
As 31st December	33,009	1,639	34,648	32,729
Net book value				
As at 01st January	1,137	-	1,137	1,261
As 31st December	1,232	2,988	4,220	1,137

16. Equity Instruments at Fair Value through Other Comprehensive Income

As at 31 st December	2018	Fair Value	2017	Fair Value
	Cost Rs.'000	Rs.'000	Cost Rs.'000	Rs.'000
Investments in equity				
Unlisted Equity (Note 16.1)	10,414,892	9,914,892	-	-
Total Equity Instruments at FVOCI	10,414,892	9,914,892	-	-

The unlisted equities are continued to be accounted at cost since there is no adequate information to reliably measure the fair value. A separate disclosure is given in Note 35 for estimated fair values.

This note shall be refer with the Note 20.1.2, for the comparative figures for 31.12.2017 which were accounted under LKAS 39.

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

16.1 Unlisted Equity

<i>As at 31st December</i>	2018		2017	
	Cost Rs.'000	Book value Rs.'000	Cost Rs.'000	Book value Rs.'000
Company Name				
Canwill Holdings (Pvt) Ltd.	5,000,000	5,000,000	-	-
Cargills Bank Limited	495,000	495,000	-	-
Fitch Ratings Lanka Limited	625	625	-	-
Sri Lankan Airlines	500,000	0.1	-	-
Weligama Hotel Properties (Pvt) Ltd	405,000	405,000	-	-
West Coast Power (Pvt) Ltd	2,975,000	2,975,000	-	-
Laugfs Gas Eco Sri Limited - Voting	62,282	62,282	-	-
Laugfs Gas Eco Sri Limited - Non Voting	19,407	19,407	-	-
Laugfs Gas Leisure Limited - Voting	448,820	448,820	-	-
Laugfs Gas Leisure Limited - Non Voting	139,855	139,855	-	-
Laugfs Gas Power Limited - Voting	281,261	281,261	-	-
Laugfs Gas Power Limited - Non Voting	87,642	87,642	-	-
	10,414,892	9,914,892	-	-

Due to the corporate restructuring of Laugfs Gas plc, the Fund has become a shareholder of Laugfs Gas Eco Sri Ltd, Laugfs Gas Leisure Ltd and Laugfs Gas Power Ltd. It is informed that initial listing applications for the listing of laugfs eco Sri Ltd and Laugfs Gas Power Ltd by way of an introduction have been submitted to the Colombo Stock Exchange on 13th September 2018.

17. Equity Instruments at FVTPL

<i>As at 31st December</i>	2018		2017	
	Cost Rs.'000	Fair Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000
Investments in equity Listed Equity (Note 17.1)	80,467,243	64,937,663	-	-
Total Equity Instruments at FVTPL	80,467,243	64,937,663	-	-

The financial assets classification is changed as per the provisions given in the SLFRS 09 and the transition details are given in Note 34.

Refer with Notes 19.1 and 20.1, for the comparative figures for 31.12.2017 which were accounted under LKAS 39.

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

17.1 Listed Equity

<i>As at 31st December</i>	2018		2017	
	Cost Rs.'000	Fair Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000
Company Name				
Access Engineering PLC	448,736	288,744	-	-
ACL Cables PLC	155,514	218,575	-	-
ACL Plastics PLC	19,893	11,327	-	-
Aitken Spence PLC	1,997,136	984,249	-	-
Aitken Spence Hotel Holdings PLC	1,710,207	850,543	-	-
Amaya Leisure PLC	348,646	207,766	-	-
Asian Hotels & Properties PLC	3,273,782	1,941,216	-	-
Asiri Surgical Hospital PLC	1,681	2,354	-	-
Bairaha Farms PLC_ Voting Shares	5,274	4,425	-	-
Balangoda Plantations PLC	40,338	17,159	-	-
Bogawantalawa Tea Estates PLC	1,463	776	-	-
Browns & Company PLC	1,799,560	421,792	-	-
Browns Capital PLC	525	367	-	-
Browns Investment PLC - Voting	3,690	3,957	-	-
Bukith Darah PLC	2,310,610	586,150	-	-
C W Mackie PLC	12,644	6,149	-	-
Cargills (Ceylon) PLC	1,372,001	1,681,467	-	-
Carson Cumberbatch PLC	2,607,240	953,560	-	-
Central Finance Company PLC	2,666,017	2,083,117	-	-
Ceylon Grain Elevators PLC	1,005,585	318,358	-	-
Ceylon Guardian Investment PLC	555,487	196,285	-	-
Ceylon Hospitals PLC - Voting	106,534	76,574	-	-
Ceylon Hospitals PLC (NV)	25,411	79,652	-	-
Ceylon Hotels Corporation PLC	711,243	258,232	-	-
Ceylon Tea Services PLC	1,082,639	977,901	-	-
Ceylon Theatres PLC	1,086,557	1,310,631	-	-
Chemanex PLC	1,454	1,153	-	-
Chevron Lubricant Lanka PLC	49,564	73,959	-	-
CIC Holdings PLC - Non Voting	221,726	83,353	-	-
CIC Holdings PLC Voting	694,300	261,537	-	-
Colombo Dockyard PLC	2,791,809	652,967	-	-
Commercial Bank of Ceylon PLC	9,228,951	10,475,382	-	-
DFCC Bank PLC	3,395,968	2,266,317	-	-
Dialog Axiata PLC	1,742,543	1,825,950	-	-
Diesel & Motor Engineering PLC	1,625,690	606,367	-	-

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

17.1 Listed Equity (Contd...)

<i>As at 31st December</i>	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Company Name	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dipped Products PLC	866,679	649,169	-	-
Expolanka Holdings PLC - Voting	8,421	3,866	-	-
Galadari Hotels (Lanka) PLC	810,322	163,614	-	-
Hatton National bank PLC	6,539,703	8,248,574	-	-
Haycarb PLC	238,460	184,283	-	-
Hayleys Fabrics PLC	213,592	50,421	-	-
Hayleys PLC	1,096,572	706,228	-	-
Jetwing Symphony PLC	390,000	425,455	-	-
John Keells Holdings PLC	1,597,949	1,622,444	-	-
John Keells Hotels PLC	1,166,289	612,101	-	-
Kegalle Plantations PLC	24,734	6,727	-	-
Kelani Tyres PLC	98,635	55,781	-	-
Lanka IOC PLC	76,437	57,725	-	-
Lanka Orix Leasing Company PLC	1,611,013	1,364,885	-	-
Lanka Tiles PLC	406,130	363,184	-	-
Lankem Ceylon PLC	4,349	750	-	-
Laugfs Gas PLC - Non Voting	459,439	277,836	-	-
Laugfs Gas PLC - Voting	1,891,758	1,082,689	-	-
Lighthouse Hotel PLC	309,422	148,476	-	-
Mackwoods Energy PLC	35,759	6,666	-	-
Malwatte Valley Plantations PLC	8,783	6,178	-	-
Malwatte Valley Plantations PLC - Non Voting	3,101	1,419	-	-
National Development Bank PLC	2,004,162	2,246,187	-	-
Nations Trust Bank PLC	8,329	11,111	-	-
Nawaloka Hospitals PLC	21,565	29,076	-	-
Nestle Lanka PLC	21,687	170,000	-	-
Palm Garden Hotel PLC	54,109	5,748	-	-
People's Leasing & Finance PLC	1,503,899	1,397,706	-	-
Pyramal Glass Ceylon PLC	541,434	343,205	-	-
Raigam Wayamba Salterns PLC	153,682	76,113	-	-
Richard Pieris & Company PLC	1,647,208	1,783,945	-	-
Royal Ceremics Lanka PLC	1,633,878	1,139,739	-	-
Sampath Bank PLC	5,219,089	6,583,112	-	-
Seylan Bank PLC	1,193,871	1,415,550	-	-
Seylan Bank PLC - Non Voting	360,619	431,986	-	-
Seylan Developments PLC	1,416	1,100	-	-
Sierra Cables PLC	33	19	-	-
Softlogic Holdings PLC	133,137	155,456	-	-
Sri Lanka Telecom PLC	857,619	592,584	-	-
Taj Lanka Hotels PLC	343,942	96,692	-	-
Tangerine Beach Hotels PLC	147,658	59,313	-	-
Tea Smallholder Factories PLC	440	208	-	-
The Finance Company PLC	205,490	10,182	-	-
The Kingsbury PLC	555,502	388,511	-	-
Tokyo Cement Company (Lanka) PLC -NV	134,651	129,801	-	-
Trans Asia Hotels PLC	263,155	377,206	-	-
Vallibel One PLC	2,502,708	1,726,336	-	-
	80,467,243	64,937,663	-	-

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

18. Debt Instruments at Amortised Cost

As at 31 st December	2018				2017			
	Face Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Investments in Government Securities								
Treasury Bonds (Note 18.1.1)	2,110,854,987	1,970,722,277	2,017,224,894	2,084,497,740	-	-	-	-
Treasury Bills (Note 18.1.2)	36,321,220	33,398,583	34,413,982	34,733,240	-	-	-	-
	2,147,176,207	2,004,120,860	2,051,638,875	2,119,230,980	-	-	-	-
Investments in Debentures								
Listed (Note 18.2.1)	31,292,509	31,292,712	30,258,610	31,926,733	-	-	-	-
Unlisted (Note 18.2.2)	10,664,790	10,664,790	10,726,089	10,726,089	-	-	-	-
Less: Provision for Impairment	-	-	-	(3,359)	-	-	-	-
	41,957,299	41,957,502	40,984,699	42,649,463	-	-	-	-
Investments in Trust Certificates (18.3)								
Less: Provision for Impairment	1,230,857	831,235	1,132,594	1,132,594	-	-	-	-
	1,230,857	831,235	1,132,594	1,132,558	-	-	-	-
Investments in Repo Transactions (18.4)								
	26,325,000	26,325,000	26,350,903	26,350,903	-	-	-	-
	26,325,000	26,325,000	26,350,903	26,350,903	-	-	-	-
Investments in Fixed Deposits (18.5)								
Less: Provision for Impairment	32,500,000	32,500,000	33,609,718	33,609,718	-	-	-	-
	32,500,000	32,500,000	33,609,718	(183)	-	-	-	-
Investment in Preference Share - Unlisted (18.6)								
Less: Provision for Impairment	1,005,000	1,005,000	1,005,273	1,005,273	-	-	-	-
	1,005,000	1,005,000	1,005,273	(214)	-	-	-	-
	1,005,000	1,005,000	1,005,273	1,005,060	-	-	-	-
Total investments in Debt Instruments at Amortised Cost	2,250,194,363	2,106,739,598	2,154,722,063	2,223,978,499	-	-	-	-

The financial assets classification is changed as per the provisions given in the SLFRS 09 and the transition details are given in Note 34 Refer with Notes 19-22, for the comparative figures for 31.12.2017 which were accounted under LKAS 39.

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

18 Debt Instruments at Amortised Cost (Contd...)

Movement of Impairment for Debt Instruments at Amortised Cost

	Provision as at 31.12.2017 Rs'000	Provision as at 31.12.1018 Rs'000	Over/ (Under) Provision Rs'000
Impairment allowance for			
Corporate Debt Securities	3,690	3,359	332
Trust Certificates	127	36	91
Fixed Deposits	342	183	159
Preference Shares	217	214	3
	4,376	3,792	584

The impairment model was changed from Incurred Loss model to Expected Credit Loss Model according to the provisions given in SLFRS 09. Detailed information are given in Note 34.6.

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements
Debt Instruments at Amortised Cost (Contd...)

18.1 Investments in Government Securities

18.1.1 Treasury Bonds

As at 31 st December	Year of Maturity	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Government of Sri Lanka Treasury Bonds	2019	87,775,141	81,541,990	87,165,981	88,493,146	-	-	-	-
	2020	109,554,500	92,340,855	105,045,591	107,113,671	-	-	-	-
	2021	73,390,000	71,700,957	72,464,694	74,313,264	-	-	-	-
	2022	101,262,710	89,189,172	95,940,379	100,125,736	-	-	-	-
	2023	167,753,886	158,211,663	163,200,644	167,292,654	-	-	-	-
	2024	72,884,296	71,691,079	71,186,141	74,804,254	-	-	-	-
	2025	193,399,917	194,970,261	193,068,667	199,804,126	-	-	-	-
	2026	224,869,848	178,538,283	190,818,624	196,572,147	-	-	-	-
	2027	51,308,238	52,311,903	52,201,694	52,483,255	-	-	-	-
	2028	269,000,680	232,709,101	239,623,661	248,390,356	-	-	-	-
	2029	114,303,233	132,499,474	129,504,428	135,240,989	-	-	-	-
	2030	53,550,000	54,419,853	53,824,553	55,024,955	-	-	-	-
	2032	96,042,350	61,692,658	65,226,028	68,572,345	-	-	-	-
	2033	227,369,648	204,387,444	206,708,519	213,670,486	-	-	-	-
	2034	75,158,330	89,874,726	88,578,472	93,585,070	-	-	-	-
	2035	52,823,000	56,736,818	55,299,921	58,234,988	-	-	-	-
	2041	26,700,000	27,737,826	27,725,925	29,327,925	-	-	-	-
	2043	30,676,000	22,309,955	22,533,246	22,769,671	-	-	-	-
	2044	78,263,210	92,355,217	92,028,586	93,180,571	-	-	-	-
	2045	4,770,000	5,503,044	5,079,140	5,498,131	-	-	-	-
		2,110,854,987	1,970,722,277	2,017,224,894	2,084,497,740	-	-	-	-

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

18.1.2 Treasury Bills

<i>As at 31st December</i>	Year of Maturity	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Government of Sri Lanka Treasury Bills	2019	36,321,220	33,398,583	34,413,982	34,733,240	-	-	-	-
		36,321,220	33,398,583	34,413,982	34,733,240	-	-	-	-

The fair values of the Government Securities are based on the average of buying and selling quotes as at 31st December 2018, published by the Central Bank of Sri Lanka.

EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

Debt Instruments at Amortised Cost (Contd...)

18.2 Investments in Debentures

18.2.1 Corporate Debentures - Listed

As at 31 st December	Year of Maturity	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Hemas Holding PLC_11.00% p.a_2019	2019	81,980	81,980	81,570	84,259	-	-	-	-
HNB Debenture _ 7.75% p.a	2019	2,000,000	2,000,000	1,700,000	1,960,372	-	-	-	-
Lanka ORIX Leasing Company PLC Debenture 9% p.a	2019	100,000	100,203	91,000	100,037	-	-	-	-
Pan Asia Banking Corporation PLC_9.5233% p.a	2019	209,230	209,230	209,230	252,078	-	-	-	-
Pan Asia Banking Corporation PLC_9.75% p.a	2019	250,000	250,000	250,000	210,973	-	-	-	-
RICHARD PIERIS AND COMPANY PLC 2019_11.25% p.a	2019	200,000	200,000	197,000	203,974	-	-	-	-
Sampath Bank Debenture_ 8.10% p.a	2019	2,000,000	2,000,000	1,700,000	1,984,122	-	-	-	-
Siyapatha Finance PLC - A	2019	500,000	500,000	498,500	518,342	-	-	-	-
Central Finance Company PLC_2015-2020_9.52% p.a	2020	200,000	200,000	200,000	200,000	-	-	-	-
Lanka ORIX Finance PLC Debenture _ 9.25% p.a	2020	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-
National Development Bank PLC_2015-2020_09.40% p.a	2020	2,000,000	2,000,000	1,740,000	2,000,000	-	-	-	-
Pradeshya Sanwardana Bank Debenture_9.00% p.a	2020	500,000	500,000	500,000	500,000	-	-	-	-
Seylan Bank Debenture_8.60% p.a 2014/2020	2020	2,000,000	2,000,000	2,000,000	2,003,927	-	-	-	-
Bank Of Ceylon_13.25%_2021	2021	1,141,892	1,141,892	1,141,892	1,142,721	-	-	-	-
Commercial Bank Debentures Type A 2016-2021	2021	2,000,000	2,000,000	2,053,200	2,042,198	-	-	-	-
Nations Trust Bank Type A 2021 12.65%	2021	1,200,000	1,200,000	1,135,200	1,222,225	-	-	-	-
People's Leasing Company 2016-2021	2021	1,000,000	1,000,000	999,600	1,015,534	-	-	-	-
seylan debenture 15.07.2021	2021	1,000,000	1,000,000	1,000,000	1,060,054	-	-	-	-
Siyapatha Finance PLC - B	2021	200,000	200,000	200,000	207,619	-	-	-	-
Sampath Bank_12.50%_2022	2022	349,208	349,208	349,208	350,403	-	-	-	-

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Debt Instruments at Amortised Cost (Contd...)

18.2 Investments in Debentures

18.2.1 Corporate Debentures - Listed

As at 31 st December	Year of Maturity	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Bank of Ceylon_13.75%p.a	2023	134,090	134,090	136,101	137,525	-	-	-	-
Commercial Bank Debentures Type A 2018-2023	2023	2,000,000	2,000,000	2,000,000	2,105,662	-	-	-	-
DFCC Type B Debenture 12.75%_2023	2023	1,000,000	1,000,000	1,000,000	1,018,164	-	-	-	-
National Development Bank PLC_2013-2023_13.90%p.a	2023	375,000	375,000	322,500	375,000	-	-	-	-
Nations Trust Bank PLC_12.65%_2018-2023	2023	1,000,000	1,000,000	1,000,000	1,025,500	-	-	-	-
People's Leasing & Finance PLC 2018-2023_12.80%	2023	666,000	666,000	666,000	726,257	-	-	-	-
Sampath Bank_12.50%_2018-2023	2023	2,000,000	2,000,000	2,000,000	2,070,548	-	-	-	-
seylan bank debenture 15.07.2016 to 15.07.2023	2023	1,000,000	1,000,000	900,000	1,063,519	-	-	-	-
DFCC Type B Debenture 15.00%_2025	2025	1,000,000	1,000,000	1,000,000	1,099,014	-	-	-	-
National Development Bank PLC_2013-2025_14.00%p.a	2025	500,000	500,000	502,500	500,000	-	-	-	-
Commercial Bank Debentures Type B 2016-2026	2026	1,685,110	1,685,110	1,685,110	1,721,405	-	-	-	-
Sri Lanka Telecom PLC 2018-2028 12.75%	2028	1,000,000	1,000,000	1,000,000	1,025,500	-	-	-	-
		31,292,509	31,292,712	30,258,610	31,926,733	-	-	-	-

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Debt Instruments at Amortised Cost (Contd...)

18.2.2 Corporate Debentures - Unlisted

As at 31 st December	Year of Maturity	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
HDFC Bank Debentures HL 2.50%p.a. SMB Bank Debentures HL 2.50% p.a. DFCC Vardhana Bank Debenture 09.40%p.a National Savings Bank_13%_2021 HNB Debenture 11.50% p.a Hattion National Bank Type A 2016-2021 Hattion National Bank Type B 2016-2023 Bank Of Ceylon_12.75%_2025	2020	110,000	110,000	110,203	110,203	-	-	-	-
	2020	110,000	110,000	110,176	110,176	-	-	-	-
	2020	500,000	500,000	526,397	526,397	-	-	-	-
	2021	1,500,000	1,500,000	1,501,068	1,501,068	-	-	-	-
	2021	2,000,000	2,000,000	2,000,000	2,000,000	-	-	-	-
	2021	444,790	444,790	453,381	453,381	-	-	-	-
	2023	1,000,000	1,000,000	1,021,370	1,021,370	-	-	-	-
	2025	5,000,000	5,000,000	5,003,493	5,003,493	-	-	-	-
		10,664,790	10,664,790	10,726,089	10,726,089	-	-	-	-

The fair values of the corporate debentures - listed : are based on the spot prices as at 31st December 2018, published by the Colombo Stock Exchange. Unlisted debentures : amortised cost was considered as fair value as no information are available to estimate the fair value.

18.3 Investments in Trust Certificates

As at 31 st December	2018				2017			
	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
People's Leasing & Finance PLC TC	1,230,857	831,235	1,132,594	1,132,594	-	-	-	-
	1,230,857	831,235	1,132,594	1,132,594	-	-	-	-

Amortised cost of trust certificates was considered as fair value as no information are available to estimate the fair value.

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

18.4 Investments in Repo Transactions

	2018	2017
	Rs.'000	Rs.'000
Domestic Operations Department - Auctions	24,525,522	-
Domestic Operations Department - Standing Facility	1,825,381	-
	26,350,903	-

18.5 Investments in Fixed Deposits

	2018	2017
	Rs.'000	Rs.'000
Investments in Fixed Deposits	33,609,718	-
	33,609,718	-

18.6 Investments in Preference Shares

	2018		2017	
	Purchase Cost	Amortised Cost	Purchase Cost	Amortised Cost
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Preference Shares	1,005,000	1,005,273	-	-
	1,005,000	1,005,273	-	-

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

19. Financial Assets - Fair Value Through Profit or Loss

As at 31 st December	Face Value Rs.'000	2018		2017		
		Cost Rs.'000	Fair Value Rs.'000	Face Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000
Investments in equity						
Listed Equity (Note 19.1)	-	-	-	-	2,982,561	2,451,743
	-	-	-	-	2,982,561	2,451,743
Investments in Government Securities						
Treasury Bonds (Note 19.2)				12,545,000	12,233,851	13,133,108
	-	-	-	12,545,000	12,233,851	13,133,108
Investments in Debentures						
Corporate Debentures (Note 19.3)				114,500	114,500	114,500
	-	-	-	114,500	114,500	114,500
	-	-	-	12,659,500	15,330,912	15,699,351

19.1 Investments in equity - Listed

As at 31 st December	2018		2017	
Company Name	Cost Rs.'000	Fair Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000
Access Engineering PLC	-	-	102,915	110,330
ACL Cables PLC	-	-	22,978	17,264
ACL Plastics PLC	-	-	19,893	18,368
Aitken Spence PLC	-	-	280,028	173,129
Aitken Spence Hotel Holdings PLC	-	-	164,977	83,735
Asian Hotels & Properties PLC	-	-	96,297	100,719
Balangoda Plantations PLC	-	-	40,338	40,803
Bogawantalawa Tea Estates PLC	-	-	1,463	1,389
Brown & Company PLC	-	-	25,399	17,558
Browns Capital PLC	-	-	524	336
Browns Investment PLC - Voting	-	-	3,690	5,415
Bukith Darah PLC	-	-	2,614	766
C W Mackie PLC	-	-	12,644	6,428
Cargills (Ceylon) PLC	-	-	2,274	2,889
Carson Cumberbatch PLC	-	-	13,160	5,356
Central Finance Company PLC	-	-	74,401	59,854
Ceylon Guardian Investment Trust PLC	-	-	40,108	19,477
Ceylon Hospitals PLC - Voting	-	-	106,534	89,390
Ceylon Tea Services PLC	-	-	23,494	17,724
Ceylon Theatres PLC	-	-	6,507	8,184
Chemane PLC	-	-	1,454	1,199
CIC Holdings PLC - Non Voting	-	-	29,552	16,179
CIC Holdings PLC - Voting	-	-	119,043	69,124
Dialog Axiata PLC	-	-	505	625
Diesel & Motor Engineering PLC	-	-	88,707	61,388
Dipped Products PLC	-	-	65,128	49,544
Expolanka Holdings PLC - Voting	-	-	8,421	5,122
Hayleys PLC	-	-	214,119	172,987
John Keells Holdings PLC	-	-	726,143	729,397
Kegalle Plantations PLC	-	-	24,734	8,561
Kelani Tyres PLC	-	-	1,021	613
Lanka IOC PLC	-	-	139	124
Lankem Ceylon PLC	-	-	4,349	1,200
Mackwoods Energy PLC	-	-	15,760	4,576
Malwatte Valley Plantations PLC	-	-	8,783	8,712
Malwatte Valley Plantations PLC - Non Voting	-	-	3,101	3,356
Palm Garden Hotel PLC	-	-	54,109	7,010
People's Leasing & Finance PLC	-	-	266,478	251,205
Raigam Wayamba Salterns PLC	-	-	32,991	22,767

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

19.1 Investments in equity - Listed (Contd...)

<i>As at 31st December</i>	2018		2017	
	Cost Rs.'000	Fair Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000
Company Name				
Royal Ceremics Lanka PLC	-	-	150,233	157,542
Seylan Developments PLC	-	-	1,416	1,360
Sri Lanka Telecom PLC	-	-	39,003	33,049
Taj Lanka Hotels PLC	-	-	2,896	1,692
Tangerine Beach Hotels PLC	-	-	2,338	1,976
Tea Smallholder Factories PLC	-	-	440	320
Tokyo Cement Company(Lanka) PLC - Non-Voting	-	-	6,138	11,310
Vallibel One PLC	-	-	75,322	51,691
	-	-	2,982,561	2,451,743

19.2 Treasury Bonds

<i>As at 31st December</i>	Year of Maturity	2018			2017		
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000
Securities							
Government of Sri Lanka Treasury Bonds	2018	-	-	-	500,000	462,418	496,128
	2020	-	-	-	500,000	460,526	497,129
	2022	-	-	-	1,000,000	912,332	1,002,731
	2024	-	-	-	1,745,000	1,795,866	1,850,766
	2026	-	-	-	3,000,000	2,707,869	3,150,384
	2028	-	-	-	3,250,000	3,133,630	3,377,117
	2029	-	-	-	350,000	398,411	410,606
	2030	-	-	-	350,000	394,105	364,510
	2035	-	-	-	1,850,000	1,968,694	1,983,737
		-	-	-	12,545,000	12,233,851	13,133,108

The fair values of the Government Securities are based on the average of buying and selling quotes as at 31st December 2017 published by the Central Bank of Sri Lanka

Financial Assets - Fair Value Through Profit or Loss (Contd...)

19.3 Corporate Debentures

<i>As at 31st December</i>	Year of Maturity	2018			2017		
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000
Company							
Nawaloka Hospitals PLC	2018				114,500	114,500	114,500
		-	-	-	114,500	114,500	114,500

The fair values of the Corporate Debentures - listed are based on the spot prices as at 31st December 2017, published by the Colombo Stock Exchange.

20 Financial Assets - Available for Sale

<i>As at 31st December</i>	2018			2017		
	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						
Listed (Note 20.1.1)	-	-	-	-	75,687,840	71,590,364
Unlisted (Note 20.1.2)	-	-	-	-	10,770,625	10,270,625
	-	-	-	-	86,458,465	81,860,989
Investments in Government Securities						
Treasury Bonds (Note 20.2.1)	-	-	-	47,074,818	49,887,914	49,005,109
Treasury Bills (Note 20.2.2)	-	-	-	5,550,000	5,014,547	5,416,614
	-	-	-	52,624,818	54,902,461	54,421,723
Investments in debt securities						
Corporate Debenture (Note 20.3.1)	-	-	-	-	2,771,515	2,665,074
	-	-	-	-	2,771,515	2,665,074
	-	-	-	-	-	-
	-	-	-	52,624,818	144,132,441	138,947,786

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

20.1 Investments in Equity

20.1.1 Listed Equity

<i>As at 31st December</i>	2018		2017	
	Cost	Fair Value Cost	Cost	Fair Value
Company Name	Rs.'000	Rs.'000	Rs.'000	Rs.'000
ACL Cables PLC	-	-	132,536	233,211
Access Engineering PLC	-	-	345,820	370,910
Aitken Spence PLC	-	-	1,717,108	951,139
Aitken Spence Hotel Holdings PLC	-	-	1,545,230	845,563
Amaya Leisure PLC	-	-	340,028	256,007
Asian Hotels & Properties PLC	-	-	3,177,485	2,288,470
Asiri Surgical Hospital PLC	-	-	1,681	2,496
Bairaha Farms PLC_Voting Shares	-	-	5,274	5,227
Browns & Company PLC	-	-	1,774,160	469,923
Bukith Darah PLC	-	-	2,307,996	600,816
CIC Holdings PLC - Non Voting	-	-	192,174	115,518
CIC Holdings PLC Voting	-	-	575,257	340,353
Cargills (Ceylon) PLC	-	-	1,369,726	1,467,659
Carson Cumberbatch PLC	-	-	2,594,080	980,700
Central Finance Company PLC	-	-	2,571,171	2,088,938
Pyramal Glass Ceylon PLC	-	-	541,434	523,839
Ceylon Grain Elevators PLC	-	-	1,005,585	353,671
Ceylon Guardian Investment PLC	-	-	515,379	232,932
Ceylon Hospitals PLC (NV)	-	-	25,411	75,380
Ceylon Hotels Corporation PLC	-	-	711,243	333,550
Ceylon Tea Services PLC	-	-	1,059,144	850,049
Ceylon Theatres PLC	-	-	1,080,051	1,249,686
Chevron Lubricant Lanka PLC	-	-	49,564	120,894
Colombo Dockyard PLC	-	-	2,791,809	1,039,345
Commercial Bank of Ceylon PLC	-	-	9,067,069	12,213,035
DFCC Bank PLC	-	-	3,395,968	2,992,513
Diesel & Motor Engineering PLC	-	-	1,536,983	803,589
Dialog Axiata PLC	-	-	1,742,038	2,349,608
Dipped Products PLC	-	-	801,551	599,625
Galadari Hotels (Lanka) PLC	-	-	810,322	189,698
Hatton National bank PLC	-	-	6,470,836	9,526,634
Haycarb PLC	-	-	238,460	209,091
Hayleys PLC	-	-	882,453	737,178
Hayleys Fabrics PLC	-	-	213,592	74,800
John Keells Holdings PLC	-	-	871,807	779,262
John Keells Hotels PLC	-	-	1,166,289	690,575
Kelani Tyres PLC	-	-	97,614	68,376
Lanka IOC PLC	-	-	76,299	65,580
Lanka Orix Leasing Company PLC	-	-	1,611,013	1,747,478
Lanka Tiles PLC	-	-	406,130	571,356
Laugfs Gas PLC - Non Voting	-	-	706,344	360,826

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

20.1.1 Listed Equity (Cont...)

<i>As at 31st December</i>	2018		2017	
	Cost Rs.'000	Fair Value Cost Rs.'000	Cost Rs.'000	Fair Value Rs.'000
Company Name				
Laugfs Gas PLC - Voting	-	-	2,684,120	1,360,598
Lighthouse Hotel PLC	-	-	309,422	206,951
Mackwoods Energy PLC	-	-	19,999	3,143
National Development Bank PLC	-	-	1,523,238	2,267,088
Nations Trust Bank PLC	-	-	8,080	9,469
Nawaloka Hospitals PLC	-	-	21,565	28,457
Nestle Lanka PLC	-	-	21,687	162,600
People's Leasing & Finance PLC	-	-	1,237,421	1,206,526
Raigam Wayamba Salterns PLC	-	-	120,691	64,763
Richard Pieris & Company PLC	-	-	1,647,208	2,208,694
Royal Ceremics Lanka PLC	-	-	1,483,645	1,591,788
Sampath Bank PLC	-	-	3,574,785	6,838,913
Seylan Bank PLC - Non Voting	-	-	339,635	522,258
Seylan Bank PLC	-	-	1,154,033	1,543,915
Sierra Cables PLC	-	-	33	22
Softlogic Holdings PLC	-	-	133,137	90,381
Sri Lanka Telecom PLC	-	-	818,616	688,688
Taj Lanka Hotels PLC	-	-	341,046	116,570
Tangerine Beach Hotels PLC	-	-	145,320	82,757
The Finance Company PLC	-	-	205,490	26,474
The Kingsbury PLC	-	-	555,502	345,059
Tokyo Cement Company (Lanka) PLC - NV	-	-	128,512	321,658
Trans Asia Hotels PLC	-	-	263,155	382,362
Vallibel One PLC	-	-	2,427,386	1,745,730
	-	-	75,687,840	71,590,364

The fair values of the investments in listed equity are based on the volume weighted average prices as at 31st December 2017, published by the Colombo Stock Exchange.

20.1.2 Unlisted Equity

<i>As at 31st December</i>	2018		2017	
	Cost Rs.'000	Book value Rs.'000	Cost Rs.'000	Book value Rs.'000
Company Name				
Canwill Holdings (Pvt) Ltd.	-	-	5,000,000	5,000,000
Cargills Bank Limited	-	-	495,000	495,000
Fitch Ratings Lanka Limited	-	-	625	625
Jetwing Symphony Limited	-	-	390,000	390,000
Sri Lankan Airlines	-	-	500,000	0.1
Sri Lankan Catering Limited	-	-	1,005,000	1,005,000
Weligama Hotel Properties (Pvt) Ltd	-	-	405,000	405,000
West Coast Power (Pvt) Ltd	-	-	2,975,000	2,975,000
	-	-	10,770,625	10,270,625

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

20.2 Investments in Government Securities

20.2.1 Treasury Bonds

As at 31 st December	Year of Maturity	2018			2017		
		Face Value	Purchase Cost	Fair Value	Face Value	Purchase Cost	Fair Value
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Government of Sri Lanka Treasury Bonds	2017	-	-	-	-	-	-
	2018	-	-	-	1,700,000	1,487,288	1,688,142
	2020	-	-	-	76,000	63,837	70,083
	2021	-	-	-	1,605,000	1,700,640	1,632,946
	2022	-	-	-	2,125,000	2,454,386	2,222,162
	2023	-	-	-	1,650,000	1,681,093	1,652,214
	2024	-	-	-	2,650,000	3,107,342	2,810,619
	2025	-	-	-	14,600,000	15,527,580	14,777,706
	2026	-	-	-	403,818	401,763	401,453
	2028	-	-	-	2,100,000	2,366,429	2,263,995
	2029	-	-	-	193,000	248,028	226,362
	2030	-	-	-	4,750,000	4,905,821	4,946,916
	2032	-	-	-	779,000	544,616	643,529
	2035	-	-	-	11,723,000	12,217,288	12,570,456
	2045	-	-	-	2,720,000	3,181,803	3,098,526
		-	-	-	47,074,818	49,887,914	49,005,109

20.2.2 Treasury Bills

As at 31 st December	Year of Maturity	2018			2017		
		Face Value	Purchase Cost	Fair Value	Face Value	Purchase Cost	Fair 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
		-	-	-	5,550,000	5,014,547	5,416,614

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

20.3 Investments in Debentures

20.3.1 Corporate Debentures

<i>As at 31st December</i>	Year of Maturity	2018		2017	
		Purchase Cost	Fair Value	Purchase Cost	Fair Value
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
Richard Pieris and Company PLC 2018_11.00% p.a	2018	-	-	81,390	81,390
LB Finance PLC_2013-2018_14.5% p.a	2018	-	-	220,670	222,877
Sampath Bank Debenture_Fixed 13.0%p.a	2018	-	-	251,775	246,740
Sampath Bank Debenture_Fixed 13.4%p.a	2018	-	-	170,095	170,945
Central Finance Company PLC_2013-2018_13.50%p.a	2018	-	-	15,255	15,026
Central Finance Company PLC_2013-2018_13.95%p.a	2018	-	-	23,950	26,618
Nations Trust Bank PLC_2013-2018_13.00%p.a	2018	-	-	549,150	550,248
Richard Pieris and Company PLC 2019_11.25% p.a	2019	-	-	100,000	97,000
Pan Asia Banking Corporation PLC_9.75% p.a	2019	-	-	250,000	250,000
Pan Asia Banking Corporation PLC_9.5233% p.a	2019	-	-	209,230	209,230
HNB Debenture _ 7.75% p.a	2019	-	-	500,000	425,000
Sampath Bank Debenture_ 8.10% p.a	2019	-	-	200,000	170,000
Seylan Bank Debenture_8.60%p.a 2014/2020	2020	-	-	200,000	200,000
		-	-	2,771,515	2,665,074

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

21 Held to Maturity Financial Assets

As at 31 st December	2018				2017			
	Face Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Investments in Government Securities								
Treasury Bonds (Note 21.1.1)	-	-	-	-	1,796,045,448	1,630,710,485	1,789,651,651	1,686,647,189
Treasury Bills (Note 21.1.2)	-	-	-	-	68,925,428	63,281,206	64,415,995	64,367,082
	-	-	-	-	1,864,970,876	1,693,991,691	1,854,067,646	1,751,014,271
Investments in Debentures								
Listed (Note 21.2.1)	-	-	-	-	24,983,190	24,983,393	23,929,702	24,983,268
Unlisted (Note 21.2.2)	-	-	-	-	10,981,507	10,981,507	10,981,507	10,981,507
	-	-	-	-	35,964,697	35,964,900	34,911,209	35,964,775
Investments in Trust Certificates (21.3)								
	-	-	-	-	3,046,772	2,225,489	2,746,076	2,746,076
	-	-	-	-	3,046,772	2,225,489	2,746,076	2,746,076
	-	-	-	-	1,903,982,345	1,732,182,080	1,891,724,930	1,789,725,122

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Held to Maturity Financial Investments (Contd...)

21.1 Investment in Government Securities
21.1.1 Treasury Bonds

<i>As at 31st December</i>	Year of Maturity	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Government of Sri Lanka Treasury Bonds	2018	-	-	-	-	109,228,700	93,658,471	108,945,380	107,979,875
	2019	-	-	-	-	87,775,141	81,541,990	86,855,204	86,116,867
	2020	-	-	-	-	98,545,167	81,419,386	93,008,966	91,568,590
	2021	-	-	-	-	54,785,000	53,042,015	56,090,592	53,661,220
	2022	-	-	-	-	98,137,710	85,822,453	95,276,672	91,470,538
	2023	-	-	-	-	129,453,886	118,523,914	123,083,893	122,959,130
	2024	-	-	-	-	68,289,296	66,587,084	71,644,986	66,454,416
	2025	-	-	-	-	111,849,917	112,323,378	114,310,889	112,285,481
	2026	-	-	-	-	194,361,030	147,799,767	175,332,944	157,276,723
	2027	-	-	-	-	25,408,238	26,803,222	27,830,609	26,778,445
	2028	-	-	-	-	197,455,680	159,719,821	184,454,382	165,397,579
	2029	-	-	-	-	85,860,233	102,712,512	100,724,130	100,579,002
	2030	-	-	-	-	48,450,000	49,119,927	50,458,543	49,057,253
	2032	-	-	-	-	95,263,350	61,148,043	80,910,115	63,864,223
	2033	-	-	-	-	139,084,560	113,338,701	130,322,888	115,171,963
	2034	-	-	-	-	75,158,330	89,874,726	90,881,979	88,933,570
	2035	-	-	-	-	39,250,000	42,550,835	42,087,383	42,421,069
	2041	-	-	-	-	26,700,000	27,737,826	29,835,541	27,737,276
	2043	-	-	-	-	30,676,000	22,309,955	26,253,349	22,485,013
	2044	-	-	-	-	78,263,210	92,355,217	99,009,920	92,131,898
	2045	-	-	-	-	2,050,000	2,321,241	2,335,286	2,317,058
		-	-	-	-	1,796,045,448	1,630,710,485	1,789,651,651	1,686,647,189

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

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

21.1.2 Treasury Bills

As at 31 st December	Year of Maturity	2018				2017			
		Face Value Rs. '000	Purchase Cost Rs. '000	Fair Value Rs. '000	Amortised Cost Rs. '000	Face Value Rs. '000	Purchase Cost Rs. '000	Fair Value Rs. '000	Amortised Cost 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

21.2 Investments in Debentures

21.2.1 Corporate Debentures - Listed

As at 31 st December	Year of Maturity	2018				2017			
		Face Value Rs. '000	Purchase Cost Rs. '000	Fair Value Rs. '000	Amortised Cost Rs. '000	Face Value Rs. '000	Purchase Cost Rs. '000	Fair Value Rs. '000	Amortised Cost Rs. '000
Seylan Bank 15% Debenture 2013/18	2018	-	-	-	-	100,000	100,000	106,000	100,000
People's Leasing & Finance PLC 5 Year Debenture Fix	2018	-	-	-	-	105,900	105,900	107,520	105,900
Merchant Bank of Sri Lanka- 5 year Debenture Fix	2018	-	-	-	-	281,590	281,590	285,729	281,590
Richard Pieris and Company PLC 2018_11.00% p.a	2018	-	-	-	-	81,390	81,390	81,390	81,390
Central Finance PLC_14.75% p.a	2018	-	-	-	-	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
Singer Finance (Lanka) PLC_14.50% p.a	2018	-	-	-	-	93,576	93,576	95,448	93,576
People's Leasing & Finance PLC 2014-2018_9.625%p.a	2018	-	-	-	-	32,880	32,880	34,143	32,880
Nawaloka Hospitals PLC_14.15% p.a	2018	-	-	-	-	114,500	114,500	114,500	114,500
Bank of Ceylon_13.00%p.a	2018	-	-	-	-	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
Sampath Bank Debenture_Fixed 13.4%p.a	2018	-	-	-	-	170,095	170,095	170,945	170,095
Central Finance Company PLC_2013-2018_13.50%p.a	2018	-	-	-	-	15,255	15,255	15,026	15,255
Central Finance Company PLC_2013-2018_13.95%p.a	2018	-	-	-	-	23,950	23,950	26,618	23,950

EMPLOYEES' PROVIDENT FUND Notes to the Financial Statements

21.2.1 Corporate Debentures - Listed (Contd...)

As at 31 st December	Year of Maturity	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
National Development Bank PLC 2013-2018 13.00%p.a	2018	-	-	-	-	173,160	173,160	169,749	173,160
National Development Bank PLC 2013-2018 13.40%p.a	2018	-	-	-	-	88,240	88,240	88,240	88,240
Nations Trust Bank PLC 2013-2018 13.00%p.a	2018	-	-	-	-	549,150	549,150	550,248	549,150
Hemas Holding PLC 11.00%p.a 2019	2019	-	-	-	-	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
Siyapatha Finance PLC -A	2019	-	-	-	-	500,000	500,000	495,000	500,000
Lanka ORIX Leasing Company PLC Debenture 9% p.a	2019	-	-	-	-	100,000	100,203	91,240	100,078
HNB Debenture 7.75% p.a	2019	-	-	-	-	1,500,000	1,500,000	1,275,000	1,500,000
Sampath Bank Debenture 8.10% p.a	2019	-	-	-	-	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
Pradeshiya Sanwardana Bank Debenture 9.00% p.a	2020	-	-	-	-	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
National Development Bank PLC 2015-2020 09.40%p.a	2020	-	-	-	-	2,000,000	2,000,000	1,720,000	2,000,000
Seylan Bank Debenture 8.60%p.a 2014/2020	2020	-	-	-	-	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
Siyapatha Finance PLC - B	2021	-	-	-	-	200,000	200,000	200,000	200,000
Commercial Bank Debentures Type A 2016-2021	2021	-	-	-	-	2,000,000	2,000,000	1,743,400	2,000,000
Nations Trust Bank Type A 2021 12.65%	2021	-	-	-	-	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
Bank Of Ceylon 13.25% 2021	2021	-	-	-	-	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
Bank of Ceylon 13.75%p.a	2023	-	-	-	-	134,090	134,090	136,101	134,090
DFCC Type B Debenture 12.75% 2023	2023	-	-	-	-	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
National Development Bank PLC 2013-2025 14.00%p.a	2025	-	-	-	-	500,000	500,000	500,200	500,000
Commercial Bank Debentures Type B 2016-2026	2026	-	-	-	-	1,685,110	1,685,110	1,685,110	1,685,110
		-	-	-	-	24,983,190	24,983,393	23,929,702	24,983,268

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

21.2.2 Corporate Debentures - Unlisted

As at 31 st December	Year of Maturity	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
HNB Debenture 14% p.a. HDFC Bank Debentures HL 2.50%p.a. DFCC Vardhana Bank Debenture 09.40%p.a. SMIB Bank Debentures HL 2.50% p.a. National Savings Bank_13%_2021 HNB Debenture 11.50% p.a. Hattori National Bank Type A 2016-2021 Hattori National Bank Type B 2016-2023 Bank Of Ceylon_12.75%_2025	2018	-	-	-	-	316,717	316,717	316,717	316,717
	2020	-	-	-	-	110,000	110,000	110,000	110,000
	2020	-	-	-	-	500,000	500,000	500,000	500,000
	2020	-	-	-	-	110,000	110,000	110,000	110,000
	2021	-	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000
	2021	-	-	-	-	2,000,000	2,000,000	2,000,000	2,000,000
	2021	-	-	-	-	444,790	444,790	444,790	444,790
	2023	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000
	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

The fair values of the corporate debentures - listed : are based on the spot prices as at 31st December 2017, published by the Colombo Stock Exchange. Unlisted debentures have been carried at cost as no reliable information are available to estimate the fair value.

21.3 Investment in Trust Certificates

As at 31 st December	Issuer	2018				2017			
		Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Mercantile Investments & Finance PLC People's Leasing & Finance PLC TC		-	-	-	-	30,000	17,738	29,623	29,623
		-	-	-	-	3,016,772	2,207,751	2,716,453	2,716,453
		-	-	-	-	3,046,772	2,225,489	2,746,076	2,746,076

22 Loans & Receivables

As at 31 st December	2018 Rs.'000	2017 Rs.'000
Investments in Fixed Deposits	-	48,000,000
Net Investment	-	48,000,000

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

23 Other Current Assets

As at 31 st December	2018		2017	
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend Receivable	41,479	-	41,479	32,793
Other Receivables	683	-	683	4,275
Withholding Tax Receivable	119,613	-	119,613	280,318
Receivable-Mehewara Piyasa	376,334	-	376,334	377,147
Prepayments	11,599	6,083	17,683	21,973
CGL Imprest	-	501,545	501,545	534,034
	549,708	507,628	1,057,336	1,250,540

24 Cash and Cash Equivalents

As at 31 st December	2018 Rs.'000	2017 Rs.'000
Cash in Hand	20	20
Cash at Bank	3,419,058	3,273,923
Less: Provision for impairment on Bank Balances (Note 24.1)	(35)	-
	3,419,043	3,273,943

24.1	Provision for impairment	as at 01.01.2018 Rs.'000	as at 31.12.1018 Rs.'000	Over/ (Under) Provision Rs.'000
	Bank Balances	36	35	1
		36	35	1

25 Accounts Payable

As at 31 st December	2018		2017	
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Vendors Payable	693	-	693	693
Retention Payable	2,984	-	2,984	718
	3,677	-	3,677	1,411

EMPLOYEES' PROVIDENT FUND

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26 Other Current Liabilities

As at 31st December	2018		2017	
	Monetary Board	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
EPF Contributions Payable	30	-	30	30
Invoice Clearing - Inventory	(7,630)	-	(7,630)	(4,068)
Invoice Clearing - Assets/ Services	891	-	891	(115)
Income Tax Payable	24,182,938	-	24,182,938	(689,273)
Housing Loan Defaults Payable	3,000,000	-	3,000,000	2,600,000
Refund Claims Payable	166,860	-	166,860	170,999
Provision for Gratuity	165	-	165	165
Investment Clearing A/C	8,204	-	8,204	8,199
Other Payables	2	-	2	2
	27,351,459	-	27,351,459	2,085,939

27 Member Balances

Description	Balance as at 01.01.2018	Debits during the year	Credits during the year	Balance as at 31.12.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Current Year Contribution - Contribution No 01 A/C	53,180,759	176,582,623	176,594,306	53,192,441
Stamented Contribution - Contribution No 02 A/C	1,753,185,866	167,724,720	394,961,853	1,980,422,999
Contribution from Comm. of Labour - CL No 01 A/C	10,755,567	8,912,883	8,511,948	10,354,632
U/P O/P Contributions A/C	1,647,497	284,568	432,707	1,795,637
Contribution for 1997/98 - 96 Contribution A/C	193	-	-	193
Members Collection A/C	8,367	148,484,344	148,487,091	11,115
Unclaimed Benefits	677,940	553,830	614,988	739,096
Retained Benefits	101,220	21,132	33,737	113,826
Refunds-Part payments(U/P O/P Refunds)	(577,533)	109,481,789	109,760,663	(298,660)
General Deposit Account	378,256	49,969	-	328,286
Interest Payable	201,424,339	191,114,328	197,224,873	207,534,885
Total	2,020,782,471	803,210,186	1,036,622,167	2,254,194,450

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

28 Reserves

	Balance as at 01.01.2018	Transfer (from)/to during the year	Impairment	Balance as at 31.12.2018
	Rs:'000	Rs:'000	Rs:'000	Rs:'000
Investment Revaluation Reserve (Note 28.1)	4,241,946	(4,241,946)	-	-
Building Reserve Fund (28.2)	3,157,000	-	-	3,157,000
Technology Advancement Reserve Fund (28.3)	350,000	-	-	350,000
Profit Equalisation Reserve Fund (28.4)	30,850,000	(6,000,000)	-	24,850,000
General Reserve Fund (28.5)	6,650,000	-	-	6,650,000
Total	45,248,946	(10,241,946)	-	35,007,000

Transfers to these reserves except investment revaluation reserve 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.

28.1 Investment Revaluation Reserve

The Investment Revaluation Reserve as at 31.12.2017 was Rs. 4,241,945,642.43 and includes the gains/(losses) resulting from fair valuation of Available for Sale (AFS) investments under the accounting treatments prescribed in LKAS 39. However, the AFS portfolios with respect to debt instruments have been reclassified to Amortised Cost category and listed equity instruments have been reclassified to FVPL category and only the unlisted equity instruments are categorised in to FVOCI category which is carried at cost. Hence, the Investment revaluation reserve as at 01.01.2018 was transferred to the retained earnings as at 01.01.2018 as an adjustment under SLFRS 09.

28.2 Building Revaluation Reserve

Building Revaluation Reserve has been constituted for the purpose of construction of a building for the Fund.

28.3 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.

28.4 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.

28.5 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.

28.6 Retained Profit

Reconciliation of opening retained profit as at 01.01.2018 is as follows.

Opening Retained profit as at 01.01.2018		268,002
Adjustment on SLFRS 09 Transition (Note 34.2)	2,206,626	
Opening balance adjustment - Labour Department	(3,678)	2,202,948
Adjusted opening balance as at 01.01.2018		2,202,948

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

29. Receipts

<i>For the year ended 31st December</i>	2018		2017	
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Income - Interest from Investments	198,799,665	-	198,799,665	172,452,670
Contributions	144,996,456	-	144,996,456	133,353,013
Reimbursement of Expenses by the EPF-CBSL Imprest Account (Commissioner of Labour)	-	598,250	598,250	593,515
	-	93,085	93,085	(23,908)
General Deposit Account - (EPF Contributions)	-	(78,784)	(78,784)	11,616
Surcharges	367,196	146	367,342	577,094
Receipts from Mehewara Piyasa	814	-	814	50,000
Dividends	3,045,185	-	3,045,185	3,570,306
Sundry Income	22,748	11,942	34,690	10,465
Debtors	4,897,000	25	4,897,025	2,523
Settlement of Advances	384	-	384	1,122
Unclaimed Benefits	334,037	-	334,037	210,993
Total	352,463,484	624,664	353,088,148	310,809,409

30 Payments

<i>For the year ended 31st December</i>	2018		2017	
	Monetary Board Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Investments	1,039,650,828	-	1,039,650,828	586,459,418
Less - Maturity Proceeds	(805,119,460)	-	(805,119,460)	(406,955,384)
	234,531,368	-	234,531,368	179,504,034
Refunds	106,831,199	-	106,831,199	117,687,499
WHT paid on Investment	5,119,753	-	5,119,753	10,151,133
Operating Expenses	688,501	508,939	1,197,440	1,131,957
Settlement of creditors/payables	4,226,687	-	4,226,687	2,659,197
Reimbursement of expenses - Comm. Labour	598,250	-	598,250	593,515
Acquisition of Property, Plant and Equipments	4,092	35,513	39,606	64,314
Advances - Miscellaneous	648	2,955	3,604	7,942
Tax Paid	317,849	-	317,849	63,423
Adjustment: Cash Balance at the Beginning of the Year - Labour Department	-	57,694	57,694	67,514
Total	352,318,349	605,102	352,923,451	311,930,528

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31 Movement of Investment

For the Year Ended 31st December 2018

Type of Investment	Opening Balance 01.01.2018 Rs.000	Adj. on SIFRS 09 Rs.000	Adjusted Balance 01.01.2018 Rs.000	Investments Rs.000	Maturities Rs.000	Sales Rs.000	Transfers Rs.000	Amortisation Rs.000	WHT Adjustment Rs.000	Interest Received Rs.000	Prov. for Impairment Rs.000	Valuation Gain/ Loss Rs.000	Closing Balance Rs.000	2018	2017	Change %
Fair Value Through Profit or Loss Investments																
Listed Equity	74,042,107	-	74,042,107	2,446,109	-	-	(649,267)	-	-	-	-	(10,901,286)	64,957,663	2.8	3.7	(0.9)
	74,042,107	-	74,042,107	2,446,109	-	-	(649,267)	-	-	-	-	(10,901,286)	64,957,663	2.8	3.7	(0.9)
Fair Value through Other Comprehensive Income																
Unlisted Equity	10,270,625	(1,005,000)	9,265,625	-	-	-	649,267	-	-	-	-	-	9,914,892	0.4	0.5	(0.1)
	10,270,625	(1,005,000)	9,265,625	-	-	-	649,267	-	-	-	-	-	9,914,892	0.4	0.5	(0.1)
Debt Instruments at Amortised Cost																
Treasury Bonds	1,748,785,406	-	1,748,785,406	375,498,206	(111,428,700)	-	54,925,866	212,252,470	(4,875,458)	(188,642,050)	-	-	2,084,497,740	90.7	87.8	2.9
Treasury Bills	69,783,696	-	69,783,696	53,598,583	(74,475,428)	-	-	6,026,590	-	-	-	-	54,753,240	1.5	3.5	(2.0)
Corporate Debenture	38,744,349	-	38,744,349	7,666,000	(4,559,413)	-	745,941	4,985,558	(193,557)	(4,754,057)	(3,359)	-	42,649,463	1.9	1.9	(0.1)
Preference Share	-	998,392	998,392	-	-	-	-	127,900	9,082	(130,100)	(214)	-	1,005,060	0.0	-	(0.1)
Trust Certificates	2,746,076	-	2,746,076	-	(1,815,915)	-	-	159,321	43,113	-	(36)	-	1,132,558	0.0	0.1	(0.1)
Reverse Repo	-	-	-	1,759,880,602	(1,753,555,602)	-	-	685,316	(21)	(659,393)	-	-	26,350,903	1.1	-	1.1
Fixed Deposits	48,000,000	-	48,000,000	103,541,500	(119,041,500)	-	1,272,095	5,358,990	(289,177)	(5,252,190)	(185)	-	55,609,555	1.5	2.4	(0.9)
	1,908,059,527	998,392	1,909,057,919	2,277,984,891	(2,044,876,557)	-	56,945,902	229,573,925	(5,305,998)	(199,397,790)	(3,792)	-	2,225,978,499	96.7	95.8	0.9
Total	1,992,372,259	(6,608)	1,992,365,651	2,280,431,000	(2,044,876,557)	-	56,945,902	229,573,925	(5,305,998)	(199,397,790)	(3,792)	(10,901,286)	2,298,851,054	100	100	

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Movement of Investment (Contd...)

For the Year Ended 31st December 2017

Type of Investment	Opening Balance Rs.'000	Investments Rs.'000	Maturities Rs.'000	Sales Rs.'000	Amortisation Rs.'000	Valuation Gain/Loss Rs.'000	Closing Balance Rs.'000	2017	2016	Change %
Fair Value Through Profit or Loss Investments										
Treasury Bonds	11,492,906	-	-	-	-	1,640,202	13,133,108	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 and Receivables Investments										
Reverse Repo	2,745,000	962,996,323	965,741,323	-	-	-	-	-	0.2	(0.2)
Fixed Deposits	-	85,500,000	37,500,000	-	-	-	48,000,000	2.4	-	2.4
	2,745,000	1,048,496,323	1,003,241,323	-	-	-	48,000,000	2.4	0.2	(0.2)
Total	1,772,211,739	1,309,661,050	1,114,286,191	-	17,275,164	7,510,497	1,992,372,259	100	100	

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

32 Fair values of Financial Instruments

32.1 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 require judgments to be made, considering factors specific to the asset or liability.

32.2 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.

	2018				2017			
	Level 1 Rs'.000	Level 2 Rs'.000	Level 3 Rs'.000	Total Rs'.000	Level 1 Rs'.000	Level 2 Rs'.000	Level 3 Rs'.000	Total Rs'.000
Debt Securities Measured at Amortised Cost								
Treasury Bond*	2,017,224,894	-	-	2,017,224,894	-	-	-	-
Corporate Debentures*	40,984,699	-	-	40,984,699	-	-	-	-
Preference Shares*	1,005,060	-	-	1,005,060	-	-	-	-
Treasury Bills*	34,413,982	-	-	34,413,982	-	-	-	-
Trust Certificates*	1,132,594	-	-	1,132,594	-	-	-	-
Fixed Deposits*	33,609,718	-	-	33,609,718	-	-	-	-
Repo*	26,350,903	-	-	26,350,903	-	-	-	-
Equity Instruments Measured at FVTPL								
Listed Equity	64,937,663	-	-	64,937,663	-	-	-	-
Equity Instruments Measured at FVOCI								
Unlisted Equity**	9,914,892	-	-	9,914,892	-	-	-	-
Financial Assets - FVTPL								
Treasury Bonds	-	-	-	-	13,133,108	-	-	13,133,108
Listed equity securities	-	-	-	-	2,451,743	-	-	2,451,743
Listed debentures	-	-	-	-	114,500	-	-	114,500
Financial Assets - Available for sale								
Treasury Bonds	-	-	-	-	49,005,109	-	-	49,005,109
Treasury Bills	-	-	-	-	5,416,614	-	-	5,416,614
Listed equity	-	-	-	-	71,590,364	-	-	71,590,364
Unlisted equity **	-	-	-	-	10,270,625	-	-	10,270,625
Listed debentures	-	-	-	-	2,665,074	-	-	2,665,074
Financial Assets - Held to Maturity								
Treasury Bonds	-	-	-	-	1,789,651,651	-	-	1,789,651,651
Treasury Bills	-	-	-	-	64,415,995	-	-	64,415,995
Listed debentures	-	-	-	-	23,929,702	-	-	23,929,702
Unlisted debentures ⁸	-	-	-	-	10,981,507	-	-	10,981,507
Trust Certificates*	-	-	-	-	2,746,076	-	-	2,746,076
Financial Assets - Loans & Receivables								
Repo Investments*	-	-	-	-	-	-	-	-
Fixed Deposits*	-	-	-	-	48,000,000	-	-	48,000,000

* Since observable data are not available to value these financial instruments, amortised cost has been substituted as the fair value.

** cost has been substituted as the fair value since there is no reliable measure of fair value.

EMPLOYEES' PROVIDENT FUND

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33. 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 Guidelines approved by the Monetary Board of the Central Bank 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 potential for 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 91.2% of the total investment is concentrated in Government Securities. Further, investments in Corporate Debt Instruments are made in investment grade instruments after thorough analysis of risks and returns. In additions, all Reverse Repo Investments of the Fund have been adequately collateralized by Government securities which are transferred into the Security Account of EPF at the time of transaction. Therefore, the credit risk of the Fund as a whole was at a very low level except for full concentration in the domestic market. Composition of the investment cost of the Fund as at the year end is as follows.

Analysis of Risk Concentration - Investment Composition

	2018		2017	
	Amount	%	Amount	%
	Rs. '000		Rs. '000	
Government Securities	2,004,120,860	91.2%	1,761,128,002	90.8%
Corporate Debt Securities	41,957,502	1.9%	38,850,915	2.0%
Investment in Equity	90,882,135	4.1%	89,441,026	4.6%
Others	60,661,235	2.8%	50,225,489	2.6%
	2,197,621,733	100.0%	1,939,645,432	100.0%

Market Risk

Market Risk is the potential for loss due to 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.

Interest Rate Risk : If the general interest rates of the economy are to decline, the reinvestment rate of the coupon, dividend and maturities will reduce. Further, with the adoption of SLFRS 09, all debt securities classified as Held to Collect securities which are measured at amortised cost basis. Therefore, the value of Debt Securities are not affected by interest rate. Reinvest rate faced by the Fund has been mitigated by selecting treasury bonds of varying maturities and re-balancing the portfolio occasionally.

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

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 4.1% 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

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Analysis of Risk Concentration – Sector wise exposure analysis

	2018		2017	
	Amount	%	Amount	%
	Rs.'000		Rs.'000	
Banking, Finance & Insurance	33,937,110	42.18%	31,499,619	40.04%
Beverage, Food & Tobacco	2,635,722	3.28%	2,635,722	3.35%
Construction & Engineering	3,240,545	4.03%	3,240,545	4.12%
Chemical & Pharmaceutical	1,160,289	1.44%	1,160,289	1.47%
Diversified Holdings	12,681,143	15.76%	12,676,928	16.11%
Footwear & Textile	213,592	0.27%	213,592	0.27%
Hotels & Travels	10,084,276	12.53%	9,685,658	12.31%
Health & Care	155,190	0.19%	155,190	0.20%
Investment	555,487	0.69%	559,702	0.71%
Land & Property	1,416	0.00%	1,416	0.00%
Motors	1,625,690	2.02%	1,625,690	2.07%
Manufacturing	4,911,996	6.10%	4,911,996	6.24%
Oil Palms	2,310,610	2.87%	2,310,610	2.94%
Power & Energy	2,463,393	3.06%	3,502,660	4.45%
Plantations	78,419	0.10%	78,419	0.10%
Telecommunications	2,600,163	3.23%	2,600,163	3.31%
Trading	1,812,203	2.25%	1,812,203	2.30%
Total	80,467,243	100%	78,670,401	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. 3.9Bn per month during the year. Further, interest and maturity proceeds provides 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.

In addition, due to the size of the Fund and the developing stage of the Financial Market in Sri Lanka, the Fund faces market liquidity risk. Specially, when the Fund is disposing sizable amount of securities, it affects the market prices adversely.

Liquidity Risk (Contd...)

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 Member 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. Upgradation of the General Ledger and Treasury Management System has commenced in order to match latest technology practices.

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. Operational activities are subject to an internal audit and audit findings are discussed on regular basis. Further, an external service provider, performs Real-Time Validation and Verification of EPF transactions and the weaknesses are discussed on a monthly basis.

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

34. Transition disclosures

34.1 A reconciliation of the carrying amounts under LKAS 39 with the balances recorded under SLFRS 9 as of 1 January 2018 is, as follows:

Financial Investments as at 01.01.2018

Instrument	Balances Recorded Under LKAS 39		Balances Recorded Under SLFRS 9		Transfer from Interest Receivable (Note 34.1.2)	Total	Difference other than Interest Receivable
	Classification	Amount	Classification	Amount		Remarks	Remarks
		(Rs '000)		(Rs '000)	(Rs '000)	(Rs '000)	(Rs '000)
Treasury Bonds	FVTPL	13,133,108					
	AFS	49,005,109					
	HTM	1,686,647,189	Amortised Cost	1,748,785,406	54,925,866	1,803,711,273	
		1,748,785,406		1,748,785,406	-	1,803,711,273	-
Treasury Bills	AFS	5,416,614					
	HTM	64,367,082	Amortised Cost	69,783,696	-	69,783,696	
		69,783,696		69,783,696	-	69,783,696	-
Corporate Debentures	FVTPL	114,500					
	AFS	2,665,074					
	HTM	35,964,775	Amortised Cost	38,744,349	461,333	39,205,682	
		38,744,349		38,744,349	-	38,744,349	-
Trust Certificates	HTM	2,746,076	Amortised Cost	2,746,076		2,746,076	
		2,746,076		2,746,076	-	2,746,076	-
Listed Equity	FVTPL	2,451,743					
	AFS	71,590,364	FVTPL	74,042,107		74,042,107	
		74,042,107		74,042,107	-	74,042,107	-
Unlisted Equity*	AFS	10,270,625	FVOCI	9,265,625		9,265,625	
			Amortised Cost	998,392		998,392	
		10,270,625		10,264,017		10,264,017	6,608
Fixed Deposits	L&R	48,000,000	Amortised Cost	48,000,000	1,272,095	49,272,095	
		48,000,000		48,000,000	-	49,272,095	-
Reverse Repos							
	L&R	-	Amortised Cost	-	-	-	
Total		1,992,372,259		1,992,365,651	56,659,293	2,048,563,611	6,608

*Note 01

Investment in preference shares of Sri Lankan Catering Ltd, was considered as an unlisted equity instrument under LKAS 39. According to the guidelines provided in SLFRS 09, this instrument was reclassified as a debt instrument, considering its cashflow features which consists fixed interest payments and fixed maturity. Therefore, amortised cost of the above preference shares was calculated as at 01.01.2018 and the difference between the cost and the amortised cost has been adjusted to the retained earnings.

EMPLOYEES' PROVIDENT FUND

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Financial Investments as at 01.01.2018 (Contd...)

	Rs.	
Cost as at 01.01.2018	1,005,000,000	Removed from Unlisted Equity Category
Amortised cost as at 1.1.2018	998,391,666	Recorded under Investment in Corporate Debt Securities
Difference	<u>6,608,334</u>	Difference adjusted to the Retained Earnings

34.1.2. Transfer of Interest Receivable

Instrument	Category under LKAS 39 Rs.000	Balance as at 31.12.2017 Rs.000	Adjustment to Retained Profit Rs.000	Amount as at 01.01.2018 Under SLFRS 09 (Rs.000)	
				In the Investment Balance	In the Interest Receivable Balance
Treasury Bonds	FVTPL	390,192	(390,192)	-	-
	AFS	1,588,259	(1,588,259)	-	-
	HTM	54,925,866	-	54,925,866	-
		56,904,318	(1,978,451)	54,925,866	-
Corporate Debentures	FVTPL	4,084	-	-	4,084
	AFS	136,520	(13,057)	-	123,463
	HTM	1,357,165	-	461,333	895,833
		1,497,769	(13,057)	461,333	1,023,380
Fixed Deposit	L & R	1,272,095	-	1,272,095	-
		59,674,181	(1,991,508)	56,659,293	1,023,380

As per the amortisation method, Interest Receivable is considered as part of the investment.

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Transition disclosures (Contd...)

34.1.3 A reconciliation between the carrying amounts under LKAS 39 to the balances reported under SLFRS 9 - 01.01.2018

Financial assets	Note	LKAS 39 Measurement		Remeasurement		SLFRS 9	
		Category	Amount	Reclassification	ECL	Other	Amount
			Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash & Cash Equivalents	L&R		3,273,923	-	(36)	-	3,273,888
							AC
Debt instruments at amortised cost							
From Financial Assets at FVTPL	A		(1,908,059,527)	1,908,059,527	(4,376)	2,270,486	1,910,325,637
From Financial Assets - Available for sale	A		13,247,608		(45)	-	13,247,563
From Financial Assets - Held to Maturity			57,086,797		(1,032)	998,392	58,084,157
From Financial Assets - Loans and Receivables			1,789,725,122		(2,957)	-	1,789,722,165
			48,000,000		(342)	1,272,095	49,271,753
			<u>(1,908,059,527)</u>	<u>1,908,059,527</u>	<u>(4,376)</u>	<u>2,270,486</u>	<u>1,910,325,637</u>
Equity instruments at fair value through OCI							
From: Financial investments - AFS	B		(10,270,625)	10,270,625	-	(1,005,000)	9,265,625
			<u>(10,270,625)</u>	<u>10,270,625</u>	<u>-</u>	<u>(1,005,000)</u>	<u>9,265,625</u>
							FVOCI
Equity instruments at fair value through P&L							
From: Financial investments - FVTPL	C		(74,042,107)	74,042,107	-	-	71,590,364
From: Financial investments - AFS			2,451,743		-	-	2,451,743
			<u>71,590,364</u>	<u>71,590,364</u>	<u>-</u>	<u>-</u>	<u>71,590,364</u>
							FVTPL
Financial investments - AFS			<u>(74,042,107)</u>	<u>74,042,107</u>	<u>-</u>	<u>-</u>	<u>71,590,364</u>
To: Debt instruments at amortised cost	AFS		81,860,989	(81,860,989)	-	-	N/A
To: Equity instruments FVTPL	AFS		(57,086,797)		-	-	-
To: Equity instruments FVOCI	AFS		(71,590,364)		-	-	-
			<u>(10,270,625)</u>	<u>(10,270,625)</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>81,860,989</u>	<u>(81,860,989)</u>	<u>-</u>	<u>-</u>	<u>N/A</u>

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Transition disclosures (Contd....)

Financial investments - HTM

To: Debt instruments at amortised cost	HTM	1,789,725,122	(1,789,725,122)	-	-	N/A
			(1,789,725,122)	-	-	-
		<u>1,789,725,122</u>	<u>(1,789,725,122)</u>			<u>N/A</u>

Financial investments - L&R

To: Debt instruments at amortised cost	L&R	48,000,000	(48,000,000)	-	-	N/A
			(48,000,000)	-	-	-
		<u>48,000,000</u>	<u>(48,000,000)</u>			<u>N/A</u>

Note A

Based on the cashflow characteristics of these instruments, they passes the SPPI (Solely Payment of Principal and Interest) Test. Accordingly, considering the Business Model of EPF in managing its cashflows, these instruments were reclassified to Debt Instruments at Amortised Cost category as EPF manages its financial investments to collect contractual cash flows and has no intention to sell before maturity.

Note B

Unlisted equities are continued to designate as Fair Value Through Other Comprehensive Income since there is no active market for these investments.

Note C

As per SLFRS 09, the equity investments are to be classified as Fair Value through Profit & Loss unless it makes an irrevocable election to present subsequent changes in fair value in other comprehensive income.

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Transition disclosures (Contd...)

34.2. The impact of transition to SLFRS 9 on reserves and retained earnings is, as follows:

	Reserves and retained earnings (Rs'000)
Investment Revaluation Reserve	
Closing balance under LKAS 39 (31.12.2017)	4,241,946
<i>Transfer to Retained Profit</i>	
Reclassification of debt securities from available-for-sale to amortised cost	952,407
Reclassification of unlisted equity from available-for-sale to FVPL	(5,194,353)
Opening balance under SLFRS 9 (01.01.2018)	-
Retained Profit	
Closing balance under LKAS 39 (31.12.2017)	268,002
Transfer of Investment Revaluation Reserve	4,241,946
Re-measurement impact of reclassifying Preference Share Investment from FVOCI to Debt Securities at Amortised Cost (Refer Note 01 Below)	(39,401)
Re-measurement impact of the reclassification of debt instruments from FVPL and AFS to Amortised Cost (Note 34.1.2)	(1,991,508)
Recognition of SLFRS 9 ECLs including those measured at FVOCI (Note 34.3)	(4,412)
Opening balance under SLFRS 9 (01.01.2018)	2,474,628
Change in Retained Profit due to adopting SLFRS 9	2,206,626
Total change in Equity due to adopting SLFRS 09	(2,035,320)
Note 01	
Due to Classification Change	6,608
Transfer from Dividend Receivable	32,793
	39,401

34.3. The impact of transition to SLFRS 9 on Provision for Impairment is, as follows:

	provision under LKAS 39/LKAS 37 31.12.2017 Rs'000	Re-measurement Rs'000	ECLs under SLFRS 9 01.01.2018 Rs'000
Impairment allowance for			
Debt Instruments at Amortised Cost	-	4,376	4,376
Equity Instruments at Fair Value through Profit & Loss	-	-	-
Equity Instruments at Fair Value through Other	-	-	-
Comprehensive Income	-	-	-
Bank Balances	-	36	36
	-	4,412	4,412

The impairment model was changed from Incurred Loss model to Expected Credit Loss Model according to the provisions given in SLFRS 09. Detailed information are given in Note 34.6.

EMPLOYEES' PROVIDENT
FUND
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Transition disclosures
(Contd...)

34.4.Comparison of Investment balances as at 31.12.2018

Instrument	As per SLFRS 09			As per LKAS 39			Increase/ (Decrease) (Rs.'000)
	Classification	Measured at;	Amount (Rs'000)	Classification	Measured at;	Amount (Rs'000)	
Treasury Bonds	Amortised Cost	Amortised Cost	2,084,497,740	FVTPL	Fair Value	11,601,675	5,066,508
				AFS	Fair Value	43,299,225	
				HTM	Amortised Cost	2,024,530,332	
			2,084,497,740			2,079,431,232	
Treasury Bills	Amortised Cost	Amortised Cost	34,733,240	HTM	Amortised Cost	34,733,240	-
			34,733,240			34,733,240	-
Corporate Debentures	Amortised Cost	Amortised Cost	42,649,463	AFS	Fair Value	1,352,730	52,687
				HTM	Amortised Cost	41,244,047	
			42,649,463			42,596,777	
Preference Shares	Amortised Cost	Amortised Cost	1,005,060	AFS	Fair Value	1,005,000	60
			1,005,060			1,005,000	
Trust Certificates	Amortised Cost	Amortised Cost	1,132,558	HTM	Amortised Cost	1,132,594	(36)
			1,132,558			1,132,594	
Fixed Deposits	Amortised Cost	Amortised Cost	33,609,534	L&R	Amortised Cost	33,609,718	(183)
			33,609,534			33,609,718	
Repo Transactions	Amortised Cost	Amortised Cost	26,350,903	L&R	Amortised Cost	26,350,903	-
			26,350,903			26,350,903	
Listed Equity	FVTPL	Fair Value	64,937,663	FVTPL	Fair Value	2,587,958	-
				AFS	Fair Value	62,349,705	-
			64,937,663			64,937,663	-
Unlisted Equity	FVOCI	Cost	9,914,892	AFS	Cost	9,914,892	-
			9,914,892			9,914,892	
Total			2,298,831,054			2,292,707,019	5,119,035

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Transition disclosures (Contd...)

34.5 Comparison of Investment income for the year 2018

Instrument	As per SLFRS 09			As per LKAS 39			
	Classification	Income Category	Recognised in;		Income Category	Recognised in;	
			Profit and Loss (Rs.'000)	OCI (Rs.'000)		Profit and Loss (Rs.'000)	OCI (Rs.'000)
Treasury Bonds	Amortised Cost	Amortisation Income	-	FVTPL	Valuation Gain/ (Loss)	(1,035,305)	-
			-		Amortisation income	1,360,487	-
			-		Capital Gain/(Loss)	37,583	-
			-	AFS	Valuation Gain/ (Loss)	-	(4,006,721)
			-		Amortisation income	5,077,581	-
Treasury Bills	Amortised Cost	Amortisation Income	-	HTM	Capital Gain/(Loss)	212,711	-
			-		Amortisation income	205,736,539	-
			-			211,389,595	(4,006,721)
			6,026,390	AFS	Valuation Gain/ (Loss)	-	(36,839)
			-		Amortisation income	170,225	-
Corporate Debentures	Amortised Cost	Amortisation Income	-	HTM	Amortisation income	5,893,003	-
			-			6,063,229	(36,839)
			-				
			4,983,538	FVTP	Amortisation income	12,118	-
			-	AFS	Valuation Gain/ (Loss)	-	(59)
Corporate Debentures	Amortised Cost	Amortisation Income	-		Amortisation income	285,478	-
			-		Capital Gain/(Loss)	4,582,204	-
			-	HTM	Amortisation income	4,879,799	(59)

EMPLOYEES' PROVIDENT FUND
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Comparison of Investment income for the year 2018 (Contd..)

Instrument	As per SLFRS 09			As per LKAS 39				
	Classification	Income Category	Recognised in; Profit and Loss (Rs.'000)	OCI (Rs.'000)	Classification	Income Category	Recognised in; Profit and Loss (Rs.'000)	OCI (Rs.'000)
Listed Equity	FVTPL	MtoM Gain/ (Loss)	(10,901,286)	-	FVTPL AFS	MtoM Gain/(Loss)	(251,754)	-
		Dividend Income	2,663,693	-		MtoM Gain/(Loss)	-	(10,649,532)
		Capital Gain/(Loss)	7,216	-		Impairment	(5,933,593)	-
			-	-		Dividend Income	2,634,629	-
Unlisted Equity	FVOCI		(8,230,378)	-	AFS	Capital Gain/(Loss)	7,216	-
				-			(3,543,502)	(10,649,532)
		MtoM Gain/ (Loss)	-	-		MtoM Gain/(Loss)	-	-
		Dividend Income	1,095,986	-		Dividend Income	1,095,986	-
Preference Shares	Amortised Cost		1,095,986	-	AFS		1,095,986	-
		Dividend Income	127,900	-		Dividend Income	121,018	-
			127,900	-			121,018	-
Repo Transactions	Amortised Cost	Amortisation Income	685,316	-	L&R	Amortisation income	685,316	-
			685,316	-			685,316	-
				-				-
Fixed Deposits	Amortised Cost	Amortisation Income	5,358,990	-	L&R	Amortisation income	5,358,990	-
			5,358,990	-			5,358,990	-
				-				-
Trust Certificates	Amortised Cost	Amortisation Income	159,321	-	HTM	Amortisation income	159,321	-
			159,321	-			159,321	-
				-				-
Total			222,439,533	-			226,209,752	(14,693,151)

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Transition disclosures (Contd...)

34.6 Impairment losses on financial investments subject to impairment assessment

Adopting SLFRS 09 requires the EPF to provide for impairment using "Expected Credit Loss Model (ECL)" determined based on the credit risk ratings of the counterparties whereas impairment under LKAS 39 was based on Incurred Loss Model. Accordingly, following financial instruments are subjected to the impairment provisioning using ECL Model.

- I All Financial Assets measured at FVOCI except investments in equity shares
- II All Financial Assets measured at Amortized Cost

Accordingly, Treasury Bonds, Treasury Bills, Corporate Debt Securities, Trust Certificates, Reverse Repos, Fixed Deposits and Bank Balances shall be considered for impairment provisioning. However, Government securities such as Treasury Bills and Treasury Bonds are not subjected to impairment, since the counterparty is the sovereign of the country and the instrument is based on rupee terms.

Methodology

EPF Department does not have historical loss experience which enable the EPF to develop an ECL modelling technique considering historical losses, thus EPF considers loss statistics published by the external sources i.e-Bloomberg which are publically available.

EPF Department will match the ratings of the issuer against the published Probability of Defaults (PD) by bloomberg and considers following adjustments :

- I **Conversion of the Through the Cycle PD (TTC PD)**
Bloomberg loss statistics reflect a TTC PD and EPF converts the TTC PD to Point in Time (PiT) by applying economic factor adjustment based on the the regression based conversion approach.
- II **Lifetime PD Structure**
As the bloomberg PD's represent 12month ECL for investments which have significantly deteriorated, EPF considers the lifetime PD based on the Lifetime PD curve extrapolated using the 12month PD
- III **Determination of Significant Deterioration of Credit Risk**
EPF determines significant deterioration of credit risk based on the Generally accepted investment/ Non-investment grade definitions published by international rating agencies. Generally, "rated below BBB-" are considered as Non-Investment grade investments. Thus, the EPF considers such investments as significant deterioration of credit risk incurred. For such investments EPF considers life time expected credit loss calculation.

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Impairment losses (Contd...)

Analysis of generally accepted ratings by global rating agencies are as follows

ICRA Rating	Fitch Rating	Moody's Rating	Bloomberg 1 Year Credit Scale	
			Scale	PD Upper Bound
AAA	AAA	Aaa	IG-1	0.00%
AA+	AA+	Aa1	IG-2	0.00%
AA	AA	Aa2	IG-3	0.01%
AA-	AA-	Aa3	IG-4	0.02%
A+	A+	A1	IG-5	0.03%
A	A	A2	IG-6	0.05%
A-	A-	A3	IG-7	0.10%
BBB+	BBB+	Baa1	IG-8	0.17%
BBB	BBB	Baa2	IG-9	0.30%
BBB-	BBB-	Baa3	IG-10	0.52%
BB+	BB+	Ba1	HY-1	0.88%
BB	BB	Ba2	HY-2	1.50%
BB-	BB-	Ba3	HY-3	2.40%
B+	B+	B1	HY-4	4.00%
B	B	B2	HY-5	6.00%
B-	B-	B3	HY-6	10.00%
	CCC	Caa1	DS-1	15.00%
	CCC	Caa2	DS-2	22.00%
	CCC	Caa3	DS-3	30.00%
	CCC	Ca	DS-4	50.00%
	DDD	C	DS-5	100.00%
	D	/	DDD	Defaulted

12 Month ECL

(Investment Grade)

Lifetime ECL

(Non - Investment Grade)

IV Loss Given Default (LGD)

For expected credit loss assessment, EPF considers following LGDs/Loss rates in line with the consultation paper on adoption of SLFRS 9 issued by Central Bank of Sri Lanka on 31st December 2018.

- Local currency Treasury bills, Treasury bonds and Reverse repo - 0%.
- All other Local currency financial instruments - 45%

V For the purpose of determination of ECL, EPF applies the Point of default as the mid of the year (i.e. 6 months) considering the fact that the default events could be occurred at earlier part of the year or latter part of the year.

VI Economic Factor Adjustment was calculated using the past and forecasted GDP growth rates from 2010 to 2023 and obtained from the GDP growth rate statistics in IMF domain.

VII Financial Investments

- For the following Issuers/Counterparties credit ratings data not available in the EPF Department. Hence external credit ratings were obtained from the following sources.
- For the curve fitting exercise across multiple agency PD we have benchmarked the qualitative/quantitative parameters considered by Fitch, Moody's, ICRA and noted that similar parameters have been considered by the rating agencies. Thus upward/downturn calibration is not required when performing the curve fitting exercise.
- For the Investments in Sri Lanka Government Treasury Bonds and Treasury Bills, sovereign rating of the Sri Lanka Government has not been used as the investment is within the same jurisdiction of the CBSL. Hence, significant deterioration of credit risk does not exist and therefore, EPF considers 12 month ECL by using the best case scenario credit ratings of AAA.

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Impairment losses (Contd...)

34.6.1 The tables below shows the ECL charges on financial instruments for the year recorded in the income statement:

31.12.2018

Rs' 000	Note	Stage 1		Stage 2		Stage 3	Total
		Individual	Collective	Individual	Collective		
Cash at Bank		35	-	-	-	-	35
Debt Instruments measured at Amortised Cost	18	3,792	-	-	-	-	3,792
Total Impairment Loss		3,827	-	-	-	-	3,827

31.12.2018

Rs' 000	Specific	Collective (individually not significant exposures)		Collective (Incurred but not yet identified)		Total
		Individual	Collective	Individual	Collective	
Credit loss expense on Bank Balance	-	35	-	-	-	35
	-	35	-	-	-	35
Credit loss expense on Debt Instruments measured at Amortised Cost						
Corporate Debt Securities	-	3,359	-	-	-	3,359
Trust Certificates	-	36	-	-	-	36
Fixed Deposits	-	183	-	-	-	183
Preference Shares	-	214	-	-	-	214
	-	3,792	-	-	-	3,578
Total on balance sheet items	-	3,827	-	-	-	3,827
Off balance sheet items	-	-	-	-	-	-
Total	-	3,827	-	-	-	3,827

EMPLOYEES' PROVIDENT FUND

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Impairment losses (Contd...)

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per LKASed on the External credit ratings. The amounts presented are gross of impairment allowances. Details of the Fund's internal grading system are explained in Note 34.6 and policies on whether ECL allowances are calculated on an individual or collective LKASs are set out in Note 34.6

31.12.2018								
	Stage 1		Stage 2		Stage 3		Total	
	Collective		Collective					
	Balance	ECL	Balance	ECL	Balance	ECL	Balance	ECL
Rs. '000								
External Rating Grade								
AAA	15,629,090	7	-	-	-	-	15,629,090	7
AA+	29,624,312	253	-	-	-	-	29,624,312	253
AA	6,451,226	106	-	-	-	-	6,451,226	106
AA-	11,037,343	360	-	-	-	-	11,037,343	360
A+	7,483,792	467	-	-	-	-	7,483,792	467
A	4,661,712	546	-	-	-	-	4,661,712	546
A-	6,358,735	1,373	-	-	-	-	6,358,735	1,373
BBB+	-	-	-	-	-	-	-	-
BBB	-	-	-	-	-	-	-	-
BBB-	573,051	714	-	-	-	-	573,051	714
Total	81,819,261	3,827	-	-	-	-	81,819,261	3,827
01.01.2018								
	Stage 1		Stage 2		Stage 3		Total	
	Collective		Collective					
	Balance	ECL	Balance	ECL	Balance	ECL	Balance	ECL
Rs. '000								
External Rating Grade								
AAA	12,699,201	6	-	-	-	-	12,699,201	6
AA+	47,753,314	419	-	-	-	-	47,753,314	419
AA	4,176,494	70	-	-	-	-	4,176,494	70
AA-	11,240,595	376	-	-	-	-	11,240,595	376
A+	6,792,891	433	-	-	-	-	6,792,891	433
A	4,950,439	593	-	-	-	-	4,950,439	593
A-	6,680,011	1,463	-	-	-	-	6,680,011	1,463
BBB+	229,000	91	-	-	-	-	229,000	91
BBB	485,369	345	-	-	-	-	485,369	345
BBB-	488,852	617	-	-	-	-	488,852	617
Total	95,496,167	4,412	-	-	-	-	95,496,167	4,412

EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Impairment losses (Contd...)

34.6.2 Credit quality analysis

The table below shows gross balances under SLFRS 09 as at 31 December 2018 analysed on the External Credit Rating system, which is described in Note 34.6

31-Dec-18

Neither past due nor impaired

Rs. '000	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	Total
Investment Balances											
<i>Debt instruments measured at Amortised Cost</i>											
Corporate Debt Securities	2,526,568	6,283,739	5,869,264	9,904,749	7,480,074	4,661,712	5,353,462	-	-	573,254	42,652,822
Trust Certificates	-	-	-	1,132,594	-	-	-	-	-	-	1,132,594
Fixed Deposits	13,102,522	20,507,196	-	-	-	-	-	-	-	-	33,609,718
Preference Shares	-	-	-	-	-	-	1,005,273	-	-	-	1,005,273
Bank Balances	-	2,833,377	581,962	-	3,718	-	-	-	-	-	3,419,057
15,629,090	29,624,312	6,451,226	11,037,343	7,483,792	4,661,712	6,358,735	-	-	573,254	81,819,464	

ECL Provision

Debt instruments measured at Amortised Cost

Corporate Debt Securities	1	51	96	324	467	546	1,159	-	-	714	3,359
Trust Certificates	-	-	-	36	-	-	-	-	-	-	36
Fixed Deposits	6	177	-	-	-	-	-	-	-	-	183
Preference Shares	-	-	-	-	-	-	214	-	-	-	214
Bank Balances	-	25	10	-	0.24	-	-	-	-	-	35
Total	7	253	106	360	467	546	1,373	-	-	714	3,827

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Impairment losses (Contd...)

34.6.2 Credit quality analysis

The table below shows gross balances under SLFRS 09 as at 31 December 2018 analysed on the External Credit Rating system, which is described in Note 34.6

1-Jan-18	Neither past due nor impaired										
Rs. '000	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	Total
Investment Balances											
Debt instruments measured at Amortised Cost											
Corporate Debt Securities	1,501,068	6,875,384	3,763,602	8,524,142	6,735,827	4,950,439	5,681,620	229,000	485,369	459,230	39,205,682
Trust Certificates	-	-	-	2,716,453	-	-	-	-	-	29,622	2,746,076
Fixed Deposits	11,198,133	38,073,962	-	-	-	-	-	-	-	-	49,272,095
Preference Shares	-	-	-	-	-	-	998,392	-	-	-	998,392
Bank Balances	-	2,803,968	412,892	-	57,064	-	-	-	-	-	3,273,924
	12,699,201	47,753,314	4,176,494	11,240,595	6,792,891	4,950,439	6,680,011	229,000	485,369	488,852	95,496,167
ECL Provision											
Debt instruments measured at Amortised Cost											
Corporate Debt Securities	1	57	63	285	430	593	1,246	91	345	581	3,690
Trust Certificates	-	-	-	90	-	-	-	-	-	37	127
Fixed Deposits	5	337	-	-	-	-	-	-	-	-	342
Preference Shares	-	-	-	-	-	-	217	-	-	-	217
Bank Balances	-	25	7	-	4	-	-	-	-	-	36
Total	6	419	70	376	433	593	1,463	91	345	617	4,412

EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

35 Valuation of Unlisted Equity Instruments

Estimated Fair Values of the Unlisted Equity Investments are; as follows.

Investment	Basis	Number of shares	Purchase Value	2018		2017	
				Fair value per share	Rs.	Fair value per share	Rs.
Canwill Holdings (Pvt) Ltd.	Net asset based	500,000,000	5,000,000	10.58	5,287,959	10.58	5,287,978
Cargills Bank Limited	Net asset based	44,000,000	495,000	12.68	557,725	12.06	530,763
Weligama Hotel Properties (Pvt) Ltd	Net asset based	45,000,000	405,000	2.09	93,839	4.14	186,096
West Coast Power (Pvt) Ltd	Net asset based	29,750,000	2,975,000	496.61	14,774,143	437.00	13,000,802
Fitch Ratings Lanka Limited	Dividend valuation model	62,500.00	625.00	66.04	4,127.40	61.32	3,832.64
Jetwing Symphony Limited	Market price	35,454,545	390,000			15.00	531,818
Grand Total			9,265,625		20,717,793		19,541,291

Due to the limitation of available information, net asset model was used to estimate the fair value of unlisted equity instruments except for Fitch Rating Lanka Limited (FR). FR has paid dividend continuously in a consistent manner and therefore, Dividend Growth Model was used to estimate the fair value of FR. For the purpose of estimation information were extracted from the latest audited financial statements of each company.

If the unlisted equity instruments were recorded at the above estimated fair values, the impact to the Other Comprehensive Income and the Investment Revaluation Reserve would be as follows.

Financial Statement Impact-Overall

	2017	2,018
Cost	9,265,625	8,875,625
Estimated Fair Value	19,541,291	20,717,793
Impact to Net Assets	10,275,666	11,842,168
Impact to FVOCI on change in fair values		1,176,502

Eco Sri Ltd, Laugfs Gas Leisure Ltd, Laugfs Gas Power Ltd were not considered, as those companies are in the process of listing

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