

EMPLOYEES' PROVIDENT FUND

Financial Statements

2023

EMPLOYEES' PROVIDENT FUND
STATEMENT OF INCOME AND EXPENDITURE

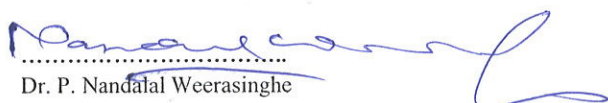
For the year ended 31st December

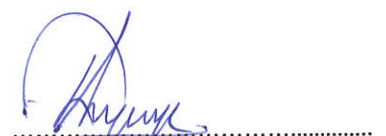
	Note	*CBSL Rs.'000	2023 *Labour Dept. Rs.'000	Total Rs.'000	2022 Total Rs.'000
Interest Income	6	442,419,326	-	442,419,326	349,269,190
Dividend Income	7	2,997,302	-	2,997,302	7,527,818
Net Gain/ (Loss) on Financial Instruments at Fair Value	8	23,835,878	-	23,835,878	(40,995,584)
Over/(Under) Provision of Impairment of Financial Assets	9	4,036	-	4,036	(3,941)
Investment Income		469,256,542	-	469,256,542	315,797,483
Other Income	10	239,037	2,069	241,106	270,418
Gross Income		469,495,579	2,069	469,497,648	316,067,901
Operating Expenses	11	(1,494,162)	(810,537)	(2,304,699)	(2,133,782)
Operating Profit/ (Loss) before Income Tax		468,001,417	(808,468)	467,192,949	313,934,119
Tax Expense	12	(61,949,395)	-	(61,949,395)	(49,981,617)
Profit/ (Loss) for the Year		406,052,022	(808,468)	405,243,554	263,952,502
Retained Profit brought Forward				46,372	61,263
Unrealised (Gain)/Loss on Listed Equity				(23,707,153)	41,005,190
Profit available for Distribution				381,582,773	305,018,956
Profit Distribution					
Less : Interest Paid on Current Year Refunds				(8,218,285)	(6,434,802)
Add/ (Less) - Transfer from / (to) Profit Equalisation Reserve				64,150,000	(21,000,000)
Interest on member balances as at 31 st December 2023 at 13.00% (2022-9.00%)				(436,755,361)	(277,537,781)
Balance Carried Forward for the Distribution in Next Year				759,127	46,372

* "CBSL" denotes the Employees' Provident Fund Department of the Central Bank of Sri Lanka and "Labour Dept." denotes the EPF Section of the Labour Department.

The accounting policies and notes on pages 07 through 54 form an integral part of the Financial Statements.
The Management is responsible for the preparation of these Financial Statements.
These Financial Statements were approved by the Governing Board of the Central Bank of Sri Lanka.

For and on behalf of the Governing Board,


Dr. P. Nandalal Weerasinghe
Governor
Central Bank of Sri Lanka


Nihal D Liyanage
Superintendent
Employees' Provident Fund Department

Date : 20 March 2024

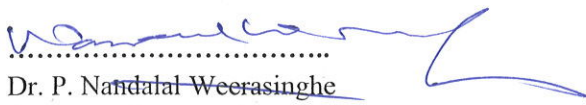
**EMPLOYEES' PROVIDENT FUND
STATEMENT OF FINANCIAL POSITION**


As at 31st December

	Note	2023 Rs. Rs.'000	2022 Rs. Rs.'000
Assets			
Property, Plant and Equipment	13	382,512	362,496
Capital Work-in-Progress		297,885	297,885
Intangible Assets	14	5,696	3,537
Equity Securities	15	105,517,309	80,940,878
Fixed Income Securities	16	3,762,097,038	3,385,604,295
Inventories		22,683	25,020
Interest Receivables		70,000	122,125
Contribution Receivable		18,600,000	16,000,000
Other Current Assets	17	3,036,457	4,080,828
Cash and Cash Equivalents	18	5,090,003	4,330,788
		3,895,119,583	3,491,767,852
Liabilities			
Accounts Payable	19	4,870	4,734
Accrual Expenses		773,093	684,900
Other Current Liabilities	20	36,935,795	31,216,978
		37,713,758	31,906,612
Total Net Assets		3,857,405,825	3,459,861,240
Represented by, Member Balances	21	3,817,891,512	3,380,616,835
		3,817,891,512	3,380,616,835
Reserves	22	10,157,000	74,307,000
Retained Profit	23	29,357,313	4,937,405
		39,514,313	79,244,405
Total Net Worth of the Fund		3,857,405,825	3,459,861,240

The accounting policies and notes on pages 07 through 54 form an integral part of the Financial Statements.
The Management is responsible for the preparation of these Financial Statements.
These Financial Statements were approved by the Governing Board of the Central Bank of Sri Lanka.

For and on behalf of the Governing Board,


Dr. P. Nandarat Weerasinghe
Governor
Central Bank of Sri Lanka


Nihal D. Liyanage
Superintendent
Employees' Provident Fund Department

Date : 20 March 2024

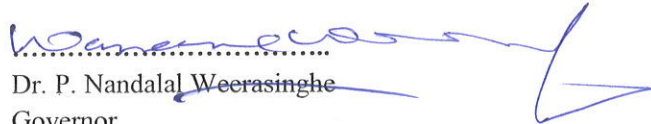
**EMPLOYEES' PROVIDENT FUND
RECEIPTS AND PAYMENTS ACCOUNT**


For the year ended 31st December

	Note	CBSL Rs.'000	2023 Labour Dept. Rs.'000	Total Rs.'000	2022 Total Rs.'000
Cash balance at the beginning of the year		4,331,447	2,435	4,333,882	3,102,237
Total Receipts	24	619,168,869	848,082	620,016,951	527,413,380
Total Payments	25	(618,409,932)	(793,791)	(619,203,723)	(526,181,735)
Cash balance at the end of the year		<u>5,090,384</u>	<u>56,726</u>	<u>5,147,110</u>	<u>4,333,882</u>

The accounting policies and notes on pages 07 through 54 form an integral part of the Financial Statements.
The Management is responsible for the preparation of these Financial Statements.
These Financial Statements were approved by the Governing Board of the Central Bank of Sri Lanka.

For and on behalf of the Governing Board,


Dr. P. Nandalal Weerasinghe
Governor
Central Bank of Sri Lanka


Nihal D Liyanage
Superintendent
Employees' Provident Fund Department

Date : 20 March 2024

**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
<i>As at 31st December 2023</i>						
Treasury Bonds	16.1.1	3,354,860,516	3,234,838,801	3,167,996,437	3,301,910,739	3,301,910,739
Treasury Bills	16.1.2	444,357,807	400,194,434	419,341,945	420,297,186	420,297,186
Corporate Debt Instruments	16.2	13,640,570	13,640,570	13,401,341	14,071,177	14,068,769
Reverse Repo	16.3	25,800,000	25,800,000	25,820,344	25,820,344	25,820,344
Listed Equities	15.1	-	85,779,108	96,376,320	85,779,108	96,376,320
Unlisted Equities	15.2	-	9,640,989	9,140,989	9,640,989	9,140,989
		3,838,658,893	3,769,893,902	3,732,077,376	3,857,519,542	3,867,614,347

As at 31st December 2022

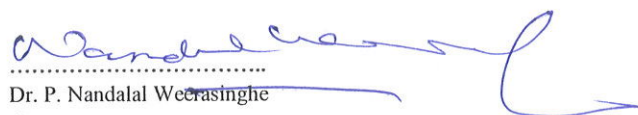
Treasury Bonds	16.1.1	3,174,405,423	3,068,744,310	1,914,415,644	3,184,165,117	3,184,165,117
Treasury Bills	16.1.2	183,305,720	166,816,977	172,944,307	174,425,329	174,425,329
Corporate Debt Instruments	16.2	22,815,660	22,815,660	22,364,078	23,617,119	23,610,953
Reverse Repo	16.3	3,400,000	3,400,000	3,402,896	3,402,896	3,402,896
Listed Equities	15.1	-	84,909,116	71,799,889	84,909,116	71,799,889
Unlisted Equities	15.2	-	9,640,989	9,140,989	9,640,989	9,140,989
		3,383,926,803	3,356,327,052	2,194,067,803	3,480,160,566	3,466,545,173


The accounting policies and notes on pages 07 through 54 form an integral part of the Financial Statements.

The Management is responsible for the preparation of these Financial Statements.

These Financial Statements were approved by the Governing Board of the Central Bank of Sri Lanka.

For and on behalf of the Governing Board,


.....
Dr. P. Nandalal Weerasinghe
Governor
Central Bank of Sri Lanka


.....
Nihal D Liyanage
Superintendent
Employees' Provident Fund Department

Date : 20 March 2024

EMPLOYEES' PROVIDENT FUND
STATEMENT OF CASH FLOWS

For the year ended 31st December

	2023 Rs.'000	2022 Rs.'000
Cash flows from operating activities		
Interest received from Investments	405,207,532	328,807,041
Dividends received from equities	3,216,720	3,158,973
Surcharges and other income	7,018	76,022
Payment of operating expenses	(1,539,400)	(1,522,698)
Advances given	(8,607)	(13,541)
Settlement of Creditors and other payables	(4,850,002)	(3,922,234)
Cash generated from operating activities	402,033,261	326,583,563
Taxes Paid	(56,680,643)	(43,838,631)
Net cash generated from operating activities	345,352,618	282,744,932
Cash flows from investing activities		
Investments in Financial Assets	(2,972,024,779)	(2,799,928,854)
Maturities of Investments	2,632,643,670	2,487,022,087
Proceeds on sale of Financial Investments	154,195	12,692
Proceeds on sale of Fixed Asset	2,790	167
Acquisition of Property, Plant and Equipment	(69,702)	(188,340)
Net cash used in investing activities	(339,293,826)	(313,082,248)
Cash flow from financing activities:		
Contributions received	210,582,382	194,593,541
General Deposit Account - Labour Department	76,930	6,703
Refunds to Members	(215,902,441)	(163,031,106)
Net cash generated from financing activities	(5,243,129)	31,569,138
Net increase in cash and cash equivalents	815,663	1,231,822
Cash and Cash equivalents at the beginning of the year	4,331,447	3,102,060
Cash and cash equivalents at the end of the year-Before Adjustments	5,147,110	4,333,882
Adjustments:		
Cash balance at the end of the year - Labour Department	(56,726)	(2,435)
Cash and cash equivalents at the end of the year (Note A)	5,090,384	4,331,447
Note A		
Analysis of Cash and Cash equivalents as at 31 st December;		
Cash in Hand	20	20
Cash in Transit	10,000	-
Cash at Bank	5,080,364	4,331,427
	5,090,384	4,331,447
(-) Provision for impairment	(381)	(659)
	5,090,003	4,330,788

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

Description	Members Balance Rs.'000	Building Reserve Fund Rs.'000	Technology Advancement Reserve Fund Rs.'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 2021	3,066,871,294	3,157,000	350,000	43,150,000	6,650,000	392,375	45,565,111	3,166,135,780
Investment revaluation reserve transferred to Retained Earnings due to accounting policy change	-	-	-	-	-	(392,375)	392,375	-
Adjusted balance as at 31st December 2021	3,066,871,294	3,157,000	350,000	43,150,000	6,650,000	-	45,957,486	3,166,135,780
Net Profit for the year - 2022	-	-	-	-	-	-	263,952,502	263,952,502
Net Contributions for 2022	36,207,760	-	-	-	-	-	-	36,207,760
Member Interest Paid on Refunds - 2022	-	-	-	-	-	-	(6,434,802)	(6,434,802)
Member Interest payable (2022 at 9.00%)	277,537,781	-	-	-	-	-	(277,537,781)	-
Transfers to Profit Equalization Reserve from Distributable Profit	-	-	-	21,000,000	-	-	(21,000,000)	-
Balance as at 31st December 2022	3,380,616,835	3,157,000	350,000	64,150,000	6,650,000	-	4,937,405	3,459,861,240
Net Profit for the year - 2023	-	-	-	-	-	-	405,243,554	405,243,554
Net Contributions for 2023	519,316	-	-	-	-	-	-	519,316
Member Interest Paid on Refunds - 2023	-	-	-	-	-	-	(8,218,285)	(8,218,285)
Member Interest payable (2023 at 13.00%)	436,755,361	-	-	-	-	-	(436,755,361)	-
Transfers from Profit Equalization Reserve	-	-	-	(64,150,000)	-	-	64,150,000	-
Balance as at 31st December 2023	3,817,891,512	3,157,000	350,000	-	6,650,000	-	29,357,313	3,857,405,825

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 Central Bank of Sri Lanka (CBSL) 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 to discharge the aforementioned powers, duties and functions entrusted to CBSL 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 Section 5(1) (f), (g), (h) and (i) of EPF Act No.15 of 1958, the CBSL is required to maintain a general account in respect of the Fund, prepare the following financial statements annually and transmit a copy of the each statement to the Minister of Labour.

- 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 of the investment.

2.2 Responsibility for Financial Statements

The Governing Board of the CBSL 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.



Employees' Provident Fund

Notes to the Financial Statements

2.3 Approval of Financial Statements by the Governing Board of the CBSL

The Financial Statements for the year ended 31st December 2023, were authorized for issue by the Governing Board of the CBSL on 20th March 2024.

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 or based on ultimate redemption value assuming a constant rate of return to maturity as appropriately giving due consideration to the requirements of LKAS 26 - Accounting and Reporting by Retirement Benefit Plans and SLFRS 09 - Financial Instruments.

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 Management 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



Employees' Provident Fund

Notes to the Financial Statements

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 recognized 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 the 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 the 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 have been considered when preparing the Financial Statements. Provisions and relevant disclosures have been made for all known liabilities.

3. Material Accounting Policies

3.1 Recognition of Income and Expenses

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Fund and revenue can be reliably measured. Expenses are recognized in the



Employees' Provident Fund

Notes to the Financial Statements

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 CBSL 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 recognized 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 amortization of discount or premium of the financial instruments.

3.1.2 Dividends

Dividend income is recognized 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 Fair Valuation of Financial Investments at Fair Value

Fair Valuation changes on Financial Investments at Fair Value comprises realized and unrealized gains on fair valuation (mark to market valuation) of listed and unlisted equity, are presented in profit or loss as 'gain or loss on fair valuation of Financial Investments at Fair Value in the Statement of Income and Expenditure.

3.1.4 Personnel Expenses

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

3.1.5 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.



Employees' Provident Fund

Notes to the Financial Statements

As per the Inland Revenue Act No 24 of 2017 which is effective from 1st April 2018, the Fund is liable to pay income tax at 14%.

As per the Notice No. PN/IT/2023-01 dated 20.01.2023 issued by the Commissioner General of Inland Revenue on "Implementation of Budget Proposals - 2023", applicable Income Tax rate for dividend received or derived by the residents during the period from October 1, 2022 to December 31, 2022 is 15%.

3.2 Assets

3.2.1 Plan Assets

Plan Assets of the Fund have been accounted for in accordance with LKAS 26 and the areas that are not coming under LKAS 26 including the assets used in the operations of the Fund are accounted for in accordance with the applicable accounting standards.

Fixed income securities of the Fund comprise of the Treasury Bonds, Treasury Bills, Reverse Repo agreements, Debentures, and Investment in Fixed Deposits and the Listed and Unlisted Equity Securities are accounted in accordance with LKAS 26. Any other financial investment which is not included in LKAS 26 that may arise in future, will be treated under SLFRS 09.

Accordingly, as per LKAS 26 Retirement Benefit Plan investments shall be carried at fair value other than Investments that have a fixed redemption value and that have been acquired to match the obligations of the plan and investments which are held for which an estimate of fair value is not possible. Where the Fund's investments are held for which an estimate of fair value is not possible, have been disclosed, as appropriately.

Equity Securities are measured subsequently at fair value and fixed income securities are measured subsequently at amounts based on the ultimate redemption value assuming a constant rate of return to maturity.

The measurement of credit impairment for fixed income securities is based on the three - stage expected credit loss model (Note 3.2.1.2) and no impairment is calculated for financial investments measured at fair value.



Employees' Provident Fund

Notes to the Financial Statements

3.2.1.1 Recognition and Derecognition of plan assets

A financial asset or financial liability is recognized in the Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument. Loans and receivables are recognized when cash is advanced (or settled) to the borrowers.

The Fund 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 Fund is recognized as a separate asset or liability.

Financial liability is derecognized from the statement of financial position when the Fund has discharged its obligation, or the contract is cancelled or expires.

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:

- Fixed income securities measured at amounts based on the ultimate redemption value assuming a constant rate of return to maturity;
- Loan commitments; and
- Financial guarantee contracts.

No ECL is recognized for 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 recognized.



Employees' Provident Fund

Notes to the Financial Statements

The Fund determines 12-month ECL for instruments which 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 recognized.

In consistent with the policies of the Fund, rated below BBB- are considered to non-investment grade investments and the Fund considers such investments as significant deterioration of credit risk incurred. Such investments are considered for lifetime 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 a 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 recognized and interest revenue is calculated by applying the effective interest rate to the amortized cost (net of provision) rather than the gross carrying amount.

Determining the stage for impairment

At each reporting date, the Fund 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 Fund considers reasonable and supportable information that is relevant



Employees' Provident Fund

Notes to the Financial Statements

and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

The Fund 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 Fund in accordance with the contract and the cash flows that the Fund 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 Fund if the commitment is drawn down and the cash flows that the Fund expects to receive.
- Financial guarantee contracts: as the expected payments to reimburse the holder less any amounts that the Fund expects to recover.

For further details on how the Fund calculates ECLs, including the use of forward-looking information, refer to the Credit quality of financial assets section in Note 30.

ECLs are recognized using a provision for doubtful debts account in profit and loss. The Fund recognizes the provision charge in profit and loss, with the corresponding amount



Employees' Provident Fund

Notes to the Financial Statements

recognized in other comprehensive income, with no reduction in the carrying amount of the asset in the balance sheet.

3.2.1.3 Offsetting

Financial assets and liabilities are offset, and the net amount is presented in the Statement of Financial Position when the Fund has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.2.1.4 Critical accounting assumptions and estimates

Assumptions made at each reporting date are based on the best estimates at that date. Although the Fund 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 recognized 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

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 Fund has immediate access. An adjustment for credit risk is also incorporated into the fair value as appropriate.

The 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 Fund uses a valuation technique to arrive at the fair value, including the use of transaction prices obtained in



Employees' Provident Fund

Notes to the Financial Statements

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.

However, as explained in Note 16 unlisted equities are carried at fair value and the cost is considered as the best estimation of fair value as sufficient and recent information are not available to measure the fair value reliably using valuation techniques. Further, estimated fair values of unlisted equity investments are disclosed in Note 31.

3.2 .2 Property, Plant and Equipment (PPE)

Recognition

Property, plant and equipment are recognized 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 capitalized 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 derecognizes the replaced part, and recognizes the new part



Employees' Provident Fund

Notes to the Financial Statements

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 derecognized 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 derecognized.

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 derecognized.

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%
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 recognized at cost. Subsequent to the initial recognition, they are carried at cost less any accumulated amortization based on useful life of three years.



Employees' Provident Fund

Notes to the Financial Statements

3.2.4 Inventories

Inventories consist of consumable items and carried at weighted average cost.

3.2.5 Receivables

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

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 an 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 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.

3.3.2 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.

3.3.3 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.



Employees' Provident Fund

Notes to the Financial Statements

3.3.5 Provisions

Provisions are recognized 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-recognized when they are extinguished, that is when the obligation is discharged, canceled, or expires.

3.4 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 a known amount of cash and subject to an insignificant risk of changes in value.

3.5 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 (Note 32 – Comparative Information).

5. Changes in Material Accounting Policies

5.1 The Fund has consistently applied the Accounting Policies as set out in Notes 01 to 04 to all periods presented in these Financial Statements, unless otherwise disclosed in the Financial Statements:

5.2 The Fund adopted LKAS 26 from 2023, the specific standard available for retirement benefit plans to provide more relevant information to the users of financial statements.



Employees' Provident Fund

Notes to the Financial Statements

Further, the provisions in SLFRS 09 are considered when direct guidelines are not available in LKAS 26 to provide a comprehensive information to the users of the financial statements.

5.3 However, this does not change the basis of measurement of financial assets and the amounts recorded in financial statements in 2022, except for the classification changes described in Note 32. The net assets position of the Fund as of 31st December 2022 remains unchanged and there is no impact to the profit or loss reported for the year 2022. Therefore, the financial statements are not restated.

5.3.1 Those securities that have a fixed redemption value and that have been acquired to match the obligations of the plan, or specific parts thereof, may be carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. As per section 5 (1) (e) of the EPF Act No. 15 of 1958, EPF is allowed to invest such of the moneys of the Fund which is not immediately required for the purposes mentioned in the Act. Hence, the investments of the EPF are made in such a way that it can meet the member liabilities at any point in time. Therefore, the investments in fixed income securities are carried at amounts based on their ultimate redemption value assuming a constant rate of return to maturity. The listed and unlisted equity instruments are carried at fair value.

5.4 In the absence of a SLFRS that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy considering the requirements in SLFRSs dealing with similar and related issues. Accordingly, the following are presented with these financial statements in line with the provisions given in the respective standard mentioned therein.

5.4.1 Provision for Expected Credit Loss (ECL) : LKAS 26 does not require the Fund to make an expected credit loss provision on financial assets. However, to represent the fair position of financial instruments, ECL provision is calculated and provided under the guidelines given in SLFRS 09. However, the Treasury Bills and Treasury Bonds are not assessed for impairment, since the counterparty is the sovereign of the country, and the instrument is based on rupee terms.

5.4.2 Note on Financial risk management objectives, policies and processes is given under the guidelines given in SLFRS 09.



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

6 Interest Income

For the year ended 31st December

	2023			2022
	CBSL	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest on Treasury Bonds	378,441,273	-	378,441,273	325,422,599
Interest on Treasury Bills	60,402,705	-	60,402,705	15,272,142
Interest on Corporate Debt Securities - Listed	1,686,725	-	1,686,725	2,290,667
Interest on Corporate Debt Securities - Unlisted	637,486	-	637,486	637,500
Interest on Fixed Deposits	-	-	-	4,225,390
Interest on Reverse Repos	1,251,137	-	1,251,137	1,420,892
	<u>442,419,326</u>	<u>-</u>	<u>442,419,326</u>	<u>349,269,190</u>

7 Dividend Income

For the year ended 31st December

	2023			2022
	CBSL	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend from Equity Securities	2,997,302	-	2,997,302	7,527,818
	<u>2,997,302</u>	<u>-</u>	<u>2,997,302</u>	<u>7,527,818</u>

8 Net Gain/(Loss) on Financial Instruments at Fair Value

For the year ended 31st December

	2023			2022
	CBSL	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Listed Equity Securities	23,835,878	-	23,835,878	(40,995,584)
	<u>23,835,878</u>	<u>-</u>	<u>23,835,878</u>	<u>(40,995,584)</u>

9 Under/ (Over) Provision of Impairment of Financial Assets

For the year ended 31st December

	2023	2022
	Rs.'000	Rs.'000
Under/ (Over) Provision of Impairment; (Note 16 & 18)		
Corporate Debt Securities	(3,758)	4,531
Fixed Deposits	-	(1,154)
Bank Balances	(278)	565
	<u>(4,036)</u>	<u>3,941</u>
Under/ (Over) Provision of Impairment/ Impairment Expense	<u>(4,036)</u>	<u>3,941</u>



EMPLOYEES' PROVIDENT FUND**Notes to the Financial Statements****10 Other Income***For the year ended 31st December*

	2023			2022
	CBSL	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Surcharges	237,017	-	237,017	255,408
Other Income	2,020	2,069	4,089	15,010
	<u>239,037</u>	<u>2,069</u>	<u>241,106</u>	<u>270,418</u>

11 Operating Expenses*For the year ended 31st December*

	2023			2022
	CBSL	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Personnel Expenses	934,614	459,799	1,394,413	1,464,458
Administration Expenses	485,115	346,430	831,545	598,253
Other Expenses	74,433	4,308	78,741	71,071
	<u>1,494,162</u>	<u>810,537</u>	<u>2,304,699</u>	<u>2,133,782</u>



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

12 Tax Expense

For the year ended 31st December

	2023 Rs.'000	2022 Rs.'000
Income Tax on Profit for the Year (12.1)	61,939,424	49,825,806
(Over)/ Under Provision in respect of Previous Years	9,971	155,811
	61,949,395	49,981,617

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

- (a) As per the Inland Revenue Act No 24 of 2017 with effective from 1st April 2018, the fund is liable to pay income tax at 14%.
(b) from October 1, 2022, Applicable Income Tax rate for dividend received or derived by residents is 15%.

12.1 Reconciliation between Profit before Tax & Taxable income

	2023 Rs. '000	2022 Rs. '000
Operating Profit/ (Loss) before income tax	467,192,949	313,934,119
Adjustment;		
Dividend income	(2,997,302)	(888,087)
Share Buy Back considered as dividend income	3,481	3,366
Capitalization of reserve considered as dividend income	18,116	
Unrealised Loss/ (Gain) on financial instruments at fair value	(23,835,878)	40,995,584
Under/(Over) Provision of impairment of financial assets	(4,036)	3,941
Disallowed expenses	2,045,582	1,837,255
Adjusted income for taxation	442,422,912	355,886,178
Current tax expenses for the fund		
Tax on Dividend Income (@ 14% up to 30.09.2022)	@ 14%	-
Tax on Dividend Income (@ 15% After 01.10.2022)	@ 15%	905,659
Tax on Balance income (@ 14%)	@ 14%	26,116
	61,936,184	48,894,031
	61,939,424	49,825,806



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

13 Property, Plant and Equipment

13.1 EPFD - CBSL & Labour Dept: - 2023

	Computer Equipment Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Motor Vehicles Rs.'000	Other Rs.'000	Total Rs.'000
Cost						
As at 1 st January 2023	625,707	202,348	454,863	97,202	6,423	1,386,543
Additions during the year	61,402	-	8,410	-	-	69,812
Disposals During the year	-	-	-	-	-	-
As at 31st December 2023	687,109	202,348	463,273	97,202	6,423	1,456,355
Accumulated Depreciation						
As at 1 st January 2023	535,486	112,579	314,019	56,093	5,869	1,024,046
Charge for the year	24,126	13,660	11,995	-	16	49,797
Disposals During the year	-	-	-	-	-	-
As at 31st December 2023	559,612	126,239	326,015	56,093	5,885	1,073,843
Net Book Value (NBV)						
As at 31st December 2023	127,497	76,109	137,259	41,109	538	382,512
As at 31st December 2022	90,221	89,768	140,842	41,109	554	362,496

EPFD - CBSL & Labour Dept: - 2022

	Computer Equipment Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Motor Vehicles Rs.'000	Other Rs.'000	Total Rs.'000
Cost						
As at 1 st January 2022	610,210	112,190	432,741	97,202	6,423	1,258,766
Additions during the year	15,665	90,157	22,122	-	-	127,944
Disposals During the year	(167)	-	-	-	-	(167)
As at 31st December 2022	625,707	202,347	454,863	97,202	6,423	1,386,543
Accumulated Depreciation						
As at 1 st January 2022	517,812	100,023	304,842	56,093	5,846	984,616
Charge for the year	17,740	12,556	9,177	-	24	39,497
Disposals During the year	(66)	-	-	-	-	(66)
As at 31st December 2022	535,486	112,579	314,020	56,093	5,869	1,024,047
Net Book Value (NBV)						
As at 31st December 2022	90,221	89,767	140,843	41,109	554	362,496
As at 31st December 2021	92,398	12,167	127,898	41,109	578	274,150



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Property, Plant & Equipment Contd....

13.2

2023

	Computer Equipment			Furniture and Fittings			Office Equipment			Motor Vehicles			Other			Total		
	CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000	Total Rs.'000
Cost																		
As at 1 st January 2023	140,645	485,062		76,281	126,067		30,922	423,941		-	97,202		6,071	352		253,919	1,132,624	1,386,543
Additions during the year	46,905	14,497		-	-		1,499	6,911		-	-		-	-		48,404	21,408	69,812
Disposals During the year	-	-		-	-		-	-		-	-		-	-		-	-	-
As at 31st December 2023	187,550	499,559		76,281	126,067		32,421	430,852		-	97,202		6,071	352		302,323	1,154,032	1,456,355
Accumulated Depreciation																		
As at 1 st January 2023	126,876	408,610		46,313	66,266		26,138	287,881		-	56,094		5,517	352		204,844	819,203	1,024,047
Charge for the year	12,041	12,085		4,356	9,303		4,506	7,489		-	-		16	-		20,919	28,877	49,796
Disposals During the year	-	-		-	-		-	-		-	-		-	-		-	-	-
As at 31st December 2023	138,917	420,695		50,669	75,569		30,644	295,370		-	56,094		5,533	352		225,763	848,080	1,073,843
NBV as at 31st December 2023	48,633	78,864		25,612	50,498		1,777	135,481		-	41,108		538	-		76,560	305,952	382,512
NBV as at 31st December 2022	13,769	76,452		29,968	59,801		4,784	136,060		-	41,108		554	-		49,075	313,421	362,496



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Property, Plant & Equipment Contd....

2022	Computer Equipment			Furniture and Fittings			Office Equipment			Motor Vehicles			Other			Total		
	CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000		CBSL Rs.'000	Labour Dept. Rs.'000	Total Rs.'000
Cost																		
As at 1 st January 2022	140,203	470,006		47,966	64,226		29,783	402,958		-	97,202		6,071	352		224,024	1,034,744	1,258,768
Additions during the year	609	15,056		28,315	61,841		1,139	20,983		-	-		-	-		30,063	97,880	127,944
Disposals During the year	(167)	-		-	-		-	-		-	-		-	-		(167)	-	(167)
As at 31st December 2022	140,645	485,062		76,281	126,067		30,922	423,941		-	97,202		6,071	352		253,919	1,132,624	1,386,543
Accumulated Depreciation																		
As at 1 st January 2022	122,268	395,543		42,118	57,905		23,345	281,497		-	56,094		5,494	352		193,225	791,391	984,616
Charge for the year	4,674	13,066		4,195	8,361		2,793	6,384		-	-		24	-		11,686	27,811	39,497
Disposals During the year	(66)	-		-	-		-	-		-	-		-	-		(66)	-	(66)
As at 31st December 2022	126,876	408,610		46,313	66,266		26,138	287,881		-	56,094		5,517	352		204,845	819,202	1,024,046
NBV as at 31st December 2022	13,769	76,452		29,968	59,801		4,784	136,060		-	41,108		554	-		49,074	313,422	362,496
NBV as at 31st December 2021	17,935	74,463		5,848	6,321		6,438	121,461		-	41,108		578	-		30,798	243,353	274,152



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

14 Intangible Assets

Computer Software

	2023		2022	
	CBSL Rs.'000	Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Cost				
As at 1 st January	35,590	7,830	43,420	41,257
Acquisitions during the Year	1,020	2,052	3,072	2,163
As 31st December	36,610	9,882	46,492	43,420
Amortisation				
As at 1 st January	34,910	4,973	39,883	39,248
Amortisation during the period	566	347	913	635
As 31st December	35,476	5,320	40,796	39,883
Net book value				
As at 1 st January	680	2,857	3,537	2,009
As 31st December	1,134	4,562	5,696	3,537

15 Equity Securities

As at 31st December

	2023		2022	
	Cost Rs.'000	Fair Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000
Investments in equity securities				
Listed Equity (Note 15.1)	85,779,108	96,376,320	84,909,116	71,799,889
Unlisted Equity (Note 15.2)	9,640,989	9,140,989	9,640,989	9,140,989
Total Equity Instruments	95,420,097	105,517,309	94,550,105	80,940,878

All the equity securities are categorised under financial asset at fair value in accordance with LKAS 26

15.1 Listed Equity Securities

As at 31st December

	2023		2022	
Company Name	Cost Rs.'000	Book value Rs.'000	Cost Rs.'000	Book value Rs.'000
Access Engineering PLC	448,736	415,709	448,736	219,118
ACL Cables PLC	155,514	812,863	155,514	828,222
Aitken Spence PLC	1,997,136	2,388,553	1,997,136	2,635,645
Aitken Spence Hotel Holdings PLC	1,710,207	1,984,601	1,710,207	1,600,281
Asian Hotels & Properties PLC	3,273,782	2,624,488	3,273,782	1,692,342
Asiri Surgical Hospital PLC	1,681	3,067	1,681	3,091
Brown & Company PLC	1,799,560	691,463	1,799,560	815,926
Bukit Darah PLC	2,310,610	1,100,281	2,310,610	833,784
Cargills (Ceylon) PLC	1,372,001	2,845,882	1,372,001	1,973,621
Carson Cumberbatch PLC	2,607,240	1,357,226	2,607,240	1,511,298
Central Finance Company PLC	2,741,510	2,570,119	2,741,510	1,526,199
Ceylon Grain Elevators PLC	1,005,585	848,062	1,005,585	430,719
Ceylon Guardian Investment PLC	549,333	244,620	552,401	185,450
Ceylon Hospitals PLC (NV)	25,411	120,055	25,411	126,981
Ceylon Hotels Corporation PLC	711,243	408,867	711,243	365,829
Chevron Lubricants Lanka PLC	49,564	91,737	49,564	98,036
CIC Holdings PLC (NV)	221,726	472,332	221,726	617,921
CIC Holdings PLC Voting	694,300	1,690,745	694,300	2,245,521
Colombo Dockyard PLC	2,791,809	593,072	2,791,809	692,897
Commercial Bank of Ceylon PLC	10,435,514	10,169,390	10,050,842	5,048,501
CT Holdings PLC	1,086,557	2,163,887	1,086,557	1,345,223
DFCC Bank PLC	3,604,601	2,250,898	3,558,726	863,532
Dialog Axiata PLC	2,255,649	2,136,817	2,255,649	2,018,105
Diesel & Motor Engineering PLC	1,625,690	939,048	1,625,690	1,099,686
Dilmah Ceylon Tea Company PLC	1,082,639	1,562,386	1,082,639	1,770,651
Dipped Products PLC	312,650	768,676	312,650	801,737
Galadari Hotels (Lanka) PLC	810,322	379,395	810,322	296,402
Hatton National Bank PLC	7,212,654	7,368,344	7,035,172	3,294,899
Haycarb PLC	222,565	850,738	222,565	762,092
Hayleys Fabric PLC	213,592	448,799	213,592	250,441



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

15.1 Continued...

As at 31st December

Company Name	2023		2022	
	Cost Rs.'000	Book value Rs.'000	Cost Rs.'000	Book value Rs.'000
Hayleys Leisure PLC	348,646	218,154	348,646	219,193
Hayleys PLC	9,303	22,877	9,303	21,787
Jetwing Symphony PLC	390,000	297,818	390,000	368,727
John Keells Holdings PLC	1,597,949	1,940,431	1,597,949	1,374,048
John Keells Hotels PLC	1,166,289	1,475,320	1,166,289	1,294,828
Kelani Tyres PLC	98,635	98,666	98,635	90,120
Lanka IOC PLC	76,437	239,349	76,437	475,765
Lanka Tiles PLC	406,130	1,048,314	406,130	1,145,196
Laugfs Gas PLC (NV)	459,439	432,991	459,439	182,217
Laugfs Gas PLC - Voting	1,891,758	2,072,741	1,891,758	903,206
Laugfs Power Limited - Voting	281,261	509,501	281,261	521,080
Laugfs Power Limited (NV)	87,642	140,722	87,642	122,681
LOLC Holdings PLC	1,611,013	5,393,498	1,611,013	6,042,539
National Development Bank PLC	3,272,741	2,464,016	3,190,284	1,156,013
Nations Trust Bank PLC	9,478	15,417	9,018	6,246
Nestle Lanka PLC	-	-	21,687	90,500
People's Leasing & Finance PLC	1,763,311	1,185,833	1,763,311	554,128
PGP Glass Ceylon PLC	541,434	2,528,880	541,434	1,192,186
Raigam Wayamba Salterns PLC	153,682	239,757	153,682	220,729
Richard Pieris & Company PLC	1,647,208	3,482,940	1,647,208	4,094,578
Royal Ceremics Lanka PLC	1,633,878	4,033,391	1,633,878	4,323,673
Sampath Bank PLC	6,809,236	8,244,883	6,697,680	3,903,033
Seylan Bank PLC - Voting	1,693,790	1,284,025	1,646,415	880,618
Seylan Bank PLC (NV)	563,918	603,538	537,162	254,972
Sierra Cables PLC	33	106	33	83
Softlogic Holdings PLC	133,137	65,075	133,137	114,965
Sri Lanka Telecom PLC	857,619	2,352,609	857,619	1,722,039
Tal Lanka Hotels PLC	343,942	141,319	343,942	121,980
Tangerine Beach Hotels PLC	147,658	85,547	147,658	96,302
Teejay Lanka PLC	262,021	253,350	262,021	221,245
The Finance Company PLC*	205,490	-	205,490	-
The Kingsbury PLC	555,502	552,095	555,502	434,519
The Lighthouse Hotel PLC	309,422	160,171	309,422	152,544
Tokyo Cement Company (Lanka) PLC (NV)	152,766	235,899	134,651	146,732
Trans Asia Hotels PLC	263,155	167,552	263,155	193,329
Vallibel One PLC	2,705,806	4,087,416	2,705,806	3,203,938
	85,779,108	96,376,320	84,909,116	71,799,889

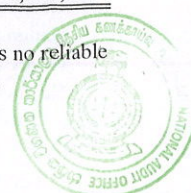
*The securities of The Finance Company (TFC) has been delisted from the official list of the Colombo Stock Exchange (CSE) with effect from 28.12.2020.

15.2 Unlisted Equity Securities

As at 31st December

Company Name	2023		2022	
	Cost Rs.'000	Book value Rs.'000	Cost Rs.'000	Book value Rs.'000
Canwill Holdings (Pvt) Ltd.	5,000,000	5,000,000	5,000,000	5,000,000
Cargills Bank Limited	495,000	495,000	495,000	495,000
Fitch Ratings Lanka Limited	625	625	625	625
Sri Lankan Airlines	500,000	0.1	500,000	0.1
Laugfs Gas Eco Sri Limited - Voting	62,282	62,282	62,282	62,282
Laugfs Gas Eco Sri Limited - Non Voting	19,407	19,407	19,407	19,407
Laugfs Gas Leisure Limited - Voting	448,820	448,820	448,820	448,820
Laugfs Gas Leisure Limited - Non Voting	139,855	139,855	139,855	139,855
West Coast Power (Pvt) Ltd	2,975,000	2,975,000	2,975,000	2,975,000
	9,640,989	9,140,989	9,640,989	9,140,989

The unlisted equities are continued to be accounted at fair value and the cost is considered as the fair value, since there is no reliable measure of fair value, except for Sri Lankan Airlines. A separate disclosure is given in Note 30 for estimated fair values.



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

16 Fixed Income Securities

As at 31st December

	2023			2022		
	Face Value Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Cost Rs.'000
Investments in Government Securities						
Treasury Bonds (Note 16.1.1)	3,354,860,516	3,234,838,801	3,167,996,437	3,301,910,739	3,174,405,423	3,068,744,310
Treasury Bills (Note 16.1.2)	444,357,807	400,194,434	419,341,945	420,297,186	183,305,720	166,816,977
	3,799,218,323	3,635,033,235	3,587,338,382	3,722,207,925	3,357,711,143	3,235,561,287
Investments in Debentures						
Listed (Note 16.2.1)	8,640,570	8,640,570	8,396,116	9,065,951	17,815,660	17,815,660
Unlisted (Note 16.2.2)	5,000,000	5,000,000	5,005,225	5,005,225	5,000,000	5,005,240
Less: Provision for Impairment	-	-	-	(2,407)	-	-
	13,640,570	13,640,570	13,401,341	14,068,769	22,815,660	22,815,660
Investments in Repo Transactions (16.3)						
	25,800,000	25,800,000	25,820,344	25,820,344	3,400,000	3,403,000
	25,800,000	25,800,000	25,820,344	25,820,344	3,400,000	3,403,000
Total investments in Fixed Income Securities	3,838,658,893	3,674,473,805	3,626,560,067	3,762,097,038	3,383,926,803	3,261,775,947
					2,113,126,925	3,385,604,295

Movement of Impairment for Fixed Income Securities

	Provision as at 31.12.2023 Rs'000	Provision as at 31.12.2022 Rs'000	Over/ (Under) Provision Rs'000
Impairment allowance for			
Corporate Debt Securities	2,407	6,166	(3,758)
	2,407	6,166	(3,758)



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements
Fixed Income Securities (Contd...)

16.1 Investments in Government Securities

16.1.1 Treasury Bonds

As at 31st December

	Year of Maturity	2023				2022			
		Face Value	Purchase Cost	Fair Value	Amortised Cost	Face Value	Purchase Cost	Fair Value	Amortised Cost
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Government of Sri Lanka Treasury Bonds	2023	-	-	-	-	208,482,053	159,769,593	188,309,417	211,917,752
	2024	-	-	-	-	149,140,198	149,226,509	118,320,492	153,549,072
	2025	-	-	-	-	247,304,118	249,361,735	173,229,621	254,013,926
	2026	98,616,617	93,482,787	93,487,444	92,434,269	403,659,982	357,069,272	254,033,751	391,780,440
	2027	240,142,682	226,937,151	230,587,928	235,365,555	245,139,468	254,432,400	141,828,860	253,502,856
	2028	292,737,152	272,171,255	273,882,248	277,827,409	501,264,340	477,363,591	278,241,344	502,628,667
	2029	222,292,681	209,849,265	209,108,946	212,751,259	175,443,233	194,212,821	112,320,632	194,262,073
	2030	222,292,681	209,849,265	205,438,450	210,373,045	91,928,830	94,977,703	48,861,460	94,802,552
	2031	222,292,681	209,849,265	209,103,611	216,893,964	287,443,723	277,915,162	167,410,389	279,264,228
	2032	222,292,681	209,849,265	207,053,851	216,786,301	214,271,480	158,047,092	101,774,806	173,085,193
	2033	410,332,589	402,062,561	380,825,055	414,672,581	307,254,648	282,516,820	141,765,917	295,561,923
	2034	313,851,011	316,137,853	301,535,818	322,298,804	91,558,330	106,288,588	50,694,520	108,554,442
	2035	319,739,491	315,759,280	300,011,035	318,465,396	-	-	-	-
	2036	222,292,681	209,849,265	210,222,410	209,831,379	-	-	-	-
	2037	222,292,681	209,849,265	212,149,910	216,454,203	-	-	-	-
	2038	222,292,681	209,849,265	209,615,329	216,432,356	-	-	-	-
	2039	13,659,000	13,746,969	11,490,292	14,084,227	13,659,000	13,746,969	6,195,832	14,082,470
	2041	26,700,000	27,737,826	25,248,214	29,253,512	26,700,000	27,737,826	15,435,697	29,273,774
	2043	-	-	-	-	30,676,000	22,309,955	13,271,879	23,046,205
	2044	78,263,210	92,355,217	83,491,056	92,512,384	78,263,210	92,355,217	49,820,159	92,681,691
	2045	4,770,000	5,503,044	4,744,838	5,474,094	4,770,000	5,503,044	2,814,767	5,480,360
		3,354,860,516	3,234,838,801	3,167,996,437	3,301,910,739	3,174,405,423	3,068,744,310	1,914,415,644	3,184,165,117



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Fixed Income Securities (Contd...)

The EPF as an eligible participant, submitted an offer to exchange the portfolio of Treasury Bonds of the EPF under the Domestic Debt Optimization (DDO) programme in terms of the invitation made by the Ministry of Finance, Economic Stabilization and National Policies (MOF) following a Resolution adopted by Parliament.

On 04 July 2023, MOF announced the Government's policy on domestic public debt optimization strategy, which was approved by the Parliament by a Resolution on 01 July 2023. As per the Exchange Memorandum, the following two options were available for EPF under DDO programme.

- (i) Exchange Option: EPF can exchange a minimum required amount of existing Treasury bonds with 12 new Treasury bond series that mature from 2027 to 2038. These new bonds are offered with a coupon rate of 12% per annum until 2026 and 9% per annum thereafter. The EPF would continue to pay income tax at 14% per annum on its taxable income attributable from its Treasury bond portfolio.
- (ii) Non-Exchange Option: If EPF decides not to exchange the existing Treasury bonds a 30% tax rate would apply to the taxable income of Treasury bond portfolio of the EPF,

Accordingly after a careful examination of the two options available to EPF, the EPF tendered Rs. 2,667,512,169,237 face value of Treasury Bonds for Debt Exchange, including additional Rs. 149,890,740,000 in excess of the minimum participation requirement considering its comparative benefits to the Fund. The Government has accepted the same and issued new Treasury Bonds to EPF with an equivalent face value on 14.09.2023.

Accordingly, EPF received 12 new treasury bonds in exchange and the details are as follows.

ISIN	Series	Bond Exchange Date	Date of Maturity	Amount Allocated (Face Value) (Rs. 000) *
LKK00427C155	12%9%2027'A'	14/09/2023	15/03/2027	222,292,681
LKK00528D158	12%9%2028'A'	14/09/2023	15/04/2028	222,292,681
LKK00629E152	12%9%2029'A'	14/09/2023	15/05/2029	222,292,681
LKK00730F155	12%9%2030'A'	14/09/2023	15/06/2030	222,292,681
LKK00831A152	12%9%2031'A'	14/09/2023	15/01/2031	222,292,681
LKK00932B156	12%9%2032'A'	14/09/2023	15/02/2032	222,292,681
LKK01033C150	12%9%2033'A'	14/09/2023	15/03/2033	222,292,681
LKK01134D154	12%9%2034'A'	14/09/2023	15/04/2034	222,292,681
LKK01235E157	12%9%2035'A'	14/09/2023	15/05/2035	222,292,681
LKK01336F150	12%9%2036'A'	14/09/2023	15/06/2036	222,292,681
LKK01437A157	12%9%2037'A'	14/09/2023	15/01/2037	222,292,681
LKK01538B150	12%9%2038'A'	14/09/2023	15/02/2038	222,292,681
Total				2,667,512,169

* The Face Value of the each of the new bond is determined by equally allocating the total face value of the exchanged bond portfolio in to 12 new bonds



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Fixed Income Securities (Contd...)

As per the Financial Terms of the New Bonds referred to in the Exchange Memorandum, each series will receive 12% coupon semi-annually up to 2026 including 1st semi-annual coupon payment falling due in 2026, and 9% coupon semi-annually thereafter (i.e. 2nd semi-annual coupon payment in 2026 and onwards).

Further, in accordance with LKAS 26 the new treasury bond portfolio is recorded at the carrying value of the exchanged portfolio and therefore, EPF does not recognize any gain/ (loss) on bond exchange.



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements
Fixed Income Securities (Contd...)

16.1.2 Treasury Bills

As at 31st December

Year of Maturity	2023			2022		
	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Amortised Cost Rs.'000
2023	444,357,807	400,194,434	419,341,945	183,305,720	166,816,977	174,425,329
2024	444,357,807	400,194,434	419,341,945	183,305,720	166,816,977	174,425,329
	444,357,807	400,194,434	419,341,945	183,305,720	166,816,977	174,425,329

Government of Sri Lanka Treasury Bills

The fair values of the Government Securities are based on the average of buying and selling quotes (Clean Price) as at 29th December 2023, published by the Central Bank of Sri Lanka.

16.2 Investments in Debentures
16.2.1 Corporate Debentures - Listed

As at 31st December

Year of Maturity	2023			2022		
	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Amortised Cost Rs.'000
2023	-	-	-	2,000,000	2,000,000	2,106,521
2023	-	-	-	1,000,000	1,000,000	1,025,300
2023	-	-	-	666,000	666,000	726,257
2023	-	-	-	2,000,000	2,000,000	2,070,548
2023	-	-	-	1,000,000	1,000,000	1,064,041
2023	-	-	-	134,090	134,090	137,525
2023	-	-	-	1,000,000	1,000,000	1,018,164
2023	-	-	-	1,000,000	1,000,000	1,021,726
2023	-	-	-	375,000	375,000	375,000
2023	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,116,912
2024	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,099,014
2025	500,000	500,000	200,000	500,000	500,000	500,000
2025	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,230,608
2026	1,685,110	1,685,110	1,685,110	1,685,110	1,685,110	1,721,305
2026	555,460	555,460	611,006	555,460	555,460	613,840
2026	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,759,616
2028	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,025,500
	8,640,570	8,640,570	8,396,116	17,815,660	17,315,660	18,611,879

Commercial Bank Debentures Type A 2018-2023
Nations Trust Bank PLC 12.65% 2018-2023
People's Leasing & Finance PLC 2018-2023 12.80%
Sampath Bank 12.50% 2018-2023
seylan bank debenture 15.07.2016 to 15.07.2023
Bank of Ceylon 13.75%p.a
DFCC Type B Debenture 12.75% 2023
Hatton National Bank Type B 2016-2023
National Development Bank PLC 2013-2023 13.90%p.a
Sampath Bank 13.9% 2024
DFCC Type B Debenture 13.00% 2025
National Development Bank PLC 2013-2025 14.00%p.a
National Development Bank PLC 2020-2025 9.50%p.a
Commercial Bank Debentures Type B 2016-2026
DFCC Bank 13.75% 2026
HNB Debenture 12.80% 2026
Sri Lanka Telecom PLC 2018-2028 12.75%

The fair values of the corporate debentures - listed : are based on the spot prices as at 29th December 2023, published by the Colombo Stock Exchange.

16.2.2 Corporate Debentures - Unlisted
As at 31st December

Year of Maturity	2023			2022		
	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Amortised Cost Rs.'000
2025	5,000,000	5,000,000	5,005,225	5,000,000	5,000,000	5,005,240
	5,000,000	5,000,000	5,005,225	5,000,000	5,000,000	5,005,240

Bank Of Ceylon 12.75% 2025

Unlisted debentures : amortised cost was considered as fair value as no information are available to estimate the fair value.



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

16.3 Investments in Repo Transactions

As at 31st December

	2023 Rs.'000	2022 Rs.'000
Domestic Operations Department	25,820,344	3,402,896
	<u>25,820,344</u>	<u>3,402,896</u>

17 Other Current Assets

As at 31st December

	2023			2022
	CBSL	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend Receivable	2,458,697	-	2,458,697	3,572,863
Other Receivables	1,650	-	1,650	155
Prepayments	15,133	5,030	20,163	21,472
Current Account C/L	10,793,910	(10,793,910)	-	-
CGL Imprest	-	555,947	555,947	486,338
	<u>13,269,390</u>	<u>(10,232,933)</u>	<u>3,036,457</u>	<u>4,080,828</u>

18 Cash and Cash Equivalents

As at 31st December

	2023 Rs.'000	2022 Rs.'000
Cash in Hand	20	20
Cash at Bank	5,080,364	4,331,427
Cash in Transit	10,000	-
Less: Provision for impairment on Bank Balances (Note 18.1)	(381)	(659)
	<u>5,090,003</u>	<u>4,330,788</u>

18.1 Provision for impairment

	as at 01.01.2023 Rs.'000	as at 31.12.2023 Rs.'000	Under/ (Over) Provision Rs.'000
Bank Balances	659	381	(278)
	<u>659</u>	<u>381</u>	<u>(278)</u>

19 Accounts Payable

As at 31st December

	2023			2022
	CBSL	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Vendors Payable	693	-	693	693
Retention Payable	4,177	-	4,177	4,041
	<u>4,870</u>	<u>-</u>	<u>4,870</u>	<u>4,734</u>

20 Other Current Liabilities

As at 31st December

	2023			2022
	CBSL	Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Salary Payable	892	-	892	757
EPF Contributions Payable	224	-	224	195
ETF Contributions Payable	29	-	29	25
Income Tax Payable	32,361,881	-	32,361,881	27,249,083
Members' Housing Loan Defaults Payable to bank	4,600,000	-	4,600,000	4,000,000
Provision for Gratuity	165	-	165	165
Other Payables	(27,396)	-	(27,396)	(33,247)
	<u>36,935,795</u>	<u>-</u>	<u>36,935,795</u>	<u>31,216,978</u>



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

21 Member Balances

Description	Balance as at 01.01.2023 Rs.'000	Debits during the year Rs.'000	Credits during the year Rs.'000	Balance as at 31.12.2023 Rs.'000
Current Year Contribution - Contribution No 01 A/C	69,555,108	245,533,218	254,774,906	78,796,796
Statement Contribution - Contribution No 02 A/C	2,996,842,715	312,691,747	577,281,445	3,261,432,413
Contribution from Comm. of Labour - CL No 01 A/C	11,122,820	2,858,101	3,972,551	12,237,270
U/P O/P Contributions A/C	2,232,286	959,260	1,316,921	2,589,947
Contribution for 1997/98 - 96 Contribution A/C	193	-	-	193
Members Collection A/C	1,687	214,926,258	215,203,134	278,563
Unclaimed Benefits	764,135	657,560	646,500	753,075
Retained Benefits	215,797	40,094	80,429	256,132
Refunds-Part payments(U/P O/P Refunds)	(463,212)	216,141,096	216,051,961	(552,347)
General Deposit Account maintained with Commissioner of Labour	334,289	572,675	678,747	440,362
Interest Payable	300,011,017	276,746,770	438,394,861	461,659,108
Total	3,380,616,835	1,271,126,778	1,708,401,454	3,817,891,512

22 Reserves

	Balance as at 01.01.2023 Rs.'000	Transfer (from)/to during the year Rs.'000	Balance as at 31.12.2023 Rs.'000
Building Reserve Fund (22.1)	3,157,000	-	3,157,000
Technology Advancement Reserve Fund (22.2)	350,000	-	350,000
Profit Equalisation Reserve Fund (22.3)	64,150,000	(64,150,000)	-
General Reserve Fund (22.4)	6,650,000	-	6,650,000
Total	74,307,000	(64,150,000)	10,157,000

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

Investment revaluation reserve is not applicable under LKAS 26 reporting and transferred to retain earnings as explain under notes 23 and 32.



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

22.1 Building Reserve Fund

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

22.2 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.

22.3 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.

22.4 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.

23 Retained Profit

Reconciliation of opening retained profit is as follows.

	Amount Rs.'000
Balance as at 31st December 2021	45,565,111
Investment revaluation reserve transferred to Retained Earnings due to accounting policy change	392,375
Adjusted balance as at 31st December 2021	45,957,486
Net Profit for the year - 2022	263,952,502
Member Interest Paid on Refunds - 2022	(6,434,802)
Member Interest payable (2022 at 9.00%)	(277,537,781)
Transfers to Profit Equalization Reserve from Distributable Profit	(21,000,000)
Adjusted balance as at 31st December 2022	4,937,405



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

24 Receipts

For the year ended 31st December

	CBSL Rs.'000	2023 Labour Dept. Rs.'000	Total Rs.'000	2022 Total Rs.'000
Income - Interest from Investments	405,207,532	-	405,207,532	328,807,041
Contributions	210,582,382	-	210,582,382	194,593,542
Reimbursement of Expenses by the EPF-CBSL	-	765,842	765,842	774,969
Imprest Account (Commissioner of Labour)	-	5,000	5,000	-
General Deposit Account-(EPF Contributions)	-	71,930	71,930	6,703
Surcharges	-	3,066	3,066	5,547
Proceeds on dealing of Shares	154,195	-	154,195	12,692
Proceeds on sale of Fixed Asset	2,790	-	2,790	167
Dividends	3,216,720	-	3,216,720	3,158,973
Sundry Income	2,020	1,931	3,951	70,475
Settlement of Advances	13	313	326	66
Unclaimed Benefits	3,217	-	3,217	(16,795)
Total	619,168,869	848,082	620,016,951	527,413,380

25 Payments

For the year ended 31st December

	CBSL Rs.'000	2023 Labour Dept. Rs.'000	Total Rs.'000	2022 Total Rs.'000
Investments	2,972,024,779	-	2,972,024,779	2,799,928,854
Less - Maturity Proceeds	(2,632,643,670)	-	(2,632,643,670)	(2,487,022,087)
	339,381,109	-	339,381,109	312,906,766
Refunds	215,905,658	-	215,905,658	163,014,311
Operating Expenses	777,714	761,686	1,539,400	1,470,414
Settlement of creditors/payables	4,850,002	-	4,850,002	3,922,234
Reimbursement of expenses - Comm. Labour	765,842	-	765,842	827,254
Acquisition of Property, Plant and Equipment	46,242	23,460	69,702	188,340
Advances - Miscellaneous	2,722	6,211	8,933	13,607
Taxes Paid	56,680,643	-	56,680,643	43,838,631
Adjustment: Cash Balance at the Beginning of the Year - Labour Department	-	2,434	2,434	178
Total	618,409,932	793,791	619,203,723	526,181,735



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

26 Movement of Investment

For the Year Ended 31st December 2023

Type of Investment	Opening Balance 01.01.2023	Investments	Maturities	Sales	Transfers/A adjustment	Amortisation	WHT Adjustment	Interest Received	Prov. for Impairment	Valuation Gain/Loss	Closing Balance	2023	2022	Change %
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000			
Equity Securities														
Listed Equity	71,799,889	878,438	-	113,242	-	-	-	-	-	23,811,235	96,376,320	2.5	2.1	0.4
Unlisted Equity	9,140,989	-	-	-	-	-	-	-	-	-	9,140,989	0.2	0.3	(0.0)
	80,940,878	878,438	-	113,242	-	-	-	-	-	23,811,235	105,517,309	2.7	2.3	0.4
Fixed Income Securities														
Treasury Bonds	3,184,165,117	297,535,217	156,848,170	-	-	378,441,273	-	401,382,698	-	-	3,301,910,739	85.4	91.9	(6.5)
Treasury Bills	174,425,329	798,659,562	613,190,411	-	-	60,402,705	-	-	-	-	420,297,186	10.9	5.0	5.8
Corporate Debenture	23,610,953	-	9,175,090	-	-	2,324,211	-	2,695,063	3,758	-	14,068,769	0.4	0.7	(0.3)
Reverse Repo	3,402,896	1,875,830,000	1,854,663,689	-	-	1,251,138	-	-	-	-	25,820,344	0.7	0.1	0.6
	3,385,604,294	2,972,024,779	2,633,877,360	-	-	442,419,326	-	404,077,761	3,758	-	3,762,097,038	97.3	97.7	(0.4)
Total	3,466,545,173	2,972,903,217	2,633,877,360	113,242	-	442,419,326	-	404,077,761	3,758	23,811,235	3,867,614,347	100	100	



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Movement of Investment (Contd...)

For the Year Ended 31st December 2022

Type of Investment	Opening Balance 01.01.2022	Investments	Maturities	Sales	Transfers/Ad justment	Amortisation	WHT Adjustment	Interest Received	Prov. for Impairment	Valuation Gain/Loss	Closing Balance	2022	2021	Change %
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000			
Equity Securities														
Listed Equity	111,963,256	844,909	-	1,716	-	-	-	-	-	(41,006,561)	71,799,889	2.1	3.5	(1.5)
Unlisted Equity	9,140,989	-	-	-	-	-	-	-	-	-	9,140,989	0.3	0.3	(0.0)
	121,104,245	844,909	-	1,716	-	-	-	-	-	(41,006,561)	80,940,878	2.3	3.8	(1.5)
Fixed Income Securities														
Treasury Bonds	2,958,768,982	362,328,318	144,212,710	-	-	325,422,599	-	318,142,072	-	-	3,184,165,117	91.9	93.2	(1.4)
Treasury Bills	19,797	300,163,220	141,029,829	-	-	15,272,142	-	-	-	-	174,425,329	5.0	0.0	5.0
Corporate Debenture	23,965,887	-	349,208	-	-	2,928,167	-	2,929,363	(4,531)	-	23,610,953	0.7	0.8	(0.1)
Reverse Repo	12,302,377	2,061,387,316	2,071,707,690	-	-	1,420,892	-	-	-	-	3,402,896	0.1	0.4	(0.3)
Fixed Deposits	57,181,712	76,050,000	131,050,000	-	-	4,225,391	-	6,408,257	1,154	-	-	-	1.8	(1.8)
	3,052,238,755	2,799,928,854	2,488,349,436	-	-	349,269,190	-	327,479,692	(3,376)	-	3,385,604,295	97.7	96.2	1.5
Total	3,173,343,001	2,800,773,763	2,488,349,436	1,716	-	349,269,190	-	327,479,692	(3,376)	(41,006,561)	3,466,545,173	100	100	



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

27 Fair values of Financial Instruments

27 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.

27 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.

	2023				2022			
	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
Fixed Income Securities								
Treasury Bond	3,167,996,437	-	-	3,167,996,437	1,914,415,644	-	-	1,914,415,644
Corporate Debentures*	13,401,341	-	-	13,401,341	22,364,078	-	-	22,364,078
Treasury Bills	419,341,945	-	-	419,341,945	172,944,307	-	-	172,944,307
Reverse Repo*	25,820,344	-	-	25,820,344	3,402,896	-	-	3,402,896
Equity Instruments Measured at FV								
Listed Equity	96,376,320	-	-	96,376,320	71,799,889	-	-	71,799,889
Unlisted Equity**	9,140,989	-	-	9,140,989	9,140,989	-	-	9,140,989

* When observable data are not available to determine market value of financial instruments, amortised cost has been substituted as the fair value.

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



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

28 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 (now officially designated as the Governing Board) of the CBSL 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. Around 96.4% of the EPF's 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

	2023		2022	
	Cost	%	Cost	%
	Rs. '000		Rs. '000	
Government Securities	3,635,033,235	96.4%	3,235,561,287	96.4%
Corporate Debt Securities	13,640,570	0.4%	22,815,660	0.7%
Investment in Equity	95,420,097	2.5%	94,550,105	2.8%
Others	25,800,000	0.7%	3,400,000	0.1%
	3,769,893,902	100.0%	3,356,327,052	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, as per LKAS 26, all fixed income securities are measured at amortised cost basis. Therefore, the value of Fixed Income Securities are not affected by interest rate movements. Reinvest risk faced by the Fund has been mitigated by selecting Treasury Bonds of varying maturities and re-balancing the portfolio occasionally.



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

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 2.5% 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.

Analysis of Risk Concentration – Sector wise exposure analysis

	2023		2022	
	Cost	%	Cost	%
	Rs.'000		Rs.'000	
Automobiles & Components	98,635	0.11%	98,635	0.12%
Banks	33,807,423	39.41%	32,725,301	38.54%
Capital Goods	12,620,393	14.71%	15,326,199	18.05%
Consumer Durables & Apparel	475,612	0.55%	475,612	0.56%
Consumer Services	10,030,167	11.69%	10,030,168	11.81%
Diversified Financials	6,665,166	7.77%	6,873,725	8.10%
Energy	2,427,634	2.83%	2,427,634	2.86%
Food & Staples Retailing	2,458,558	2.87%	2,458,558	2.90%
Food, Beverage & Tobacco	7,159,755	8.35%	7,181,442	8.46%
Health Care Equipment & Services	27,091	0.03%	27,091	0.03%
Materials	2,195,006	2.56%	2,176,890	2.56%
Retailing	1,625,690	1.90%	1,625,690	1.91%
Telecommunication Services	3,113,268	3.63%	3,113,268	3.67%
Utilities	3,074,709	3.58%	368,903	0.43%
Total	85,779,108	100%	84,909,116	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 contribution of the Fund for the year was mostly in par with the refunds paid 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 earn interest income while maintaining 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.



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

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. The maturity profile of the investment portfolio is given at Note No. 31.

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. The fund is in the process of procuring a comprehensive system integrating all the function of EPF processes.

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. In addition, the Action 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 observations are discussed on a quarterly basis.



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

29 Impairment losses on financial investments subject to impairment assessment

SLFRS 09 requires to provide for impairment using "Expected Credit Loss Model (ECL)" determined based on the credit risk ratings of the counterparties and following financial instruments are subjected to the impairment provisioning using ECL Model.

I Fixed Income Securities

Accordingly, Treasury Bonds, Treasury Bills, Corporate Debt Securities, Fixed Deposits and Bank Balances shall be considered for impairment provisioning. However, Government Securities such as Treasury Bills and Treasury Bonds are not subject 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 publicly 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 Increase of Credit Risk (SICR)

EPF determines SICR 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 SICR 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%	12 Month ECL (Investment Grade)
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%	Lifetime ECL (Non - Investment Grade)
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	

Further, EPF considers that the financial instrument have significantly increase in credit risk when doubling of PD has occurred. Having established that all rating downgrades from investment grade to non - investment grade represent a SICR, EPF tabulated its migration rule below to determine how many notched down from each investment rating results in doubling of PD and hence SICR, which requires for a life time expected credit loss calculation.

Thus below table indicates a comprehensive assessment of SICR for investments of EPF.

Original Rating	Rating below which a SICR deemed to have occurred	Notches Movement	Rationale
AAA to BBB-	BB+	N/A	Any credit rating from AAA thru BBB- to BB+ results in at least a doubling of PD
AAA	AA	2	Doubling of PD
AA+	AA-	2	Doubling of PD
AA	A+	2	Doubling of PD
AA-	A	2	Doubling of PD
A+	A-	2	Doubling of PD
A	BBB+	2	Doubling of PD
A-	BBB	2	Doubling of PD
BBB+	BBB-	2	Doubling of PD

The migration rule table will be reassessed and updated on a periodic basis based on the latest available/relevant PD and transition matrix.



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Impairment losses (Contd...)

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.

- a. Local currency Treasury bills, Treasury bonds and Reverse repo - 0%.
- b. 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. Therefore, we have used the mid point of the year as point of default.

VI Economic Factor Adjustment was calculated using the past and forecasted GDP growth rates from 2012 to 2026 and obtained from the GDP growth rate statistics in IMF domain.

VII Financial Investments

For the Investments in Sri Lanka Government Treasury Bonds and Treasury Bills, we have not used the Sri Lanka Government sovereign rating as the investment is within the same jurisdiction of the CBSL. Hence, significant deterioration of credit risk does not exists 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...)

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

31.12.2023

Rs' 000

Cash at Bank

Fixed Income Securities

Total Impairment Loss

Note	12MECL		LTECL		Total
	Individual	Collective	Individual	Collective	
8	(278)	-	-	-	(278)
8	(3,758)	-	-	-	(3,758)
	(4,036)	-	-	-	(4,036)

31.12.2023

Rs' 000

Credit loss expense on Bank Balance

Specific	Collective		Collective		Total
	(individually not significant exposures)	(Incurred but not yet identified)	(Incurred but not yet identified)	(Incurred but not yet identified)	
(278)	-	-	-	-	(278)
(278)	-	-	-	-	(278)

Credit loss expense on Fixed Income Securities

Corporate Debt Securities

(3,758)	-	-	-	(3,758)
(3,758)	-	-	-	(3,758)

Total on balance sheet items

Off balance sheet items

Total

(4,036)	-	-	-	(4,036)
-	-	-	-	-
(4,036)	-	-	-	(4,036)



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Impairment losses (Contd...)

Fixed Income Securities

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 29 and policies on whether ECL allowances are calculated on an individual or collective are set out in Note 29.

31.12.2023						
	12MECL		LTECL		Total	
	Collective		Collective			
	Balance	ECL	Balance	ECL	Balance	ECL
Rs. '000						
External Rating Grade						
AAA	3,748,028,268	-			3,748,028,268	-
AA+					-	-
AA					-	-
AA-					-	-
A+					-	-
A	6,090,994	444	10,619,377	1,836	16,710,371	2,279
A-	106,282	14	2,334,887	495	2,441,169	509
BBB+					-	-
BBB					-	-
BBB-					-	-
BB+					-	-
Total	3,754,225,545	458	12,954,264	2,331	3,767,179,809	2,789

01.01.2023						
	12MECL		LTECL		Total	
	Collective		Collective			
	Balance	ECL	Balance	ECL	Balance	ECL
Rs. '000						
External Rating Grade						
AAA	3,361,993,342	-	-	-	3,361,993,342	-
AA+	-	-	-	-	-	-
AA	-	-	-	-	-	-
AA-	-	-	-	-	-	-
A+	-	-	-	-	-	-
A	9,577,643	1,384	10,628,574	3,027	20,206,216	4,411
A-	6,029,475	1,569	1,712,854	845	7,742,330	2,414
BBB+	-	-	-	-	-	-
BBB	-	-	-	-	-	-
BBB-	-	-	-	-	-	-
BB+	-	-	-	-	-	-
Total	3,377,600,460	2,953	12,341,428	3,872	3,389,941,888	6,825



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Impairment losses (Contd...)

29.2 Credit quality analysis

The table below shows gross balances under LKAS 26 as at 31 December 2023 analysed on the External Credit Rating system, which is described in Note 29.

31.12.2023	Neither past due nor impaired									
	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	Total
Investment Balances										
<i>Fixed Income Securities</i>										
Corporate Debt Securities	-	-	-	-	-	11,736,289	2,334,887	-	-	14,071,177
Bank Balances	-	-	-	-	-	4,974,082	106,282	-	-	5,080,364
	-	-	-	-	-	16,710,371	2,441,169	-	-	19,151,541
ECL Provision										
<i>Fixed Income Securities</i>										
Corporate Debt Securities	-	-	-	-	-	1,913	495	-	-	2,408
Bank Balances	-	-	-	-	-	367	14	-	-	381
Total	-	-	-	-	-	2,279	509	-	-	2,789
01.01.2023	Neither past due nor impaired									
	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	Total
Investment Balances										
<i>Fixed Income Securities</i>										
Corporate Debt Securities	-	-	-	-	-	15,964,894	7,652,225	-	-	23,617,119
Bank Balances	-	-	-	-	-	4,241,323	90,104	-	-	4,331,427
	-	-	-	-	-	20,206,217	7,742,330	-	-	27,948,546
ECL Provision										
<i>Fixed Income Securities</i>										
Corporate Debt Securities	-	-	-	-	-	3,776	2,389	-	-	6,165
Bank Balances	-	-	-	-	-	634	25	-	-	659
Total	-	-	-	-	-	4,410	2,414	-	-	6,825



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

30 Valuation of Unlisted Equity Instruments

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

Investment	Basis	Number of shares	2023		2022	
			Purchase Value	Fair value per share	Fair value per share	Fair value
			Rs.'000	Rs.	Rs.	Rs.'000
Canwill Holdings (Pvt) Ltd.	Net asset based	500,000,000	5,000,000	13.07	10.80	5,400,000
Cargills Bank Limited *	Net asset based	44,000,000	495,000	11.01	10.56	464,640
West Coast Power (Pvt) Ltd	Net asset based	29,750,000	2,975,000	826.82	732.02	21,777,595
Fitch Ratings Lanka Limited	Net asset based	62,500	625	62.75	48.38	3,024
Laufgs Gas Eco Sri Limited - V	Net asset based	57,897,800	62,282	3.02	3.27	189,326
Laufgs Gas Eco Sri Limited - NV	Net asset based	18,041,300	19,407	3.02	3.27	58,995
Laufgs Gas Leisure Limited - V	Net asset based	57,897,800	448,820	5.54	4.76	275,594
Laufgs Gas Leisure Limited - NV	Net asset based	18,041,300	139,855	5.54	4.76	85,877
Grand Total			9,140,989		32,272,891	28,255,050

Due to the limitation of available information, net asset model was used to estimate the fair value of unlisted equity instruments and information were extracted from the latest audited financial statements of each company for the purpose of estimation.

* Cargills Bank Ltd was listed on the Colombo Stock Exchange on 09.01.2024 and trading at Rs.7.90 as of 31.01.2024. Accordingly, the market value of the EPF's holding as at 31.01.2023 is Rs. 347,600,000.00

Financial Statement Impact-Overall

	2022	2023
Cost	9,140,989	9,140,989
Estimated Fair Value	28,255,050	32,272,891
Impact to Net Assets	19,114,061	23,131,902
Gross change in fair values		4,017,842



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

31 Classification of Maturity Profile of the Portfolio
As at 31st December 2023

Class of Investment	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2041	2044	2045	Not Defined	Total
	(Rs. mn)																				
Fixed Income Securities																					
Treasury Bond	-		92,434	235,366	277,827	212,751	210,373	216,894	216,786	414,673	322,299	318,465	209,831	216,454	216,432	14,084	29,254	92,512	5,474	-	3,301,911
Corporate Debentures	1,117	7,834	4,094	-	1,025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,071
Treasury Bills	420,297	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	420,297
Reverse Repo	25,820	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,820
Other Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Securities																					
- Listed Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	96,376	96,376
- Unlisted Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,141	9,141
Grand total	447,234	7,834	96,529	235,366	278,853	212,751	210,373	216,894	216,786	414,673	322,299	318,465	209,831	216,454	216,432	14,084	29,254	92,512	5,474	105,517	3,867,617

Provision for Impairment on Debt Securities at Amortised Cost
Portfolio value net of impairment

(2)
3,867,614



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

32 Comparative Information

EPF classified its financial assets and presented annual financial statements under the accounting standards SLFRS 09 - Financial Instruments and SLFRS 07 - Financial Instruments : Disclosures. Therefore, as mentioned in note 5, the accounting policy of EPF is changed to record financial investments under LKAS 26 which resulted changes in the classification of financial assets of EPF. However, since the impact to the statement of income and expenses is not material and since there is no change to the previous year financial position the financial statement of the Fund are not restated.

As per SLFRS 09, there were 03 financial assets categories as financial assets at amortized cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI) and as per LKAS 26 there are only 02 financial assets categories as financial assets valued at amounts based on redemption value (same as amortized cost) and financial assets valued at fair value. Previously, EPF classified its total fixed income securities under amortized cost and as per LKAS 26 those securities are classified as financial assets valued at amounts based on redemption value. Listed equities classified under FVTPL and unlisted equities classified under FVOCI as per SLFRS 09 are re classified at financial assets at fair value as per LKAS 26.

Due to the classification change in unlisted equities, the Net Gain/ (Loss) on Financial Instruments at Fair Value includes the gain/ (loss) on mark to market valuations of both listed and unlisted equity investments. There is no Other Comprehensive Income component under LKAS 26 and the Statement of Other Comprehensive Income does not form a part of the financial statements of EPF from 2023. Further, the balance of the investment revaluation reserve is transferred to retained earnings.

Following comparative figures have been reclassified to conform with current year presentation.

32.1 Reconciliation of Statement of Income and Expenditure for the year ended 31.12.2022

<i>For the year ended 31st December</i>	<i>Notes to the Reconciliation</i>	<i>2022 (As reported)</i>	<i>Impact due to policy change</i>	<i>2022 (Comparatives Amended)</i>
		Rs.'000	Rs.'000	Rs.'000
Interest Income		349,269,190	-	349,269,190
Dividend Income		7,527,818	-	7,527,818
Net Gain/ (Loss) on Financial Instruments at Fair Value	A	(40,878,068)	(117,517)	(40,995,584)
Over/(Under) Provision of Impairment of Financial Assets		(3,941)	-	(3,941)
Investment Income		315,914,999	(117,517)	315,797,483
Other Income		270,418	-	270,418
Gross Income		316,185,417	(117,517)	316,067,901
Operating Expenses		(2,133,782)	-	(2,133,782)
Operating Profit/ (Loss) before Income Tax		314,051,635	(117,517)	313,934,119
Tax Expense		(49,981,617)	-	(49,981,617)
Profit/ (Loss) for the Year		264,070,018	(117,517)	263,952,502



EMPLOYEES' PROVIDENT FUND
Notes to the Financial Statements

Comparative Information (Cond...)

32.2 Reconciliation of Statement of Other Comprehensive Income for the year ended 31.12.2022

<i>For the year ended 31st December</i>	Notes to the Recon- -ciliation	2022 (As reported) Rs.'000	Impact due to policy change Rs.'000	2022 (Comparatives Amended) Rs.'000
Other Comprehensive Income				
Net Gain/ (Loss) on financial assets at fair value through other comprehensive income	A	(117,517)	117,517	-
Other Comprehensive Income for the Year		263,952,501	117,517	-

*Hereinafter, the Statement of Other Comprehensive Income will not form a part of financial statements of the Fund.

32.3 Reconciliation of Statement of Financial Position for the year ended 31.12.2022

<i>As at 31st December</i>	Notes to the Recon- -ciliation	2022 (As reported) Rs.'000	Impact due to policy change Rs.'000	2022 (Comparatives Amended) Rs.'000
Assets				
Property, Plant and Equipment		362,496	-	362,496
Capital Work-in-Progress		297,885	-	297,885
Intangible Assets		3,537	-	3,537
Equity Instruments at FVOCI		9,784,750	(9,784,750)	-
Equity Instruments at FVTPL		71,156,128	(71,156,128)	-
Debt Instruments at Amortized Cost	B	3,385,604,295	(3,385,604,295)	-
Equity Securities		-	80,940,878	80,940,878
Fixed Income Securities		-	3,385,604,295	3,385,604,295
Inventories		25,020	-	25,020
Interest Receivables		122,125	-	122,125
Contribution Receivable		16,000,000	-	16,000,000
Other Current Assets		4,080,828	-	4,080,828
Cash and Cash Equivalents		4,330,788	-	4,330,788
		3,491,767,852	-	3,491,767,852
Liabilities				
Accounts Payable		4,734	-	4,734
Accrual Expenses		684,900	-	684,900
Other Current Liabilities		31,216,978	-	31,216,978
		31,906,612	-	31,906,612
Total Net Assets		3,459,861,240	-	3,459,861,240
Represented by, Member Balances		3,380,616,835	-	3,380,616,835
		3,380,616,835	-	3,380,616,835
Reserves	C	74,581,858	(274,858)	74,307,000
Retained Profit	D	4,662,547	274,858	4,937,405
		79,244,405	-	79,244,405
Total Net Worth of the Fund		3,459,861,240	-	3,459,861,240



EMPLOYEES' PROVIDENT FUND

Notes to the Financial Statements

Comparative Information (Cont....)

Note A

Net Gain/ (Loss) on Financial Instruments at Fair Value

The net gain/(loss) recorded for the listed equity instruments at FVOCI is transferred to the statement of income and expenditure since Other Comprehensive Income is not applicable under LKAS 26.

Note B

Financial Investments

Investment in financial assets are changed according to the new assets categories. Listed and Unlisted Equity instruments are categorized under financial instruments at fair value.

Note C

Investment Revaluation Reserve

Balance as at 31.12.2022	274,858
Transfer to Retained Earnings	(274,858)
Comparative amount shown in 2023	-

Note D

Retained Earnings

Balance as at 31.12.2022	4,662,547
Transfer of investment revaluation reserve	274,858
Comparative amount shown in 2023	4,937,405

33 Commitments

The Fund has purchased treasury bonds amounting to Rs. 34,333,812,380 on 28.12.2023 which is to be settled on 01.01.2024.

