

# **EMPLOYEES' PROVIDENT FUND**

## **Financial Statements**

**2024**

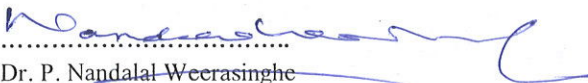
**EMPLOYEES' PROVIDENT FUND**  
**STATEMENT OF INCOME AND EXPENDITURE**


*For the year ended 31<sup>st</sup> December*

	Note	2024 Total Rs.'000	2023 Total Rs.'000
Interest Income	6	455,125,984	442,419,326
Dividend Income	7	5,481,116	2,997,302
Net Gain/ (Loss) on Financial Instruments at Fair Value	8	53,488,367	35,682,639
Over/(Under) Provision of Impairment of Financial Assets	9	(313,748)	4,036
<b>Investment Income</b>		<b>513,781,719</b>	<b>481,103,303</b>
Other Income	10	326,307	241,106
<b>Gross Income</b>		<b>514,108,026</b>	<b>481,344,409</b>
Operating Expenses	11	(3,044,668)	(2,304,699)
<b>Operating Profit/ (Loss) before Income Tax</b>		<b>511,063,358</b>	<b>479,039,710</b>
Tax Expense	12	(64,137,133)	(63,134,071)
<b>Profit/ (Loss) for the Year</b>		<b>446,926,225</b>	<b>415,905,639</b>
Retained Profit brought Forward		759,127	46,372
(Less) : - Unrealised Gain on Listed Equity during the Year		-	(23,707,153)
(Less) : -Net Unrealised Gain on Unlisted Equity during the Year		(3,876,814)	(10,662,085)
Add : Unrealised Gain on Listed Equity in previous years	24.1	28,829,186	-
<b>Profit available for Distribution</b>		<b>472,637,724</b>	<b>381,582,773</b>
<b>Profit Distribution</b>			
Less : Interest Paid on Current Year Refunds		(6,997,679)	(8,218,285)
Add/ (Less) - Transfer from / (to) Profit Equalisation Reserve		-	64,150,000
Add/ (Less) - Transfer from / (to) Market Fluctuation Equalisation Reserve		(42,500,000)	-
Interest on member balances as at 31 <sup>st</sup> December 2024 at 11% (2023-13.00%)		(422,788,621)	(436,755,361)
<b>Balance Carried Forward for the Distribution in Next Year</b>		<b>351,424</b>	<b>759,127</b>

The accounting policies and notes on pages 07 through 55 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 : 21 May 2025

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

*As at 31<sup>st</sup> December*

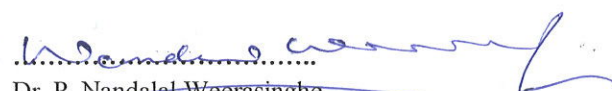
	Note	2024 Rs. Rs.'000	2023 Rs. Rs.'000
<b>Assets</b>			
Property, Plant and Equipment	13	419,555	382,512
Capital Work-in-Progress		297,885	297,885
Intangible Assets	14	8,612	5,696
Equity Securities	15	193,421,268	138,050,616
Fixed Income Securities	16	4,200,395,926	3,762,097,038
Inventories		27,945	22,683
Interest Receivables		66,500	70,000
Contribution Receivable		20,200,000	18,600,000
Other Current Assets	17	697,432	3,036,457
Cash and Cash Equivalents	18	4,678,687	5,090,003
		<b>4,420,213,810</b>	<b>3,927,652,890</b>
<b>Liabilities</b>			
Accounts Payable	19	748	4,870
Accrual Expenses		923,919	773,094
Current Tax Liabilities	12	33,477,467	32,355,754
Deferred Tax Liability	20	3,684,088	3,253,331
Other Current Liabilities	21	6,417,925	4,580,040
		<b>44,504,147</b>	<b>40,967,089</b>
<b>Total Net Assets</b>		<b>4,375,709,663</b>	<b>3,886,685,801</b>
Represented by, Member Balances	22	4,289,544,449	3,817,891,512
		<b>4,289,544,449</b>	<b>3,817,891,512</b>
Reserves	23	52,657,000	10,157,000
Retained Profit	24.2	33,508,214	58,637,289
		<b>86,165,214</b>	<b>68,794,289</b>
<b>Total Net Worth of the Fund</b>		<b>4,375,709,663</b>	<b>3,886,685,801</b>

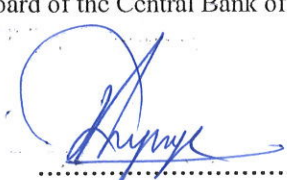
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Dr. P. Nandana Weerasinghe  
Governor  
Central Bank of Sri Lanka

  
Nihal D Liyanage  
Superintendent  
Employees' Provident Fund Department

Date : 21 May 2025


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

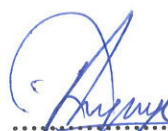
*For the year ended 31<sup>st</sup> December*

		2024	2023
	Note	Total	Total
		Rs.'000	Rs.'000
Cash balance at the beginning of the year		5,147,110	4,333,882
Total Receipts	25	681,373,528	620,016,951
Total Payments	26	(681,841,680)	(619,203,723)
Cash balance at the end of the year		<u>4,678,958</u>	<u>5,147,110</u>

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Nihal D Liyanage  
Superintendent  
Employees' Provident Fund Department

Date : 21 May 2025

**EMPLOYEES' PROVIDENT FUND  
STATEMENT OF INVESTMENTS**

Class of Investment	Note	Face value Rs.'000.	Amortised Cost Rs.'000	Cost Rs.'000	Fair Value Rs.'000	Book Value Rs.'000
<i>As at 31<sup>st</sup> December 2024</i>						
Treasury Bonds	16.1.1	4,195,453,228	4,084,070,173	4,030,144,944	4,164,733,105	4,084,070,173
Treasury Bills	16.1.2	70,664,535	69,194,612	66,468,616	69,173,307	69,194,612
Corporate Debt Instruments	16.2	12,640,570	12,955,124	12,640,570	12,703,856	12,954,034
Reverse Repo	16.3	34,150,000	34,177,107	34,150,000	34,177,107	34,177,107
Listed Equities	15.1	-	-	88,374,363	148,249,576	148,249,576
Unlisted Equities	15.2	-	-	9,145,989	45,171,692	45,171,692
				<b>4,240,924,482</b>	<b>4,474,208,643</b>	<b>4,393,817,194</b>

*As at 31<sup>st</sup> December 2023*

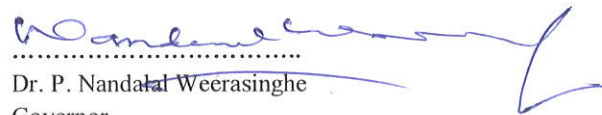
Treasury Bonds	16.1.1	3,354,860,516	3,301,910,739	3,234,838,801	3,167,996,437	3,301,910,739
Treasury Bills	16.1.2	444,357,807	420,297,186	400,194,434	419,341,945	420,297,186
Corporate Debt Instruments	16.2	13,640,570	14,071,177	13,640,570	13,401,341	14,068,769
Reverse Repo	16.3	25,800,000	25,820,344	25,800,000	25,820,344	25,820,344
Listed Equities	15.1	-	-	85,779,108	96,376,320	96,376,320
Unlisted Equities	15.2	-	-	9,640,989	41,674,296	41,674,296
				<b>3,769,893,902</b>	<b>3,764,610,683</b>	<b>3,900,147,654</b>


The accounting policies and notes on pages 07 through 55 form an integral part of the Financial Statements.

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For and on behalf of the Governing Board,

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

  
 Nihal D Liyanage  
 Superintendent  
 Employees' Provident Fund Department

Date : 21 May 2025

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

*For the year ended 31<sup>st</sup> December*

	<b>2024</b> Rs.'000	<b>2023</b> Rs.'000
<b>Cash flows from operating activities</b>		
Interest received from Investments	437,765,204	405,207,532
Dividends received from equities	7,210,698	3,216,720
Surcharges and other income	73,351	7,018
Payment of operating expenses	(2,300,194)	(1,539,400)
Advances given	(2,524)	(8,607)
Settlement of Creditors and other payables	(4,484,288)	(4,850,002)
<b>Cash generated from operating activities</b>	<b>438,262,247</b>	<b>402,033,261</b>
Taxes Paid	(62,476,636)	(56,680,643)
<b>Net cash generated from operating activities</b>	<b>375,785,611</b>	<b>345,352,618</b>
<b>Cash flows from investing activities</b>		
Investments in Financial Assets	(3,003,130,098)	(2,972,024,779)
Maturities of Investments	2,579,754,905	2,632,643,670
Proceeds on sale of Financial Investments	975,767	154,195
Proceeds on sale of Fixed Asset	-	2,790
Acquisition of Property, Plant and Equipment	(75,409)	(69,702)
<b>Net cash used in investing activities</b>	<b>(422,474,835)</b>	<b>(339,293,826)</b>
<b>Cash flow from financing activities:</b>		
Contributions received	234,388,084	210,582,382
General Deposit Account - Labour Department	(40,331)	76,930
Refunds to Members	(188,069,955)	(215,902,441)
<b>Net cash generated from financing activities</b>	<b>46,277,798</b>	<b>(5,243,129)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(411,426)</b>	<b>815,663</b>
Cash and Cash equivalents at the beginning of the year	5,090,384	4,331,447
<b>Cash and cash equivalents at the end of the year-Before Adjustments</b>	<b>4,678,958</b>	<b>5,147,110</b>
Adjustments:		
Cash balance at the end of the year - Labour Department	-	(56,726)
<b>Cash and cash equivalents at the end of the year (Note A)</b>	<b>4,678,958</b>	<b>5,090,384</b>
<b>Note A</b>		
Analysis of Cash and Cash equivalents as at 31 <sup>st</sup> December;		
Cash in Hand	20	20
Cash in Transit	-	10,000
Cash at Bank	4,678,938	5,080,364
	<b>4,678,958</b>	<b>5,090,384</b>
(-) Provision for impairment	(271)	(381)
	<b>4,678,687</b>	<b>5,090,003</b>



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

Description	Members Balance	Building Reserve Fund	Technology Advancement Reserve Fund	Profit Equalisation Reserve Fund	Market Fluctuation Equalisation Reserve	General Reserve Fund	Retained Profit	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'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
Adjustment for Fair Value Gain on Unlisted Equity	-	-	-	-	-	-	20,686,546	20,686,546
Adjustment for Deferred Tax Expense on Fair Value Gain on Unlisted Equity							(2,068,655)	(2,068,655)
Adjusted balance as at 31st December 2022	3,380,616,835	3,157,000	350,000	64,150,000	-	6,650,000	23,555,296	3,478,479,131
Net Profit for the year - 2023	-	-	-	-	-	-	415,905,639	415,905,639
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%)	436,755,361	-	-	-	-	-	(436,755,361)	-
Transfers from Profit Equalization Reserve to Distributable Profit	-	-	-	(64,150,000)	-	-	64,150,000	-
Balance as at 31st December 2023	3,817,891,512	3,157,000	350,000	-	-	6,650,000	58,637,289	3,886,685,801
Net Profit for the year - 2024	-	-	-	-	-	-	446,926,225	446,926,225
Net Contributions for 2024	48,864,316	-	-	-	-	-	-	48,864,316
Member Interest Paid on Refunds - 2024	-	-	-	-	-	-	(6,997,679)	(6,997,679)
Member Interest payable (2024 at 11%)	422,788,621	-	-	-	-	-	(422,788,621)	-
Proceeds received during the year relevant to excess amount paid on shares of Laugfs Gas PLC in 2011	-	-	-	-	-	-	231,000	231,000
Transfers to Market Fluctuation Equalisation Reserve from Distributable Profit	-	-	-	-	42,500,000	-	(42,500,000)	-
Balance as at 31st December 2024	4,289,544,449	3,157,000	350,000	-	42,500,000	6,650,000	33,508,214	4,375,709,663

## **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 Management 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 31<sup>st</sup> December 2024, were authorized for issue by the Governing Board of the CBSL on 21<sup>st</sup> May 2025.

#### ***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.

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

#### **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 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 comprise of 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 a separate pension fund or other post employee benefit plans.

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

#### *3.1.5 Income Tax*

##### *3.1.5.1 Current 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.

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

##### *3.1.5.2 Deferred Tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Fund expects, as at the reporting date to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and deferred tax liabilities are offset only if certain criteria are met.

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

#### **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. Due to the fact that the cost is taken as the best representation for fair value of investments in unlisted equities, impairment provision is made under LKAS 36 when the estimated fair value is significantly declined than the cost of the investment.

##### **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 expires, or it transfers its rights to receive contractual cash flows on the financial asset

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that are 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 listed 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.

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

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

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 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.



## **Employees' Provident Fund**

### **Notes to the Financial Statements**

#### *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 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

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

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 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 15.2 unlisted equities are carried at fair value and the Fund assumes that cost represents the best estimate of fair value for which sufficient and recent information are not available to measure the fair value reliably using valuation techniques. Further, estimated fair values of unlisted equity investments for which the cost is considered as fair value are disclosed in Note 31.

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

#### **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 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.

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

#### *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;

<b>Asset Class</b>	<b>Rate of Depreciation</b>
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.

#### *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.

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

#### ***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.

#### ***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.

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

#### ***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***

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

4.2 The Fund recorded the investment in West Coast Power (Pvt) Ltd at the estimated fair value from 2024 instead of considering the cost as fair value as previously recorded. This change in estimate has a material impact on assets and retained earnings recorded in previous years. Same is adjusted to the carrying value of the investments in unlisted equity instruments and retained earnings. The deferred tax liability arising on the gain on fair valuation is also adjusted appropriately. (Note 3 – 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. Further, the provisions in SLFRS 09 are considered when direct guidelines are not available in LKAS 26 to provide comprehensive information to the users of the financial statements.

## **Employees' Provident Fund**

### **Notes to the Financial Statements**

5.2.1 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.

5.3 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 dealings 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.

5.3.1 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.

5.3.2 Provision for impairment of investment in unlisted equity instruments : LKAS 26 does not contain any provisions on impairment of equity instruments. However, the investments in unlisted equity instruments for which the cost is considered as the fair value were impaired in accordance with the guidelines given in LKAS 36 – Impairment of Assets.

5.3.3 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 31<sup>st</sup> December*

		2024		2023
	*CBSL	*Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest on Treasury Bonds	421,096,656	-	421,096,656	378,441,273
Interest on Treasury Bills	31,274,762	-	31,274,762	60,402,705
Interest on Corporate Debt Securities - Listed	965,609	-	965,609	1,686,725
Interest on Corporate Debt Securities - Unlisted	637,529	-	637,529	637,486
Interest on Reverse Repos	1,151,428	-	1,151,428	1,251,137
	<b>455,125,984</b>	<b>-</b>	<b>455,125,984</b>	<b>442,419,326</b>

**7 Dividend Income**

*For the year ended 31<sup>st</sup> December*

		2024		2023
	*CBSL	*Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend from Equity Securities	5,481,116	-	5,481,116	2,997,302
	<b>5,481,116</b>	<b>-</b>	<b>5,481,116</b>	<b>2,997,302</b>

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

*For the year ended 31<sup>st</sup> December*

		2024		2023
	*CBSL	*Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Listed Equity Securities	49,180,796	-	49,180,796	23,835,878
Unlisted Equity Securities	4,307,571	-	4,307,571	11,846,761
	<b>53,488,367</b>	<b>-</b>	<b>53,488,367</b>	<b>35,682,639</b>

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

*For the year ended 31<sup>st</sup> December*

	2024	2023
	Rs.'000	Rs.'000
<b>Under/ (Over) Provision of Impairment; (Note 15,16 &amp; 18)</b>		
Unlisted Equity Securities	315,175	-
Corporate Debt Securities	(1,317)	(3,758)
Bank Balances	(110)	(278)
	<b>313,748</b>	<b>(4,036)</b>
<b>Under/ (Over) Provision of Impairment/ Impairment Expense</b>	<b>313,748</b>	<b>(4,036)</b>

\* "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.

# EMPLOYEES' PROVIDENT FUND

## Notes to the Financial Statements

### 10 Other Income

*For the year ended 31<sup>st</sup> December*

	2024		2023
	*CBSL	*Labour Dept.	Total
	Rs.'000	Rs.'000	Rs.'000
Surcharges	317,481	-	317,481
Profit on Disposal of Fixed Assets	2,722	-	2,722
Other Income	2	6,102	6,104
	<u>320,205</u>	<u>6,102</u>	<u>326,307</u>
			<u>241,106</u>

### 11 Operating Expenses

*For the year ended 31<sup>st</sup> December*

	2024		2023
	*CBSL	*Labour Dept.	Total
	Rs.'000	Rs.'000	Rs.'000
Personnel Expenses	1,368,836	532,174	1,901,010
Administration Expenses	572,638	501,161	1,073,799
Other Expenses	65,862	3,997	69,859
	<u>2,007,336</u>	<u>1,037,332</u>	<u>3,044,668</u>
			<u>2,304,699</u>

\* "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.

**EMPLOYEES' PROVIDENT FUND**  
**Notes to the Financial Statements**

**12 Tax Expense**

**For the year ended 31<sup>st</sup> December**

	<b>2024</b>	<b>2023</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>
Income Tax on Profit for the Year (Note 12.1)	63,709,484	61,939,424
(Over)/ Under Provision in respect of Previous Years	(3,108)	9,971
Deferred tax liability recognized during the year (Note 20)	430,757	1,184,676
	<b>64,137,133</b>	<b>63,134,071</b>

Tax expenses comprise 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 1<sup>st</sup> April 2018, the fund is liable to pay income tax at 14%.

**12.1 Reconciliation between Profit before Tax & Taxable income**

	<b>2024</b>	<b>2023</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
Operating Profit/ (Loss) before income tax	511,063,358	479,039,710
Adjustment;		
Dividend income	(5,481,116)	(2,997,302)
Share Buy Back considered as dividend income	-	3,481
Capitalization of reserve considered as dividend income	-	18,116
Unrealised Loss/ (Gain) on financial instruments at fair value	(53,488,367)	(35,682,639)
Under/(Over) Provision of impairment of financial assets	313,748	(4,036)
Disallowed expenses	2,660,123	2,045,582
Adjusted income for taxation	<b>455,067,746</b>	<b>442,422,912</b>

**Current tax expenses for the fund**

Tax on Dividend Income (@ 15% After 01.10.2022)	@ 15%	-	3,240
Tax on Balance income (@ 14%)	@ 14%	63,709,484	61,936,184
		<b>63,709,484</b>	<b>61,939,424</b>

**12.2 Current Tax Liabilities**

	<b>2024</b>	<b>2023</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>
Balance as at 01 <sup>st</sup> January	32,355,754	27,243,045
Income Tax on Profit for the Year	63,709,484	61,939,424
(Over)/ Under Provision in respect of Previous Years	(3,108)	9,971
Withholding Tax Credit	(108,027)	(156,043)
Payment during the year	(62,476,636)	(56,680,643)
<b>Balance as at 31<sup>st</sup> December</b>	<b>33,477,467</b>	<b>32,355,754</b>

**EMPLOYEES' PROVIDENT FUND**  
Notes to the Financial Statements

**13 Property, Plant and Equipment**

**13.1 EPFD - CBSL & Labour Dept: - 2024**

	Computer Equipment Rs.'000	Furniture and Fittings Rs.'000	Office Equipment Rs.'000	Motor Vehicles Rs.'000	Other Rs.'000	Total Rs.'000
<b>Cost</b>						
As at 1st January 2024	687,109	202,349	463,273	97,202	6,423	1,456,356
Additions during the year	-	1,520	91,534	-	22	93,076
Disposals During the year	(33,569)	(6,203)	(1,177)	-	(10)	(40,959)
Adjustments	(936)	-	(280)	-	-	(1,216)
<b>As at 31st December 2024</b>	<b>652,604</b>	<b>197,666</b>	<b>553,350</b>	<b>97,202</b>	<b>6,435</b>	<b>1,507,257</b>
<b>Accumulated Depreciation</b>						
As at 1st January 2024	559,612	126,239	326,015	56,093	5,885	1,073,844
Charge for the year	32,261	11,487	12,079	-	15	55,842
Disposals During the year	(33,569)	(6,135)	(1,177)	-	(10)	(40,891)
Adjustments	(936)	-	(157)	-	-	(1,093)
<b>As at 31st December 2024</b>	<b>557,368</b>	<b>131,591</b>	<b>336,760</b>	<b>56,093</b>	<b>5,890</b>	<b>1,087,702</b>
<b>Net Book Value (NBV)</b>						
<b>As at 31st December 2024</b>	<b>95,236</b>	<b>66,075</b>	<b>216,590</b>	<b>41,109</b>	<b>545</b>	<b>419,555</b>
<b>As at 31st December 2023</b>	<b>127,497</b>	<b>76,110</b>	<b>137,257</b>	<b>41,109</b>	<b>539</b>	<b>382,512</b>

**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
<b>Cost</b>						
As at 1st January 2023	625,707	202,349	454,863	97,202	6,423	1,386,544
Additions during the year	61,402	-	8,410	-	-	69,812
Disposals During the year	-	-	-	-	-	-
<b>As at 31st December 2023</b>	<b>687,109</b>	<b>202,349</b>	<b>463,273</b>	<b>97,202</b>	<b>6,423</b>	<b>1,456,356</b>
<b>Accumulated Depreciation</b>						
As at 1st January 2023	535,486	112,579	314,019	56,093	5,869	1,024,047
Charge for the year	24,126	13,660	11,995	-	16	49,797
Disposals During the year	-	-	-	-	-	-
<b>As at 31st December 2023</b>	<b>559,612</b>	<b>126,239</b>	<b>326,015</b>	<b>56,093</b>	<b>5,885</b>	<b>1,073,844</b>
<b>Net Book Value (NBV)</b>						
<b>As at 31st December 2023</b>	<b>127,497</b>	<b>76,109</b>	<b>137,258</b>	<b>41,109</b>	<b>538</b>	<b>382,512</b>
<b>As at 31<sup>st</sup> December 2022</b>	<b>90,221</b>	<b>89,768</b>	<b>140,842</b>	<b>41,109</b>	<b>554</b>	<b>362,496</b>

**EMPLOYEES' PROVIDENT FUND**

**Notes to the Financial Statements**

**Property, Plant & Equipment Contd....**

13.2

2024

	Computer Equipment		Furniture and Fittings		Office Equipment		Motor Vehicles		Other		Total		
	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost													
As at 1st January 2024	187,550	499,559	76,282	126,067	32,421	430,852	-	97,202	6,071	352	302,324	1,154,032	1,456,356
Additions during the year	-	-	1,520	-	76,613	14,921	-	-	22	-	78,155	14,921	93,076
Disposals During the year	(33,569)	-	(6,203)	-	(1,177)	-	-	-	(10)	-	(40,959)	-	(40,959)
Adjustments	(936)	-	-	-	(280)	-	-	-	-	-	(1,216)	-	(1,216)
As at 31st December 2024	153,045	499,559	71,599	126,067	107,577	445,773	-	97,202	6,083	352	338,304	1,168,953	1,507,257
Accumulated Depreciation													
As at 1st January 2024	138,917	420,695	50,670	75,569	30,644	295,371	-	56,093	5,533	352	225,764	848,080	1,073,844
Charge for the year	14,343	17,918	3,426	8,061	7,732	4,347	-	-	15	-	25,516	30,326	55,842
Disposals During the year	(33,569)	-	(6,135)	-	(1,177)	-	-	-	(10)	-	(40,891)	-	(40,891)
Adjustments	(936)	-	-	-	(133)	(24)	-	-	-	-	(1,069)	(24)	(1,093)
As at 31st December 2024	118,755	438,613	47,961	83,630	37,066	299,694	-	56,093	5,538	352	209,320	878,382	1,087,702
NBV as at 31st December 2024	34,290	60,946	23,638	42,437	70,511	146,079	-	41,109	545	-	128,984	290,571	419,555
NBV as at 31 <sup>st</sup> December 2023	48,633	78,864	25,612	50,498	1,777	135,481	-	41,109	538	-	76,560	305,952	382,512

\* "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.

**EMPLOYEES' PROVIDENT FUND**

**Notes to the Financial Statements**

**Property, Plant & Equipment Contd....**

2023	Computer Equipment		Furniture and Fittings		Office Equipment		Motor Vehicles		Other		Total		
	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	*CBSL	*Labour Dept.	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost													
As at 1st January 2023	140,645	485,062	76,282	126,067	30,922	423,941	-	97,202	6,071	352	253,920	1,132,624	1,386,544
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	76,282	126,067	32,421	430,852	-	97,202	6,071	352	302,324	1,154,032	1,456,356
Accumulated Depreciation													
As at 1st January 2023	126,876	408,610	46,314	66,266	26,138	287,881	-	56,093	5,517	352	204,845	819,202	1,024,047
Charge for the year	12,041	12,085	4,356	9,303	4,506	7,490	-	-	16	-	20,919	28,878	49,797
Disposals During the year	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st December 2023	138,917	420,695	50,670	75,569	30,644	295,371	-	56,093	5,533	352	225,764	848,080	1,073,844
NBV as at 31st December 2023	48,633	78,864	25,612	50,498	1,777	135,481	-	41,109	538	-	76,560	305,952	382,512
NBV as at 31 <sup>st</sup> December 2022	13,769	76,452	29,968	59,801	4,784	136,060	-	41,109	554	-	49,075	313,422	362,497

\* "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.

**EMPLOYEES' PROVIDENT FUND**  
Notes to the Financial Statements

<b>14 Intangible Assets</b>	<b>2024</b>			<b>2023</b>
<b>Computer Software</b>	<b>*CBSL</b>	<b>*Labour Dept.</b>	<b>Total</b>	<b>Total</b>
<b>Cost</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
As at 1 <sup>st</sup> January	36,610	9,882	46,492	43,420
Acquisitions during the Year	-	4,031	4,031	3,072
Adjustment	10,842	-	10,842	
<b>As 31st December</b>	<b>47,452</b>	<b>13,913</b>	<b>61,365</b>	<b>46,492</b>
<b>Amortisation</b>				
As at 1 <sup>st</sup> January	35,476	5,320	40,796	39,883
Amortisation during the period	567	548	1,115	913
Adjustment	10,842	-	10,842	
<b>As 31st December</b>	<b>46,885</b>	<b>5,868</b>	<b>52,753</b>	<b>40,796</b>
<b>Net book value</b>				
As at 1 <sup>st</sup> January	1,134	4,562	5,695	3,537
<b>As 31st December</b>	<b>567</b>	<b>8,045</b>	<b>8,612</b>	<b>5,696</b>

**15 Equity Securities**

<b>As at 31<sup>st</sup> December</b>	<b>2024</b>		<b>2023</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Investments in equity securities				
Listed Equity (Note 15.1)	88,374,363	148,249,576	85,779,108	96,376,320
Unlisted Equity (Note 15.2)	9,145,989	45,171,692	9,640,989	41,674,296
<b>Total Equity Instruments</b>	<b>97,520,352</b>	<b>193,421,268</b>	<b>95,420,097</b>	<b>138,050,616</b>

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

**15.1 Listed Equity Securities**

<b>As at 31<sup>st</sup> December</b>	<b>2024</b>		<b>2023</b>	
	<b>Cost</b>	<b>Book value</b>	<b>Cost</b>	<b>Book value</b>
<b>Company Name</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Access Engineering PLC	448,736	706,501	448,736	415,709
ACL Cables PLC	155,514	1,400,061	155,514	812,863
Aitken Spence PLC	1,997,136	2,985,692	1,997,136	2,388,553
Aitken Spence Hotel Holdings PLC	1,710,207	2,668,186	1,710,207	1,984,601
Asian Hotels & Properties PLC	3,273,782	2,873,362	3,273,782	2,624,488
Asiri Surgical Hospital PLC	-	-	1,681	3,067
Brown & Company PLC	1,799,560	1,232,532	1,799,560	691,463
Bukit Darah PLC	2,310,610	1,696,861	2,310,610	1,100,281
Cargills (Ceylon) PLC	1,372,001	3,531,080	1,372,001	2,845,882
Cargills Bank PLC	495,000	374,000	-	-
Carson Cumberbatch PLC	2,607,240	2,051,947	2,607,240	1,357,226
Central Finance Company PLC	2,741,510	4,639,644	2,741,510	2,570,119
Ceylon Grain Elevators PLC	1,005,585	1,013,929	1,005,585	848,062
Ceylon Guardian Investment trust PLC	535,934	451,236	549,333	244,620
Ceylon Hospitals PLC (NV)	25,411	115,322	25,411	120,055
Ceylon Hotels Corporation PLC	711,243	510,008	711,243	408,867
Ceylon Tobacco Company PLC	344,497	438,736	-	-
Chevron Lubricants Lanka PLC	71,893	198,208	49,564	91,737
CIC Holdings PLC (NV)	221,726	744,618	221,726	472,332

\* "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.



# EMPLOYEES' PROVIDENT FUND

## Notes to the Financial Statements

### 15.1 Continued...

As at 31<sup>st</sup> December

Company Name	2024		2023	
	Cost Rs.'000	Book value Rs.'000	Cost Rs.'000	Book value Rs.'000
CIC Holdings PLC Voting	694,300	2,483,282	694,300	1,690,745
Colombo Dockyard PLC	2,791,809	773,930	2,791,809	593,072
Commercial Bank of Ceylon PLC	11,959,007	18,077,705	10,435,514	10,169,390
C T Holdings PLC	1,086,557	2,534,784	1,086,557	2,163,887
DFCC Bank PLC	3,661,156	3,298,218	3,604,601	2,250,898
Dialog Axiata PLC	2,255,649	2,777,862	2,255,649	2,136,817
Diesel & Motor Engineering PLC	1,625,690	1,701,393	1,625,690	939,048
Dilmah Ceylon Tea Company PLC	1,082,639	1,679,930	1,082,639	1,562,386
Dipped Products PLC	312,650	1,501,535	312,650	768,676
Galadari Hotels (Lanka) PLC	810,322	431,562	810,322	379,395
Hatton National Bank PLC	7,360,674	14,210,765	7,212,654	7,368,344
Haycarb PLC	222,565	1,128,584	222,565	850,738
Hayleys Fabric PLC	213,592	609,480	213,592	448,799
Hayleys Leisure PLC	348,646	342,813	348,646	218,154
Hayleys PLC	9,303	42,053	9,303	22,877
Jetwing Symphony Limited	390,000	432,545	390,000	297,818
John Keells Holdings PLC	1,760,498	2,525,607	1,597,949	1,940,431
John Keells Hotels PLC	1,166,289	1,616,574	1,166,289	1,475,320
Kelani Tyres PLC	98,635	129,742	98,635	98,666
Lanka IOC PLC	76,437	295,080	76,437	239,349
Lanka Tiles PLC	406,130	1,450,747	406,130	1,048,314
Laufgs Gas PLC (NV)	459,439	357,218	459,439	432,991
Laufgs Gas PLC - Voting	1,660,758	1,916,417	1,891,758	2,072,741
Laufgs Gas Power Limited - Voting	281,261	723,723	281,261	509,501
Laufgs Gas Power Limited (NV)	87,642	162,372	87,642	140,722
LOLC Holdings PLC	1,611,013	10,479,554	1,611,013	5,393,498
National Development Bank PLC	3,369,555	4,472,435	3,272,741	2,464,016
Nations Trust Bank PLC	9,783	27,300	9,478	15,417
People's Leasing & Finance PLC	1,829,252	1,987,831	1,763,311	1,185,833
PGP Glass Ceylon PLC	541,434	3,115,941	541,434	2,528,880
Raigam Wayamba Salterns PLC	153,682	277,814	153,682	239,757
Richard Pieris & Company PLC	1,647,208	4,349,428	1,647,208	3,482,940
Royal Ceramics Lanka PLC	1,633,878	6,645,929	1,633,878	4,033,391
Sampath Bank PLC	6,809,236	13,829,183	6,809,236	8,244,883
Seylan Bank PLC - Voting	1,731,082	2,343,915	1,693,790	1,284,025
Seylan Bank PLC (NV)	585,594	1,004,566	563,918	603,538
Sierra Cables PLC	33	121	33	106
Softlogic Holdings PLC	-	-	133,137	65,075
Sri Lanka Telecom PLC	857,619	1,760,025	857,619	2,352,609
Tal Lanka Hotels PLC	343,942	164,376	343,942	141,319
Tangerine Beach Hotels PLC	147,658	129,543	147,658	85,547
Teejay Lanka PLC	262,021	365,717	262,021	253,350
The Finance Company PLC*	205,490	-	205,490	-
The Kingsbury PLC	555,502	613,439	555,502	552,095
The Lighthouse Hotel PLC	309,422	324,919	309,422	160,171
Tokyo Cement Company PLC (NV)	152,766	378,060	152,766	235,899
Trans Asia Hotels PLC	263,155	192,899	263,155	167,552
Vallibel One PLC	2,705,806	6,950,737	2,705,806	4,087,416
	<b>88,374,363</b>	<b>148,249,576</b>	<b>85,779,108</b>	<b>96,376,320</b>

\*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.

# **EMPLOYEES' PROVIDENT FUND**

## **Notes to the Financial Statements**

### **15.2 Unlisted Equity Securities**

*As at 31<sup>st</sup> December*

<b>Company Name</b>	<b>2024</b>		<b>2023</b>	
	<b>Cost Rs.'000</b>	<b>Book value Rs.'000</b>	<b>Cost Rs.'000</b>	<b>Book value Rs.'000</b>
Canwill Holdings (Pvt) Ltd.	5,000,000	5,000,000	5,000,000	5,000,000
Cargills Bank Limited	-	-	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 - (NV)	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 - (NV)	139,855	139,855	139,855	139,855
West Coast Power (Pvt) Ltd	2,975,000	39,815,878	2,975,000	35,508,307
	<b>9,145,989</b>	<b>45,486,867</b>	<b>9,640,989</b>	<b>41,674,296</b>
Less: Provision for Impairment		(315,175)		-
		<b>45,171,692</b>		<b>41,674,296</b>

15.2.1 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, West Coast Power (Pvt) Ltd. A separate disclosure is given in Note 31 for estimated fair values.

15.2.2 Net Asset Value (NAV) per share has been declined significantly (more than 50% value of the purchase price per share) over the period of time on the shares of the Laugfs Gas Leisure Limited. Hence, a provision for impairment has been made.

15.2.3 The Fund holds 27.04% of total shareholding of the West Coast Power (Pvt) Ltd. However, the Fund acquired this investment as an investment in plan assets with the objective of obtaining the benefits from the changes in fair value and not with the intention of exercising significant influence over the investee. Therefore, the Fund elects to account for this investment as an equity investment under LKAS 26.

15.2.4 The Dividend Discount Model (DDM) was used to determine the fair value of West Coast Power (Pvt) Ltd. The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation technique used.

#### **Movement of Fair Valuation of West Coast Power (Pvt) Ltd**

Fair Value as at 31st December 2022	23,661,546
Increase/ (decrease) in fair valuation for 2023	11,846,761
<b>Fair Value as at 31st December 2023</b>	<b>35,508,307</b>
Increase/ (decrease) in fair valuation for 2024	4,307,571
<b>Fair Value as at 31st December 2024</b>	<b>39,815,878</b>

# **EMPLOYEES' PROVIDENT FUND**

## Notes to the Financial Statements

### **16 Fixed Income Securities**

*As at 31<sup>st</sup> December*

	2024				2023			
	Face Value	Cost	Fair Value	Amortised Cost	Face Value	Cost	Fair Value	Amortised Cost
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Investments in Government Securities								
Treasury Bonds (Note 16.1.1)	4,195,453,228	4,030,144,944	4,164,733,105	4,084,070,173	3,354,860,516	3,234,838,801	3,167,996,437	3,301,910,739
Treasury Bills (Note 16.1.2)	70,664,535	66,468,616	69,173,307	69,194,612	444,357,807	400,194,434	419,341,945	420,297,186
	<u>4,266,117,763</u>	<u>4,096,613,560</u>	<u>4,233,906,412</u>	<u>4,153,264,785</u>	<u>3,799,218,323</u>	<u>3,635,033,235</u>	<u>3,587,338,382</u>	<u>3,722,207,925</u>
Investments in Debentures								
Listed (Note 16.2.1)	7,640,570	7,640,570	7,698,616	7,949,884	8,640,570	8,640,570	8,396,116	9,065,951
Unlisted (Note 16.2.2)	5,000,000	5,000,000	5,005,240	5,005,240	5,000,000	5,000,000	5,005,225	5,005,225
Less: Provision for Impairment	-	-	-	(1,090)	-	-	-	(2,407)
	<u>12,640,570</u>	<u>12,640,570</u>	<u>12,703,856</u>	<u>12,954,034</u>	<u>13,640,570</u>	<u>13,640,570</u>	<u>13,401,341</u>	<u>14,068,769</u>
Investments in Repo Transactions (16.3)	34,150,000	34,150,000	34,177,107	34,177,107	25,800,000	25,800,000	25,820,344	25,820,344
	<u>34,150,000</u>	<u>34,150,000</u>	<u>34,177,107</u>	<u>34,177,107</u>	<u>25,800,000</u>	<u>25,800,000</u>	<u>25,820,344</u>	<u>25,820,344</u>
<b>Total investments in Fixed Income Securities</b>	<b><u>4,312,908,333</u></b>	<b><u>4,143,404,130</u></b>	<b><u>4,280,787,375</u></b>	<b><u>4,200,395,926</u></b>	<b><u>3,838,658,893</u></b>	<b><u>3,674,473,805</u></b>	<b><u>3,626,560,067</u></b>	<b><u>3,762,097,038</u></b>

### **Movement of Impairment for Fixed Income Securities**

	Provision as at 31.12.2024 Rs'000	Provision as at 31.12.2023 Rs'000	Under/ (Over) Provision Rs'000
Impairment allowance for Corporate Debt Securities	1,090	2,407	(1,317)
	<u>1,090</u>	<u>2,407</u>	<u>(1,317)</u>

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 31<sup>st</sup> December

		2024				2023			
	Year of Maturity	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000	Face Value Rs.'000	Purchase Cost Rs.'000	Fair Value Rs.'000	Amortised Cost Rs.'000
Government of Sri Lanka Treasury Bonds	2025	150,000	166,012	150,772	166,349	-	-	-	-
	2026	125,455,289	120,301,439	128,478,865	122,426,121	98,616,617	93,482,787	93,487,444	92,434,269
	2027	254,942,682	242,931,468	254,664,788	253,020,712	240,142,682	226,937,151	230,587,928	235,365,555
	2028	452,454,342	428,008,434	454,676,686	435,008,339	292,737,152	272,171,255	273,882,248	277,827,409
	2029	358,650,244	343,645,579	360,892,659	344,271,073	222,292,681	209,849,265	209,108,946	212,751,259
	2030	290,499,640	274,474,544	286,930,389	272,524,160	222,292,681	209,849,265	205,438,450	210,373,045
	2031	399,017,230	386,931,603	401,656,902	396,567,490	222,292,681	209,849,265	209,103,611	216,893,964
	2032	364,434,217	332,105,643	347,518,704	340,413,874	222,292,681	209,849,265	207,053,851	216,786,301
	2033	525,988,829	500,792,238	512,215,136	510,374,707	410,332,589	402,062,561	380,825,055	414,672,581
	2034	313,851,011	316,137,853	314,357,178	317,859,853	313,851,011	316,137,853	301,535,818	322,298,804
	2035	319,739,491	315,759,280	313,500,567	314,233,920	319,739,491	315,759,280	300,011,035	318,465,396
	2036	222,292,681	209,849,265	216,189,635	205,724,354	222,292,681	209,849,265	210,222,410	209,831,379
	2037	222,292,681	209,849,265	216,111,166	216,338,912	222,292,681	209,849,265	212,149,910	216,454,203
	2038	222,292,681	209,849,265	219,205,480	213,986,193	222,292,681	209,849,265	209,615,329	216,432,356
	2039	13,659,000	13,746,969	12,620,008	14,090,373	13,659,000	13,746,969	11,490,292	14,084,227
	2041	26,700,000	27,737,826	28,378,829	29,240,334	26,700,000	27,737,826	25,248,214	29,253,512
	2044	78,263,210	92,355,217	91,960,149	92,354,482	78,263,210	92,355,217	83,491,056	92,512,384
	2045	4,770,000	5,503,044	5,225,192	5,468,927	4,770,000	5,503,044	4,744,838	5,474,094
		<b>4,195,453,228</b>	<b>4,030,144,944</b>	<b>4,164,733,105</b>	<b>4,084,070,173</b>	<b>3,354,860,516</b>	<b>3,234,838,801</b>	<b>3,167,996,437</b>	<b>3,301,910,739</b>

## 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 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
<b>Total</b>				<b>2,667,512,169</b>

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

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 31<sup>st</sup> December

Year of Maturity	2024				2023			
	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 Bills								
2024	-	-	-	-	444,357,807	400,194,434	419,341,945	420,297,186
2025	70,664,535	66,468,616	69,173,307	69,194,612	-	-	-	-
	<u>70,664,535</u>	<u>66,468,616</u>	<u>69,173,307</u>	<u>69,194,612</u>	<u>444,357,807</u>	<u>400,194,434</u>	<u>419,341,945</u>	<u>420,297,186</u>

The fair values of the Government Securities are based on the average of buying and selling quotes (Clean Price) as at 31<sup>st</sup> December 2024, published by the Central Bank of Sri Lanka.

#### 16.2 Investments in Debentures

##### 16.2.1 Corporate Debentures - Listed

As at 31<sup>st</sup> December

Year of Maturity	2024				2023			
	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
Sampath Bank_13.9%_2024	2024	-	-	-	1,000,000	1,000,000	1,000,000	1,116,912
DFCC Type B Debenture 13.00%_2025	2025	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,098,743
National Development Bank PLC_2013-2025_14.00%p.a	2025	500,000	500,000	502,500	500,000	500,000	200,000	500,000
National Development Bank PLC_2020-2025_9.50%p.a	2025	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,230,525
Commercial Bank Debentures Type B 2016-2026	2026	1,685,110	1,685,110	1,685,110	1,685,110	1,685,110	1,685,110	1,721,206
DFCC Bank_13.75%_2026	2026	555,460	555,460	611,006	555,460	555,460	611,006	613,681
HNB Debenture_12.80%_2026	2026	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,759,454
Sri Lanka Telecom PLC 2018-2028 12.75%	2028	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,025,430
		<u>7,640,570</u>	<u>7,640,570</u>	<u>7,698,616</u>	<u>8,640,570</u>	<u>8,640,570</u>	<u>8,396,116</u>	<u>9,065,951</u>

The fair values of the corporate debentures - listed : are based on the spot prices as at 31<sup>st</sup> December 2024, published by the Colombo Stock Exchange.

##### 16.2.2 Corporate Debentures - Unlisted

As at 31<sup>st</sup> December

Year of Maturity	2024				2023			
	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
Bank Of Ceylon_12.75%_2025	2025	5,000,000	5,000,000	5,005,240	5,000,000	5,000,000	5,005,225	5,005,225
		<u>5,000,000</u>	<u>5,000,000</u>	<u>5,005,240</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,005,225</u>	<u>5,005,225</u>

Unlisted debentures : amortised cost was considered as fair value.

**EMPLOYEES' PROVIDENT FUND**  
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**16.3 Investments in Repo Transactions**

*As at 31<sup>st</sup> December*

	2024 Rs.'000	2023 Rs.'000
Reverse Repo	14,022,955	8,007,141
Domestic Operations Department	20,154,152	17,813,203
	<b>34,177,107</b>	<b>25,820,344</b>

**17 Other Current Assets**

*As at 31<sup>st</sup> December*

	2024			2023
	*CBSL	*Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Dividend Receivable	121,486	-	121,486	2,458,697
Other Receivables	3,190	-	3,190	1,650
Prepayments	48,859	6,443	55,302	20,163
Current Account C/L	11,824,345	(11,824,345)	-	-
CGL Imprest	-	517,454	517,454	555,947
	<b>11,997,880</b>	<b>(11,300,448)</b>	<b>697,432</b>	<b>3,036,457</b>

**18 Cash and Cash Equivalents**

*As at 31<sup>st</sup> December*

	2024 Rs.'000	2023 Rs.'000
Cash in Hand	20	20
Cash at Bank	4,678,938	5,080,364
Cash in Transit	-	10,000
Less: Provision for impairment on Bank Balances (Note 18.1)	(271)	(381)
	<b>4,678,687</b>	<b>5,090,003</b>

**18.1 Provision for impairment**

	as at 01.01.2024 Rs'000	as at 31.12.2024 Rs'000	Under/ (Over) Provision Rs'000
Bank Balances	381	271	(110)
	<b>381</b>	<b>271</b>	<b>(110)</b>

**19 Accounts Payable**

*As at 31<sup>st</sup> December*

	2024			2023
	*CBSL	*Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Vendors Payable	-	-	-	693
Retention Payable	748	-	748	4,177
	<b>748</b>	<b>-</b>	<b>748</b>	<b>4,870</b>

**20 Deferred Tax Liability**

	2024			2023
	*CBSL	*Labour Dept.	Total	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 01 <sup>st</sup> January	3,253,331	-	3,253,331	2,068,655
Charge/(reversal) for the year recognized in Statement of income and expenditure	430,757	-	430,757	1,184,676
Balance as at 31 <sup>st</sup> December	<b>3,684,088</b>	<b>-</b>	<b>3,684,088</b>	<b>3,253,331</b>



**EMPLOYEES' PROVIDENT FUND**  
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**20.1 Reconciliation of Deferred Tax Liability**

	2024		2023	
	Temporary Difference Rs.'000	Tax Effect Rs.'000	Temporary Difference Rs.'000	Tax Effect Rs.'000
Fair Value gain on Unlisted Equity	36,840,878	3,684,088	32,533,307	3,253,331
	<b>36,840,878</b>	<b>3,684,088</b>	<b>32,533,307</b>	<b>3,253,331</b>

**21 Other Current Liabilities**  
*As at 31st December*

	2024		2023	
	*CBSL Rs.'000	*Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Allowance Payable	1,171		1,171	892
EPF Contributions Payable	255	-	255	224
ETF Contributions Payable	38		38	29
Other Tax Payable	4,101	-	4,101	6,126
Members' Housing Loan Defaults Payable to bank	6,388,033	-	6,388,033	4,600,000
Provision for Gratuity	-	-	-	165
Other Payables	20,968	3,359	24,327	(27,396)
	<b>6,414,566</b>	<b>3,359</b>	<b>6,417,925</b>	<b>4,580,040</b>

**22 Member Balances**

Description	Balance as at 01.01.2024 Rs.'000	Debits during the year Rs.'000	Credits during the year Rs.'000	Balance as at 31.12.2024 Rs.'000
Current Year Contribution - Contribution No 01 A/C	78,796,796	279,798,209	275,850,377	74,848,964
Statement Contribution - Contribution No 02 A/C	3,261,432,413	261,766,032	746,483,133	3,746,149,514
Contribution from Comm. of Labour - CL No 01 A/C	12,237,270	4,702,051	5,857,608	13,392,827
U/P O/P Contributions A/C	2,589,947	643,646	807,092	2,753,393
Contribution for 1997/98 - 96 Contribution A/C	193	-	-	193
Members Collection A/C	278,563	239,817,887	239,544,346	5,022
Unclaimed Benefits	753,075	646,004	672,467	779,537
Retained Benefits	256,132	40,410	79,143	294,865
Refunds-Part payments(U/P O/P Refunds)	(552,347)	188,313,436	188,351,486	(514,297)
General Deposit Account maintained with Commissioner of Labour	440,362	998,900	946,592	388,054
Interest Payable	461,659,108	435,235,200	425,022,468	451,446,376
<b>Total</b>	<b>3,817,891,512</b>	<b>1,411,961,775</b>	<b>1,883,614,712</b>	<b>4,289,544,449</b>

**EMPLOYEES' PROVIDENT FUND**  
Notes to the Financial Statements

**23 Reserves**

	Balance as at 01.01.2024	Transfer (from)/to during the year	Balance as at 31.12.2024
	Rs.'000	Rs.'000	Rs.'000
Building Reserve Fund (23.1)	3,157,000	-	3,157,000
Technology Advancement Reserve Fund (23.2)	350,000	-	350,000
General Reserve Fund (23.3)	6,650,000	-	6,650,000
Market Fluctuation Equalization Reserve (23.4)	-	42,500,000	42,500,000
<b>Total</b>	<b>10,157,000</b>	<b>42,500,000</b>	<b>52,657,000</b>

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 Governing Board (previously known as Monetary Board) may determine to meet any contingencies or any depreciation in the market value of the assets of the Fund.

**23.1 Building Reserve Fund**

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

**23.2 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 modernization of the EPF system.

**23.3 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.

**23.4 Market Fluctuation Equalization Reserve (MFER)**

MFER was established in 2024 to retain part of the earnings without distributing among members, as the Governing Board may determine where necessary, in order to mitigate any sudden market fluctuations which would assist in maintaining the stability of the Fund.

**24 Retained Profit**

**24.1 Unrealized Gain on Listed Equity investments in previous years**

	31.12.2024 Rs.'000
<b>Retain profit Brought forward</b>	<b>58,637,289</b>
Realized Income carried forward for the distribution in next year	(759,127)
Unrealized gain on unlisted equity investments (Net of deferred tax)	(29,279,976)
Net Unrealized gain on listed equity investments (From 2020)	28,598,186
Proceeds received relevant to excess amount paid on shares of Laugfs Gas PLC	231,000
<b>Total Unrealized gain on listed equity investments (From 2020)</b>	<b>28,829,186</b>

Net unrealized gains on listed equity investments include the gain on mark to market valuation of listed equity investments of the Fund. Further, the Fund received Rs. 231Mn in lieu of excess paid for 33 million shares in Laugfs Gas PLC in 2011 following an alleged market manipulation case filed by the Securities and Exchange Commission (SEC). This resulted a reduction in the purchase cost of Laugfs Gas PLC and the same is recorded under the retained earnings.

**24.2 Retain Profit of the fund consists of the following**

	31.12.2024 Rs.'000	31.12.2023 Rs.'000
Net Unrealized gain on listed equity investments (From 2020)	351,424	28,598,186
Net Unrealized gain on unlisted equity investments	33,156,790	29,279,976
Realized Income carried forward for the distribution in next year	-	759,127
<b>Retain profit Brought forward</b>	<b>33,508,214</b>	<b>58,637,289</b>

**EMPLOYEES' PROVIDENT FUND**  
Notes to the Financial Statements

**25 Receipts**

*For the year ended 31<sup>st</sup> December*

	2024			2023
	*CBSL Rs.'000	*Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Income - Interest from Investments	437,765,204	-	437,765,204	405,207,532
Contributions	234,388,084	-	234,388,084	210,582,382
Reimbursement of Expenses by the EPFD-CBSL	-	967,028	967,028	765,842
Imprest Account (Commissioner of Labour)	-	37,967	37,967	5,000
General Deposit Account-(EPF Contributions )	-	(78,298)	(78,298)	71,930
Surcharges	-	3,874	3,874	3,066
Proceeds on dealing of Shares	975,767	-	975,767	154,195
Proceeds on sale of Fixed Asset	-	-	-	2,790
Dividends	7,210,698	-	7,210,698	3,216,720
Sundry Income	2	69,475	69,477	3,951
Deposit (Retention)	-	85	85	-
Settlement of Advances	686	356	1,042	326
Unclaimed Benefits	32,600	-	32,600	3,217
<b>Total</b>	<b>680,373,041</b>	<b>1,000,487</b>	<b>681,373,528</b>	<b>620,016,951</b>

**26 Payments**

*For the year ended 31<sup>st</sup> December*

	2024			2023
	*CBSL Rs.'000	*Labour Dept. Rs.'000	Total Rs.'000	Total Rs.'000
Investments	3,003,130,098	-	3,003,130,098	2,972,024,779
Less - Maturity Proceeds	(2,579,754,905)	-	(2,579,754,905)	(2,632,643,670)
	423,375,193	-	423,375,193	339,381,109
Refunds	188,102,555	-	188,102,555	215,905,658
Operating Expenses	1,256,226	980,561	2,236,787	1,539,400
Settlement of creditors/payables	4,484,374	-	4,484,374	4,850,002
Reimbursement of expenses - Comm. Labour	1,030,435	-	1,030,435	765,842
Acquisition of Property, Plant and Equipment	56,457	18,952	75,409	69,702
Advances - Miscellaneous	2,592	974	3,566	8,933
Taxes Paid	62,476,636	-	62,476,636	56,680,643
Adjustment: Cash Balance at the Beginning of the Year - Labour Department	-	56,726	56,726	2,434
<b>Total</b>	<b>680,784,468</b>	<b>1,057,213</b>	<b>681,841,680</b>	<b>619,203,723</b>

\* "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.

# EMPLOYEES' PROVIDENT FUND

## Notes to the Financial Statements

### 27 Movement of Investment

For the Year Ended 31<sup>st</sup> December 2024

Type of Investment	Opening Balance 01.01.2024	Investments	Maturities	Sales	Transfers/ Adjustment	Amortisation	Interest Received	Prov. for Impairment	Valuation Gain/Loss	Closing Balance	2024	2023	Change %
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000			
<b>Equity Securities</b>													
Listed Equity	96,376,320	2,942,231	-	561,613	495,000	-	-	-	48,997,638	148,249,576	3.4	2.5	0.9
Unlisted Equity	41,674,296	-	-	-	(495,000)	-	-	(315,175)	4,307,571	45,171,692	1.0	1.1	(0.0)
	<b>138,050,616</b>	<b>2,942,231</b>	<b>-</b>	<b>561,613</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(315,175)</b>	<b>53,305,208</b>	<b>193,421,268</b>	<b>4.4</b>	<b>3.5</b>	<b>0.9</b>
<b>Fixed Income Securities</b>													
Treasury Bonds	3,301,910,739	803,468,654	7,400,000	-	-	421,096,656	435,005,876	-	-	4,084,070,173	93.0	84.7	8.3
Treasury Bills	420,297,186	205,552,565	587,929,900	-	-	31,274,762	-	-	-	69,194,612	1.6	10.8	(9.2)
Corporate Debenture	14,068,769	-	1,000,000	-	-	1,603,138	1,719,191	1,317	-	12,954,034	0.3	0.4	(0.1)
Reverse Repo	25,820,344	1,591,775,000	1,984,569,665	-	-	1,151,428	-	-	-	34,177,107	0.8	0.7	0.1
	<b>3,762,097,038</b>	<b>3,000,796,219</b>	<b>2,580,899,565</b>	<b>-</b>	<b>-</b>	<b>455,125,984</b>	<b>436,725,067</b>	<b>1,317</b>	<b>-</b>	<b>4,200,395,926</b>	<b>95.6</b>	<b>96.5</b>	<b>(0.9)</b>
<b>Total</b>	<b>3,900,147,654</b>	<b>3,003,738,450</b>	<b>2,580,899,565</b>	<b>561,613</b>	<b>-</b>	<b>455,125,984</b>	<b>436,725,067</b>	<b>(313,858)</b>	<b>53,305,208</b>	<b>4,393,817,194</b>	<b>100</b>	<b>100</b>	

**EMPLOYEES' PROVIDENT FUND**  
**Notes to the Financial Statements**

**Movement of Investment (Contd...)**

*For the Year Ended 31<sup>st</sup> December 2023*

Type of Investment	Opening Balance 01.01.2023	Investments	Maturities	Sales	Amortisation	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			
<b>Equity Securities</b>												
Listed Equity	71,799,889	878,438	-	113,242	-	-	-	23,811,235	96,376,320	2.5	2.1	0.4
Unlisted Equity	29,827,535	-	-	-	-	-	-	11,846,761	41,674,296	1.1	0.9	0.2
	<b>101,627,425</b>	<b>878,438</b>	<b>-</b>	<b>113,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,657,996</b>	<b>138,050,616</b>	<b>3.5</b>	<b>2.9</b>	<b>0.6</b>
<b>Fixed Income Securities</b>												
Treasury Bonds	3,184,165,117	297,535,217	156,848,170	-	378,441,273	401,382,698	-	-	3,301,910,739	84.7	91.3	(6.6)
Treasury Bills	174,425,329	798,659,562	613,190,411	-	60,402,705	-	-	-	420,297,186	10.8	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	-	1,251,133	-	-	-	25,820,344	0.7	0.1	0.6
	<b>3,385,604,294</b>	<b>2,972,024,779</b>	<b>2,633,877,360</b>	<b>-</b>	<b>442,419,326</b>	<b>404,077,761</b>	<b>3,758</b>	<b>-</b>	<b>3,762,097,038</b>	<b>96.5</b>	<b>97.1</b>	<b>(0.6)</b>
<b>Total</b>	<b>3,487,231,719</b>	<b>2,972,903,217</b>	<b>2,633,877,360</b>	<b>113,242</b>	<b>442,419,326</b>	<b>404,077,761</b>	<b>3,758</b>	<b>35,657,996</b>	<b>3,900,147,654</b>	<b>100</b>	<b>100</b>	

**EMPLOYEES' PROVIDENT FUND****Notes to the Financial Statements****28 Fair values of Financial Instruments****28.1 Fair Value Hierarchy**

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

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

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

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

Assessing the significance of a particular input require judgments to be made, considering factors specific to the asset or liability.

**28.2 Fair Value Hierarchy – Financial instruments measured at fair value**

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

	2024				2023			
	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
<b>Fixed Income Securities</b>								
Treasury Bond	1,026,606,783	3,138,126,322	-	4,164,733,105	647,451,962	2,520,544,475	-	3,167,996,437
Corporate Debentures*	7,698,616	5,005,240	-	12,703,856	8,396,116	5,005,225	-	13,401,341
Treasury Bills	69,173,307	-	-	69,173,307	419,341,945	-	-	419,341,945
Reverse Repo*	-	34,177,107	-	34,177,107	-	25,820,344	-	25,820,344
<b>Equity Instruments Measured at FV</b>								
Listed Equity	148,249,576	-	-	148,249,576	96,376,320	-	-	96,376,320
Unlisted Equity**	-	-	45,171,692	45,171,692	-	-	41,674,296	41,674,296

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

\*\* All Unlisted Equities other than West Coast Power (Pvt) Ltd and Sri Lankan Airlines, 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**

**29 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. In order to strengthen the governance structure related to the risk management aspect of EPF, an internal committee namely, EPF Investment Oversight Committee has been formed and further the BROOC of CBSL also engages in the oversight function of the fund management activities of the EPF. Further, the powers with respect to the day-to-day investment decision-making of the EPF have been delegated to the departmental level committee, the EPF Investment Committee (EIC) and it assess the cashflow position, market conditions, evaluates investment opportunities, and make investment decisions on daily basis.

The Investment Policy Statement and Investment Guidelines approved by 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 96.6% 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**

	2024		2023	
	Cost Rs. '000	%	Cost Rs. '000	%
Government Securities	4,096,613,560	96.6%	3,635,033,235	96.4%
Corporate Debt Securities	12,640,570	0.3%	13,640,570	0.4%
Investment in Equity	97,520,352	2.3%	95,420,097	2.5%
Others	34,150,000	0.8%	25,800,000	0.7%
	<b>4,240,924,482</b>	<b>100.0%</b>	<b>3,769,893,902</b>	<b>100.0%</b>

**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. Actual Modified Duration of EPF's treasury bond portfolio as of 31.12.2024 is 4.57%.*

**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 2.3% 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**

	2024		2023	
	Cost	%	Cost	%
	Rs.'000		Rs.'000	
Automobiles & Components	98,635	0.11%	98,635	0.11%
Banks	36,186,578	40.95%	33,807,423	39.41%
Capital Goods	12,649,805	14.31%	12,620,393	14.71%
Consumer Durables & Apparel	475,612	0.54%	475,612	0.55%
Consumer Services	10,030,167	11.35%	10,030,167	11.69%
Diversified Financials	6,717,709	7.60%	6,665,166	7.77%
Energy	2,196,634	2.49%	2,427,634	2.83%
Food & Staples Retailing	2,458,558	2.78%	2,458,558	2.87%
Food, Beverage & Tobacco	7,504,252	8.49%	7,159,755	8.35%
Health Care Equipment & Services	25,411	0.03%	27,091	0.03%
Materials	2,217,335	2.51%	2,195,006	2.56%
Retailing	1,625,690	1.84%	1,625,690	1.90%
Telecommunication Services	3,113,268	3.52%	3,113,268	3.63%
Utilities	3,074,709	3.48%	3,074,709	3.58%
<b>Total</b>	<b>88,374,363</b>	<b>100%</b>	<b>85,779,108</b>	<b>100%</b>

**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.

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. 32.



## **EMPLOYEES' PROVIDENT FUND**

### **Notes to the Financial Statements**

#### **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

**30 Impairment losses on financial investments subject to impairment assessment**

**Movement of Impairment**

	Provision as at 31.12.2024	Provision as at 31.12.2023	(Over)/ Under Provision
	Rs'000	Rs'000	Rs'000
Investments in Unlisted Equity Instruments for which the cost is considered as fair value	315,175	-	315,175
Fixed Income Securities (including bank balances)	1,361	2,788	(1,427)
	<b>316,536</b>	<b>2,788</b>	<b>313,748</b>

The Fund makes provision for impairment for financial assets based on the methods specified below

**(i) Investments in Unlisted Equity Instruments for which the cost considered as fair value**

If the estimated fair value based on the net asset value is significantly below than the carrying value the difference is taken as impairment provision.

**(ii) Fixed Income Securities**

Provide for impairment using "Expected Credit Loss Model (ECL)" based on the credit risk ratings of the counterparties whereas impairment under LKAS 39 was based on Incurred Loss Model.

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 12 month 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%
AA+	AA+	Aa1	IG-2	0.00%
AA	AA	Aa2	IG-3	0.01%
AA-	AA-	Aa3	IG-4	0.02%
A+	A+	A1	IG-5	0.03%
A	A	A2	IG-6	0.05%
A-	A-	A3	IG-7	0.10%
BBB+	BBB+	Baa1	IG-8	0.17%
BBB	BBB	Baa2	IG-9	0.30%
BBB-	BBB-	Baa3	IG-10	0.52%
BB+	BB+	Ba1	HY-1	0.88%
BB	BB	Ba2	HY-2	1.50%
BB-	BB-	Ba3	HY-3	2.40%
B+	B+	B1	HY-4	4.00%
B	B	B2	HY-5	6.00%
B-	B-	B3	HY-6	10.00%
	CCC	Caa1	DS-1	15.00%
	CCC	Caa2	DS-2	22.00%
	CCC	Caa3	DS-3	30.00%
	CCC	Ca	DS-4	50.00%
	DDD	C	DS-5	100.00%
	D	/	DDD	Defaulted

12 Month ECL

(Investment Grade)

Lifetime ECL

(Non - Investment Grade)

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 2016 to 2028 and due to the fact that forecasted country specific GDP growth rate are not available in the IMF domain the GDP growth rate forecasted for 2025 for emerging markets by IMF is considered for subsequent three years (2026,2027,2028) as well.

**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...)**

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

**31.12.2024**

Rs' 000	Note	12MECL		LTECL		Total
		Individual	Collective	Individual	Collective	
Cash at Bank	9	110	-	-	-	110
Fixed Income Securities	9	(408)	-	1,725	-	1,317
<b>Total Impairment Loss</b>		<b>(297)</b>	<b>-</b>	<b>1,725</b>	<b>-</b>	<b>1,427</b>

**31.12.2024**

Rs' 000	Specific	Collective (individually not significant exposures)	Collective (Incurred but not yet identified)	Total
Credit loss expense on Bank Balance	110	-	-	110
	110	-	-	110
<b>Credit loss expense on Fixed Income Securities</b>				
Corporate Debt Securities	1,317	-	-	1,317
	1,317	-	-	1,317
Total on balance sheet items	1,427	-	-	1,427
Off balance sheet items	-	-	-	-
<b>Total</b>	<b>1,427</b>	<b>-</b>	<b>-</b>	<b>1,427</b>

# 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 30 and policies on whether ECL allowances are calculated on an individual or collective are set out in Note 30.

31.12.2024						
	12MECL		LTECL		Total	
	Collective		Collective			
	Balance	ECL	Balance	ECL	Balance	ECL
Rs. '000						
External Rating Grade						
AAA	4,187,441,892	-	-	-	4,187,441,892	-
AA+	-	-	-	-	-	-
AA	-	-	-	-	-	-
AA-	-	-	-	-	-	-
A+	-	-	-	-	-	-
A	10,633,636	582	2,785,116	352	13,418,752	935
A-	1,880,163	173	2,335,146	253	4,215,309	426
BBB+	-	-	-	-	-	-
BBB	-	-	-	-	-	-
BBB-	-	-	-	-	-	-
BB+	-	-	-	-	-	-
Total	4,199,955,692	755	5,120,262	606	4,205,075,954	1,361

01.01.2024						
	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	2,788

# EMPLOYEES' PROVIDENT FUND

## Notes to the Financial Statements

### Impairment losses (Contd...)

#### 30.2 Credit quality analysis

The table below shows gross balances under LKAS 26 as at 31 December 2024 analysed on the External Credit Rating system, which is described in Note 30.

31.12.2024

31.12.2024	Neither past due nor impaired											
Rs. '000	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	Total
Investment Balances												
Fixed Income Securities												
Corporate Debt Securities	-	-	-	-	-	8,889,370	4,065,754	-	-	-	-	12,955,124
Bank Balances	-	-	-	-	-	4,529,383	149,555	-	-	-	-	4,678,938
	-	-	-	-	-	13,418,753	4,215,309	-	-	-	-	17,634,062
ECL Provision												
Fixed Income Securities												
Corporate Debt Securities	-	-	-	-	-	669	421	-	-	-	-	1,090
Bank Balances	-	-	-	-	-	251	20	-	-	-	-	271
Total	-	-	-	-	-	920	441	-	-	-	-	1,361

01.01.2024

01.01.2024	Neither past due nor impaired											
Rs. '000	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB+	Total
Investment Balances												
Fixed Income Securities												
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												
Fixed Income Securities												
Corporate Debt Securities	-	-	-	-	-	1,912	495	-	-	-	-	2,407
Bank Balances	-	-	-	-	-	367	14	-	-	-	-	381
Total	-	-	-	-	-	2,279	509	-	-	-	-	2,788

# **EMPLOYEES' PROVIDENT FUND**

## **Notes to the Financial Statements**

### **31 Valuation of Unlisted Equity Instruments**

Estimated Fair Values of the Unlisted Equity Investments, for which cost is considered as fair value are; as follows.

Investment	Basis	Number of shares	Purchase Value	2024		2023	
				Fair value per share	Fair value	Fair value per share	Fair value
			Rs.'000	Rs.	Rs.'000	Rs.	Rs.'000
Canwill Holdings (Pvt) Ltd.	Net asset based	500,000,000	5,000,000	13.14	6,569,318	13.07	6,536,935
Fitch Ratings Lanka Limited	Net asset based	62,500	625	80.81	5,051	62.75	3,922
Laugfs Gas Eco Sri Limited - V	Net asset based	57,897,800	62,282	3.29	190,438	3.02	174,619
Laugfs Gas Eco Sri Limited - NV	Net asset based	18,041,300	19,407	3.29	59,342	3.02	54,412
Laugfs Gas Leisure Limited - V	Net asset based	57,897,800	448,820	3.60	208,523	5.54	320,839
Laugfs Gas Leisure Limited - NV	Net asset based	18,041,300	139,855	3.60	64,977	5.54	99,975
<b>Grand Total</b>			<b>5,670,989</b>		<b>7,097,649</b>		<b>7,190,703</b>

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.

### **Financial Statement Impact-Overall**

	2023	2024
Estimated Fair Value	7,190,703	7,097,649
Cost	(5,670,989)	(5,670,989)
Impact to Net Assets	1,519,714	1,426,660
Gross change in fair values		(93,054)



**EMPLOYEES' PROVIDENT FUND**  
Notes to the Financial Statements

**32 Classification of Maturity Profile of the Portfolio**

As at 31st December 2024

																				(Rs. mn)
Class of Investment	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2041	2044	2045	Not Defined	Total
Fixed Income Securities																				
Treasury Bond	166	122,426	253,021	435,008	344,271	272,524	396,567	340,414	510,375	317,860	314,234	205,724	216,339	213,986	14,090	29,240	92,354	5,469	-	4,084,070
Corporate Debentures	7,835	4,095	-	1,025	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,955
Treasury Bills	69,195	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	69,195
Reverse Repo	34,177	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,177
Other Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Securities																				
- Listed Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	148,250	148,250
- Unlisted Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	45,172	45,172
Grand total	111,373	126,521	253,021	436,034	344,271	272,524	396,567	340,414	510,375	317,860	314,234	205,724	216,339	213,986	14,090	29,240	92,354	5,469	193,421	4,393,818
Provision for Impairment on Debt Securities at Amortised Cost																				(1)
Portfolio value net of impairment																				4,393,817

**EMPLOYEES' PROVIDENT FUND**  
**Notes to the Financial Statements**

**33 Comparative Information**

As per LKAS 26 Fund's investments in listed and unlisted equity instruments are classified as investments recorded at fair value. The Fund determined the fair value of listed equities based on the market prices published by Colombo Stock Exchange as at the last working day of the respective year where the investments were recorded at fair value and the market value change is recognized in the Income Statement as the net gain/ (loss) on financial instruments at fair value. However, the estimated fair values of unlisted equities were considered less reliable due to the unavailability of adequate and comparable market information and up to 31.12.2023 the Fund considered the cost of unlisted equities as the fair value and the estimated fair values were disclosed separately.

As stated in Note 15.2, from 2024 the investment in West Coast Power (Pvt) Ltd is recorded at the estimated fair value instead of the cost as previously recorded due to the change in valuation technique. This change in estimate has a material impact to assets and retained earnings recorded in previous years. Accordingly, it is adjusted to the carrying value of the investments in unlisted equity instruments and retained earnings.

Detailed impact on the line items of the comparative financial statements are shown below.

**33.1 Reconciliation of Statement of Income and Expenditure for the year ended 31.12.2023**

<i>For the year ended 31<sup>st</sup> December</i>	<b>Notes to the Recon- -ciliation</b>	<b>2023 (As reported)</b>	<b>Impact due to policy change</b>	<b>2023 (Comparatives Amended)</b>
		<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
Interest Income		442,419,326	-	442,419,326
Dividend Income		2,997,302	-	2,997,302
Net Gain/ (Loss) on Financial Instruments at Fair Value	A	23,835,878	11,846,761	35,682,639
Over/(Under) Provision of Impairment of Financial Assets		4,036	-	4,036
<b>Investment Income</b>		<b>469,256,542</b>	<b>11,846,761</b>	<b>481,103,303</b>
Other Income		241,106	-	241,106
<b>Gross Income</b>		<b>469,497,648</b>	<b>11,846,761</b>	<b>481,344,408</b>
Operating Expenses		(2,304,699)	-	(2,304,699)
<b>Operating Profit/ (Loss) before Income Tax</b>		<b>467,192,949</b>	<b>11,846,761</b>	<b>479,039,710</b>
Tax Expense	B	(61,949,395)	(1,184,676)	(63,134,071)
<b>Profit/ (Loss) for the Year</b>		<b>405,243,554</b>	<b>10,662,085</b>	<b>415,905,639</b>

**Note A**

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

The gain on recognizing estimated fair value change of unlisted equity is identified and adjusted to the 2023 income accordingly.

	<b>Rs.'000</b>
Fair Value as at 31 <sup>st</sup> December 2023	35,508,307
Fair Value as at 31 <sup>st</sup> December 2022	23,661,546
Increase in fair value	<b>11,846,761</b>

**EMPLOYEES' PROVIDENT FUND**  
**Notes to the Financial Statements**

**Comparative Information (Cond...)**

**33.2 Reconciliation of Statement of Financial Position for the year ended 31.12.2023**

**Note B**

**Tax Expense**

The deferred tax expense for the provision of deferred tax liability on the fair valuation gain of unlisted equity instruments is adjusted to 2023 tax expense.

	Rs.'000
Deferred tax liability as at 31.12.2023	3,253,331
Deferred tax liability as at 31.12.2022	2,068,655
Liability recognized during the year	<u>1,184,676</u>

<i>As at 31<sup>st</sup> December</i>	Notes to the Recon- ciliation	2023 (As reported) Rs.'000	Impact due to policy change Rs.'000	2023 (Comparatives Amended) Rs.'000
<b>Assets</b>				
Property, Plant and Equipment		382,512	-	382,512
Capital Work-in-Progress		297,885	-	297,885
Intangible Assets		5,696	-	5,696
Equity Securities	C	105,517,309	32,533,307	138,050,616
Fixed Income Securities		3,762,097,038	-	3,762,097,038
Inventories		22,683	-	22,683
Interest Receivables		70,000	-	70,000
Contribution Receivable		18,600,000	-	18,600,000
Other Current Assets		3,036,457	-	3,036,457
Cash and Cash Equivalents		5,090,003	-	5,090,003
		<u>3,895,119,583</u>	<u>32,533,307</u>	<u>3,927,652,890</u>
<b>Liabilities</b>				
Accounts Payable		4,870	-	4,870
Accrual Expenses		773,093	-	773,093
Deferred Tax Liabilities	D	-	3,253,331	3,253,331
Other Current Liabilities		36,935,795	-	36,935,795
		<u>37,713,758</u>	<u>3,253,331</u>	<u>40,967,089</u>
<b>Total Net Assets</b>		<u>3,857,405,825</u>	<u>29,279,977</u>	<u>3,886,685,801</u>
Represented by, Member Balances		3,817,891,512	-	3,817,891,512
		<u>3,817,891,512</u>	<u>-</u>	<u>3,817,891,512</u>
Reserves		10,157,000	-	10,157,000
Retained Profit	E	29,357,313	29,279,977	58,637,290
		<u>39,514,313</u>	<u>29,279,977</u>	<u>68,794,290</u>
<b>Total Net Worth of the Fund</b>		<u>3,857,405,825</u>	<u>29,279,977</u>	<u>3,886,685,801</u>

**EMPLOYEES' PROVIDENT FUND****Notes to the Financial Statements****Comparative Information (Cond...)****33.2 Reconciliation of Statement of Financial Position for the year ended 31.12.2023****Note C****Equity Securities**

The estimated fair value of West Coast Power (Pvt) Ltd is taken as the book value of unlisted equity instruments.

	2023 (As reported)	Impact due to changes in Estimate	2023 (Comparatives Amended)
	Rs.'000	Rs.'000	Rs.'000
Listed Equity	96,376,320	-	96,376,320
Unlisted Equity	9,140,989	32,533,307	41,674,296
	<b>105,517,309</b>	<b>32,533,307</b>	<b>138,050,616</b>

**Note D****Deferred Tax Liabilities**

	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000
Fair value gain on unlisted equity for 2023	32,533,307	3,253,331

**Note E**

The gain on incorporating estimated fair value to the unlisted equity instruments as of 31.12.2023 net of deferred tax liability is adjusted to the carrying value of the retained earnings. The gain is the difference between the estimated fair value and the cost recorded as the book value of the unlisted equity investments.

**34 Commitments**

The Fund has purchased treasury bonds amounting to Rs. 28,555,164,389.06 on 30.12.2024 and 31.12.2024 which is to be settled on 01.01.2024 and 02.01.2024.