



EMPLOYEES' PROVIDENT FUND FINANCIAL HIGHLIGHTS - 2017



Financial highlights of the Employees' Provident Fund (EPF) for the year ended 31st December 2017 and key performance indicators are disclosed below for the information of the general public. The audited financial statements will be presented to the Parliament in terms of Section 6(4) of the Employees' Provident Fund Act No. 15 of 1958. The financial statements as required under 5(1)(i) of the Employees' Provident Fund Act were submitted to Hon. Minister of Finance and Mass Media and Hon. Minister of Labour and Trade Union Relations.

SUMMARIZED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

(Rs. Million)

Item	2017	2016	Change (%)
Total Gross Income	223,192	193,071	15.6
Less: Total Operating Expenditure	1,348	1,487	(9.3)
EPF Dept.: Central Bank of Sri Lanka	793	921	(13.9)
EPF Section: Department of Labour	555	566	(1.8)
Net Income before Income Tax	221,844	191,584	15.8
Less: Income Tax	18,897	15,657	20.7
Net Income after Income Tax	202,947	175,927	15.4
Add: Brought forward balance of the previous year's Income Statement	189	216	(12.5)
Net Income available for Distribution to the Members	203,136	176,143	15.3
Distributions			
Less: Interest paid on Refund Benefit (current year)	4,624	4,646	(0.5)
Add/ (Less): Transfer from / (to) Reserves	(7,000)	250	-
Less: Interest paid on Member Balances @ 10.50%	191,244	171,557	11.5
Carried Forward Balance	268	189	41.8

SELECTED KEY PERFORMANCE INDICATORS

Indicator	2017	2016
Membership		
Currently Contributing Member Accounts (Active Members) (mn.)	2.6	2.6
Currently Non-contributing Member Accounts (Inactive Members) (mn.)	14.7	14.7
Total member accounts (mn.)	17.3	17.3
Contributing Employers (No.)	75,756	73,479
Total Member Balances (Rs. mn.)	2,020,782	1,810,595
Member Contributions (Rs. mn.)	133,353	118,327
Annual growth in Member Contributions (%)	12.7	15.5
Gross Income (Rs. mn.)	223,192	193,071
Income from Government Securities	213,203	189,896
Income from Equities	2,830	4,457
Income from Corporate Debts and Reverse repos	4,478	3,787
Income from Fixed Deposits	3,594	-
Impairment of Financial Assets	(1,502)	(5,232)
Other Income	589	162
Operating Expenses (Rs. mn.)	1,349	1,487
As a % of total Gross Income of the Fund	0.60	0.77
Investment Portfolio (Rs. mn.)	1,992,372	1,772,212
Composition (%)		
Government Securities -Treasury Bonds and Bills	91.3	93.1
Equities	4.2	4.6
Corporate Debt Instruments	2.1	2.1
Reverse Repos	-	0.2
Fixed Deposits	2.4	-
Total	100	100
Refunds		
Amount Paid to Members (Rs. mn.)	117,477	108,393
No. of Beneficiaries	260,989	187,147
Housing Loan Facilities		
Credit Approved (Rs. mn.)	4,946	5,414
No. of Certificates Issued	10,998	12,780
Return on Investments		
Gross Rate of Return on Average Portfolio (%)	11.83	11.43
Rate of Interest Paid on Member Balances (%)	10.50	10.50
Effective Rate of Interest Paid on Member Balances (%)	10.51	10.51

SUMMARIZED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

(Rs. Million)

Item	2017	2016	Change (%)
Property, Plant and Equipment (including Intangible Assets)	300	278	7.91
Financial Assets	1,992,372	1,772,212	12.42
Current Assets	76,553	72,601	5.44
Total Assets	2,069,225	1,845,091	12.15
Less: Current Liabilities	2,926	3,594	(18.59)
Total Net Assets	2,066,299	1,841,497	12.21
Represented By:			
Total Member Balances (after crediting interest)	2,020,782	1,810,595	11.61
Reserves	45,249	30,713	47.33
Retained Profits	268	189	41.80
Net Worth of the Fund	2,066,299	1,841,497	12.21

SUMMARIZED STATEMENT OF CHANGES IN EQUITY / MEMBERS' WEALTH

(Rs. Million)

Description	Member Balance	Retained Profit	Other Reserves	Total
Balance as at 31st December 2015	1,625,493	215	39,144	1,664,852
Net change in fair value of AFS financial assets	-	-	(8,181)	(8,181)
Net Profit for the year - 2016	-	175,927	-	175,927
Net Contributions for 2016	13,545	-	-	13,545
Member Interest Paid on Refunds - 2016	-	(4,646)	-	(4,646)
Member Interest payable (2016 at 10.50%)	171,557	(171,557)	-	-
Transfers from Profit Equalization Reserve	-	250	(250)	-
Balance as at 31st December 2016	1,810,595	189	30,713	1,841,497
Net change in fair value of AFS financial assets	-	-	7,536	7,536
Net Profit for the year - 2017	-	202,947	-	202,947
Net Contributions for 2017	18,943	-	-	18,943
Member Interest Paid on Refunds - 2017	-	(4,624)	-	(4,624)
Member Interest payable (2017 at 10.50%)	191,244	(191,244)	-	-
Transfers to Profit Equalization Reserve	-	(7,000)	7,000	-
Net Worth of the Fund	2,020,782	268	45,249	2,066,299

SUMMARIZED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2017

(Rs. Million)

For the year ended 31st December	2017	2016
Net cash generated from operating activities	162,651	150,571
Net cash used in investing activities	(179,568)	(159,760)
Net cash generated from financing activities	15,864	9,950
Net increase/ (decrease) in cash and cash equivalents	(1,053)	761
Cash and cash equivalents at the beginning of the year	4,385	3,692
Cash and cash equivalents at the end of the year - Before Adjustments	3,332	4,453
Adjustments:		
Cash balance at the end of the year - Labour Dept.	(58)	(68)
Cash and cash equivalents at the end of the year	3,274	4,385

EFFECTIVE RATE OF RETURN FOR MEMBER BALANCES VS. MARKET RATES

For the year ended 31st December	2013	2014	2015	2016	2017
Effective Rate of Return offered by EPF	11.1	10.6	10.6	10.5	10.5
Rate of Return offered by a Similar Superannuation Fund	10.0	10.0	9.3	9.1	9.0
1 Year Fixed Deposits rate of a Major Savings Bank	9.5	6.5	7.3	11.0	11.0
Commercial Banks' Average Weighted Deposits Rate (AWDR)	9.4	6.2	6.2	8.2	9.1
Annual Average Inflation - CCPI (2006/07=100)	6.9	3.3	0.9	3.7	6.6

Performance Highlights - 2017

- Rate of Interest paid on member balances : 10.5%
- Member contributions growth : 12.7%
- increase in Investments : 12.4%
- Increase in refunds : 8.4%

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

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