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Employees' Trust Fund Board

Persistent COMMITMENT

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ANNUAL REPORT
2023

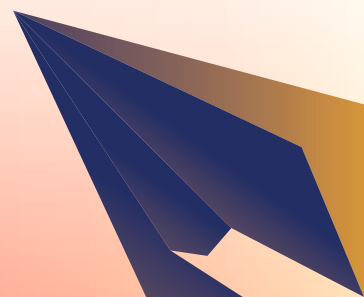


Persistent **COMMITMENT**

It is no secret that the tremendous commitment of a group of employees replete with their quality plus a positive mindset and the steering of their knowledge through innovation as well as the provision of leeway to novel attitudinal approaches has immensely served as a guiding beacon light towards this rapid and successful forward march of the Employees' Trust Fund Board that has been established with the firm resolve to deliver an exclusive mission to the diverse human resources of the working populace.

We do have in our possession the satisfaction of reaching a unique milestone by preserving and maintaining the trust of both the employers and the employees, keeping in mind the Board's role in a manner considered to be an honorable as well as priceless endeavor.

Strictly disciplined financial and operational process coming to the fore provided an impetus in strengthening the Board's march and we are continuing to move forward overcoming various challenges on our way in a "Persistent Commitment" by making the Employees' Trust Fund Board a leading Social Security Fund with stability.



EMPLOYEES' TRUST FUND BOARD
ANNUAL REPORT 2023

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EMPLOYEES' TRUST FUND BOARD

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Contents of the Annual Report

This is the **43rd Annual Report** of the Employees' Trust Fund Board which provides a comprehensive account of how the organization has created value primarily to its beneficiaries and to other stakeholders in 2023.

The Content of the Annual Report 2023 covers the operations spanning the head office and the branch network for the period of 1st January 2023 to 31st December 2023, with the most recent report being for the year ended 31st December 2022 for which comparatives are given throughout this report.

The contents of this report have been developed with an emphasis on the aspects that are material for the organization as well as for its key stakeholders.

Focus of the Report

The report aims to share the entity's inimitable value creation story over the short, medium and long term with our renowned stakeholders. It also presents concise communication of the strategy, governance & fund management and demonstrates the relationship between its financial performance and the social footprint created by the organization.

The report comprises of both quantitative and qualitative data and it is our intention to provide quantitative data where possible to facilitate comparisons and further analysis. The Financial Statements together with the related notes are audited by the government auditor and the assurance report is also available in this report.

Compliance of the Report

The Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards.

The governance report discusses on how the entity complies with the Code of Best Practice on Corporate Governance for Public enterprises and ETF Act No. 46 of 1980.

Strategic Orientation

In addition to a focus on performance over the year, this Annual Report also provides stakeholders with insights into the Board's current and future strategies to drive growth.



CONTACT PERSONS

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About the Board



The Employees' Trust Fund Board was established under Act No. 46 of 1980 and commenced operations on 1st March 1981. It was established under the Ministry of Labor and currently operates under the purview of the Ministry of Finance, Economic Stabilization and National Policies. All public sector employees who are not entitled to the government pension scheme and all private sector employees are members of the Fund while their employers are required to remit 3% of the gross earnings of their employees to the Fund, monthly. Hence, unlike the EPF, only the employer makes a contribution on behalf of the employee/member and therefore, it is a non-contributory benefit to the member. Special consideration is given to increase the voluntary membership of self-employed persons and migrant workers who provide a sizable contribution to the economy.

The Objectives of the Board

(As per Section 07 of the ETF Act No. 46 of 1980)

- a) To promote employee ownership, employee welfare, economic democracy through participation in financing and investment;
- b) To promote the employee participation in management through the acquisition of equity interest in enterprises;
- c) To provide for non-contributory benefit to employees on retirement; and
- d) To do all such other acts or things as may be necessary for or conducive to, the attainment of the objectives specified in paragraphs (a), (b) and (c) above.

Our Value Proposition

Vision



To be the most dynamic & viable premier trust for all stakeholders through organizational excellence.

Mission



Be the most caring & prudent Trust, providing a wide range of financial member benefits and excellent customer services.

Values



- Creative, Innovative and Committed Staff
- People Friendly Working Environment
- Supportive Policies and Processes
- Excellent Systems and Procedures
- Sound Finance
- Delighted Customers

Financial Highlights

	2023	2022	Change
	LKR 000'	LKR 000'	%
Operations			
Total Income	67,792,678	46,121,938	46.99%
Total Interest Income	64,380,505	46,316,209	39%
Total Expenses	2,833,648	2,694,206	(5.18%)
Operating Expenses	1,640,882	1,648,344	0.45%
Profit Before Tax	64,959,030	43,427,732	49.58%
Tax Expense	9,016,645	6,449,427	(39.81%)
Profit After Tax	55,942,384	36,978,305	51.28%

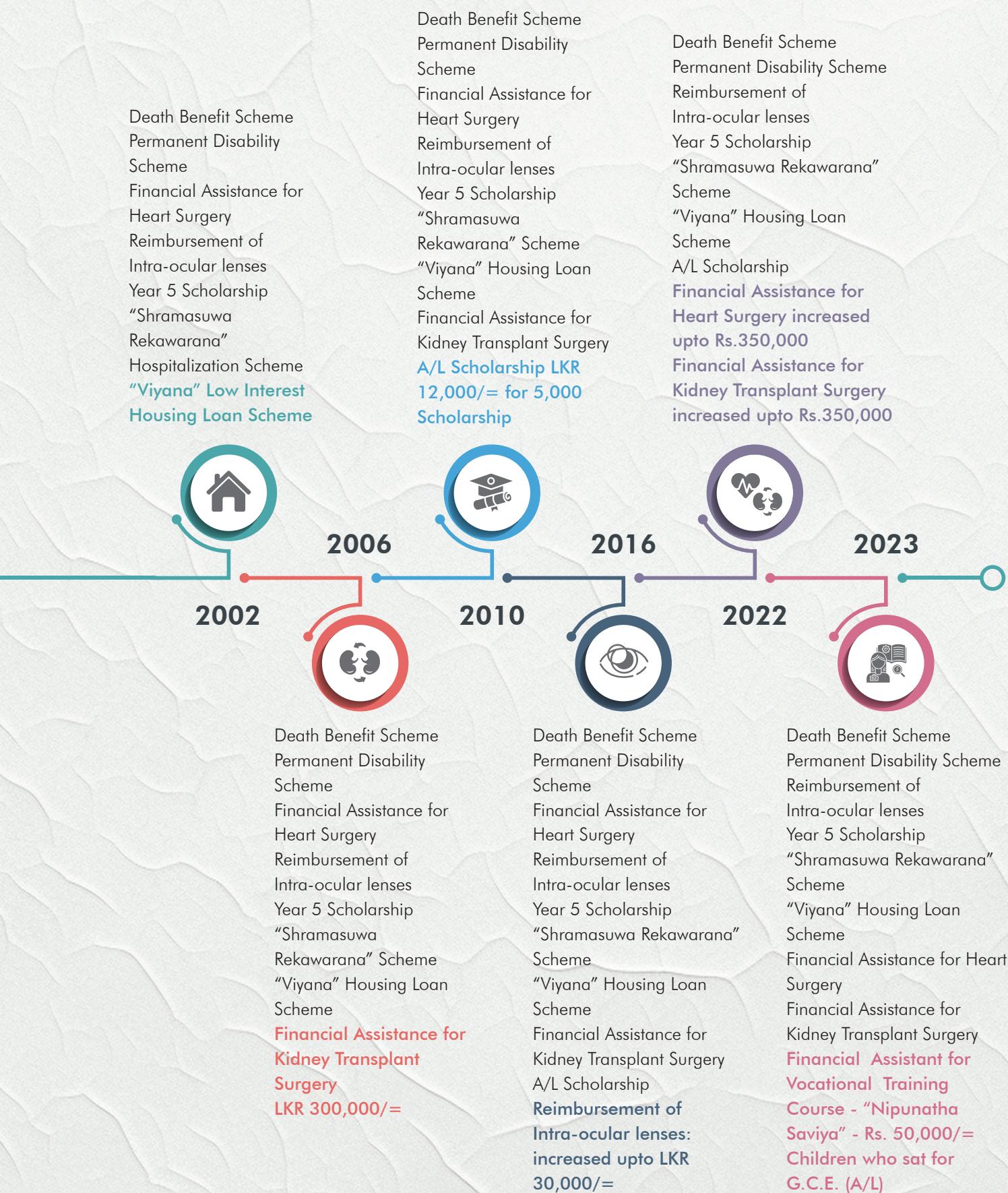
Statement of Financial Position			
Cash and Cash Equivalent	898,585	584,266	53.80%
Financial Assets at FVTPL	4,463,977	2,887,168	54.61%
Financial Assets at FVTOCI	10,764,966	8,646,578	24.50%
Financial Assets at Amortized Cost	499,504,778	444,308,492	12.42%
Member Fund and Reserves	518,804,839	460,561,415	12.65%

Member Point of View			
Member Fund	504,434,709	459,630,606	9.75%
Interest & Dividend	45,861,319	36,981,107	24.01%
Interest & Dividend (%)	10%	8.75%	1.25%
Member Benefits	549,153	477,055	15.11%
ROI	13.82%	10.01%	3.81%
ROE	11.61%	8.05%	3.56%
ROA	11.31%	7.95%	3.36%



Key Milestones On Member Benefits

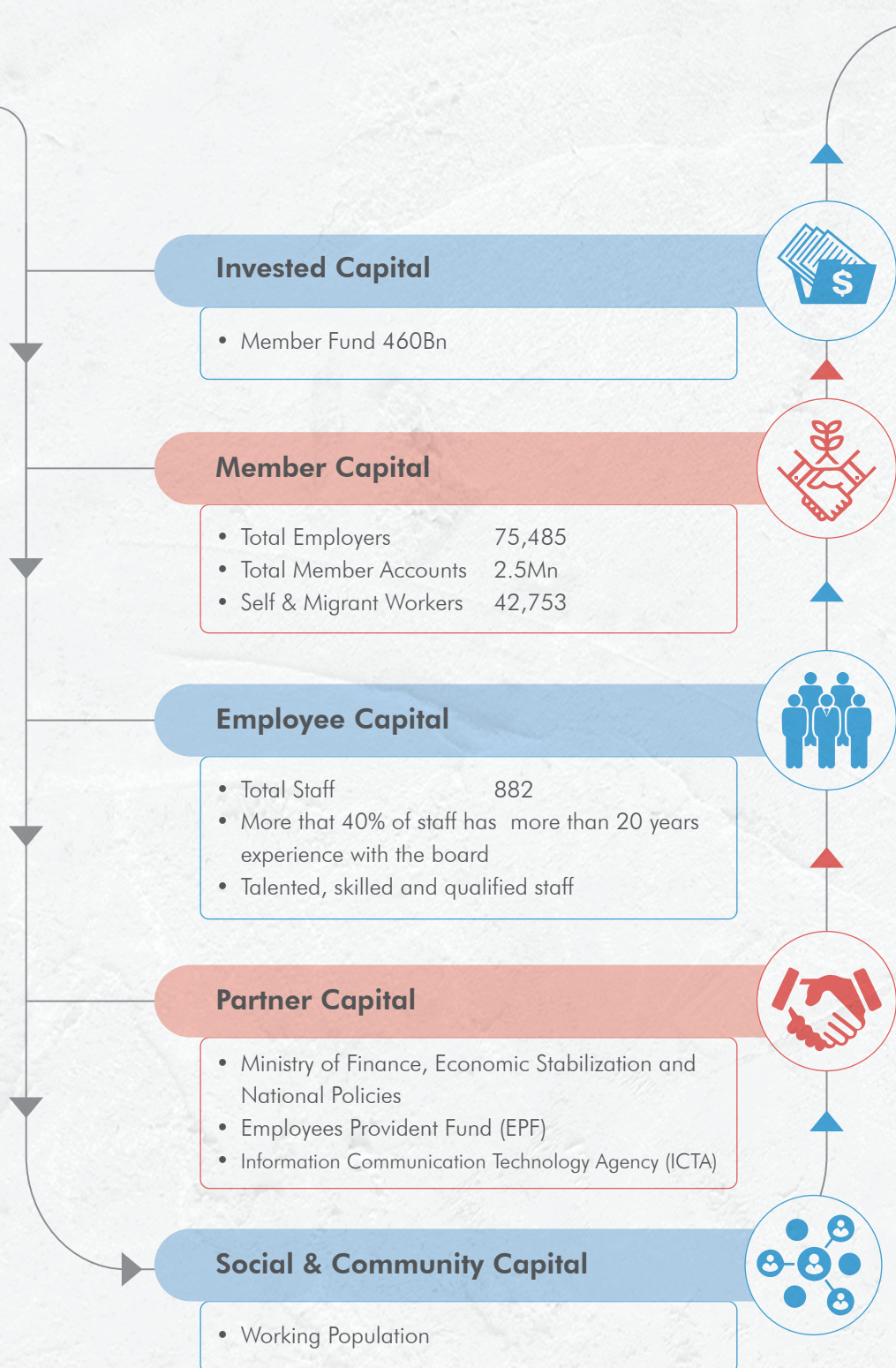




VALUE ENABLERS (INPUTS)

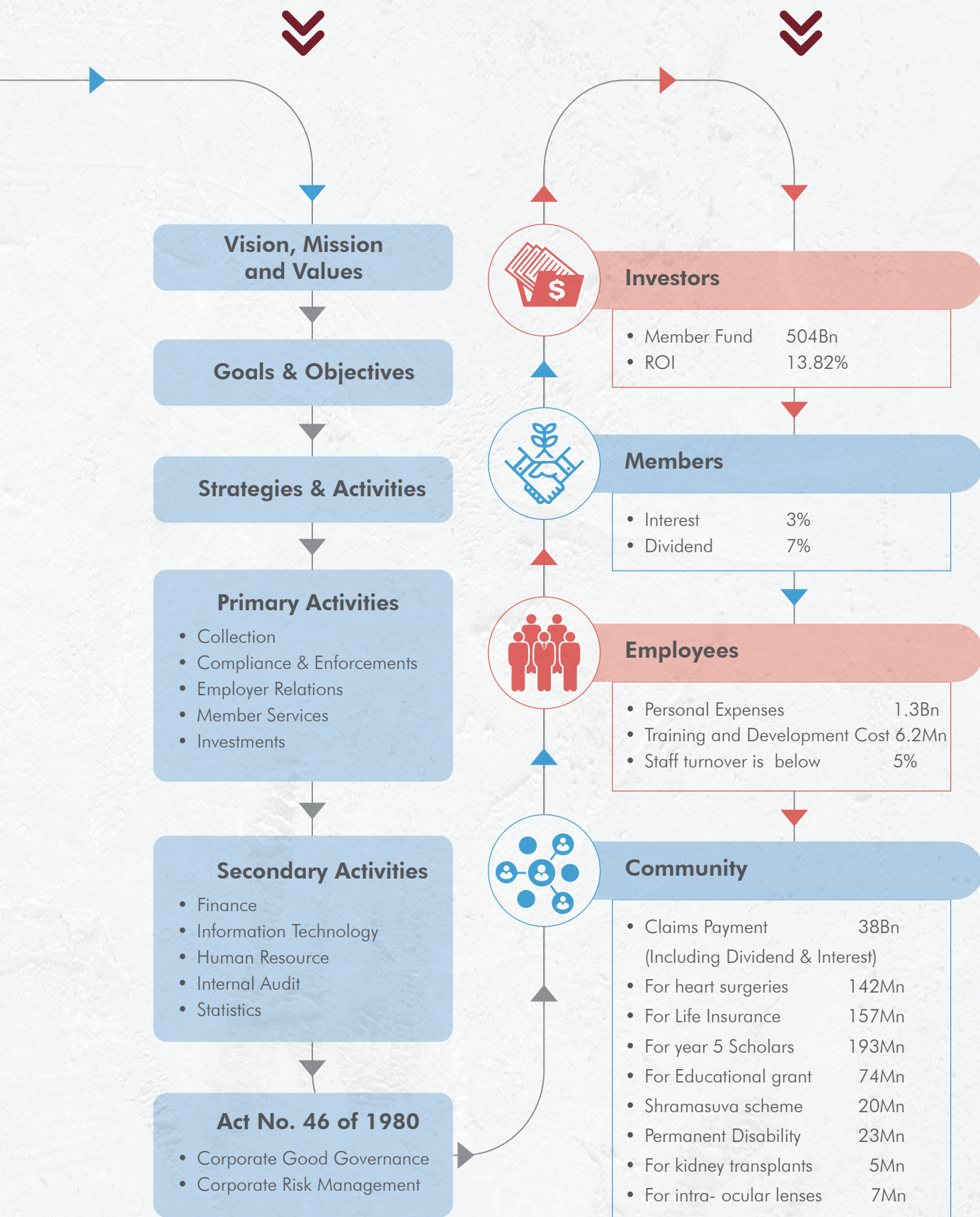


Value Creation Model



VALUE CREATION (PROCESSES)

VALUE CREATED(OUTPUTS)



Key Functional Activities of the Board



01

Contribution Collections and Employer Relations

It is mandatory to contribute 3% on gross earnings of employees who are working in the Private Sector and non Pensionable Government Organizations. Timely collection of contribution from employers, collection of surcharges, find defaulters/ non contributors, taking legal action against defaulters etc. are some of core activities associated with the contribution collection process. The Collection and Employer Relation Division is responsible for achieving collection targets of the Board.

Investment

The Investment Division is one of core business units of the organization which has been set up to manage the Investment Portfolio of the Board. The main objective of this unit is to ensure safety of investments, maintain sufficient liquidity and earn optimum return. A comprehensive investment policy is available as a guideline for investment decisions.



02



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Member Services

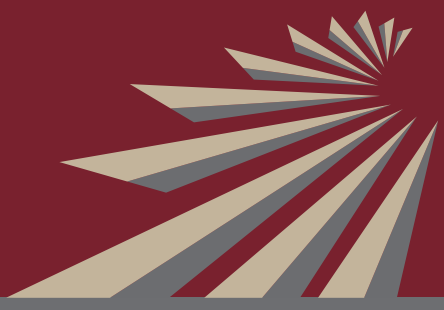
The main functions of this Division include, updating and maintaining Member Accounts, issuing Annual Member Statements (AMS) to members, speedy processing of General Benefits (Normal and Death Claims) and maintain other Welfare Benefit Schemes for the active member. Adequate steps have been taken to provide the necessary infrastructure to further strengthen the activities of this Division.


Finance

The core functions of Finance Division include preparation of monthly and annual accounts, annual budget, Annual Board of Survey and effecting staff and other payments inclusive of government taxes, preparation of the corporate plan and other management information reports.



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Administration and Human Resource

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It is recognized that, there is a need for adapting to the modern HR techniques and best practices which are vital in the current competitive business environment. As a service organization the dependency of the ETF Board on people (employees) is very high. Hence, high priority is given to develop and improve the activities carried out by the Administration and Human Resources Division. Accordingly various initiatives have been taken to update and improve existing systems and procedures followed by the Administration and Human Resources Division and to provide necessary training for the staff.

Information Technology

The It Division is mainly responsible to manage and maintain the Member Administration Software System (MASS). The Comprehensive quantum of initiatives have been taken to re-structure the IT environment of the organization in collaboration with the Information and Communication Technology Agency of Sri Lanka (ICTA).



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Internal Audit

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The Internal Audit Division is responsible to ensure that adequate Systems of Internal Controls are established and such systems are adopted continually and appropriately. The DGM (Internal Audit) directly reports to the CEO. The Management is of the view that, a study needs to be undertaken to re-assess the adequacy of the existing Systems and Procedures of Internal Audit and strengthen the role of Internal Audit as an effective tool in the decision making process of the organization and coordinating of Government Audit matters.

Legal

The Legal Division operates as an advisory service unit for all legal matters of the Board. The Legal activities have been de-centralized to regional level with the expansion of the Regional Office (RO) network. A separate Legal Officer has been assigned to engage for legal matters at each RO. The Legal Division functions are under the supervision of the DGM (Legal)



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Performance Review

Value Added Statement

An analysis of the Board's value creation and allocation among the key stakeholder group is depicted below:

	2023	2022	Change
	LKR million	LKR million	%
Value Added			
Income earned from Core Business	67,118.20	45,677.35	46.94
Cost of Services	(357.33)	(292.05)	(22.35)
Value added from Core Business	66,760.87	45,385.29	47.10
Other income	674.48	444.59	51.71
Impairment charges for loans and other losses	(51.45)	76.82	166.97
Value Addition	67,383.90	45,906.70	46.78
Value Allocation To Employees			
Salaries, Wages and Other Benefits	1,392.11	1,392.35	0.02
To Members			
Interest paid to Members	13,758.50	12,679.22	(8.51)
Dividends paid to Members	32,102.82	24,301.89	(32.10)
To Government			
Taxes Expense	9,016.65	6,449.43	(39.81)

	2023	2022	Change
	LKR million	LKR million	%
To Community			
Member Benefits	549.15	477.05	(15.11)
To Expansion and Growth			
Retained Profit	210.12	570.70	(63.18)
Depreciation and amortization	40.55	36.06	(12.45)
Dividend equalization Reserve Fund	10,314	-	100
Total value allocated	67,383.90	45,906.70	46.78

Economic Value Added (EVA)

Economic Value Added (EVA) indicates the true economic profit of an organization. EVA is an estimate of the amount by which earnings exceed or fall short of required minimum return for shareholders at comparable risks

	2023	2022
	LKR million	LKR million
Invested Capital		
Average Member fund	482,032.66	432,959.75
Add: Cumulative impairment provision for loans and other losses	35.02	86.47
	482,067.68	433,046.22
Return on Invested Capital		
Profit after taxation	55,942.38	36,978.31
Add: Impairment provision for loans and other losses	(51.45)	76.82
Total return on invested capital	55,890.93	37,055.13
Opportunity cost of invested Capital*	(79,824.61)	(108,218.25)
Economic Value Added	(23,933.68)	(71,163.12)

*Calculated based on weighted average 12 months Treasury bill rate 2023 – 16.56% (2022 – 24.99%)



Chairman's Review

In the face of adversity, the ETFB has proven its mettle, emerging stronger and more resilient than ever before. As we reflect on the trials of the past year, we do so with a sense of optimism, fortified by the unwavering support of our stakeholders. Together, we shall navigate the challenges ahead, charting a course towards a future defined by stability, prosperity, and enduring success.

Dear Stakeholders,

On behalf of the Board of Directors, it is my great pleasure to present the Annual Report of Employees' Trust Fund Board (ETFB) for the year 2023. I am pleased to report a commendable financial performance by the ETFB on the back of a challenging, yet recovering economy.

In the wake of unprecedented economic turbulence, the ETFB stood resilient, fulfilling its mandate with unwavering dedication. Despite the formidable obstacles posed by the evolving landscape, the ETFB's commitment to its members and the broader economy remained steadfast.

Navigating Economic Turbulence

The year 2023 brought forth unparalleled economic challenges, casting a shadow of uncertainty over the nation's financial landscape. Inflation soared, interest rates surged, and the rapid depreciation of the rupee sent shockwaves through the economy. The measures implemented to stabilize this turmoil were stringent yet imperative, laying the groundwork for eventual recovery.

The repercussions of the crisis reverberated through the financial landscape, reflected in the negative GDP growth of 2.3% in 2023. However, amidst this adversity, glimmers of hope emerged. Quarterly GDP growth rates, once steeped in negativity, gradually pivoted towards optimism. From the staggering -11.5% contraction in Q1, to the encouraging 4.5% growth in Q4, the trajectory of recovery became discernible.

In the face of adversity, the ETFB has proven its mettle, emerging stronger and more resilient than ever before. As we reflect on the trials of the past year, we do so with a sense of optimism, fortified by the unwavering support of our stakeholders. Together, we shall navigate the challenges ahead, charting a course towards a future defined by stability, prosperity, and enduring success.

ETFB played a crucial role in the government's efforts to optimize domestic debt in 2023. This involvement was significant as it contributed to the sustainability of government debt while ensuring the stability of the member fund. This indicates that ETFB

active participation for national economic policies aimed at stabilizing and managing government debt sustainability targets effectively.

Financial Performance

It sounds like the Fund has been experiencing some impressive growth during year 2023 with its assets under management reaching LKR 525 billion, reporting a substantial achievement. The Member Fund increased by 9.7% to Rs.504 billion and Investment Portfolio increased by 12.9% to Rs. 515 billion by the end of financial year 2023, indicating sound stability and value creation.

The Fund also seems to be performing exceptionally well, with a significant 47% increase in total income to LKR 67.8 billion. Moreover, the remarkable 50% increase in profit before tax, reaching LKR 65 billion for the year ended 31 December 2023, demonstrates effective management and strategic decision-making while taking the advantage of soaring market rates.

Maintaining total expenses within government spending guidelines, with only a modest 5% increase, showcases prudent financial management within the Fund. This disciplined approach ensures efficient allocation of resources while adhering to regulatory requirements.

Distributing 10% total returns as dividends and interest to its members reflects the Fund's commitment to delivering optimum returns to its members. This distribution not only reward members for their trust but also reinforces the credibility as a leading Social Security Fund.

Furthermore, providing member benefits totaling LKR 549 million throughout the year highlights the Fund's dedication to supporting its members and fulfilling its obligations towards them.

During the year 2023, ETFB introduced a new benefit scheme called **"Nipunatha Saviya"** to grant financial assistance to needy children of ETF members who embark on developing their carrier path in technical and vocational education. Initially, a financial grant of Rs. 25,000 is proposed to pay for selected 100 varied vocational training courses with the recognition of National Vocational Qualification (NVQ) levels 3, 4 and 5.

Subsequently, to further encourage students to take these courses, the financial grant has been increased to Rs.50,000 during 2024. Additionally, at the same time, the management of ETFB decided to grant **Rs. 25,000 financial benefits to children of ETF members who have excelled in the GCE Advance Level examination** and were selected to government universities to follow degree courses.

Overall, these actions underscore the Fund's commitment to responsible stewardship, member satisfaction, and adherence to regulatory standards, positioning it as a reliable and trustworthy social security fund.

Subsidiary Performance

Lanka Salt Ltd, a subsidiary of ETFB, had a successful year, contributing significantly to ETFB's performance. The receipt of Rs. 315 million in dividends indicates that Lanka Salt Ltd generated substantial revenue and profits during that period. Dividends are a portion of a company's earnings distributed to shareholders, typically reflecting financial health and profitability. This contribution likely bolstered ETFB's financial position and performance for the year under review.

Process Improvement with Digital Future

It's commendable that the ETFB is embracing digitalization to enhance its operational efficiency and position itself as a future-ready institution. By leveraging technology to streamline core and support business processes, the Fund can improve agility, reduce costs, and better serve its stakeholders.

The new system will be designed with a focus on members and will include a portal that will enhance their experiences and make it easier to process employer contributions, refund claims, and benefit claims. Project is in the final stage and new system will be in place by the later part of 2024 which will be a remarkable milestone in the history of ETFB journey.

Our Human Resources

It's evident that the Board recognizes the crucial role of human resources development in driving the progression and success of the entity. By focusing on improving the versatility of staff and ensuring they

remain aligned with the restructuring and changes in the administration system, the Board demonstrates a commitment to enhancing organizational capabilities. 2023 is a very challenging year, as the most of Senior Staff members retired and some of them have resigned for better opportunities. Under such circumstances ETFB had to manage its operations together with severe staff shortage.

Implementing training programs for staff, indicates a dedication to continuous learning and skill development. Exposing employees to diverse experiences and perspectives can enrich their expertise and contribute to a more dynamic and adaptable workforce.

ETFB has taken steps to implement Human Resources Information System (HRIS) in order to enhance efficient and effective human resource management systems with wider coverage of human capital.

Furthermore, the emphasis on attracting new talent and improving the knowledge, skills, and efficiency of the current team through process improvement, technology upgrades, and training and development underscores a commitment to fostering a culture of innovation and excellence.

Overall, these initiatives highlight the Board's proactive approach to human resources development and its dedication to ensuring the organization remains agile, adaptable, and capable of meeting the evolving needs of its stakeholders in a rapidly changing environment.

Awards and Accolades

The Board brought home gold award at the Best Annual Report Award Competition 2022 for State Institution concluded at BMICH which was organized by Association of Public Finance Accountant of Sri Lanka (APFASL), the public sector wing of CA Sri Lanka.

This award competition serves as one of the country's most prestigious event for showcasing the highest standards of transparency, accountability, social responsibility and corporate governance in Reporting and Corporate Disclosures in Annual Reports of Public Sector Institutions. The Board bagged **"Gold Award"** as the **"Winner"** for the Category of

Statutory Boards, Authorities and Commission as well as the **“Bronze Award”** among the overall Public Sector Institutions Category.

Way Forward

The ETFB views its mandate as a moral obligation to ensure all its members can achieve a quality retirement. Currently, the organization anticipates completing the implementation of digitalizing its core business by 2024, thereby advancing towards e-governance. This transition reflects a commitment to leveraging technology to enhance efficiency and service delivery.

Furthermore, the Board plans to redefine its strategies to enhance resilience in the face of challenging economic conditions. This proactive approach suggests ETFB is prepared to innovate beyond traditional methods, adapting its operations and strategies to maintain stability and effectiveness. By embracing these initiatives, ETFB aims to strengthen its ability to fulfill its mission and responsibilities to its members, ensuring optimum return and wider range of other benefits.

Appreciations

I extend my deepest gratitude to our esteemed members for their unwavering trust in our ability to manage their retirement wealth effectively. Their confidence drives us to continuously strive for excellence in service delivery.

I am immensely proud of our dedicated and inspired teams who have risen to the challenge with enthusiasm and commitment. Their hard work and dedication have been instrumental in delivering a superior service experience to our members.

A special thank goes to the Honorable Minister of Finance, Economic Stabilization and National Policies and Secretary, Ministry of Finance, Economic Stabilization and National Policies for the invaluable support provided to us. I also extend my appreciation to the Secretary to the Ministry of Finance and team for their unwavering guidance and cooperation during what has been a challenging year.

I am grateful to my esteemed colleagues on the Board of Directors for their wise counsel and strategic direction, which have played a crucial role in our success.



D L P Rohana Abeyaratne
CHAIRMAN / CHIEF EXECUTIVE OFFICER



Directors' Report

The organization anticipates completing the implementation of digitalizing its core business by 2024, thereby advancing towards e-governance. This transition reflects a commitment to leveraging technology to enhance efficiency and service delivery.

Operational Excellence

Employees' Trust Fund Board (ETFB) focused on prioritizing member satisfaction by efficiently addressing their needs within challenging circumstances throughout the year. Despite these challenges, they managed to maintain expected service standards and ensure that services were provided without any disruptions. This approach likely contributed to maintaining positive member experiences and operational continuity despite external difficulties.

ETFB appears to prioritize delivering attractive returns on investment to its members by effectively managing its investment portfolio and leveraging digitization to enhance customer service and internal efficiencies. This dual strategies aims to optimize operations and ensure that members receive satisfactory returns on their investments. The Board of Directors emphasizes customer satisfaction and maximizing returns as fundamental principles guiding ETFB's operations, positioning it as a unique entity in the social security fund landscape within the country.

Certainly, as a social safety net for its members, ETFB likely faced the crucial task of navigating the year with both caution and agility. This approach would have allowed ETFB to effectively respond to market developments, ensuring the preservation and growth of funds entrusted to members. By creating value for all stakeholders, including members, employers, and possibly other related parties involved, ETFB could



maintain its role as a reliable and beneficial institution within the social security framework. This strategy likely involves balancing risk management with proactive measures to capitalize on opportunities, thereby fulfilling its mandate effectively.

Describing the performance of ETFB during 2023 as a 'Sustainable Mission' underscores the resilience and adaptability of the Board's processes, resources, and workforce amidst challenging circumstances. This theme suggests that despite upheavals and uncertainties, ETFB was able to sustain its operations effectively. It likely highlights the organization's ability to maintain its mission and objectives steadily throughout the year, ensuring stability and continuity for its stakeholders, including members and employers. This theme also implies a commitment to long-term viability and responsible management, aligning with sustainable practices that benefit both present and future stakeholders.

Despite facing an unstable environment, ETFB demonstrated resilience by achieving a reasonably solid performance during 2023 by managing to declare a dividend of 7% together with minimum interest rate requirement of 3% mandated by the ETF Act. This accomplishment underscores its ability to navigate challenging conditions while fulfilling financial obligations to members. It also reflects commitment to providing a satisfactory return on investment, which is crucial for maintaining member satisfaction and trust, especially in unpredictable economic climates.

Participation for Domestic Debt Optimization Programme of the Government

In July 2023 the Ministry of Finance, Economic Stabilization and National Policies announced the Government’s policy on Domestic Debt Optimization (DDO) initiatives which was approved by a resolution passed in Parliament. According to the Exchange memorandum ETFB was identified as one of eligible institutions for this Treasury Bond exchange programme. The proposed exchange would keep the ETFB paying 14% tax annually on its taxable income.

After careful study of the two options either exchange of Bonds while containing present tax rate of 14% or not exchanging option with increase tax rate at 30%, the ETFB has opted to exchange Treasury bonds as the most feasible option. This was a milestone in 2023 as ETFB played a pivotal role in contributing government debt sustainability initiatives while ensuring the stability of the member fund.

Digitalization

The digital journey of ETFB's core business began in 2016, focusing on establishing a convenient digital platform for key stakeholders such as employers and members. This initiative has been instrumental in achieving remarkable growth and success, even amidst economic hardships. The system was designed around a modern state-of-the-art ERP database, tailored to operate within a member-centric environment, with the primary goal of enhancing customer service.

The proposed system included interfaces that linked with other applications, contributing to the expected growth and efficiency improvements throughout the review period. This integration likely facilitated seamless operations and improved accessibility for stakeholders, reinforcing ETFB's commitment to leveraging technology for the benefit of its members and operational excellence.

Future Outlook

The ETFB's strategic direction is clearly outlined, focusing on several key deliverables:

Profit and Investment Portfolio Growth: Aiming for growth in profit and the investment portfolio with strategic focus on optimizing returns and expanding the fund's assets. This might involve prudent investment strategies and actively managing risk to optimize performance align with investment policy guidelines and framework.

Delivering an Efficient and Member-Centric Experience: Prioritizing efficiency and member-centricity underscores the importance of meeting member needs and preferences while streamlining processes. This could entail offering personalized services, simplifying account management procedures, and ensuring responsive customer support.

Complete Digitalization of Operations: Embracing digital technologies across all aspects of operations can enhance efficiency, reduce costs, and improve service delivery. This could involve automating manual processes, implementing digital platforms for transactions and member interactions, and leveraging data analytics for decision-making.

Align with Government Monetary Policies: Recent government monetary policy changes demonstrate the ETFB's commitment to operating within regulatory frameworks together broader economic objectives.

Overall, these key deliverables reflect the ETFB's strategic priorities for improving profitability, ensuring Funds stability, embracing digital innovation, driving growth, enhancing member satisfaction, and maintaining regulatory compliance.

As an organization whose destiny has an intrinsic connection to that of the members we serve, we are motivated by a strong sense of responsibility to handle funds meticulously so as to deliver a constant value.

The ETFB views its mandate as a moral obligation to ensure all its members can achieve a quality retirement. Currently, the organization anticipates completing the implementation of digitalizing its core business by 2024, thereby advancing towards e-governance. This transition reflects a commitment to leveraging technology to enhance efficiency and service delivery. Furthermore, the Board plans to redefine its strategies to enhance resilience in the face of challenging economic conditions. This proactive approach suggests ETFB is prepared to innovate beyond traditional methods, adapting its operations and strategies to maintain stability and effectiveness. By embracing these initiatives, ETFB aims to strengthen its ability to fulfill its mission and responsibilities to its members, ensuring sustainable benefits and support for retirement planning.

Appreciation

ETFB is dedicated to creating shared value for its members and stakeholders by enhancing the quality of life through its operations. This commitment acknowledges the pivotal role of loyal employees in achieving these goals. The organization expresses pride in its hardworking staff members who have responded strategically to a rapidly evolving operating environment.

We extend our gratitude to the General Manager, Senior Management, and all staff members for their unwavering dedication to the interests of the members of the Fund. This acknowledgment highlights the collective effort and commitment of the entire team in navigating challenges and contributing to the Fund's continued success towards member satisfaction.


D.L.P. Rohana Abeyaratne
Chairman/ Chief Executive Officer

Management Discussion and Analysis

Overview of Year 2023

The Sri Lankan economy perceived a gradual recovery in 2023 from the most severe economic downturn in its post-independence history. Significant policy adjustments and structural changes implemented by the Government helped restore macroeconomic stability to a greater extent despite the short run hardships experienced by economy at large. Inflation was settled down at single-digit levels by end 2023 from its highest level recorded in 2022, enabling the commencement of monetary policy normalisation. The economy recorded an expansion in the second half of 2023. The persistent twin deficit of the overall government budget and the external current account, which was the root cause of the economic downturn, showed signs of improvement in 2023. While a surplus was recorded in the primary balance of the Government, the external current account also recorded a surplus in 2023.

The Sri Lanka rupee experienced appreciation throughout 2023 and early 2024. Concurrently, domestic market interest rates moved towards a significant decline due to the easing of monetary policy and the reduction of risk premia associated with yields on government securities following the successful finalisation of the Domestic Debt Optimization (DDO) program. This downward adjustment in the market interest rate structure, coupled with improved market sentiments, led to the reversal of the contractionary

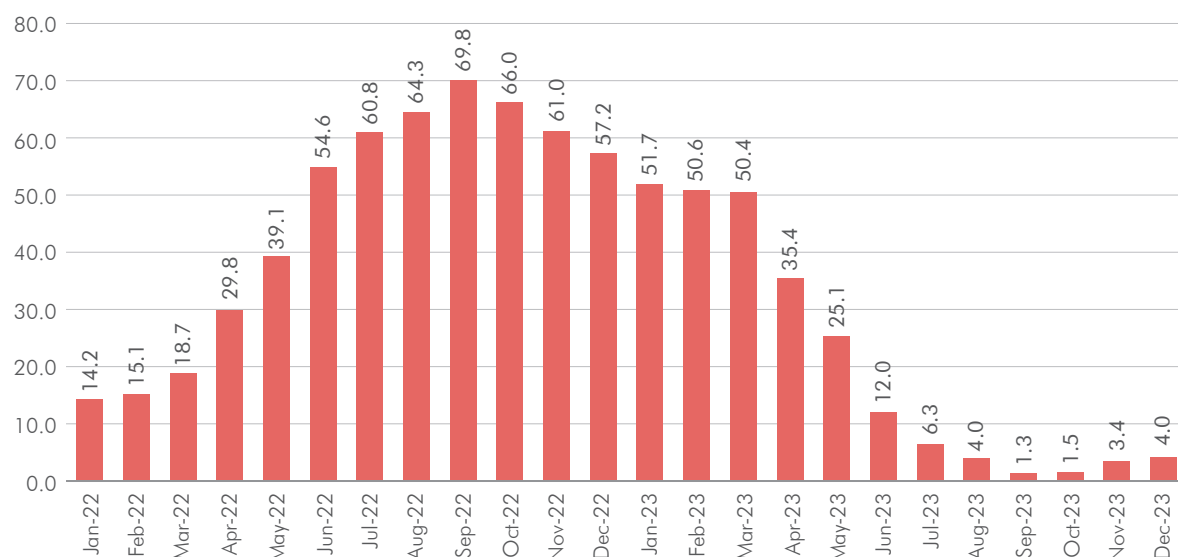
trend in credit extended to the private sector since June 2023. Additionally, the financial sector demonstrated resilience, attributed to the proactive and prudent policies introduced by the government in timely basis.

In 2023, Sri Lanka's external sector experienced a robust recovery and stability, largely due to the significant progress made under the IMF-EFF program launched in March 2023. The external current account recorded a surplus due to a reduced trade deficit and substantial inflows from services exports and workers' remittances. The trade deficit was the lowest since 2010, driven by a larger drop in import expenditure compared to export earnings. The services account surplus increased notably due to improved tourism earnings, while workers' remittances increased with more departures for foreign employment opportunities.

Inflation

Inflation reached to peak in September 2022, and followed a rapid disinflation, reaching lower single digits by end of 2023. This was mainly due to subdued demand amidst tight monetary conditions, together with tight fiscal measures. Further, normalising domestic supply, moderating global commodity prices, appreciation of Sri Lanka rupee etc. contributed to this disinflation. Despite recurrent fluctuations caused by supply side deviations amid lower demand conditions, inflation is expected to stabilise within the targeted level over the medium term.

HEADLINE INFLATION (Y-O-Y) BASED ON CCPI



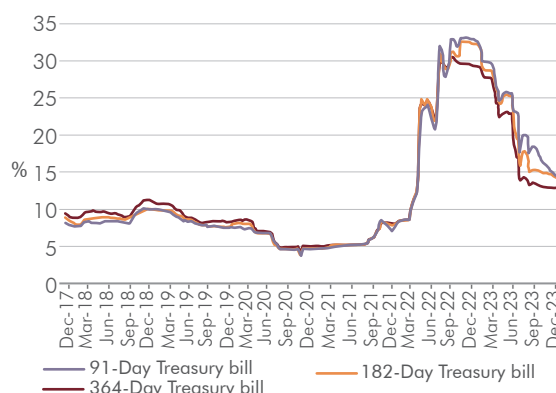
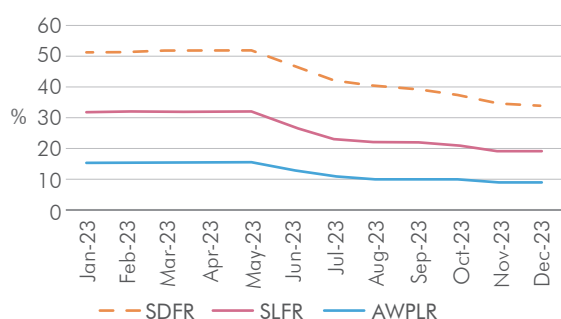
Interest Rates

Market interest rates experienced a notable decline in 2023 compared to the substantially high levels observed in 2022. The decrease in market interest rates was primarily followed by the implementation of tight monetary policy measures since June 2023, along with several other positive factors. The Central Bank began easing monetary policy in early June 2023, reducing policy interest rates by a total of 650 basis points over four occasions during the year resulting Standing Deposit Facility Rate (SDFR) and Standing Lending Facility Rate (SLFR) settled at 9.00% and 10.00% respectively at end of 2023. Further, several administrative decisions were implemented to reduce excessive market lending rates together with broader guide lines resulted notable decline in lending rates at the year end. Accordingly, one of bench mark interest rate AWPR declined significantly by 15.11% in 2023.

Following the announcement of the DDO initiatives in July 2023, yields on government securities declined notably with further supported by the easing of monetary policies. Deceleration of inflation and reduction in inflation expectations, and improved market sentiments also supported the normalisation of yields on government securities. Accordingly, yields on Treasury bills decreased by 16.34% to 18.13% during 2023, while Treasury bond yields also weakened. Accordingly, the secondary market yield curve, which had shown unusual movements since April 2022 caused by uncertainties that arose from domestic debt restructuring concerns and the increased borrowing requirement of the Government, continued to display a double humped inverted yield curve during 2023.

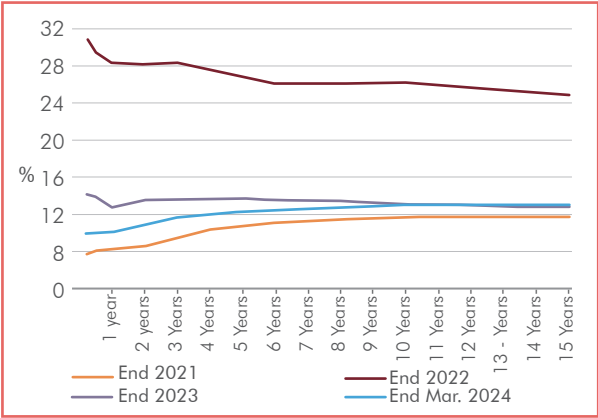
Treasury Bill Yield (primary Market) During 2023

POLICY INTEREST RATES



Source: Central Bank of Sri Lanka

Secondary Market Yield Curve for Government Securities



Sri Lankan Economy

In 2023, the Sri Lankan economy demonstrated signs of rebound with a moderate contraction of 2.3%, compared to the significant 7.3% contraction reported

in 2022. The gradual yet steady recovery in 2023 was particularly evident in the second half of the year, during which the Gross Domestic Product (GDP) recorded positive growth rates. This improvement was supported by renewed macroeconomic stability amidst softening inflation and easing external sector pressures.

Government Official Reserve (GOR) improved and reached a healthy level of US dollars 4,392 million as at end 2023, compared to US dollars 1,898 million as at end 2022, reflecting favorable developments in the external sector observed during 2023. The increase of GOR was mainly due to the absorption of foreign exchange by the Central Bank from the domestic foreign exchange market and the receipt of other foreign exchange inflows, such as the first and second tranches of the ongoing IMF-EFF arrangement and financing support from the World Bank and the ADB.

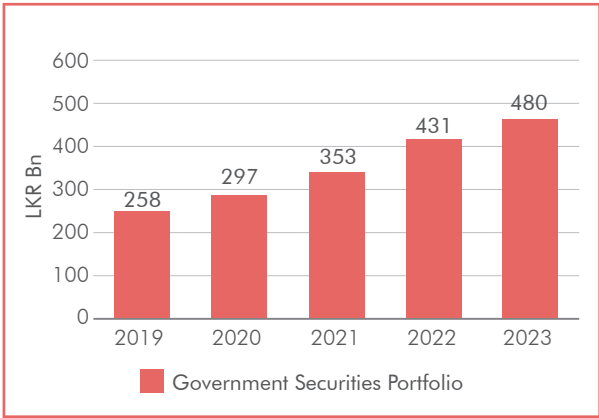


Investment Objectives

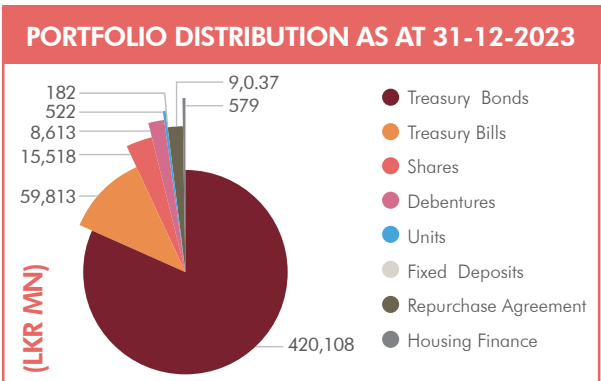
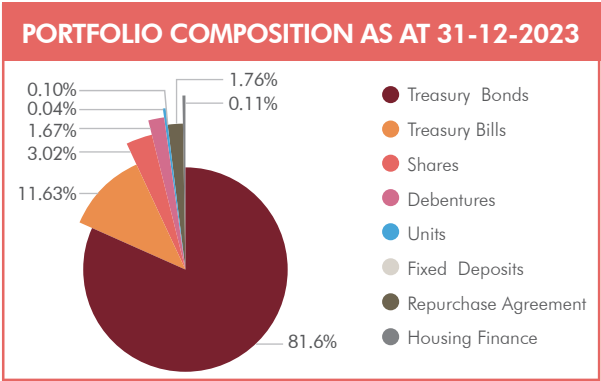
ETF Board being the second largest social security fund in Sri Lanka, adheres to three core investment principles of safety, return and liquidity. In line with Investment policy of the ETF Board, the main investment source shall be the fixed income securities comprising substantial portion in government securities.

As per the investment policy guidelines, ETF Board shall always maintain its asset allocation not less than 94% in fixed income securities and not greater than 6% in equity investments. During year under review, ETF Board has invested LKR 480 billion in government gilt-edged securities which is 93.30% out of total investment compared to year 2022 whereas the Board has invested LKR 15 billion in equities which is 3.01% out of total investment portfolio with an increase of

LKR 3.99 billion in comparison to year 2022. During the year under review the Board has invested LKR 480 billion in government securities which is an increase of 11.37% compared to LKR 431 billion at the end of 2022.



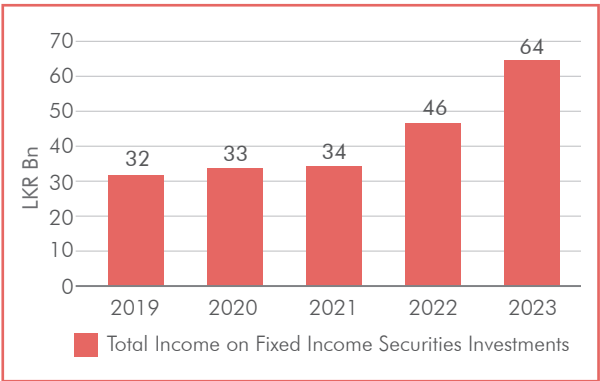
Portfolio Composition and Distribution as at 31-12-2023



Fixed Income Investments

With reference to portfolio composition and distribution, as of December 31, 2023, funds invested in fixed income securities represented 95.32% of the total portfolio, amounting to LKR 498.5 billion. Market interest rates declined sharply in 2023 from notably high levels recorded in 2022. Administrative measures introduced with a view to reduce excessive market interest rates supported by the rapid disinflation process and moderation of inflation expectations, and the decrease in risk premia attached to yields on government securities following the Domestic Debt Optimization (DDO) operation are other important factors that contributed to the broad based reduction in market interest rates. ETF Board had been able to invest funds in Treasury Bills and Treasury Bonds under different tenures in order to maintained sustainable average yield with long term view.

During the year 2023 ETF Board has been able to increase fixed income to LKR 64 billion from LKR 46 billion in year 2022 which is a substantial increase of 39% compared to year 2022.



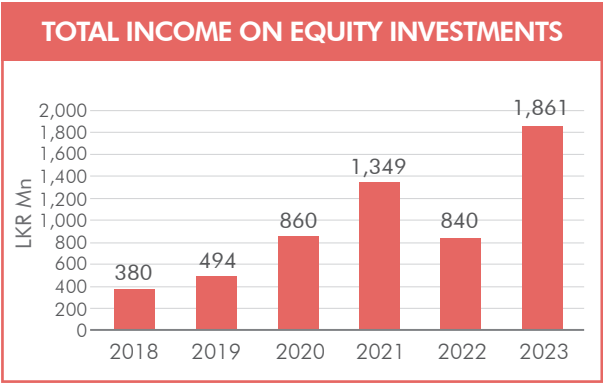
Equity Investments

The return from ETF Board equity investments reported a robust growth during 2023 despite regular market volatility. On the back of improved macroeconomic developments as Sri Lanka reaching a board level agreement with the IMF in March 2023, the ASPI gained 11% during the 1st half of 2023. Average daily turnover stood at LKR 1,478 million which was well below the LKR 2,972 million that was achieved in financial year 2022. However, investors continued to remain cautious as the Sri Lanka taken initiatives to negotiating with its bilateral and official creditors regarding the external debt restructuring and expected Domestic Debt Optimization (DDO) that was to impact the banking sector.

Subsequently in 1st half of 2023 Colombo Stock Exchange performance reached higher level and in the 2nd half of 2023 with the official announcement of DDO made by the Sri Lankan Government, at the end of first half of year 2023 excluding the banking and insurance sectors were highly welcomed by the market with a gaining of 25% as ASPI settled at 10,654 by end 2023. Foreign participation had also improved from 8% to 10% during the year 2023 which had positively impacted the ASPI reporting a net foreign inflow of LKR 4,436 million. The policy rates were cut by 650 basis points by the Central Bank of Sri Lanka in year 2023 since sharp monetary tightening took placed in 2022 with the intention of bring inflation under control. Declining trend in interest rates from the 2nd quarter of 2023 which further influenced to report a market growth.

ETF Board had been able to maintain its investment on equities at the level of 2.36% out of its total fund at the end of the year 2023. Most of the listed companies in Colombo bourse performed well amidst restoration of macroeconomic stability encouraging business activities. Most of companies were able to declare

dividends in the financial year 2023. ETF Board was able to generate LKR 1,861 million income by way of dividends and capital gains on its equity investment for the financial year 2023.



Investment Portfolio Position

The total investment portfolio of ETF Board increased to 515 billion at the end of 2023, which is an increase of 13.89% compared to LKR 456 billion reported at the end of 2022.

While navigating economically challenging time, the ETF Board strategically focused its fund investments on high-yield segments to achieve higher returns. By proportionally adjusting the investment mix across various tenurs and portfolio categories, the ETF Board aims to maintain a sustainable portfolio position in the coming years.

Future Outlook

The Sri Lankan economy is forecasted to continue its recovery and approach its full potential in the

upcoming years, strengthened by the renewal of greater macroeconomic stability. Assuming the uninterrupted continuation of ongoing ambitious reforms and economic adjustments supported by the Extended Fund Facility (EFF) program of the International Monetary Fund (IMF), stability is anticipated on various fronts. Following the rapid disinflation process, inflation is expected to settle around the target level of 5% on average throughout 2024, despite occasional fluctuations triggered by supply-side shocks amidst passive demand conditions. Over the medium term, inflation is projected to stabilise around the target together with appropriate policy measures.

Given the favorable inflation conditions, as reflected by available data, the monetary policy stance of the Central Bank is expected to remain at sustainable levels in the period ahead, which would help improve economic activity. Supported by the easing of monetary policy measures, improvements in domestic money market liquidity conditions, and the reduction in the risk premium attached to government securities, market interest rates, particularly lending rates, are anticipated to further normalise. This normalisation is reasoned to provide the necessary relief for businesses and households in terms of reduced financing costs.

The financial sector is expected to improve further with the influence of macroeconomic vulnerabilities. With easing monetary conditions, credit to the private sector is projected to rebound in 2024 after a contraction in 2023. This favorable environment is expected to boost cash flows from member contributions and stabilise member refunds, which will positively impact the growth of ETF Board investments in the coming years.



Contribution Collection and Employer Relations

The contribution and employer relations division of the Board is responsible for the timely collection of employer contributions and compliance activities including the levying and collection of surcharges on delayed contributions. The division is also responsible

for employer awareness activities and the promotion of ETF membership among the self-employed. The division together with the ETF network of regional branches operates according to target and in order to meet the following key performance indicators.

	2019	2020	2021	2022	2023
Employers					
Active Employers (Nos.)	83,777	75,731	69,094	64,026	75,485
ETF Members					
Member (Represented by active & Contributing Employers)	2,800,000	2,680,000	2,430,091	2,445,609	2,592,923
Self-Employment Members	41,989	41,867	41,517	41,113	43,640
Migrant Worker Members	231	220	228	241	274

Compliant Employers

ETFB works with a distinct strategy to cover the entire employed population in Sri Lanka. There is a clear disparity between the number of employed people according to Labour Department and Central Bank statistics and those whose employers contribute to the ETF on their behalf. This gap can only be closed by registering all employers. The provisions of the ETF Act No. 46 of 1980 mandates that employers are required to contribute 3 per cent of workers' basic pay on behalf of not just permanent staff, but also casual workers, and contract workers, piece rate, daily wages workers into the system.

Rate of Compliance among Contributing Employers

Membership benefits are granted only to employees whose employers have continuously contributed to the ETF on their behalf over a period of 12 months. As such our work goes beyond detection to ensure employers continue to make ETF contributions.

Branch Recovery

This refers to the levels of payments ETF recovers from lapsing, defaulting or non-contributing employers prior to the pandemic. ETF branches have annually conducted between 40,000 to 45,000 employer visits by the branch network for the purpose of registering eligible employers and for ensuring compliance with

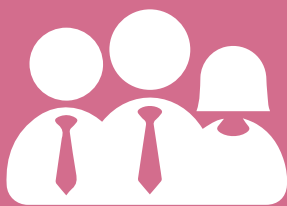
already registered employers, typically, around 70 per cent of these are to default employers. Each year, 3,000 new employers are registered.

Total number of inspection carried out in 2023 is 23,703 No of non contributors detected is 4,010 and 19,227 New employees were detected.

E-payment

ETF is urging its members to switch to an e-mechanism to eliminate the need for physical visits in light of fuel shortages etc., and thus 70% of the large sector is in the e-mode. In 2021 a direct debit facility was launched for a client who is not willing to come on the ETFs cloud-based payment mechanism. This system allows payments to be made through any of the banking networks in Sri Lanka. Concessionary time was also granted to contribute due to delays during the covid-19 effected period. ETF's social security fund is all the more important in the present climate as it gives members a financial safety net.

In December 2022 an extra special Gazette Notification was issued by the Minister of Finance, Economic Stabilization & National Policies making It is mandatory for every employer having in his employment a minimum of fifteen (15) employees to make payments through the online payment method w.e.f. 01.02.2023. With this new development, as a result number of employers paying on electronic mode has increased by 70%.



Member Service

The member services division is responsible for processing of member claims and operating 10 non statutory benefit schemes. The division also holds the responsibility of updating member accounts, issuing annual member statements and clearing of unallocated contributions.

Processing Member Claims

The ETF Board processed 240,888 refund claims including death claims in 2023 and paid out a total amount of LKR 39 Billion. In comparison, there were 195,212 refund claims in 2022 with a payment of LKR 25 Billion.

	31Dec 2023	31Dec 2022	Change during 2023
Refund Claims			
Number of Member claims processed	240,888	195,212	23.09%
Amounts paid (LKR Bn)	39	25	56%

Member Benefits

The welfare of our members is a priority for us at the ETF Board. Since 1986 we have added on various non-statutory benefits for our members. At present,

ETF members enjoy 10 non statutory benefit schemes that offer financial assistance to our members on top of refund claims payments.

Financial assistance provided for heart surgery, kidney transplants, re-imbursment of expenses for intra ocular lenses, and claims for permanent disability, death benefits and under the Shramasuwa Rekawarana added up to LKR 353 Million in 2023.

In addition to benefits directly given to individual ETF members, we are also offering benefits for members' children. Annually, we celebrate the academic achievements of the children of the members by offering financial benefits for those passing the year 5 scholarship examination and the GCE A/L examination.

Maintenance of member accounts

The total number of active and inactive accounts lying with the fund as at the end of the year was approximately 18.95 million of which 98 percent of member accounts had been updated by the end of 2023. Of these member accounts, 16.45 Million accounts had been reported as inactive while 2.5 Million member accounts stood as active. Annual member statements for active accounts have been issued to their respective employers during the year under review. The Board is in the process of launching a member-oriented portal for ETF (details provided in the IT section).



Statutory Benefits Schemes to ETF Members		
Benefit scheme (Year of commencement)	2023 No of Recipients Benefits (LKR '000)	2022 No of Recipients Benefits (LKR '000)
Free Life Insurance Scheme(1986)	1,574 LKR. 156,593	1,502 LKR.149,236
Permanent Disability Insurance Scheme(1989)	99 LKR. 22,799	52 LKR.8,762
Financial Assistance for Heart Surgeries(1991)	471 LKR. 141,660	359 LKR.98,048
Reimbursement of cost of Intra-ocular Lenses (1992)	328 LKR. 7,281	294 LKR. 4,231
Year Five Scholarship Scheme(1994) Including the children of members terminated due to permanent disability (2010)	*12,856 *LKR .196,840	*5,778 *LKR.86,670
"Shramasuwa Rekawarana" Hospitalization Medical Scheme (1997)	868 LKR.19,758	1,365 LKR. 23,477
'Viyana' Housing Loan Scheme (2002)	-	-
Financial Assistance for Kidney Transplant Surgery (2006)	16 LKR. 5,112	17 LKR.3,646
Higher Educational Scholar ships for children of ETF members who passed GCE (A/L) Examination (Since 2010)	*6,148 *LKR.73,776	*3,859 *LKR.46,308
Total non-statutory member benefits paid	LKR.623,819	LKR.420,378

* Total No. of Claims and Amount paid in year 2023 for Year 5 Scholarships and Higher Education



Human Resources Management

At end of 2023, the ETF Board had 882 employees, as light movement from the 2022 figure of 924 due to retirements and resignations.

Level	Job Grade	Male	Female	Total
Senior	GM	1	-	1
	Additional General Manager	-	-	-
	Deputy General Manager	5	-	5
	Assistant General Manager	2	2	4
	Manager	24	18	42
	Total	32	20	52
Level	Job Grade	Male	Female	Total
Tertiary	Junior Manager	28	31	59
	Management Assistant(MA4)	80	113	193
	Total	108	144	252
Secondary	Management Assistant MA2-2	-	1	1
	Management Assistant MA1-2	158	274	432
	Total	158	275	433
Primary	Primary Level	120	25	145
	Total	120	25	145
Grand Total		444	438	882

Employees by Age

Employees by Age (As at 31. 12. 2023) Age Range (Years)		
21-25	3	1%
26-30	92	10%
31-35	129	15%
36-40	152	17%
41-45	119	13%
46-50	99	11%
51-55	169	19%
Above 55	119	14%
Total	882	100%

Employees by Job Grade

	Job Grade	Total	%
Senior	GM	1	0.12%
	Deputy General Manager	5	0.56%
	Assistant General Manager	4	0.45%
	Manager	42	4.76%
	Total	52	5.88%
Tertiary	Junior Manager	59	6.68%
	Management Assistant 4	193	21.88%
	Total	252	28.68%
Secondary	Management Assistant 2-2	1	0.12%
	Management Assistant 1-2	432	48.97%
	Total	433	48.97%
Primary	Primary Level	145	16.43%
	Total	145	16.43%
Grand Total		882	100%

Employees by Gender

The ETF Board male to female ratio of employees stood at 50.4:49.6 at the end of 2023.

Male	Female	Total
444	438	882
50.4%	49.6%	100%

Employees by Location

Head Office	365
Branch	517
Total	882

Out of the 882 employees of the ETF Board, 505 are based at the Head Office and 377 are spread across the branch network.

Detail	Executive	Non-Executive	Total
Retirement	4	18	22

Employee Transfers

A few transfers took place during the year on requests made by employees for their convenience.

Salaries and Benefits

All employees of the Board are permanent. As employees of a Statutory Board they are eligible for a number of benefits in addition to their basic salary.

	2023 LKR'000	2022 LKR'000	Change %
Salaries	499,389	598,118	(16.5)%
Cost of Living Allowance	82,056	87,785	(6.5)%
Meal Allowance	12,854	13,649	(5.8)%
Overtime	23,582	21,587	9.2%
Holiday Pay	11,940	9,546	25%
Total	629,822	730,685	(13.8)%

Benefits

Employees of the ETF Board are eligible for a number of benefits that are granted to employees. These include basic salary-wise incentives, medical bill reimbursement facilities, annual bonuses, and a variety of loans, salary increments credits for higher educational qualifications and compensations for permanent disability or death of employee.

	2023 LKR'000	2022 LKR'000	Change %
Incentive	131,941	137,573	(4)%
Uniform and Tailoring Cost	16,801	17,664	(4.8)%
Retirement Special Bonus	900	1,406	(36)%
Tea and other Staff Welfare Expense	16,019	10,241	56%
Encashment of Leave	28,144	33,775	(17)%
Annual Bonus	80,801	103,408	(22)%
Reimbursement of Medical Expense	128,197	119,713	7%
Interest on Housing Loan	8,963	9,805	(8.5)%
Interest cost	38,786	24,872	56%
Current Service Cost	9,548	46,018	(79)%
EPF	95,466	97,249	(1.8)%
ETF	19,157	19,450	(1.5)%
Telephone Bill Reimbursement	4,007	4,187	(4.3)%
Total	578,730	625,361	(7.5)%

Incentive

Incentives granted on a basic wise basis include the attendance and performance incentives which are paid on a monthly basis.

Medical Facilities

Medical facilities of ETF Board employees include:

- Annual OPD medical reimbursement of up to LKR 60,000.00 per employee.
- Annual hospitalization reimbursement of up to LKR 100,000.00 per employee.

Compensations for Permanent Disability or Death of Employee

Incident	Grade/ Designation	Compensation Amount
Death of employee	Chairman/Working Director	1,500,000.00
	Higher Management (2-1),	-
	(1-3),(1-1)	1,450,000.00
	Middle Management (1-3)	1,350,000.00
	Junior Manager (1-1)	1,250,000.00
	Management Assistant (4)	1,125,000.00
	Management Assistant (2-2), (1-2)	1,000,000.00
	Primary Level (1),(2),(3)	875,000.00

Incident	Grade/ Designation	Compensation Amount
Permanent Disability	Chairman/Working Director	1,750,000.00
	Higher Management (2-1), (1-3),(1-1)	1,700,000.00
	Middle Management (1-3)	1,650,000.00
	Junior Manager (1-1)	1,500,000.00
	Management Assistant (4)	1,350,000.00
	Management Assistant (2-2), (1-2)	1,200,000.00
	Primary Level (1),(2),(3)	1,050,000.00

Annual Bonus

The annual bonus paid in the month of December is equivalent to the two months' basic salary

Loans

Special Loans

Loan Amount	LKR 100,000.00
Recovery Period	60 Installments
Interest	4.2% per annum

Housing loans

Maximum Loan	LKR 3,000,000.00
Amount	25 years or completion of age 60
Recovery Period	1 st 2,000,000 for 4.2% per annum
Interest	Balance 1,000,000 for 7.0% per annum

Vehicle Loans

Any employee can obtain one loan from the motor vehicle, three wheel and motor bike loan categories, along with the push bicycle loan.

Motor Vehicle	Loan Amount	LKR 1,250,000.00 (MA 1-2 And below) LKR 2,500,000.00 (MA 4 and above)
	Recovery Period	15 years
	Interest	4.2% per annum
Three wheel Loan	Loan Amount	LKR 900,000.00
	Recovery Period	15 years
	Interest	4.2% per annum
Motor Bike Loan	Loan Amount	LKR 500,000.00
	Recovery Period	10 years
	Interest	4.2% per annum
Push Bicycle Loan	Loan Amount	LKR 25,000.00
	Recovery Period	36 Installments
	Interest	4.2% per annum

Distress Loan

Loan Amount	12 month salary
Recovery Period	120 installments
Interest	4.2% per annum

Additional Salary Increments - Higher Educational Qualifications

Additional salary increment credits for obtaining higher educational qualifications are granted based on job grade and the qualification obtained.

Job Category	Qualification	No of special increments
Management Assistant (1-2) and(4)	Diploma	01
	Degree	02
	Masters	03
Any grade	Masters	03

Reimbursement of Expenses for Higher Education Qualification

Education fee related to the subject area is reimbursed up to Rs 400,000/- with certain terms and conditions.

LKR	2023	2022	2021
Reimbursement of Education	6,163,469	3,515,594	2,358,826

HR Activities

We continued to carry out some of our routine HR activities during 2023, including the following:

- Granting staff loans for employees
- Medical reimbursement facilities
- Annual Asset Verifications of the board had been done as usual
- Disciplinary actions had been conducted against errant employees

Training and Development

Training and development programs were designed in the year 2023 with the objective of building capacity to raise the levels of performance of the personnel. As a result, a sum amounting to Rs. 5,947,739.41 was disbursed on training and development investment in 2023 as against Rs. 425,222.50 in the year 2022.

With a view to facilitating the transition to a member-centric system through this exercise, our staff has taken part in the raining program projects of the Information

Communication Technology Agency (ICTA) as well as the external training programs.

Training 2023

	Training Programme	Training Institute	Number of Participant	Cost
1	Claims process	Member Services	80	112,890.00
2	Training Programme on IT for Public Office	CA Sri Lanka	7	-
3	New System UAT - Employer Management	INOVA & ICT	36	38,065.00
4	New System UAT - Employer Management	INOVA & ICT	36	38,065.00
5	New labour law	Institute of Labour Studies	1	2,500.00
6	SLPSAS 11-20 Program	CA Sri Lanka	1	-
7	Introduce New ICT programme		37	26,688.00
8	New System UAT - Member Management	INOVA & ICT	65	113,530.00
9	New System UAT - Member Relations	INOVA & ICT	69	108,710.00
10	New System UAT - Employer Management	INOVA & ICT	55	99,000.00
11	New System UAT -Employer Relations	INOVA & ICT	50	90,810.00
12	New System UAT -Self Employment	INOVA & ICT	50	95,060.00
13	New System UAT -Collection	INOVA & ICT	55	279,802.00
14	New System UAT -Collection Correction	INOVA & ICT	49	89,930.00
15	New System UAT -Allocation	INOVA & ICT	34	68,560.00
16	New System UAT - Service Desk / Call Centre	INOVA & ICT	63	96,755.00
17	New System UAT -Enforcement 01	INOVA & ICT	69	208,320.00
18	New System UAT -Enforcement 02	INOVA & ICT	60	233,400.00
19	New System UAT- Legal	INOVA & ICT	70	113,405.00
20	New System UAT- Surcharge	INOVA & ICT	50	90,810.00
21	Core System Awareness session Zone 03 Staff -	Hambantota	100	88,090.00
22	New System UAT- Collection Amendments	INOVA & ICT	55	187,890.00
23	Enadoc document management system (scanning software).	0.5Day	60	64,620.00
24	New System UAT-Claims - Normal Withdrawal	INOVA & ICT	63	211,235.00
25	Seminar on Expenditure & Payment Procedure	01 Day	2	24,000.00
26	New System UAT-Claims - Normal Withdrawal	INOVA & ICT	55	220,020.00
27	Workshop on Administrative Data for Statistics	Department of Census and Statistics	1	-

	Training Programme	Training Institute	Number of Participant	Cost
28	Core System Awareness session Zone 01 Staff -	Negombo	60	120,000.00
29	New System UAT- Payment Disbursement	INOVA & ICT	25	66,110.00
30	Appreciation of Award Winners of NPC 2020	A & HR	110	56,860.00
31	New System UAT- Document Management Unit	INOVA & ICT	50	90,220.00
32	New System UAT- Public Portals - Employer	INOVA & ICT	45	85,230.00
33	New System UAT- Public Portals - Member	INOVA & ICT	49	96,440.00
34	National HR Conference	CIPM Sri Lanka	3	59,850.00
35	Core System Awareness session Zone 02 Staff -	Kandy	55	83,800.00
36	New System UAT- Public Portals - Agent	INOVA & ICT	23	64,454.00
37	New System UAT- Claims - Benefits	INOVA & ICT	50	90,810.00
38	New System UAT- Claims – Scholarship	INOVA & ICT	50	104,710.00
39	Core System Awareness session Zone 03 Staff -	Anuradhapura	38	78,900.00
40	HRIS	A & HR	41	-
41	HRIS	A & HR	62	-
42	Awareness Programs of AL Benefit	Member Services	120	12,500.00
43	CCNA Based Enterprise Network Implementation	Sri Lanka Telecom	2	-
44	Government Procurement System	Ministry of Finance	45	17,390.00
45	awareness Programs of AL Benefit	Member Services	100	12,000.00
46	AAT Conference- 2023	AAT	5	74,250.00
47	HRIS - Leave system	A & HR	350	17,500.00
48	Customer Service	A & HR	40	12,830.00
49	Management Workshop	A & HR	50	106,670.00
50	National Conference 2023 – CA Sri Lanka	CA Sri Lanka	3	90,000.00
51	Government Procurement System	Ministry of Finance	45	12,500.00
52	Management & filing Systems	SLIDA	40	138,611.11
53	Management & filing Systems	SLIDA	40	138,611.11
54	Transport Management	SDFL	2	12,000.00
55	HRIS Training	A& HR	47	-
56	HRIS Training	A& HR	37	-
57	HRIS Training	A& HR	30	-
58	The Seminar on Procurement Plan 2024	PRAG Service(Pvt) Ltd	2	27,000.00



Information Technology



WI-FI NETWORK INFRASTRUCTURE DEVELOPMENT IN 'MEHEWARA PIYESA'

A location can be classified as high-density environment if more than 30 clients are connecting to an access point. The head office network is identified as a high-density environment. In order to support the high-density wireless, enterprise level access points are built with a dedicated radio for RF spectrum monitoring allowing the AP to handle the high-density environments. The enterprise-level access points give visibility into the network that is directly tied to understanding network performance and allow ETFB to have a better awareness of the behavior of traffic on the network, which they can use to improve the efficiency, security, and performance of the network. The implementation process of Wi-Fi network infrastructure development in "Mehewara Piyesa" has already been successfully completed as planned.

The Sri Lanka Government Network (LGN) connection reached the ETF Board Head Office in 2023.

SOFTWARE DEFINED WIDE AREA NETWORK (SD-WAN) IN ETF BOARD



Since ETFB's most systems are web-based solutions, it was necessary to implement a Software-Defined Wide Area Network (SD-WAN) to interconnect the head office network and regional office networks. By implementing a SD-WAN, firewalls and centrally manageable policies can be applied to regional offices as well. High-cost VPN connections can be replaced with low-cost internet connections by introducing SD-WAN. As SD WAN is well placed to support multiple connectivity types with traffic routing decisions, the choice of 4G/5G and broadband becomes one of sending traffic where conditions make sense. There's the ability to load balance or share depending on the best available connectivity. The nature of software control means we can invoke Disaster Recovery (DR) plans which prioritize applications and/or user types to ensure the business remains operational. SD WAN providers offer more visibility into the network than ever before with granular easy to understand data on application and user behavior. The process of implementing the SD-WAN project has already started and is scheduled to be completed in 2024.



RESOLVE THE ISSUES IN NETWORK AT REGIONAL OFFICES

There is no centralized manageable network, and no firewall has been implemented in regional offices. Hence, blocking unnecessary internet access and controlling security threats cannot be done in the network at regional offices. Since the ETFB core system is going to be implemented soon, networks in the regional offices are not sufficient to fulfill that requirement.

The regional offices' internet connections should be upgraded to enterprise-level broadband connections. The regional office networks should be connected to the head office through a software-defined wide area network (SD-WAN). The implementation process of upgrading local office networks and connecting to SD-WAN has already started and is scheduled to be completed in 2024.



INFORMATION AND CYBER SECURITY POLICY IMPLEMENTATION

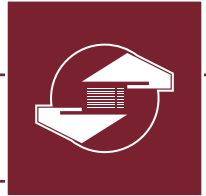
The Cabinet of Ministers approved the Information and Cyber Security Policy for Government Organizations in August 2022 to protect the data and IT Infrastructure of government organizations from cyber threats. This policy is to be implemented at all government organizations defined as "Public Authorities" in the Right to Information Act No 12 of 2016. The Ministry of Technology issued a circular (Circular No. MOT/2023/01) on May 2, 2023, to government organizations to implement this policy. As per the instruction of the Cabinet of Ministers, Sri Lanka Computer Readiness Team (Sri Lanka CERT) shall provide advisory services to government organizations to implement the policy, and to assess the effectiveness of the implementation of the Policy under the supervision of the Ministry of Technology. The primary objective of the Policy is to protect data and IT systems used by government organizations from unauthorized access, cyber threats and disruption, including compliance with the Data protection Act No 9 of 2022. According to the Circular No. MOT/2023/01, heads of the organizations are mandated to implement this policy in their respective organizations, and shall allocate funds from the annual budget in consultation with Sri Lanka CERT. The Sri Lanka CERT has identified the ETF Board to implement the Policy in the First round, depending on the criticality of the services offered by the ETF Board.

The ETF Board accepted the proposal for Information and Cyber Security Policy Implementation Assistance for ETF Board sent by Sri Lanka CERT. Implementation process of Information and Cyber Security Policy for Government Organizations has already started in ETF Board and is scheduled to be completed in 2024.



GO- LIVE WITH THE ENADOC DOCUMENT MANAGEMENT SYSTEM

Enadoc is an innovative, cloud-based document management system to protect ETF Board's information assets. The system was hosted in the SLT Data Centers, which have 24x7 operation and maintenance support. This project was required to be implemented in a short period of time to initiate the document scanning process at ETFB in a safe and effective manner. ETF Board went live with the Enadoc system in 2023 after successfully completing the data migration process.



User training and TOT training for the ETFB core system were successfully completed in 2023. The ETFB Core system project completed the milestones of "Business Process Study," "Development of Application," "User Acceptance Test (UAT)," "Development of Change Requests, which were identified at the UAT stage," and "User Training."

Security

Strengthen the security of the MASS (Member Administration Software System).

The Key Objectives are as follows:

The protection of information and the MASS systems from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide confidentiality, integrity and availability.

Trainings

Awareness Program for the ETFB Core System Development Project

It was found that a method of passing on knowledge about the ETFB core system was imperative. This awareness program covered all sections of the ETF Board Head Office and Regional Branches. This awareness program was very effective for the ETFB staff.

Other Trainings

- a. Firewall training program for IT staff.
- b. Workshop on web application and mobile security - CERT
- c. Awareness session on cyber security policy
- d. MS 365 training program.
- e. Enadoc user training.

Future Plans

ETF Board is currently engaged in development of member-centric application for its core business with the collaboration of ICTA. After implementing the new system, employers must submit contributions along with employee details through their employer portal. The ETF Board is looking for a sustainable solution to address the requirement for employers who don't have the required resources to use the ICT facilities provided by ETFB to obtain service securely and conveniently.

In an effort to mitigate this issue, it has been decided to provide employers with the opportunity to submit necessary documents through postal services. We believe that the postal service, with its capacity for IT application services and door-to-door delivery, will be a convenient option for our employers. Therefore, we have chosen to collaborate with the Postal Department for this purpose.



Finance

Finance Division of the ETFB has a broad and critical role. To break it down, their core functions can be summarized as follows:

Preparation of Accounts: They handle the preparation of monthly and annual financial statements, ensuring that all financial activities are accurately documented and reported as per the statutory requirements.

Annual Budget: They are responsible for developing and managing the annual budget, which involves forecasting revenues and expenses, and ensuring that financial resources are allocated efficiently.

Payments Management: They manage and process payments to staff and other entities, including handling government taxes and ensuring compliance with financial regulations.

Government Audit Coordination: They facilitate and coordinate government audits, ensuring that all necessary information is provided and that the organization adheres to auditing standards and requirements.

Corporate Plan Preparation: They contribute to the development of the corporate plan, which outlines the organization's strategic direction and goals.

Management Information Reports: They prepare various management reports that provide insights into financial performance and support decision-making within the organization.

Overall, the Finance Division plays a vital role in maintaining financial integrity, supporting strategic planning, and ensuring compliance with regulatory requirements.

ETFB on the Annual Report award competition for 2022 of the Public Sector Wing of CA Sri Lanka was

held on 04th December 2023 at BMICH. ETFB was awarded Winner (Gold award) for the category of Statutory Board, Authorities and also Bronze award for overall Commission by the Association of Public Financial Accountant of Sri Lanka (APFASL).

This was the fifth consecutive year that the ETFB was awarded in this competition. This award recognizes state sector institutions that have demonstrated the highest standards of transparency, accountability, social responsibility and corporate governance in the sphere of corporate reporting and financial disclosures.





Legal

The legal division functions as an advisory service unit for all legal matters of the ETF Board and takes legal action against employers who fail to comply with the provisions of the Employees' Trust Fund Act, No. 46 of 1980. The legal division currently functions under the supervision of DGM-Legal and consists of Legal Managers, Legal Officers and support staff. The legal division reports directly to the Chairman/ CEO of the ETF Board. Legal proceedings related to recovery of dues under the ETF Act have been decentralized at the regional level after the establishment of regional office network.

A major objective of the legal division is to obtain necessary information from the concerned authorities and ensure recovery of arrears through legal enforcement against employers defaulting on accumulated contributions/surcharges through field inspections. The legal division also conducts training and awareness programs on basic principles and new trends in labour law to improve the knowledge of the staff of the Board.



Internal Audit

Internal Audit is an independent appraisal function within the organization for the review of activities as a service to the management. It is a control that measures, evaluates and reports on the effectiveness of internal controls, financial and other as a contribution to the efficient and effective use of resources within an organization.

The Deputy General Manager (Internal Audit) as head of internal audit division, reports to the Board through the audit committee and for all administrative functions reports only to the Chairman/CEO of the Board. The DGM (Internal Audit) works with the audit committee to set priorities and develop an audit plan and to

provide key findings and information accurately and in a timely manner to the board of directors through the audit committee.

The management is responsible for ensuring that there are sound, efficient systems and controls within an organization. Internal control comprises the whole system of controls methods, both financial and otherwise, which are established by management for; safeguard of its assets and investments, ensure reliability of records, promote operational efficiency and monitor adherence to policies, regulations, contracts and directives.

Pirith Ceremony to mark 43rd Anniversary of the Board



Christmas Carols 2023



Vesak Dansala 2023



Blood Donation to mark 43rd Anniversary of the Board



Poson Bathi Gee 2023



Leadership and Strategic Development Programme 2023



Board of Directors 2023



MR. D L P ROHANA ABEYARATNE

Chairman/Chief Executive Officer

Appointed by the Minister of Finance, Economic Stabilization, and National Policies

Mr. Rohana Abeyaratne, the Chairman/CEO of the Board, has served in the government for 30 years. He holds a special degree in Commerce and Management and a Master of Arts in Sociology from the University of Kelaniya. Additionally, he has earned a Post Graduate Diploma in Economic Development from University of Colombo and a Diploma in International Relations. Mr. Abeyaratne began his career as a government Teacher and entered to the Sri Lanka Administrative Service (SLAS) in 1995.

Before joining the ETF Board, Mr. Abeyaratne held the following positions:

- Member of the Board of Directors, NSB
- Member of the Board of Directors, NSB Fund Management Company
- Member of the Board of Directors, Social Security Board
- Member of the Board of Directors, Public Service Provident Fund
- Secretary to the Ministry of Export Agriculture
- Postmaster General, Department of Postal (Sri Lanka Administrative Service – Special Grade)
- Deputy Director General, Sri Lanka Institute of Hotel Management

- Social/Gender and Resettlement Specialist, Conflict Affected Region Emergency Project (ADB) under the Ministry of Economic Development
- Senior Assistant Secretary (Tourism), Ministry of Economic Development of Sri Lanka
- Director General, National Gem and Jewellery Authority of Sri Lanka
- Divisional Secretary of Minuwangoda
- Assistant Director (Project Coordination and Monitoring), Ministry of Urban Development and Water Supply
- Assistant Controller (Immigration and Emigration), Department of Immigration and Emigration

Moreover, Mr. Abeyaratne has held significant positions including Senior Additional Secretary to the President of Sri Lanka. He has also served as a Faculty Board Member in the Faculty of Commerce and Management at the University of Kelaniya and as an External Member of the Department of Commerce and Financial Management Advisory Committee at the same university. Additionally, Mr. Abeyaratne has contributed as a visiting lecturer at the Institute of Human Resource Advancement at the University of Colombo.



MR. NEIL UMAGILIYA

Director

Appointed by the Minister of Finance, Economic Stabilization and National Policies

Mr Umagiliya is a Fellow member of the Chartered Institute of Management accountants and the member of the British Institute of Management

He was a former chairman of the Bank of Ceylon & also held the position of Managing Director – Dial Textile Industries (Pvt) Ltd. His previous appointment includes the following positions also.

- Member of the Monetary Board of Sri Lanka
- Member of the Board of Directors of ICTA
- Board Member of the Sri Lanka Export Development Board
- Acting Chairman and member of Wijeya Kumaratunga Memorial Hospital



MR. ARIYASENA GALLAGE

Director

Appointed by the Minister of Finance, Economic Stabilization and National Policies

Mr. Ariyaseena Gallage has over 28 years of experience as a practicing lawyer and holds an LLB degree from the University of Colombo. He previously served as the Managing Director of the Central Engineering Consultancy Bureau and the Chairman of the Provincial Road Development Authority of North Central Province. Before these roles, he held various senior management positions, including:

- Director of the Janatha Fertilizer Company
- Director of the Coconut Research Institute

Other appointments includes as a Director of the Polonnaruwa District Cooperative Rural Bank Union Ltd

Board of Directors 2023



MR. UDESH I W SENEVIRATNA

Director

Appointed by the Minister of Finance, Economic Stabilization and National Policies

Mr. Seneviratna is a Special Grade Officer of the Sri Lanka Administrative Service (SLAS) and currently serves as the Additional Director General (Policy & Development) of the Department of Information Technology Management at the General Treasury. He is also a Board Member of the National Eye Bank Trust of Sri Lanka. He has previously served as a Board Member of the Employee's Trust Fund (ETF) Board and as the Chief Executive Officer of the National Agency for Public-Private Partnership (NAPPP) of Sri Lanka.

Immediately before this, he served as the Senior Assistant Secretary (Development) at the Prime Minister's Office, as Senior Assistant Secretary to the President, and in various capacities within the Ministry of Foreign Affairs. In the Ministry of Foreign Affairs, his positions included Director (East Asia & Pacific), Director (South Asia & SAARC), and Senior Assistant Secretary (ICT for Development) when Information and Communication Technology was under the Ministry's purview. Mr. Seneviratna also completed a three-year tenure as a Diplomat in the rank of Minister at the Consulate General of Sri Lanka in Frankfurt am Main, Germany.

Before his tenure at the Ministry of Foreign Affairs, he held the positions of Assistant Secretary to the President in the Bureau of the Secretary to the President and Policy Coordination & Monitoring Division at the Presidential Secretariat. In his first placement in the Sri Lanka Administrative Service (SLAS) at the Ministry of Industry, Tourism & Investment Promotion, he held the positions of Assistant Director (Investment Promotion), Assistant Director (Regional Industrial Development), and Assistant Director (Management Information Systems and Industry Registration).

Mr. Seneviratna studied at Royal College, Colombo 07, and obtained his Bachelor's Degree in Physical Sciences from the University of Colombo. His academic qualifications further include Postgraduate Diplomas in International Relations, Economics, and Public Management, as well as a Master's Degree in Management and Information Sciences with Summa cum Laude from Japan.

He is the Assistant Secretary of the Computer Society of Sri Lanka (CSSL). He has held voluntary positions such as First Secretary of the Alumni Organization of the University of Colombo, Assistant Treasurer of the Alumni Association of the Sri Lanka Institute of Development Administration, and Deputy Secretary of the Sri Lanka Administrative Service Association (SASA).



MS. K S DAYARATNE

Director

Representative of General Treasury

Ms. Dayaratne is an Associate member of the Institute of Chartered Accountants of Sri Lanka. She holds a B.Sc. in Business Administration from the University of Sri Jayawardenapura and a Master of Arts in Financial Economics from the University of Colombo.

Currently, she serves as the Director of the Department of Treasury Operations under the Ministry of Finance, Economic Stabilization, and National Policies, and is also an observer to the board of the Rehabilitation Bureau. In the past, she has represented the General Treasury on the boards of the Sri Lanka Export Credit Insurance Corporation, the National Medicine Regulatory Authority, and the Sri Lanka Accounting and Auditing Standards Monitoring Board. Additionally, she has served as a Director at Lanka Salt Ltd.



MRS. E A EKANAYAKE

Director

Representative of Minister of Trade and Commerce

Ms. Ekanayake holds a Bachelor of Arts in Business Statistics from the University of Sri Jayawardenapura, a Master of Science in Operations Research from the University of Moratuwa, Masters of Business Administration from the University of Sri Jayawardenapura, Master of Data Analytics from University of Kelaniya, Masters in Economics from University of Colombo, Master's in Public Administration and Management from University of Colombo and Post Graduate Diploma in rural Development from Rajarata University of Sri Lanka. She completed Certificate in Accountant and Business- Level 2 from the Institute of chartered Accountants of Sri Lanka.

Ms. Ekanayake is presently working as Assistant Secretary of the Ministry of Trade, commerce and Food security. Previously, she held the position of Assistant Director at the Ministry of Industries and Commerce.

Board of Directors 2023



MR. JUDE DINAL PEIRIS

Director

Representative of Employer Federation of Ceylon

Mr. Dinal Peiris is a Mechanical Engineer with an MBA from the London Business School in the United Kingdom. He is a Council member of the Employees Federation of Ceylon and holds board positions in many other companies.



MR. L S DEVENDRA

Director

Representative of Trade Union

Mr. Devendra is a veteran trade unionist who has been honored with the prestigious Deshabandu title at the Presidential National Awards. He currently holds the position of General Secretary of the Sri Lanka Nidahas Sevaka Sangamaya, is a member of the executive board of the International Transport Workers Federation, and serves as Vice President of the South Asia Regional Trade Union.

A lawyer by profession, Mr. Devendra has a Bachelor of Law degree. Additionally, he holds a Diploma in Labor Policy Development from the International Labour Organization (ILO), a Diploma in Industrial Relations from the UK, and a Diploma in Training Methodology from the ILO.

Positions Held:

- Member of the National Pay Commission
- Director of the Institute of Business Management
- Director of the Technical and Vocational Education Commission
- Member of the National Press Council
- Member of the National Labour Advisory Council
- Member of the Sri Lanka Foundation Institute



MR. W M NURAJITH SINGH

Director

Representative of Trade Union

Mr. Nurajith Singh is the Deputy Human Resources Manager at the Sri Lanka Transport Board and a board member of the Central Transport Board (CTB). He also serves as the current President of the Sri Lanka Podujana Transport Workers Federation.

Board of Directors 2024



MR. D L P ROHANA ABEYARATNE

Chairman/Chief Executive Officer

Appointed by the Minister of Finance, Economic Stabilization, and National Policies

Mr. Rohana Abeyaratne, the Chairman/CEO of the Board, has served in the government for 30 years. He holds a special degree in Commerce and Management and a Master of Arts in Sociology from the University of Kelaniya. Additionally, he has earned a Post Graduate Diploma in Economic Development from University of Colombo and a Diploma in International Relations. Mr. Abeyaratne began his career as a government Teacher and entered to the Sri Lanka Administrative Service (SLAS) in 1995.

Before joining the ETF Board, Mr. Abeyaratne held the following positions:

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- Member of the Board of Directors, Social Security Board
- Member of the Board of Directors, Public Service Provident Fund
- Secretary to the Ministry of Export Agriculture
- Postmaster General, Department of Postal (Sri Lanka Administrative Service – Special Grade)
- Deputy Director General, Sri Lanka Institute of Hotel Management

- Social/Gender and Resettlement Specialist, Conflict Affected Region Emergency Project (ADB) under the Ministry of Economic Development
- Senior Assistant Secretary (Tourism), Ministry of Economic Development of Sri Lanka
- Director General, National Gem and Jewellery Authority of Sri Lanka
- Divisional Secretary of Minuwangoda
- Assistant Director (Project Coordination and Monitoring), Ministry of Urban Development and Water Supply
- Assistant Controller (Immigration and Emigration), Department of Immigration and Emigration

Moreover, Mr. Abeyaratne has held significant positions including Senior Additional Secretary to the President of Sri Lanka. He has also served as a Faculty Board Member in the Faculty of Commerce and Management at the University of Kelaniya and as an External Member of the Department of Commerce and Financial Management Advisory Committee at the same university. Additionally, Mr. Abeyaratne has contributed as a visiting lecturer at the Institute of Human Resource Advancement at the University of Colombo.



MR. K G M HARINDRA

Director

Appointed by the Minister of Finance, Economic Stabilization and National Policies

Mr. Harindra holds a BBA (Hons) degree in Business Studies from the International University of America (IUA). He also possesses several diplomas:

- Diploma in Business Administration from Leyton College of London
- Diploma in Information Technology from London College of Business Management and Computing
- Diploma in Business Administration from College of Technology of London
- Diploma in Human Factors in Aviation from Abu Dhabi Aviation (UAE)

Mr. Harindra has served as Coordinating Secretary to the Honorable State Minister of Ports, Shipping, and Aviation, as well as to the Cabinet Minister of Youth Affairs & Sports.

Position Held.

- Director at Marlinz Construction Pvt. Ltd – Sri Lanka (2019 upto date)
- CEO at Archer Prime International (Pvt) Ltd – Sri Lanka (Renewable Energy - Solar) 2020 upto date
- Director Operations at Cloud Atlantic (Pvt) Ltd - Sri Lanka (Construction Co.) 2015 to 2020

- Director Operations at Berhan Group of Companies - Texas -USA - (2014)
- Administrative Manager at Bauer Media - Melbourne Australia
- Aircraft Engineering Coordinator- Abu Dhabi Aviation- Abu Dhabi- UAE- 2011-2014
- Client Service Manager at Ministry of Mass Media & Information (Selacine) -Sri Lanka (2009 to 2011)
- Aircraft Engineering Coordinator at Abu Dhabi Aviation - Abu Dhabi -UAE- (2011 to 2014)
- Deputy Manager at Ladbroke's Ltd (UK) - (2006 to 2009)
- Stock Controller- Administration at Tesco Ltd (UK) - (2004 to 2006)

Board of Directors 2024



MR. S F H FERNANDO

Director

Appointed by the Minister of Finance, Economic Stabilization and National Policies

Academic and Professional Qualification

Mr. Fernando has a rich background as an accountant with significant experience in both the private and public sectors in Sri Lanka, the UK, and Australia. He was notably the Founder Managing Director of Bartleet Finance Ltd. and has held board positions in several other companies within the Bartleet Group.

Position Held

- Chairman of Sri Lanka Bureau of Foreign employment (SLBF)
- Chairman, National Institute of Business Management (NIBM)
- Chairman Jaya Container Terminals Ltd, Sri Lanka Ports Authority (SLPA)
- Director Sri Lanka Convention Bureau and Advisor to Minister of Tourism
- Financial Controller BDS Corporation, Australia.
- Group Accountant, Ictrohating Group of Companies, U.K
- Member of the National Labour Advisory Committee (NLAC)
- President of Kalutara District Cricket Association



MR. M PARTHIPAN

Director

Appointed by the Minister of Finance, Economic Stabilization and National Policies

Mr. M Parthipan holds a B.Sc. (Hons.) degree in Agriculture, specialized in Agricultural Economics from the University of Jaffna and perusing MBA in General Management from University of Peradeniya. He is also a member of the Sri Lanka Administrative Service and holding Diploma on Public Administration from Sri Lanka Institute of Development Administration.

He is presently working in government sector as an Assistant Secretary to the President in the Presidential Secretariat. Prior to that, he worked as an Assistant Director (Land acquisition and NIRP) at the Ministry of Lands. Further, he has experience in Private Sector as Executive-Business Development at SGS S.A./SGS Lanka (Pvt) Ltd. and as a Corporate Management Trainee at Lankem Ceylon PLC.



MS. K S DAYARATNE

Director

Representative of General Treasury

Ms. Dayaratne is an Associate member of the Institute of Chartered Accountants of Sri Lanka. She holds a B.Sc. in Business Administration from the University of Sri Jayawardenapura and a Master of Arts in Financial Economics from the University of Colombo.

Currently, she serves as the Director of the Department of Treasury Operations under the Ministry of Finance, Economic Stabilization, and National Policies, and is also an observer to the board of the Rehabilitation Bureau. In the past, she has represented the General Treasury on the boards of the Sri Lanka Export Credit Insurance Corporation, the National Medicine Regulatory Authority, and the Sri Lanka Accounting and Auditing Standards Monitoring Board. Additionally, she has served as a Director at Lanka Salt Ltd.



MRS. K A P DE SILVA

Director

Appointed by the Minister of Trade, Commerce and Food Security

Mrs. De Silva holds a Master of Economics from the University of Kelaniya & a Bachelor of Commerce degree from the University of Colombo and a Postgraduate Diploma in management from the University of Sri Jayewardenepura. She has a qualification (CPFA) from the Institute of Chartered Accountants of Sri Lanka.

She is presently working as the Chief Financial officer of the Ministry of Trade, Commerce and Food Security & Function as the Chair of C.W.E Construction and Engineering (Pvt) Ltd. She worked as Chief Accountant of the Ministry of Foreign Affairs & Ministry of Economic Development - Department of Agriculture. Mrs. De Silva was the Deputy General Manager Finance of Paddy Marketing Board and the Deputy Secretary of the Public Service commission.

Board of Directors 2024



MR. JUDE DINAL PEIRIS

Director

Representative of Employer Federation of Ceylon

Mr. Dinal Peiris is a Mechanical Engineer with an MBA from the London Business School in the United Kingdom. He is a Council member of the Employees Federation of Ceylon and holds board positions in many other companies.



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Representative of Trade Union

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A lawyer by profession, Mr. Devendra has a Bachelor of Law degree. Additionally, he holds a Diploma in Labor Policy Development from the International Labour Organization (ILO), a Diploma in Industrial Relations from the UK, and a Diploma in Training Methodology from the ILO.

Positions Held:

- Member of the National Pay Commission
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- Director of the Technical and Vocational Education Commission
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- Member of the Sri Lanka Foundation Institute



MR. W M NURAJITH SINGH

Director

Representative of Trade Union

Mr. Nurajith Singh is the Deputy Human Resources Manager at the Sri Lanka Transport Board and a board member of the Central Transport Board (CTB). He also serves as the current President of the Sri Lanka Podujana Transport Workers Federation.

Senior Management Team



Mr. R.K. Jayalath

General Manager (Acting)

Mr. R. K. Jayalath, General Manager (Acting) graduated with a Bachelor of Science in Human Resource Management (Special) from the University of Sri Jayewardenepura and became a Master of Arts (Econ) from the University of Kelaniya. He thereafter went on to qualify himself as a Master of Public Administration from the Postgraduate Institute of Management, University of Sri Jayewardenepura. Mr. Jayalath holds a Diploma in Business Administration from the Institute of Government Accounts and Finance and possesses over 20 years of experience in Human Resource Management in private and public sector organizations bringing with him a wealth of knowledge and expertise to his role.



Mr. K.S. Welivita

Deputy General Manager
(Internal Audit)

Mr. K. S. Welivita is the Deputy General Manager of Internal Audit. He holds a Bachelor of Science in Applied Accounting from the University of Sri Jayewardenepura. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka, the Institute of Association of Accounting Technicians, and the Institute of Public Financial Accountants of Sri Lanka. Additionally, he has earned a Master of Business Administration in Finance from the University of Sri Jayewardenepura and a Diploma in Information Systems Security and Control Audit from the Institute of Chartered Accountants of India. With over 30 years of experience in finance and auditing across both private and public sector organizations, Mr. Welivita is a very versatile executive in his chosen field.



Mr. W.G.K. Ratnayake

Deputy General Manager
(Member Services)

Mr. W. G. K. Ratnayake, the Deputy General Manager (Member Services), holds a Bachelor of Science degree in Human Resource Management from the University of Sri Jayewardenepura. He is a fellow member of both the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. Besides, he has partly qualified in Stage II of the Chartered Institute of Management Accountants, UK adding good value to his position.



Mr. J. K. P. Ranjith

Deputy General Manager (Collection and
Employer Relations) Retired on 15/01/2024

Mr. J. K. P. Ranjith, who retired on January 15, 2024, as the Deputy General Manager of Collection and Employer Relations, has an impressive array of academic and professional qualifications. He holds a Master in Business Administration from the Post Graduate Institute of Management at the University of Sri Jayewardenepura. Additionally, he is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) in the UK. Mr. Ranjith is also a Member of the International Association of Bookkeepers and a Finalist of the Institute of Chartered Accountants of Sri Lanka. His professional memberships include the Certified Business Accountant (CBA) and the Chartered Global Management Accountant (CGMA) in the USA to serve in his role with dedication.

Senior Management Team



Mr. M.A.K. Aluthgamage

Deputy General Manager (Investment)/
Deputy General Manager (Finance) Actg.



Mr. H.M.A. Jayantha Kumara

Deputy General Manager (Legal)

Mr. M. A. K. Aluthgamage currently serves as the Deputy General Manager (Investment) and Acting Deputy General Manager (Finance). He holds a Bachelor of Commerce (Special) degree from the University of Sri Jayewardenepura and a Master of Business in Finance from the University of Kelaniya. Additionally, Mr. Aluthgamage is a member of the Association of Accounting Technicians of Sri Lanka, Institute of Credit Management of Sri Lanka and the Sri Lanka Institute of Management overseeing a pivotal area of the ETFB.

Mr. H.M.A. Jayantha Kumara taking care of the legal matters involving the ETFB currently serves as the Deputy General Manager (Legal). He holds a Bachelor of Science degree (Honors) from the University of Peradeniya and a Master of Arts in International Relations from the University of Colombo. He has also earned an LLM from the General Sir John Kotelawala Defense University and an LLB degree from the Open University of Sri Lanka. Mr. Kumara is an Attorney-at-Law of the Supreme Court of Sri Lanka, a Notary Public, and a Commissioner for Oaths. He is also a Registered Company Secretary.



**Mr. R.J.C.S. Sampath
Gunawardena**

Deputy General Manager
(Administration and Human Resources)

Mr. R.J.C.S. Sampath Gunawardena serves as the Deputy General Manager of Administration and Human Resources. He holds a Diploma in Management and Development from the University of Peradeniya. Additionally, he has earned a Bachelor of Labour Education from the University of Colombo. Mr. Gunawardena further advanced his education by obtaining a Master of Arts and a Master of Business Studies, both from the University of Kelaniya and Associate Member of CIPM, fitting well into one of the key areas of the entity he serves in.



Mrs. Vajira Jayaratne

Assistant General Manager
(Contribution Collection and Surcharge)

Mrs. Vajira Jayaratne actively delivering a key mission serves as the Assistant General Manager (Contribution Collection and Surcharge). She holds a Bachelor of Commerce (Special) Degree from the University of Kelaniya and a Master of Business Administration (MBA) from the Business School of the Australian Institute of Management.

Senior Management Team



Mrs. P.L.L.C.P. Alwis

Assistant General Manager
(Enforcement Region III)
Cover-up-Duties for Deputy General
Manager (C & ER)



Mr. K.G.N. Ratnayake

Assistant General Manager
(Administration & Human Resources)

Mrs. P.L.L.C.P. Alwis serves as the Assistant General Manager (Enforcement Region III) with additional responsibilities covering duties on behalf of the Deputy General Manager (C & ER). She holds a Bachelor of Science degree with First Class honors from the University of Colombo, a Master of Science degree specializing in Biotechnology from the University of Peradeniya, and a Master of Public Management degree from the Sri Lanka Institute of Development Administration. Additionally, she possesses a Diploma in Applied Statistics from the Institute of Applied Statistics Sri Lanka (IASSL). Currently, Mrs. Alwis is pursuing an LLB degree at the Open University of Sri Lanka to add to her lineup of professional qualifications.

Mr. K.G.N. Ratnayake very capably serves as the Assistant General Manager overseeing Administration & Human Resources. He holds a Bachelor of Commerce (Special) degree from the University of Kelaniya and is an Associate Member of the Chartered Institute of Personnel Management.



Mr. Pushparanga Weerasekara

Assistant General Manager
(Information Technology)

Mr. Pushparanga Weerasekara with an array of qualifications to his name is currently serving as the Assistant General Manager (Information Technology). He holds a Bachelor of Engineering Technology Degree with a specialization in Computer Engineering from the Open University of Sri Lanka. Additionally, he has attained a Master's degree in Registered Engineering Computer Science from Staffordshire University, UK. Mr. Weerasekara is an Associate Member of the Institutions of Engineers, Sri Lanka (IESL) and a Member of the British Computer Society, UK (MBCS). He is also recognized as a Registered Engineering Practitioner by the Engineering Council of Sri Lanka (ECSL). Furthermore, he has completed a Diploma in Artificial Intelligence (AI) System programme and a Diploma in JAVA Programming Development.



Mr. H.G.D. Nihal Prasanna

Assistant General Manager
(Member Services)

Mr. H.G.D. Nihal Prasanna functions as the Assistant General Manager (Member Services) in an acting capacity. He holds a Bachelor of Science degree from the University of Ruhuna and a Master's degree in Public Management from the Sri Lanka Institute of Development Administration. In addition, he has completed a Professional Advancement (PA) program at the University of HUST in Wuhan, China. His academic and professional qualifications give him an added impetus to serve the ETFB with dedication.

Senior Management Team



Mr. K.D.A.P. Karunartne

Assistant General Manager
(Finance)

Mr. K. D. A. P. Karunartne serves as the Assistant General Manager (Finance) and holds esteemed academic and professional qualifications as being Associate Member of the Institute of Chartered Accountants of Sri Lanka, showcasing his capacity and commitment to the field of finance and accounting. His membership underscores his dedication to maintaining high standards of professional competence and ethical conduct within the industry.



Management Team

(As at 31/12/2023)

CORPORATE OFFICE

Contribution Collection & Employer Relations

Miss. K M D A U Gunawardena
Finance Manager (Con. Collection)

Mrs. A Vidanapathirana
Manager (Surcharge)

Mrs N C Epa
Finance Manager (Con. Collection)
(w.e.f.01.03.2024)

Mr. A J R Anura
Manager (Self Employment)

Member Services

Mr. M I Raufdeen
Manager (Member Accounts-SPU)

Mrs. A H N Priyanthi
Finance Manager (Claims Payment)

Mrs. I Wijetunge
Manager (Member Accounts-SC)

Mrs. W R Nandaseeli
Manager (Claims Determination)

Mr. H K K P Pushpa Kumara
Manager (Claims)

Mr. W A K S Dilantha
Actg. Manager (Benefit Admin.)

Investment

Mrs. N R N Fernando
Finance Manager (Finance)

Mrs. H M C Damayanthi
Finance Manager (Investment)

Mrs. W A A Hansamali
Manager (Investment)

Finance

Miss. M A V Kumudini
Finance Manager (Finance)

Internal Audit

Mr. N G Bimantha
Manager (Internal Audit)

Mr. D L C D Kumara
Manager (Internal Audit)

Administration & Human Resource

Mr. B Sarath

Manager (Admin & HR)

Mrs. S Weerasinghe

Manager (Admin & HR)

Mr. T M I Amidon

Manager (Procurement)

Mr. T H C Preethi Kumara

Manager (Productivity)

Information Technology

Mr. B D Waduge

Manager (Info. Technology)

Legal

Mrs. S R S Punchihewa

Manager (Legal)

Mrs. S P Rajapakse

Manager (Legal)

REGIONAL MANAGERS

Mr. H P Perera

Regional Manager (Col. District)
(Retired on 07/06/2023)

Mr. M A Chandrasena

Regional Manager (Col. 1-7)

Mr. K N Asoka

Regional Manager (Col. 8 – 15)

Mr. U H S Ranjith

Regional Manager (N' Eliya)

Mr. N K U K Nagasinghe

Regional Manager (Badulla)

Mrs. Priyangi Wijeratne

Regional Manager (Kalutara)

Mr. D M K G A Dassanayake

Regional Manager (Kurunegala)

Mr. D K S S Dissanayake

Regional Manager (Hambantota)

Mr. E M S K Ekanayake

Regional Manager (Kandy)

Mrs. A K N Prasangani

Legal Manager (Kandy)

Mrs. J M S B Tennakoon

Regional Manager (Kegalle)

Mr. Sagara Hewagama

Regional Manager (Gampaha)

Mrs. C Abeygunasekara

Regional Manager (Matara)

Mr. P Hettiarachchi

Regional Manager (A' pura)
Cover-up-duties

Mr. J Thamilalagan

Regional Manager (Jaffna)

Mr. A G G Gunendra

Regional Manager (Galle)

Mrs. S M Gunasinghe

Regional Manager (Vauniya)

Mr. Sisira Rajith

Regional Manager (Trinco)

Mr D D Kularatne

Regional Manager (Ratnapura)

Ms. J C Jayasinghearachchi

Regional Manager (Ampara)



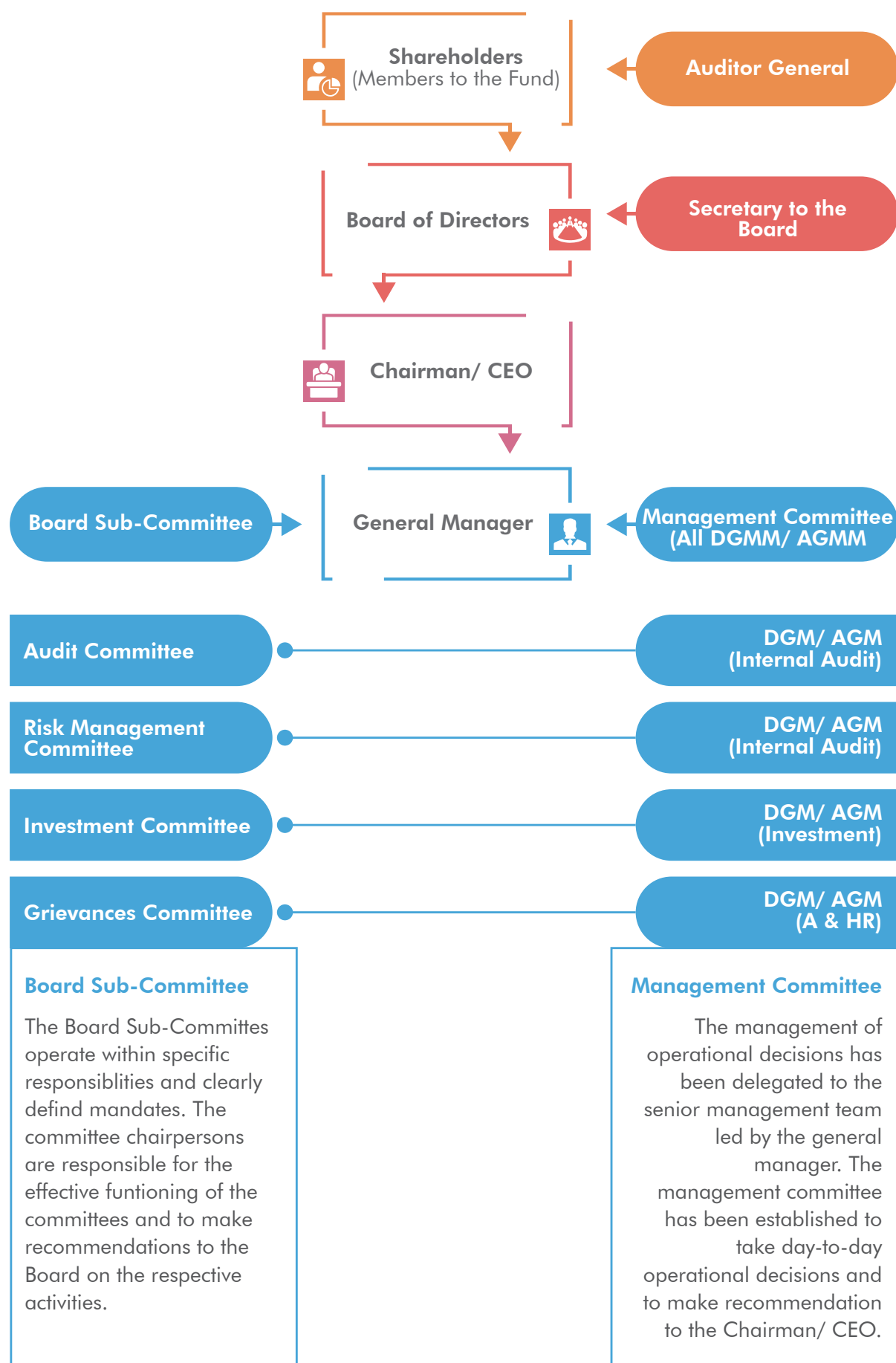
CORPORATE GOVERNANCE

The Employees Trust Fund Board is a semi-government organization which considers good corporate governance as a key business imperative. The Board is committed to comply with all statutory and regulatory requirements across its business operations. The Board is guided by the key principles of transparency, reliability and compliance in directing the Board to achieve its governance objectives.

Corporate Governance Framework

The Governance Structure is graphically illustrated below:

The Board's corporate governance structure consists of multi-layer governance bodies with specific roles and responsibilities and clear reporting lines. The Board of Directors provides oversight and deliberates with the higher management about the Board's strategic direction, financial goals, resource allocation and risk appetite.



The board of directors of the ETF Board holds apex responsibility for implementing sound governance structures and formulating policy frameworks, thereby effectively setting the tone at the top.

Governance practices are reviewed and updated regularly to reflect regulatory changes, emerging risks and opportunities and internal changes.

The Board's governance framework has been developed to comply with several external and internal steering instruments, as listed below:

- **ETF Act No. 46 of 1980**
- **Financial Regulations (Government)**
- **Public Enterprises Guidelines (Department of Public Enterprises)**
- **The Code of Best Practices (Department of Public Enterprises)**
- **Code of Best Practice on Corporate Governance issued by CA Sri Lanka which seeks to address how corporates operate while fulfilling the rights of key stakeholder groups**
- **Sri Lanka Accounting and Auditing Standard Monitoring Board Act**
- **National procurement Guidelines**
- **Shop and Office Employees Act No. 19 of 1954 and amendments thereto addressing the rights and responsibilities of employees**
- **Acts, Circulars, Gazettes issued by the Taxation Authorities for collecting agents**
- **Relevant Government Circulars (Treasury, Ministry of public Administration)**

1. The Board of Directors

1.1. The Board

The Board of Directors possesses a statutory responsibility in the stewardship of the funds on behalf of the Government and its stakeholders.

The Board strives to ensure that the management of the ETFB maintains an effective system of internal controls that provides assurance on efficient operations and compliance with applicable laws and regulations.

1.2 Appointments to the Board

Directors are drawn from a wide cross-section of backgrounds. (Finance, Trade, Employers Federation, Trade union, etc.) to infuse greater diversity.

This enables them to provide an independent view relating to matters discussed at the Board meetings. The Board shall consist of the following nine members:

- **Four members nominated by the Minister**
- **One member nominated by the Minister in charge of the subject of Finance**
- **One member nominated by the Minister in charge of the subject of Trade**
- **One member nominated by the Employers Federation of Ceylon**
- **Two members nominated by the Minister in consultation with the executive of every trade union having more than 100,000**

1.3 Board Responsibilities

The Board should exercise its mandated rights and responsibilities with integrity and in good faith as the custodian of public resources. The Board should at all times be conscious of its onerous responsibilities, as the outcome of any decisions and actions carried out without proper planning will ultimately be borne by the public at large. Matters and issues that should be addressed at board meetings:-

- **Policy Formulation.**
- **Monitoring and evaluation of performance of the fund.**
- **Monitoring and evaluation of performance against objectives of subsidiaries/associates and other investments whilst ensuring adequate internal controls with the highest ethical standards.**
- **Annual Performance Review**
- **Working Capital management**
- **Analysis of Quarterly, Half Yearly and Annual Performance Reports and taking pro-active action**

1.4 Board Meetings

The Board usually meets at monthly intervals and whenever it is necessary. The Board met 15 times during the year. Board Papers are circulated well in

advance and not less than three working days before Board meetings to enhance the effectiveness of Board Meetings. The attendance at Board meetings held in 2023 is shown below.

Name	No of Meetings Attended	No of Meetings Held During the Year 2023	Percentage of Meetings Attended
Mr. A R Deshapriya *	01	15	6.7%
Mr. D L P R Abeyaratne	14	15	93.3%
Mr. Neil Umagiliya	14	15	93.3%
Mr. Ariyasena Gallage	15	15	100%
Ms. K S Dayaratne	13	15	86.6%
Mr. Udesha I W Seneviratne	10	15	66.7%
Ms. E A Ekanayake	13	15	86.6%
Mr. Jude Dinal Peiris	09	15	60%
Mr. L S Devendra	14	15	93.3%
Mr. W M Nurajith Singh	13	15	86.7%

* Resigned w.e.f. 01/02/2023

1.5 Board Balance

The members of the Board possess the required expertise, skills and experience to effectively manage and direct the institution towards the highest standards of good governance and attain the organizational goals. They are persons with vision, leadership qualities, proven competence and integrity. The individual profiles of the members of the Board are given in pages 44 of this Report.

1.6 Adequate time for effective Board meeting

The Board usually meets at monthly intervals. The average time spent for a board meeting is around 3 hours. Board Papers are generally circulated not less than 3 working days prior to the meeting to ensure that the Board members have adequate time to peruse and study the Board Papers.

2. Board Secretary

All members of the Board have access to the advice and services of the professionally qualified Board Secretary

who is responsible to the Board for advising the Board on compliance with Board procedures, the law and relevant rules and regulations, and for ensuring that reliable and relevant information is provided to the Board in a timely manner. The Secretary ensures that procedures governing Board Meetings are followed and Board Papers are circulated in a timely manner for the effective functioning of the Board.

2.1 Role of the Board Secretary

The Board Secretary must ensure that the standard Board procedures are followed while providing guidance on legal requirements regarding Board proceedings. In addition, the Secretary's duties involve:

- Circulating notice of Board meetings, Minutes of meetings, Board Papers together with other relevant documents
- Follow up actions on Board decisions
- Assist Board members by providing both internal and external information

3. Chairman/Chief Executive Officer

The Chairman/Chief Executive Officer will be the important link in the entire governance structure who is responsible to lead the team and the Board towards its strategic direction. He is responsible for implementation of the policies related to core activities and preparation of plans and programs, to achieve predetermined targets.

3.1 Appointments of the Chairman

The Chairman of the Board shall be the Chief Executive of the Board. The Chairman is appointed by the Minister.

3.2 Responsibilities of the Chairman

The Chairman/Chief Executive Officer serves as the important link in the entire governance structure to lead the entire team and the Board towards the right strategic direction. He is responsible for implementation of the policies related to core activities and preparation of strategic plans and initiatives to achieve predetermined objectives.

3.3 Strategic and Operational Balance

Appropriate balance of power is ensured through clarity in roles and effective segregation of responsibilities.

The role of Chairman is separate from that of the General Manager; the Chairman is an Executive Director and provides leadership to the Board while the General Manager provides operational leadership and does not hold a Board position.

The major role/responsibilities of the Chairman and General Manager are given below:

Chairman

Overall strategic vision to the Board

Setting the strategic tone at the top

Ensure the board effectiveness to all strategic directors

Facilitating effective participation of all Board members

Maintaining effective communication with all the stakeholders including Government of Sri Lanka

Ensuring that adequate information is available to all Directors

Setting the ethical tone across the board.

General Manager

Execution of the strategic vision by setting up the objectives to achieve the vision.

Achieve the performance goals stipulated at the corporate plan.

Regular monitoring of targets and notify to the board of its achievements.

Ensuring that the Board operates within the approved risk appetite and robust internal control.

Provides operational leadership to the senior management.

4 Accountability and Audit

4.1 Financial Reporting

Board Financial Statements are prepared and presented in conformity with Sri Lanka Accounting Standards and also comply with the Accounting and Auditing Standard Monitoring Board Act.

4.1.1 Statutory and Regulatory

Reporting In terms of the Constitution and the Sec. 13 (1) of the Finance Act, No. 38 of 1971, the Auditor General will be the auditor of the Board.

4.1.2 Auditor's Responsibility for the Financial Statements

Refer the Auditor General's report attached on page 453.

4.1.3 Management Discussion and Analysis

Refer the Management Discussion and Analysis set on pages 338 to 361 which provides and in-depth account of the operations of the ETFB.

4.2 Internal Control

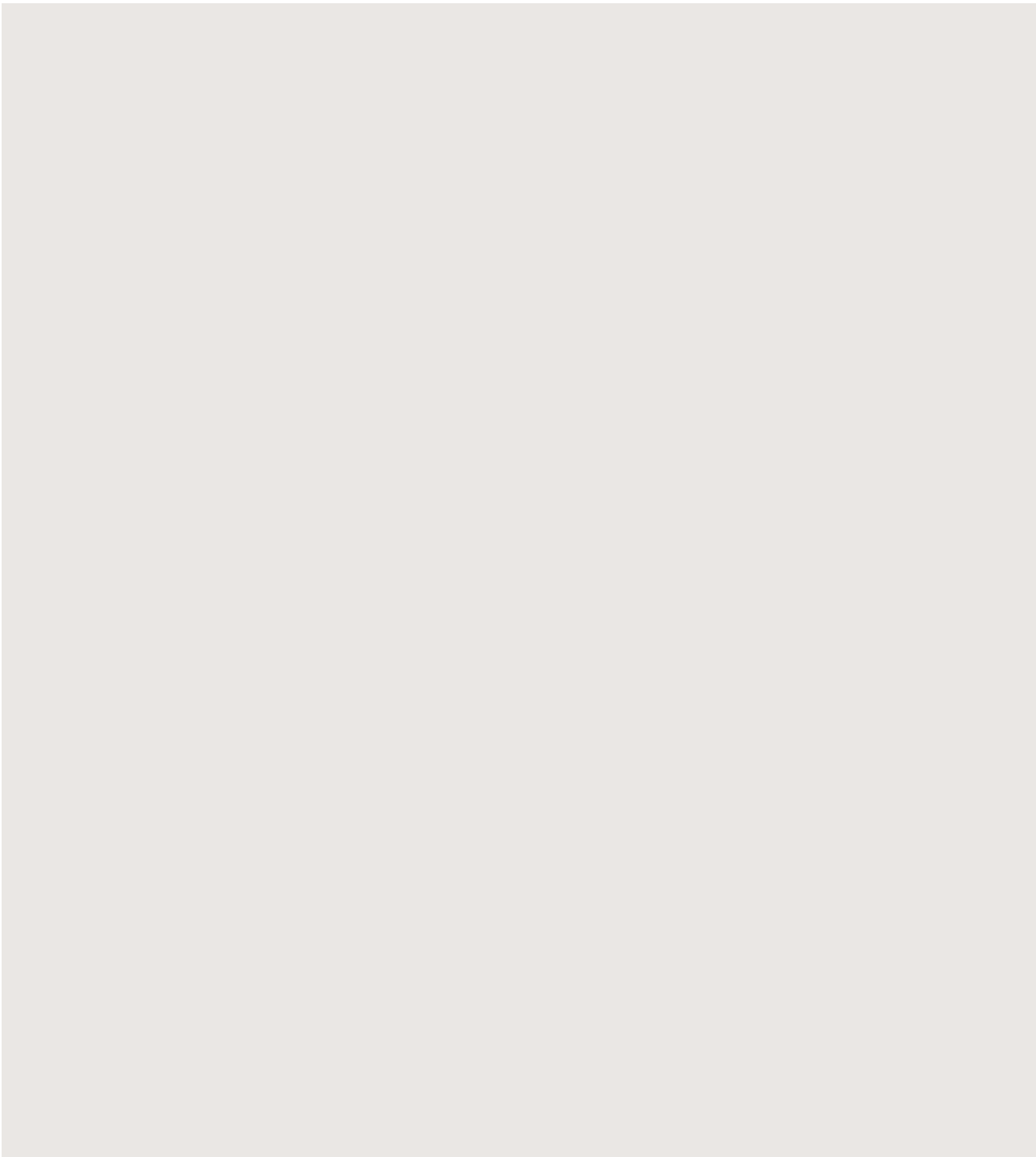
4.2.1 Internal Audit Function

ETFB has its own Internal Audit Division which reviews the adequacy and the integrity of the

internal control system by way of internal audit reports submitted to the Board through the Audit Committee.

4.2.2. Review the effectiveness of Internal controls by the Audit Committee

Internal Audit division regularly report to the Audit Committee about the effectiveness of the Internal Control System including the internal controls over financial reporting





SUB COMMITTEES

Audit Committee Report

Committee

The Board Audit Committee appointed and reporting to the Board of Directors comprises three independent Non-Executive Directors.

Purpose

The Audit Committee is a crucial component of corporate governance designed to ensure the integrity of financial reporting, the effectiveness of internal controls, and the independence and objectivity of the audit process.

Composition and Meetings

Name	Position	No. of meetings attended
Ms.K.S. Dayaratne	Chairman of the committee	4/4
Mr. Niel Umagiliya	Member of the Committee	4/4
Ms. E. Ekanayake	Member of the Committee	4/4
Mr.K.S. Welivita	Secretary to the Committee	4/4

Role of the Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities by exercising systematic review of financial reporting, internal controls, internal audit, and reports of the external audit of the Board.

Key Functions of the Committee are;

- Review the adequacy and effectiveness of internal control systems, financial reporting processes in place, compliance with relevant Accounting Standards, and applicable regulatory requirements.
- Review significant estimates and judgments made by the management.
- Make necessary recommendations to the Board of Directors.

Internal Audit

The Board's Internal Audit function is headed by the Deputy General Manager (Internal Audit) and audit findings are presented to the Audit Committee.

The Committee monitors and reviews;

- The annual audit plan
- The internal audit findings, recommendations, and effectiveness of the internal audit process

External Audit

The Audit Committee reviewed and discussed the reports of the Auditor General with due consideration.

Key Focus Areas

During the year Audit Committee has considered unallocated receipts, the Board of Survey, new ICTA project progress, internal controls over the member claims payment process, financial reporting process, contribution and surcharge collections through courts, etc.

Reporting

The committee findings and related recommendations have been communicated to the Board of Directors through written and verbal briefings, and tabling the minutes of the Committee meetings.

Conclusion

During the year committee has significantly considered the matters and audit observations tabled to the committee meetings, made necessary recommendations to the Board of Directors, and provided necessary guidance to the senior management. Having an independent Audit Committee is considered good corporate governance practice as it helps ensure transparency, accountability, and the protection of stakeholders' interests.

On behalf of the Audit Committee

(Sgd.)

Ms.K.S. Dayaratne

Chairman

Audit Committee

Management Risk Committee (MRC) Report

Executive Summary

Risk is a crux of the current business landscape. Key initiatives undertaken by the Management Risk Committee (MRC) have contributed to a comprehensive understanding of potential risks and effective strategies for mitigation.

Purpose

Enterprise Risk Management (ERM) is a systematic and comprehensive framework that helps proactively manage risks in all aspects of their operations. The purpose of MRC is to oversee and manage an

organization's approach to identifying, assessing, and mitigating risks that could impact its overall objectives and performance.

Risk Governance

Employees Trust Fund Board is committed to maintaining effective risk management practices as an integral part of achieving its strategic objectives and protecting the interests of its stakeholders. The Board of Directors is responsible for the risk management process and is assisted by the Audit Committee and Management Risk Committee who have oversight responsibility for the same.

Principle Risks

Risk	Mitigation Strategies
Credit Risk Ensures when an employer is unable to meet his member contribution obligations	<ul style="list-style-type: none">• Regular review• Installment payments plans• Active enforcement activities
Legal and Regulatory Risk Arising from non-conformance with statutory and regulatory requirements	<ul style="list-style-type: none">• keep abreast of all policy changes, laws, and regulation changes• enhance regulatory awareness
Investment Risks Refers to the risk of potential loss or under performance of an investment.	<ul style="list-style-type: none">• Regular investment committee meetings• Mark-to-market revaluations of equity portfolios• Investment policy reviews and compliance.• Regular review by Board of Directors
Interest rate risks Risk that changes in interest rates will impact the value of financial instruments.	<ul style="list-style-type: none">• Regular economic review.• Valuations as per SLFRS.• Application of scientific forecasting methods.

Human Risks Risk of inability to attract and retain skilled staff at senior and middle management levels.	<ul style="list-style-type: none"> • Succession planning • Skills upgrading programs. • Measures taken to minimize labor turnover. • Regular discussions with line ministry.
Operational Risks Risk of loss resulting from inadequate or failed internal processes, systems, people, or external events.	<ul style="list-style-type: none"> • Improvements of supervision over processes. • Regular review of internal controls • Use of computer programs instead of manual work. • Internal Audit
Technology risk Risk relates to the potential for information technology failures, breakdowns, halts, and herald lack of recovery.	<ul style="list-style-type: none"> • Proper maintenance of backups. • System security enhancements.
Cyber security risk Risk refers to potential financial losses, disruption of operations, reputational damages due to failure in information technology systems, or cyber attacks.	<ul style="list-style-type: none"> • Use of VPN • Enhanced system security. • Consultancy of experts.

Conclusion

Overall, the MRC plays a pivotal role in fostering a risk-aware culture within the organization, helping to safeguard its reputation, financial stability, and long-term sustainability by adopting holistic risk management practices.

(Sgd.)

K.S. Welivita

Deputy General Manager (Internal Audit)
Risk Management Coordinator

Investment Committee Report

Composition

The members of the committee during the year under review were as follows;

Ms. K. S. Dayaratne	Board Director
Ms. K V C Dilrukshi	Treasury Representatives
Mr. D P G Fernando	General Manager (Upto 28/02/2023)
Mr. R K Jayalath	General Manager (Actg.)
Mr. M A K Aluthgamage	Deputy General Manager (Investment)
Ms. G A S Sumanasena	Deputy General Manager (Finance) (Resigned on 22/09/2024)
Mr. K S Weliwita	Deputy General Manager (Internal Audit) Observer

Meetings

Name	No. of meetings attended
Ms. K. S. Dayaratne	4/12
Mrs. K V C Dilrukshi	11/12
Mr. D P G Fernando	01/12
Mr R K Jayalath	01/12
Mr. M A K Aluthgamage	12/12
Mrs. G A S Sumanasena	08/12
Mr. K S Weliwita	12/12

The Investment committee is duly comprised by the relevant internal members and members from the line ministry. The committee meets at least once a month to get views and opinions on risk appetite investments.

The primary objective of the Board in terms of investments is to safeguard the principal, while managing liquidity to meet financial commitments and to provide optimum investment return by appropriately utilizing upon authorized investment. Consequently the board strives to ensure the achievement of following three goals.

(a) Safety

The safety of capital is the foremost objective of the Board. A substantial portion of the investment portfolio will be invested in gilt-edged government securities in order to ensure safety of the capital.

(a) Liquidity

The Investment portfolio shall remain sufficiently liquid to enable the Board to meet all operating requirement that might be reasonably projected.

(b) Return on Investment

The Investment portfolio shall be designed to obtain the highest available return, taking into the account constrains and cash flow needs.

Management Committee Report

Composition

The members of the committee during the year under review were as follows;

Chairman, General Manager and Senior Management

The responsibility of Managing operations of the Board is under the control of the Chairman and the Senior Management. They are responsible for the effective implementation of decisions taken by the Board of Directors. The Chairman and the Senior Management team provide information and necessary clarifications to the Board in making well considered decisions. They devise operational plans and budgets and uphold systems, procedures and controls towards efficient management of the fund while accomplishing the Board's Goals and Objectives.

The Management Committee therefore is an integral element in Board for periodic progress examination. This committee is bound to focus upon:

- Board decisions at preceding meetings that have still not been executed.
- Identifying performance gaps in targets and identify rationale for deviations with remedial action that needs to be implemented.
- Critical evaluation of cash flows and projected requirements for the quarter ahead
- Debt/cash management
- Follow up on procurement setbacks (if any) to prevent emergency purchases
- Ensuring payment of statutory dues such as EPF, ETF and taxes Required technology upgrades, with justifications to assist decision making of the Board
- Feedback on customer satisfaction/dissatisfaction including complaints in the media and recommend remedial measures for improvement /rectification
- Any new proposals to be incorporated in the revised Corporate Plan
- All matter relating to administration and establishment
- Any other day-to-day operational issues.

Risk Management



Background

ETFB as a well-governed statutory board, looks at risk as an opportunity to exercise authority by being in charge of exposure; and at risk control as an ongoing process starting with definition of business objectives, followed by policies on exposures which could, should or should not be assumed; identification and assessment of risk factors, as well as elaboration of ways and means for the management of risks associated with its activities. Every organization faces risks that present threats to its success.

Shocks or natural events, pandemic crisis, ESG issues have the potential to adversely affect the national, or even the global, economy. The COVID- 19 pandemic brought about huge upheaval and uncertainty with ramifications across all industries.

Technology has become an integral part of our lives. The development of new technology is behind of the increases in productivity that create economic growth.

However, disruptive innovations such as 'Fintech' and 'Regtech', Cryptoassets, Financial Crime, Cyber security, Data Security etc, are emerging considerations

for risk management process.

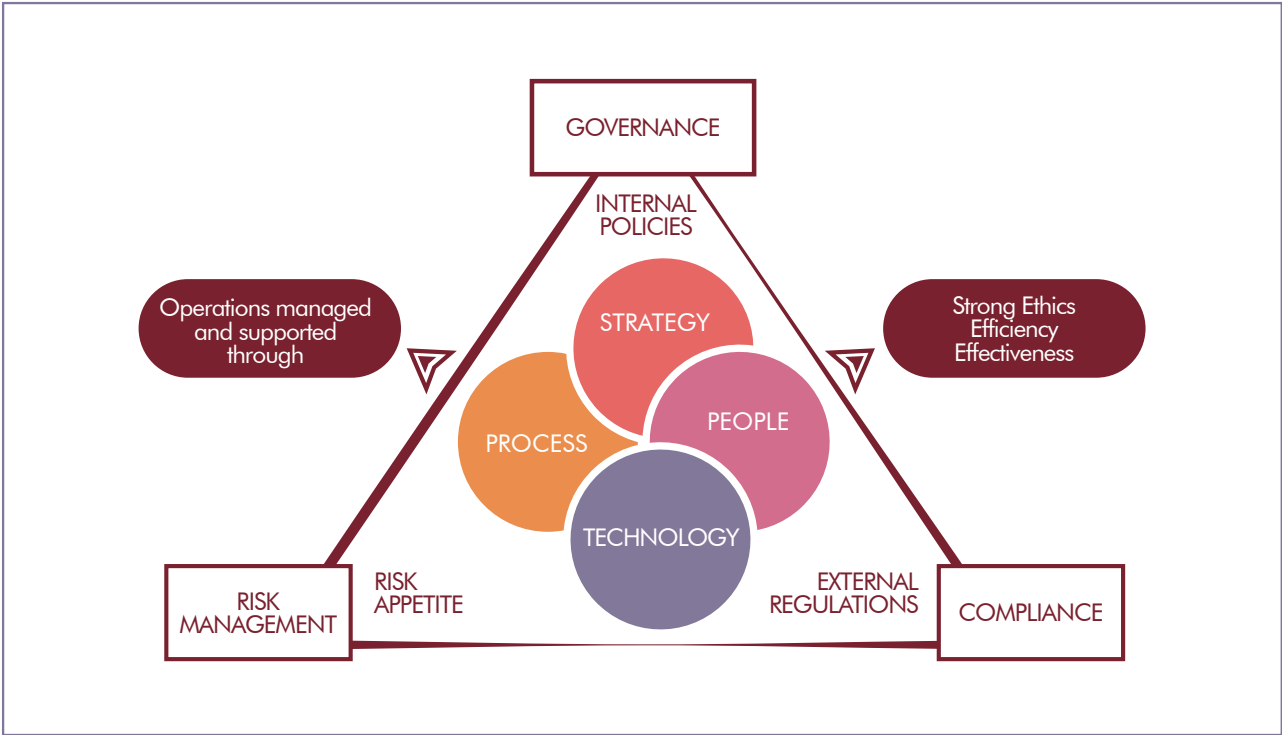
Road to Effective Principles

Governance, risk and compliance or GRC, is an increasingly recognized term that reflects a new way in which enterprises today are adopting an integrated approach to these aspects of their businesses. GRC is a paradigm to help grow ETFB in the in the best possible way.

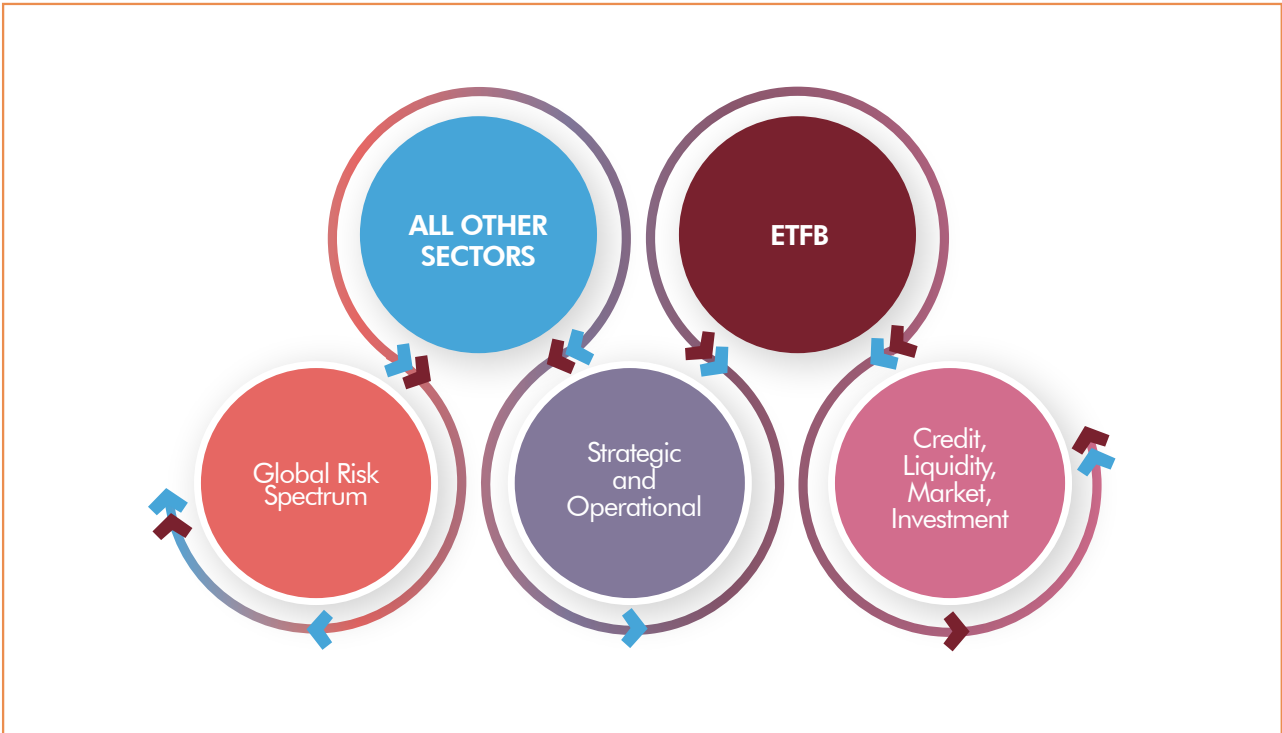
Risk Governance

The Board of Directors delegates the management of risk to the Board Risk Management Committee (RMC). The RMC is responsible for independently reviewing the identification, measurement, monitoring and controlling of all types of risks.

Moreover, RMC recommends to the Board of Directors an amount at risk that it is prudent for approval in line with the firm's business strategies. To ensure that risks are understood and manage, ETFB has adopted the three lines of defense model which plays an important role in the analysis, measurement and management of risk.



Risk Comparison



Internal Risk Drivers	Risk Factors	Mitigation Strategy
Strategic Risk	The current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment.	With compliance to the respective guidelines and circulars, in advance preparation of Corporate Plan and Action Plan for the whole organization and continuous monitoring of variances, internal and external Strategic Risk is being mitigated.
Operational Risk	The risk of loss resulting from inadequate or failed internal process, people and systems or from external events.	By application of controls, insurance, system audits and regular IT system updates, Business Continuity planning (BCP) and Disaster recovery (DP) procedures, information and cyber security , physical security, Risk awareness training, etc consequential risks of Operational Risk is being mitigated.
Credit Risk	The risk of loss caused by the counterparty or issuer to meet its obligations.	By signing agreements, maintain and monitoring of credit limits and getting sureties, Credit Risk has been mitigated.
Market Risk	One of the major aim of ETFB is the generation of returns through investment in local financial market thus its nature, is based on price uncertainty and losses will be arisen from changes in the value of financial instruments.	By considering the volatility risk, market liquidity risk, interest rate risk and equity price risk, market risk has been mitigated through applying cutting-edge investment methods and tools.
Investment Risk	Investment is the decision to forgo the use of current resources, in the belief that they can instead be used to create future benefits which are greater than their current value. Investment risk is the risk that these future benefits do not materialized or are less than required.	By considering the concept of responsible investment (RI) through ESG factors, investment risk mitigation has been done through adherence to investment policy and
Liquidity Risk	The liquidity of ETF B depends on, among other things, its immediate need of cash for member claims payment, how much cash it currently has, and how easily it can transform its investment assets into cash	By construction of maturity ladder, analysis of actual and contractual cash receipts, invest in liquid assets such as repo, diversified marketable stock market investments, liquidity risk has been mitigated

Operational Risk Management

Having identified, categorized under the operational risk causes: process, people, systems and external events, and then assessed the various operational risks facing the ETFB, and having then ranked the risks to decide the priority order to mitigate consequential risks of operational risk , a risk register has been constructed.

Division/Section/ Committee				MRC – 2nd Line of Defense						2023
Key Risk Area (KRA)	Activity or particular of risk	Risk Owner	Impact / Severity of Risk			Probability of occurrence/ Likelihood			Strategy to mitigate risk	
			Low	Medium	High	Low	Medium	High		
1	Member Accounts updating	Fraud risk	DGM MS			x	x			Segregation of duties through IT system controls
2	Password Control	Misappropriation of MASS passwords and options – Fraud risk	AGM-IT			x			x	i. Maintenance of IT database ii. More complex passwords
3	IT Policy	Operational risk	AGM-IT			x			x	i. Preparation of comprehensive IT policy ii. IT system audit
4	Changes to Member master file data	Fraud risk	DGM MS			x	x			i. Limited authorization to member master file data changes and overriding facility
5	Claims Process-slip payments	Fraud risk	DGM-MS			x	x			Integration of member National ID/Passport number of MASS to bank slip payments system
6	Claims process-Work Sheet preparation	Fraud risk	AGM-IT			x	x			IT system control over data entry to worksheets
7	Unallocated receipts	Fraud risk	DGM-MS			x			x	IT system control over unallocated receipts.
8	Member Accounts without Member Name and ID	Fraud risk	DGM-MS			x			x	i. Block of migrated accounts ii. Block accounts before 2015 iii. Update 2015 onwards accounts and submit progress to the committee
9	MASS System access log maintenance	Fraud risk	AGM-IT			x	x			Extend backups up to 3 years
10	Deletion of previous NIC when entering new NIC	i. Fraud risk ii. Dual payment risk iii. Loss of data	AGM-IT			x	x			Intrusion detection
11	Nawam Mawatha Car Park Income	i. Loss of income ii. Credit risk / Default Risk iii. Fraud risk iv. Compensation risk	AGM A&HR			x	x			i,ii,iii. Proper supervision and debt management iv. Valid and binding bilateral agreements
12	Nuwara eliya regional office - enforcement files	i. Compliance risk ii. Fraud risk iii. Legal risk iv. Loss of income	Act. DGM C&ER			x	x			i. Proper supervision and escalation process

Division/Section/ Committee				MRC – 2nd Line of Defense						2023
Key Risk Area (KRA)	Activity or particular of risk	Risk Owner	Impact / Severity of Risk			Probability of occurrence/ Likelihood			Strategy to mitigate risk	
			Low	Medium	High	Low	Medium	High		
13	Inventory Management	i. Misappropriation of assets ii. Loss of assets	DGM-F			x	x			i. Board of survey ii. Master Inventory
14	Paid but shown as unpaid Member Accounts In the MASS	Fraud risk	DGM-MS AGM-IT			x	x			i. Identify and block all duplicated member accounts
15	Dummy Employer Accounts	Fraud risk	Act DGM C&ER DGM MS AGM-IT			x	x			Permanent Employer Accounts
16	Self-member claims – Migrant workers (manual claims)	Duel payments/ Fraudulent payments	Act DGM C&ER AGM-IT		x		x			Claims process through MASS
17	Motor vehicle insurance	Vehicle Accidents/ Thefts/Losses	AGM A&HR			x	x			Insurance at prevailing market value
18	i. Self Benefit Claims payment manually ii. Self-member claims paid before 2017 manually	Duel payments/ Fraudulent payments	Act.DGM C&ER AGM-IT			x	x			Claims process through MASS
19	Entering to the Agreements for Rent/Lease of Premises	Operational risk	DGM Legal AGM A&HR			x	x			Entering to valid and binding agreements
20	Fixed Asset Management	Asset Misplacements/ Losses	DGM-F		x		x			Accurate annual B.O.S IT asset register in IT Division Timely disposal
21	Cheque/ Cash deposits in Regional Offices	Theft/ Losses/Delays	DGM C&ER		x			x		Proper supervision and record maintenance

Conclusion

Having gained an understanding of the broad spectrum of risks to which ETFB is potentially exposed, and the underlying drivers of each type, ETFB addressed the various ways in which the actual risks it faces can be managed. A risk register of risk types was compiled and used so that the risks and the associated mitigating actions and controls have been understood, owned and monitored.



A

B

C

D

E

B

C

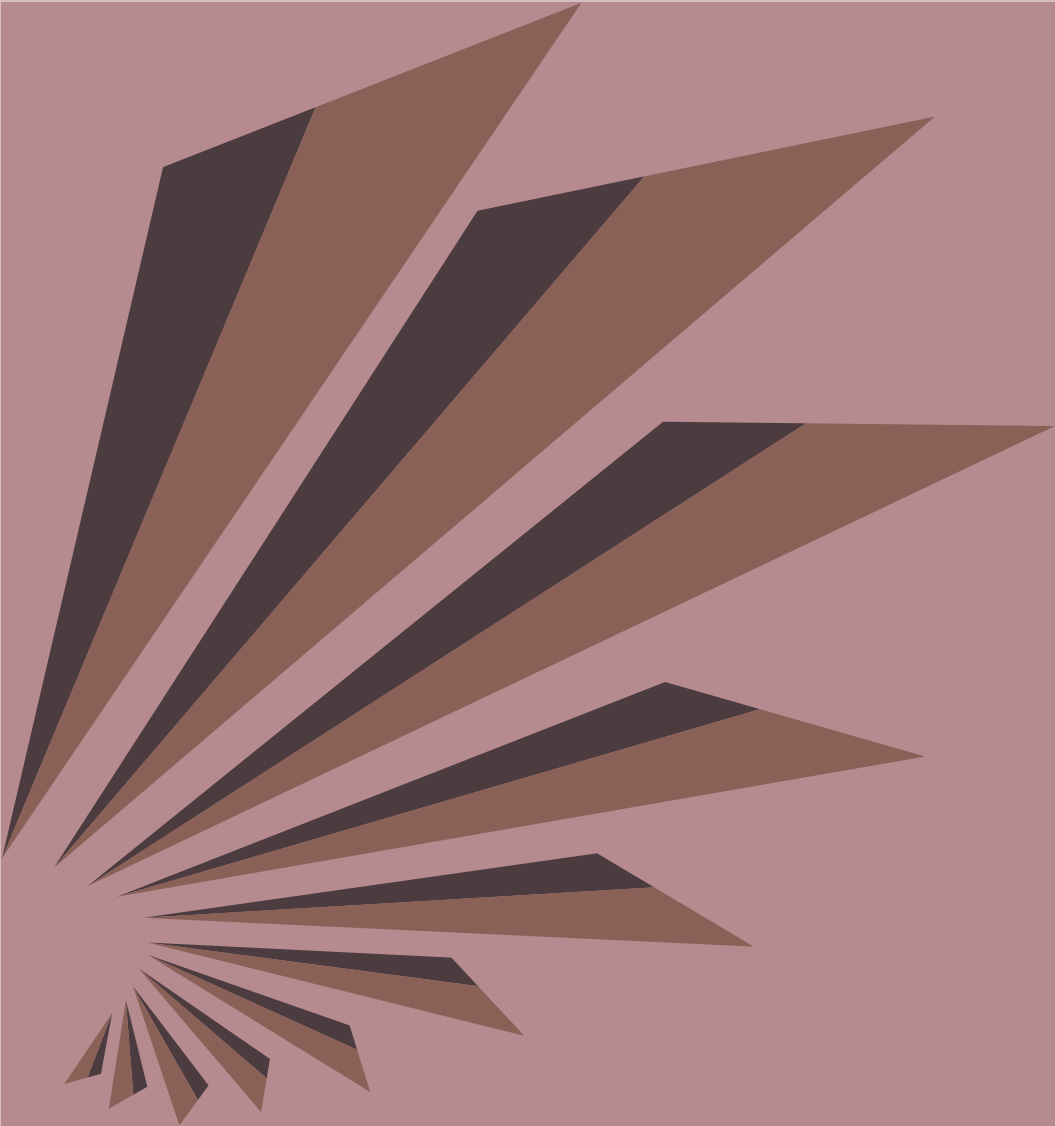
D

E



FINANCIAL INFORMATION





EMPLOYEES' TRUST FUND BOARD
Statement of Comprehensive Income
For The Year Ended 31st December, 2023

	Note	Group		ETFB	
		31 st December 2023	31 st December 2022	31 st December 2023	31 st December 2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Total Income					
Interest Income	4	64,834,198	46,442,799	64,380,505	46,316,209
Net Trading Income	5	2,148,913	1,296,862	-	-
Dividend Income	6	1,209,331	736,919	1,209,331	736,919
Gain/(Loss) on Financial Assets at Fair Value through Profit /(Loss)	7	1,528,360	(1,375,782)	1,528,360	(1,375,782)
Other Income	8	756,921	473,899	674,482	444,592
		70,477,723	47,574,697	67,792,678	46,121,938
Total Expenses					
Personal Expenses	9	1,939,661	1,690,272	1,324,106	1,392,354
Administrative Expenses	10	389,856	346,572	312,763	252,293
Financial Expenses	11	4,385	4,314	4,013	3,697
Member Expenses	12	711,058	577,743	704,507	574,568
Depreciation & Amortization	13	61,812	56,103	40,554	36,063
Interest Paid to members on Current Year		499,157	358,411	499,157	358,411
Impairment Charge/(Reversal)	14	(51,452)	76,820	(51,452)	76,820
Other Expenses	15	208,011	121,030	-	-
		3,762,488	3,231,266	2,833,648	2,694,206
Profit Before Tax		66,715,235	44,343,431	64,959,030	43,427,732
Income Tax Expenses	16	(9,582,180)	(6,663,194)	(9,016,645)	(6,449,427)
Profit for the Year		57,133,055	37,680,237	55,942,384	36,978,305
Profit Attributable to:					
Equity Holders of the Company		57,013,988	37,610,044	55,942,384	36,978,305
Non-Controlling Interest		119,067	70,193	-	-
Profit for the Year		57,133,055	37,680,237	55,942,384	36,978,305

EMPLOYEES' TRUST FUND BOARD
Statement of Other Comprehensive Income
For The Year Ended 31st December, 2023

	Note	Group		ETFB	
		31 st December 2023	31 st December 2022	31 st December 2023	31 st December 2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Items that are or may be Reclassified to Statement of Comprehensive Income					
Transfer to Fair Value Through Other Comprehensive Reserve (Shares)		3,070,788	(2,151,584)	3,070,788	(2,151,584)
Transfer to Fair Value Through Other Comprehensive Reserve (Units)		29,982	(39,196)	29,982	(39,196)
Items that will not be Reclassified to Statement of Comprehensive Income					
Actuarial Gain /(Loss) on Retirement Benefit Obligation		(63,865)	55,129	(63,865)	55,129
Total Other Comprehensive Income for the Year Net of Tax		3,036,905	(2,135,651)	3,036,905	(2,135,651)
Total Comprehensive Income for the Year Net of Tax		60,169,960	35,544,586	58,979,289	34,842,654
Total Comprehensive Income Attributable to					
Equity Holders of the Company		60,050,893	35,474,393	58,979,289	34,842,654
Non-Controlling Interest		119,067	70,193	-	-
Total Comprehensive Income for the Year Net of Tax		60,169,960	35,544,586	58,979,289	34,842,654
Retained Profit B/F		5,928,466	5,230,602	4,812,440	4,732,140
Net Gain / (Loss) on Financial Assets Designated Under FVTOCI		321,350	83,102	321,350	83,102
Transfer to Dividend Equalization Reserve Fund		(10,314,164)	-	(10,314,164)	-
Profit Available for Appropriation		57,133,055	37,680,237	55,942,384	36,978,305
Total Profit Available for Appropriation		53,068,708	42,993,941	50,762,011	41,793,547
Less: Proposed Apportionment - Dividend Paid 7% (2022 - 5.75%)		(32,102,819)	(24,301,886)	(32,102,819)	(24,301,886)
Less: Interest Expense - 3%		(13,758,500)	(12,679,221)	(13,758,500)	(12,679,221)
Less: Dividend - Lanka Salt		(315,000)	(14,175)	-	-
Less: Non-Controlling Interest		(119,067)	(70,193)	-	-
Profit After Appropriation		6,773,322	5,928,466	4,900,692	4,812,440

EMPLOYEES' TRUST FUND BOARD

Statement of Financial Position

As at 31st December, 2023


	Note	Group		ETFB	
		31 st December 2023	31 st December 2022	31 st December 2023	31 st December 2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Cash and Cash Equivalent		1,226,541	760,157	898,585	584,266
Financial Assets at Fair Value Through Profit and Loss	17	4,463,977	2,887,168	4,463,977	2,887,168
Investment in Subsidiary	18	-	-	470,961	470,961
Financial Assets at Fair Value Through Other Comprehensive Income	19	10,764,966	8,646,578	10,764,966	8,646,578
Financial Assets at Amortized Cost	20	501,639,231	445,527,175	499,504,778	444,308,492
Other Assets	21	4,210,470	3,851,196	3,503,613	3,206,136
Property, Plant & Equipment	22	988,715	973,832	310,604	297,256
Leasehold Property	23	697	1,394	-	-
Intangible Assets	24	6,163	9,017	6,163	9,017
Investment Property	25	4,587,406	4,587,406	4,587,406	4,587,406
Total Assets		527,888,166	467,243,924	524,511,053	464,997,280
Liabilities					
Interest Bearing Loans and Borrowings	26	7,620	11,049	-	-
Grants and Subsidies	27	38,399	36,134	8,490	4,512
Defined Benefit Obligation	28	593,245	466,499	303,379	215,479
Current Tax Liabilities	29	5,144,686	3,828,019	4,864,069	3,701,367
Other Liabilities	30	680,320	550,467	115,112	107,206
Deferred Tax Liabilities	31	70,865	90,684	-	-
Provisions	32	415,163	407,301	415,163	407,301
Total Liabilities		6,950,298	5,390,152	5,706,213	4,435,866
Total Net Assets		520,937,868	461,853,772	518,804,839	460,561,415
Member Fund	33	504,434,709	459,630,606	504,434,709	459,630,606
Reserves		16,242,759	2,046,835	14,370,130	930,809
Non-Controlling Interest		260,399	176,332	-	-
Net Assets Attributable to Members / Non-Controlling Interest		520,937,868	461,853,772	518,804,839	460,561,415

The accounting policies and notes as set out in pages 416 to 450 form an integral part of these financial statement.
Certified as correct,


M.A.V. Kumudini
Finance Manager


M.A.K. Aluthgamage
Deputy General Manager(Finance) (Actg.)


K.D.A.P. Karunaratne
Assistant General Manager (Finance)


R.K. Jayalath
General Manager (Actg.)

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the board.


D. L. P. Rohana Abeyaratne
Chairman / Chief Executive Officer

EMPLOYEES' TRUST FUND BOARD
Statement of Changes In Equity
As at 31st December, 2023

Group	Attributable to members of the Board						
	Retained Profit	Available For Sale Reserve	Other Reserves	Dividend Equalization Reserve Fund	Post Acquisition Reserves	Non-Controlling Interest	Total
Balance as at 01.01.2022	4,732,140	(1,818,142)	(69,838)	142,000	498,462	107,714	3,592,336
Net fair value gains/(losses) on remeasuring financial assets measured at FVTOCI	-	(2,190,780)	-	-	-	-	(2,190,780)
Interest on Member Fund Balance 3%	(12,679,221)	-	-	-	-	-	(12,679,221)
Dividend 5.75%	(24,301,886)	-	-	-	-	-	(24,301,886)
Accumulated Profit for the Year	36,978,305	-	-	-	-	70,193	37,048,498
Net Gain / (Loss) From Financial Assets Designated Under FVTOCI	83,102	-	-	-	-	-	83,102
Actuarial Gain/(Loss)	-	-	55,129	-	-	-	55,129
Dividend paid by Subsidiary	-	-	-	-	-	(1,575)	(1,575)
Movement in Subsidiary equity	-	-	-	-	617,564	-	617,564
Balance as at 31.12.2022	4,812,440	(4,008,922)	(14,709)	142,000	1,116,026	176,332	2,223,167
Balance as at 01.01.2023	4,812,440	(4,008,922)	(14,709)	142,000	1,116,026	176,332	2,223,167
Net fair value gains/(losses) on remeasuring financial assets measured at FVTOCI	-	3,100,770	-	-	-	-	3,100,770
Interest on Member Fund Balance 3%	(13,758,500)	-	-	-	-	-	(13,758,500)
Dividend Paid 7%	(32,102,819)	-	-	-	-	-	(32,102,819)
Dividend Equalization Reserve Fund Transfer	(10,314,164)	-	-	10,314,164	-	-	-
Accumulated Profit for the Year	55,942,384	-	-	-	-	119,067	56,061,451
Net Gain / (Loss) From Financial Assets Designated Under FVTOCI	321,350	-	-	-	-	-	321,350
Actuarial Gain/(Loss)	-	-	(63,865)	-	-	-	(63,865)
Dividend paid by Subsidiary	-	-	-	-	-	(35,000)	(35,000)
Movement in Subsidiary equity	-	-	-	-	756,604	-	756,604
Balance as at 31.12.2023	4,900,692	(908,152)	(78,574)	10,456,164	1,872,630	260,399	16,503,158

EMPLOYEES' TRUST FUND BOARD
Statement of Changes In Equity
As at 31st December, 2023

ETFB	Attributable to members of the Board				Total
	Retained Profit	Available For Sale Reserve	Other Reserves	Dividend Equalization Reserve Fund	
Balance as at 01.01.2022	4,732,140	(1,818,142)	(69,838)	142,000	2,986,160
Net fair value gains/(losses) on remeasuring financial assets measured at FVTOCI	-	(2,190,780)	-	-	(2,190,780)
Interest on Member Fund Balance 3%	(12,679,221)	-	-	-	(12,679,221)
Dividend 5.75%	(24,301,886)	-	-	-	(24,301,886)
Accumulated Profit for the Year	36,978,305	-	-	-	36,978,305
Net Gain / (Loss) From Financial Assets Designated Under FVTOCI	83,102	-	-	-	83,102
Actuarial Gain/(Loss)	-	-	55,129	-	55,129
Balance as at 31.12.2022	4,812,440	(4,008,922)	(14,709)	142,000	930,809
Balance as at 01.01.2023	4,812,440	(4,008,922)	(14,709)	142,000	930,809
Net fair value gains/(losses) on remeasuring financial assets measured at FVTOCI	-	3,100,770	-	-	3,100,770
Interest on Member Fund Balance 3%	(13,758,500)	-	-	-	(13,758,500)
Dividend Paid 7%	(32,102,819)	-	-	-	(32,102,819)
Dividend Equalization Reserve Fund Transfer	(10,314,164)	-	-	10,314,164	-
Accumulated Profit for the Year	55,942,384	-	-	-	55,942,384
Net Gain / (Loss) From Financial Assets Designated Under FVTOCI	321,350	-	-	-	321,350
Actuarial Gain/(Loss)	-	-	(63,865)	-	(63,865)
Balance as at 31.12.2023	4,900,692	(908,152)	(78,574)	10,456,164	14,370,130

EMPLOYEES' TRUST FUND BOARD

Statement of Cash Flows

For The Year Ended 31st December, 2023

	Group		ETFB	
	2023	2022	2023	2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Operating Activities				
Proceeds from Sale of Financial Instrument Designated at FVTPL	1,977,534	247,354	1,977,534	247,354
Maturities of Financial Instrument Designated at Amortized Cost	47,760,983	52,955,675	47,760,983	52,955,675
Maturities of Financial Instrument Loan & Receivables	135,921	155,571	135,921	155,571
Payment for Purchase for Financial Instruments Designated at FVTPL	(631,015)	(999,321)	(631,015)	(999,321)
Payment for Purchase for Financial Instruments Designated at Amortized Cost	(99,406,414)	(103,095,316)	(99,406,414)	(103,095,316)
Loan Granted for Acquire Loan & Receivable Financial Instrument	(31,202)	(140,816)	(31,202)	(140,816)
Monies received from Customers	4,668	2,942	-	-
Monies paid to Suppliers	(3,148)	(2,176)	-	-
Interest Received	66,446,928	47,878,326	66,446,928	47,878,326
Dividend Received	1,111,591	820,045	1,111,591	820,045
Other Income Received	639,060	415,942	639,060	415,942
Operational Expenses Paid	(7,596,563)	(4,581,404)	(7,596,563)	(4,581,404)
Member Expenses Paid	(358,684)	(291,969)	(358,684)	(291,969)
Income Tax Paid	(7,647,524)	(2,241,332)	(7,647,524)	(2,241,332)
Interest Paid	(499,157)	(358,412)	(499,157)	(358,411)
Defined Benefit Plan Costs paid	(28)	(41)	(24)	(37)
Ground Rent paid to Divisional Secretaries	(8)	(13)	-	-
Year 5 Scholarship Payment/Refund	(192,949)	(31,966)	(192,949)	(31,966)
Higher Education Scholarship Payment	(73,776)	(76,044)	(73,776)	(76,044)
Net Cash Flows from Operating Activities	1,636,217	(9,342,955)	1,634,709	(9,343,703)
Investing Activities				
Purchase of Property and Equipment	(44,619)	(135)	(44,495)	(87)
Proceeds from Sale of Property and Equipment	8,088	244	8,088	242
Acquisition of Investments	(894)	(648)	-	-
Interest Received	429	116	-	-
Net (Grants) / Repayments of Staff Loans	(21)	(51)	-	-
Net Cash Flows from Investing Activities	(37,017)	(474)	(36,407)	155
Financing Activities				
Contribution Received	37,004,419	34,372,190	37,004,419	34,372,190
Refunds	(38,286,021)	(25,019,500)	(38,286,021)	(25,019,500)
Financial Expenses Paid	(2,381)	(3,635)	(2,381)	(3,635)
Dividends Paid	(742)	(52)	-	-
Principal Payment Under Finance Lease Liability	-	(2)	-	-
Net Cash Flows from Financing Activities	(1,284,724)	9,349,002	(1,283,982)	9,349,055
Net Increase in Cash and Cash Equivalents	314,475	5,573	314,319	5,508
Cash and Cash Equivalents at 01 st January	584,431	578,857	584,266	578,758
Cash and Cash Equivalents at 31st December	898,905	584,431	898,585	584,266

Market Value of Treasury Bond Portfolio as at 31/12/2023

Year	Face Value	Purchase Cost	Market Value	Amortized Cost
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	3,553,926	3,269,928	3,560,515	3,468,337
2027	34,084,172	31,454,559	33,975,152	32,999,476
2028	50,262,069	44,680,558	47,669,876	46,585,619
2029	30,622,954	28,248,749	29,271,747	28,868,631
2030	32,959,975	30,330,021	30,616,329	30,653,402
2031	31,845,954	29,342,275	31,642,323	30,560,130
2032	30,622,954	28,248,749	29,905,673	29,406,936
2033	60,859,072	57,337,854	58,584,398	60,144,487
2034	33,447,954	31,065,196	32,323,401	31,975,863
2035	32,049,144	29,771,347	30,829,231	30,315,848
2036	30,622,954	28,248,749	29,110,762	28,447,053
2037	30,622,954	28,248,749	30,901,439	29,354,847
2038	30,622,954	28,248,749	30,237,932	29,351,299
2039	7,600,000	7,676,208	6,692,286	7,975,805
Total	439,777,037	406,171,692	425,321,064	420,107,732

Market Value of Treasury Bond Portfolio as at 31/12/2022

Year	Face Value	Purchase Cost	Market Value	Amortized Cost
2023	34,040,648	37,457,608	31,769,017	35,471,396
2024	21,001,181	20,832,265	16,404,389	21,494,867
2025	52,195,884	49,142,455	40,133,810	51,043,772
2026	40,215,741	37,902,717	27,696,424	39,755,815
2027	37,099,783	37,599,688	23,006,589	38,161,667
2028	70,020,619	66,849,538	46,668,033	70,199,856
2029	13,964,368	12,888,801	10,629,317	13,617,796
2030	10,177,461	10,764,475	5,545,790	10,812,077
2031	49,655,898	48,648,974	28,030,281	49,722,282
2032	45,540,515	31,479,362	32,458,369	35,206,107
2033	30,236,118	29,089,105	16,235,646	30,698,625
2034	2,825,000	2,816,447	1,373,196	2,902,915
2035	1,426,190	1,522,598	778,253	1,562,245
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	7,600,000	7,676,208	3,729,996	7,977,305
Total	415,999,406	394,670,241	284,459,110	408,626,726

EMPLOYEES’ TRUST FUND BOARD

Market Value of Treasury Bill Portfolio

For The Year Ended 31st December, 2023

Market Value of Treasury Bill Portfolio as at 31/12/2023

Year	Face Value	Purchase Cost	Market Value	Amortized Cost
2023	-	-	-	-
2024	63,292,846	55,941,271	59,864,320	59,813,248

Market Value of Treasury Bill Portfolio as at 31/12/2022

Year	Face Value	Purchase Cost	Market Value	Amortized Cost
2023	23,300,000	21,547,877	22,160,993	22,152,226
2024	-	-	-	-

The Fair Values of the Government Securities are based on the average of Buying and Selling quotes as at 31st December 2022 and 2023 respectively published by the Central Bank

EMPLOYEES' TRUST FUND BOARD
Market Value of Quoted Debenture Portfolio
For The Year Ended 31st December, 2023

Market Value of Quoted Debenture Portfolio as at 31/12/2023

Name of Company	Date of Purchase	Date Redemption	Debentures		Market Value			Amortized Cost (Rs.000)
			Nos.	Cost (Rs.000)	Per Debenture	(Rs.000)	Rate (p.a)	
Sampath Bank PLC	28.02.2019	28.02.2024	1,750,000	175,000	100.00	175,000	13.90%	195,460
DFCC Bank PLC	28.03.2019	28.03.2024	7,500,000	750,000	100.00	750,000	13.50%	827,394
NSB	10.09.2019	10.09.2024	13,500,000	1,350,000	100.00	1,350,000	11.25%	1,397,019
HNB 3	23.09.2019	22.09.2024	3,500,000	350,000	74.00	259,000	12.30%	361,795
NDB	25.09.2020	24.09.2025	4,750,000	475,000	100.00	475,000	9.50%	487,116
DFCC Bank PLC	23.10.2020	23.10.2025	5,000,000	500,000	100.00	500,000	9.00%	508,630
Sampath Bank PLC 2	12.04.2021	12.04.2028	6,000,000	600,000	100.00	600,000	9.00%	639,058
Ceylon Electricity Board	16.04.2021	15.04.2026	20,000,000	2,000,000	98.00	1,960,000	9.35%	2,133,205
Singer Finance (Lanka) PLC	25.06.2021	25.06.2026	1,750,000	175,000	100.00	175,000	9.25%	183,426
Nations Trust Bank PLC	09.07.2021	09.07.2026	8,000,000	800,000	100.00	800,000	9.15%	825,296
Peoples Leasing Finance	05.08.2021	05.08.2026	10,000,000	1,000,000	100.00	1,000,000	9.00%	1,036,740
Total				8,175,000		8,044,000		8,595,139

The Fair Value of the Corporate Debentures - Listed are based on the prices as at 31st December 2023 published by the Colombo Stock Exchange

Market Value of Quoted Debenture Portfolio as at 31/12/2022

Name of Company	Date of Purchase	Date Redemption	Debentures		Market Value			Amortized Cost (Rs.000)
			Nos.	Cost (Rs.000)	Per Debenture	(Rs.000)	Rate (p.a)	
Hatton National Bank PLC	01.11.2016	01.11.2023	547,100	54,710	107.25	58,676	13.00%	55,899
People's Leasing Finance PLC	18.04.2018	18.04.2023	5,000,000	500,000	98.00	490,000	12.80%	545,238
Commercial Bank of Ceylon Ltd	23.07.2018	22.07.2023	1,859,700	185,970	100.00	185,970	12.00%	195,936
Sampath Bank PLC	28.02.2019	28.02.2024	1,750,000	175,000	100.50	175,875	13.90%	195,460
DFCC Bank PLC	28.03.2019	28.03.2024	7,500,000	750,000	100.00	750,000	13.50%	827,394
National Savings Bank	10.09.2019	10.09.2024	13,500,000	1,350,000	100.00	1,350,000	11.25%	1,397,019
Hatton National Bank PLC	23.09.2019	22.09.2024	3,500,000	350,000	74.00	259,000	12.30%	361,795
National Development Bank PLC	25.09.2020	24.09.2025	4,750,000	475,000	100.00	475,000	09.50%	487,116
DFCC Bank PLC	23.10.2020	23.10.2025	5,000,000	500,000	100.00	500,000	09.00%	508,630
Sampath Bank PLC	12.04.2021	12.04.2028	6,000,000	600,000	100.00	600,000	09.00%	639,058
Ceylon Electricity Board	16.04.2021	15.04.2026	20,000,000	2,000,000	88.61	1,772,200	09.35%	2,133,205
Singer Finance (Lanka) PLC	25.06.2021	25.06.2026	1,750,000	175,000	100.00	175,000	09.25%	183,426
Nation Trust Bank PLC	09.07.2021	09.07.2026	8,000,000	800,000	100.00	800,000	09.15%	835,296
People's Leasing Finance PLC	05.08.2021	05.08.2026	10,000,000	1,000,000	100.00	1,000,000	09.00%	1,036,740
Total				8,915,680		8,591,721		9,402,211

The Fair Value of the Corporate Debentures - Listed are based on the prices as at 31st December 2022 published by the Colombo Stock Exchange

EMPLOYEES' TRUST FUND BOARD

Statement of Equity Investment

As at 31st December, 2023

Quoted shares investments re- classified as " Fair Value through Other Comprehensive Income"

Company Name	Original Cost	Fair Value	Mkt. Value
	(Rs. 000)	(Rs. 000)	(Rs. 000)
1 AHOT Properties	58,213	26,938	44,130
2 Aitken Spence Co	275,623	246,427	219,889
3 Ait. Spence Hotel	206,275	119,721	149,354
4 Asiri Hospital	129,516	110,388	104,869
5 Asiri Surgical	66,124	57,444	57,002
6 Bairaha Farms	206,974	149,358	176,665
7 Carson Cumber	16,147	9,749	8,991
8 Central Finance	128,840	73,891	124,729
9 Ceylon Investment	8,575	2,223	3,137
10 Ceylon Guardian Inv.	143,302	30,000	40,753
11 Ceylon Grain Elevator	96,022	59,056	117,524
12 Central Industries	95,431	50,134	73,980
13 CIC Holdings	118,893	198,308	149,314
14 Colombo Fort Land	55,327	19,881	21,701
15 Com. Bank	1,236,783	499,002	915,771
Com. Bank (X)	516,923	189,285	355,875
16 DFCC Bank	682,419	150,148	369,282
17 Dockyard	437,865	102,463	87,701
18 Dialog Axiata	355,601	256,994	272,111
19 Dipped Product	86,955	55,521	53,650
20 Eden Hotels	75,885	27,684	16,136
21 First Capital Tresu	10,841	609,237	650,717
22 HNB (X)	131,073	66,761	131,570
23 HNB Assurance	202,158	164,982	223,905
24 Hayleys Febric	93,245	59,399	106,390
25 Haycarb PLC	82,261	65,062	73,440
26 John Keells	15,800	11,066	10,913
27 JKH	2,140,032	1,763,297	2,480,956
28 Kelani Cables	10,326	21,420	20,038
29 Kelani Tyres	246,394	164,467	178,645
30 Keells Foods	7,847	7,961	8,193
31 Lankem Ceylon	16,823	7,693	5,307
32 Laugfs Gas	780	688	1,587
33 Laugfs Power	815	415	405
34 Lanka IOC	14,746	165,002	82,704

Company Name	Original Cost	Fair Value	Mkt. Value
	(Rs. 000)	(Rs. 000)	(Rs. 000)
36 Lanka Tiles	16,745	15,809	15,430
37 Lanka Walltile	25,053	18,415	15,798
38 NDB Bank	1,438,105	444,795	880,725
39 Nawaloka Hospital	68,652	55,601	30,889
40 Overseas Reality	161,143	155,474	156,207
41 People's Leasing	182,879	65,249	136,894
42 People's Insurance	54,022	42,504	48,030
43 PGP Glass PLC	16,214	12,136	25,191
44 Renuka Holdings	116,906	43,190	39,311
45 Resus Energy	49,445	22,869	28,552
46 Richard Peiris Co	115,544	138,671	116,986
47 Sampath Bank	421,670	249,516	507,070
48 Seylan Bank	391,259	158,211	221,403
Seylan Bank (X)	86,135	30,288	64,525
49 Singer Finance	23,608	11,927	13,214
50 Sri Lanka Telecom	110,326	224,219	307,103
51 Teejay Lanka	115,357	86,485	97,195
52 Trans Asia	37,073	25,737	22,306
53 Tokyo Cement PLC	230,952	117,161	179,654
54 Vallibel Power	83,752	61,035	69,754
55 Vidullanka PLC	701	537	589
56 Windforce PLC	131,660	104,067	133,401
Total	11,944,860	7,697,247	10,578,443

Delisted Shares

1 Property Development	5	45	-
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Property Dev. PLC-has been de-listed with effect from 27th October 2022.

EMPLOYEES' TRUST FUND BOARD

Statement of Equity Investment

As at 31st December, 2023

Unquoted Shares investments re- classified as " Fair Value through Other Comprehensive Income"

Company Name	Cost	Net Assets	Net Assets
	(Rs. 000)	Value (Rs. 000)	Value (Rs. 000)
		31.12.2022	31.12.2023
1 Fitch Ratings Lanka Ltd	1,649	3,908	4,923
Total	1,649	3,908	4,923

Investments in subsidiaries as at 31.12.2023

Company Name	Cost (Rs. 000)
1 Lanka Salt Ltd	470,961
Total	470,961

Quoted Share Investments Classified As " Fair Value through Profit or Loss"

Company Name	Actual	Fair	Mkt. Value
	Cost	Value	As at 31.12.2023
	(Rs. 000)	(Rs. 000)	(Rs. 000)
1 Access Engineering	51,441	17,905	34,290
2 ACL Cables PLC	41,664	35,418	35,944
3 Chevron Lubricant	121,847	121,847	121,585
4 CIC Holdings PLC	152,792	152,792	148,311
CIC Hold (X)	53,267	53,267	42,228
5 Com. Bank	1,317,132	522,514	958,920
Com. Bank (X)	165,809	69,176	130,058
6 Dialog Axiata	216,249	160,645	170,095
7 Dipped Products	220,950	116,042	112,005
8 HNB	536,702	248,405	519,145
HNB (X)	70,448	37,407	73,721
9 Haycarb PLC	14,120	13,881	15,745
10 Hemas Holdings	32,479	32,479	30,925
11 JAT Holdings	4,385	4,385	4,297
12 Lanka IOC	38,612	214,397	107,462
13 Lanka Tile PLC	200,033	139,487	133,486
14 Lanka Walltile	314,486	215,094	179,792
15 Laugfs Power	3,196	1,433	1,401
16 Melstacorp PLC	32,301	32,301	34,877
17 People's Leasing	79,571	32,749	68,710
18 People's Insurance	57,882	34,853	39,384
19 Richard Peiris Co.	64,590	91,490	77,183
20 Resus Energy PLC	32,663	16,684	20,817
21 Royal Ceramic	343,724	221,493	203,400

Company Name	Actual	Fair	Mkt. Value
	Cost	Value	As at 31.12.2023
	(Rs. 000)	(Rs. 000)	(Rs. 000)
22 Sampath Bank	865,531	442,903	900,073
23 Seylan Bank	86,456	38,367	53,691
Seylan Bank (X)	84,307	32,279	68,767
24 Sierra Cables PLC	34,477	21,567	27,303
25 Singer Finance	48,443	23,170	25,668
26 Sunshine Holdings	68,231	68,231	67,808
27 Tokyo Cement	34,293	34,293	30,667
Tokyo Cement (X)	26,573	26,573	26,220
Total	5,414,655	3,273,526	4,463,977

Investments In Units Trust As At 31.12.2023

Type	Actual	Fair	Mkt. Value
	Cost	Value	(Rs. 000)
	(Rs. 000)	(Rs. 000)	31.12.2023
1 CTCLSA Asset Mana.	12,283	25,124	32,307
2 National Equity Fund	35,816	117,495	141,069
3 Namal Growth Fund	375	6,882	8,180
TOTAL	48,474	149,502	181,556

1. CORPORATE INFORMATION

1.1 Domicile and Legal Form

Employees’ Trust Fund Board (ETFB) is a State Owned Enterprise, established under Act No.46 of 1980 and commenced operations on 1st March 1981. The Board is functioning under the Ministry of Finance, Economic Stabilization and National Policies.

Lanka Salt Limited is a Public Limited Company incorporated & domiciled in Sri Lanka. The Registered Office and the principal Place of Business of the Company is located at Mahalewaya, Hambantota.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of the Board as at and for the year ended 31st December 2023 comprise the Board (Parent) and its fully-owned Subsidiary (together referred to as the "Group"). The subsidiary of the Board as at 31st December 2023 was Lanka Salt Limited; ETFB is the ultimate parent of the Group.

The Financial Statements of the Board and its Subsidiary have a common financial year which ends on 31 December. The Financial Statements of the “Board” and the “Group” are prepared for the 12 months period ended 31st December each.

1.3 Principal Activities and Nature of Operations

During the year, the principal activities of the Board and its subsidiaries dealt within these financial statements were as follows:

Name of the Company	Nature of Business
Employees’ Trust Fund Board	Public sector employees who are not entitled under the government pension scheme and all private sector employees are members of this fund while their employers are required to remit 3% of the gross earning of their employees to the fund monthly. The migrant and self-employment sectors employees also could be members of the fund on voluntarily basis by paying a specified minimum contribution to the fund. Apart from managing the fund, ETF Board provides a range of social and welfare benefits to members during their employment.
Lanka Salt Limited	The principal activity of the Company is production and distribution of Salt.

1.4. Responsibility for Financial Statements

The Board of Directors of the ETFB is responsible for the preparation and presentation of the Financial Statements of the Group and the Board as per the provisions of the ETFB Act No 46 of 1980 and amendments thereon and Sri Lanka Accounting Standards (LKAS/SLFRS).

1.5. Date of Authorization for Issue

The financial statement of Employees’ Trust Fund Board for the year ended 31st December, 2023 were authorised for issue in accordance with a resolution of the board of directors on 08th April 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. General Policies

2.1.1. Presentation of Statement of Financial Position

The assets and liabilities of the entity presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity. No adjustments have been made for inflationary factors affecting the Financial Statements. An analysis on recovery or settlement within 12 months and after more than 12 months from the Reporting date is presented here.

2.1.2. Statement of Compliance

The statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows together with accounting policies and notes ("financial statements") of the company as at 31st December, 2023 and for the year then ended and comply with the Sri Lanka Accounting Standards (SLFRS/LKAS).

The financial statements of LSL have been prepared in accordance with the Sri Lankan Accounting Standard for Small and Medium-sized Entities issued by the Institute of Chartered Accountants of Sri Lanka (SLFRS for SMEs). The preparation and presentation of the Financial Statements is in compliance with the requirements of the Companies Act No.07 of 2007.

2.1.3. Significant Accounting Judgments, Estimates and Assumptions

The Board makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future.

The preparation of financial statements of LSL in conformity with the SLFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements are disclosed as follows.

Judgments

Deferred Tax Assets:

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.1.4. Basis of Measurement

The financial statements have been prepared under the historical cost convention with exception of certain assets and liabilities are being measured at fair value and for the financial assets that are carried at amortized cost as per the requirements of SLFRS 09, Financial Instruments. LKAS 26 Accounting and Reporting by Retirement Benefit Plans has been applied in preparation and presentation of financial statements.

The fact that ETFB applied LKAS 26 Accounting and Reporting by Retirement Benefit Plans in preparation and presentation of financial statements of ETFB had not been specifically disclosed in the previous financial statements. Non-disclosure of this matter does not necessitate any restatement of amounts that were reported in previous financial statements.

The financial statements of LSL have been prepared on a historical cost basis. The functional currency of the company is Sri Lanka Rupees and financial statements are presented in Sri Lanka Rupees

2.1.5. Functional and Presentation Currency

Items included in these Financial Statements are measured and presented in Sri Lankan Rupees, which is the currency of the primary economic environment in which the Board operates.

2.1.6. Rounding

The amounts in the Financial Statements have been rounded-off to the nearest rupees thousands, except where otherwise indicated as permitted by the Sri Lanka Accounting Standard – LKAS 1 on “Presentation of Financial Statements”.

2.1.7. Offsetting

Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the IFRS Interpretations Committee and Standard Interpretations Committee). Financial assets and financial liabilities are offset and the net amount reported in the SOFP, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

2.1.8. Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial as permitted by the LKAS 1 and amendments to the LKAS 1 on “Disclosure Initiative” which was effective from January 1, 2016.

2.1.9. Going Concern

The Management of ETF Board has made an assessment of the Board’s ability to continue as a going concern and is satisfied that the Board has resources to continue in business for a foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Board’s ability to continue as a going concern. Therefore, the financial statements are continued to be prepared on the going concern basis.

The Directors of LSL have made an assessment of the Company’s ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

2.1.10. Comparative Information

The accounting policies have been consistently applied by the company and are consistent with those of the previous year. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year

2.2. Basis of Consolidation

a) Consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiary as at 31st December 2023.

Subsidiary is consolidated from the date of acquisition, being the date on which the group obtains control, and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company.

The accounting policies have been consistently applied by the Company and are consistent with those used in previous year. However, the accounting policies of the two entities are different which are highlighted within the group accounting policies.

b) Subsidiaries

Subsidiaries are all entities over which the group has the power directly or indirectly to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The total profits and losses for the year of the company and of its subsidiaries included in consolidation and all assets and liabilities of the company and of its subsidiaries included in consolidation are shown in the consolidated statement of comprehensive income and the statement of financial position respectively.

c) Reporting Date

The financial statements of the subsidiaries are prepared for the common reporting period, which is 12 months ending 31st December.

2.3. Basis of Measurement Profit and Loss**2.3.1. Revenue**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Revenue from sales of goods is recognized when the goods are delivered and title has passed. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the government. The following specific recognition criteria must also be met before revenue is recognized.

a) Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

b) Rendering of Services

Revenue from rendering of services is recognized by reference to the stage of completion, determined by taking into accounts the labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliability, revenue is recognized only to the extent of expenses incurred that are recoverable.

c) Interest

Revenue is recognised on a time proportion basis that takes in to accounts the effective interest rate on asset.

d) Others

Other income is recognized on an accrual basis.

2.3.2. Interest and Similar Income and Expense

For all financial instruments measured at amortized cost, interest bearing financial assets classified as available for sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the Effective Interest Rate (EIR). EIR is the rate that exactly discounts estimated future

cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses. Interest income includes coupon income and any gain or loss on amortization of discount or premium of the instruments.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Interest expense is recognized according to the Section 22 of the ETFB Act the shall pay interest at such rate, not less than three per centum, as may from time to time be fixed by the Board with concurrence of the Minister and the Minister in charge of the subject of Finance shall be paid for each year, out of the income from the investment of the money of the fund, on the amount standing to the credit of the individual account of each member of the credit of the individual account of each member of the fund as at the 31st of December in that year.

2.3.3. Dividend Income and Expense

Dividend income is recognized when the entity’s right to receive the payment is established. Dividend expense is recognized according to the section 14 of the ETFB Act the board shall declared dividends from the profits realized by investing of money of the fund.

2.3.4. Other Income

Other Income is recognized when the entity’s right to receive the payment is established except for the interest income on fair value measurement of Staff loans that is amortized over the employees’ service period.

2.4. Taxation

2.4.1. Current Taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Board current tax payable is based on taxable profit for the year. The provision for income tax is based on the elements of income and expenses as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act. The applicable tax rate is 14%.

Income tax expense represents the sum of the tax currently payable and deferred tax

The current tax payable is based on taxable profit for the year. The provision for income tax is based on the elements of income and expenses as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act.

2.4.2. Deferred Taxation

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for the financial reporting period.

Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. And any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.5. Foreign Currency Transaction

The Financial Statements are presented in Sri Lanka Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.6. Investments & Other Financial Assets

2.6.1. Classification

From 1st January 2018, the fund classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- Those to be measured at amortized cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). Amount presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognized in profit or loss.

The fund reclassifies debt investments when and only when its business model for managing those assets changes.

2.6.2. Recognition & De-recognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the fund commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the fund has transferred substantially all the risks and rewards of ownership.

2.6.3 Measurement

At initial recognition, the fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs or financial assets carried at FVTPL are expensed in Income Statement.

Financial assets with embedded derivatives are considered in the entirety when determining whether their cash flows are solely payment of principal and interest.

2.6.3.1 Debt instruments

Subsequent measurement of debt instruments depends on the fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the fund classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows to match the obligation of EPFTB where those collection of contractual cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in Income Statement and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair Value Through Other Comprehensive Income (FVTOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Fair Value Through Profit or Loss(FVTPL): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2.6.3.2 Equity instruments

The fund subsequently measures all equity investments at fair value. Where the fund's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the fund's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Basic Financial Instruments

Financial assets are classified as financial assets for trading held to maturity, loan and receivable and financial assets available for sale. The company determines the classification of its financial assets at initial recognition.

Loan and Receivable

Loans and receivables include cash and short-term deposits, fixed deposit and trade and other receivables. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized. The losses arising from impairment are recognized in the statement of Comprehensive Income.

Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flow, such as changes in arrears or economic conditions that correlate with defaults.

Financial Liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual agreement and the definition of financial liabilities.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial liabilities recorded at fair value through profit or loss.

Financial liabilities including Interest bearing loans and borrowings and other financial liabilities (trade and other payable) are initially measured at fair value less transaction cost that are directly attributable to the acquisition and subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in the income statement.

2.7. Property, Plant and Equipment

2.7.1 Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Board cost of the asset can be reliably measured. It is the policy of the Board that, an unit cost (including ancillary cost) of an item below Rs.10,000 will not be recognize as a Property, Plant and Equipment and such item will be recognized as an expense. However, costs (including ancillary cost) of land, buildings, and vehicle, are capitalized regardless of unit threshold Rs.10,000.

2.7.2 Basis of Measurement

Items of Property, Plant and Equipment other than freehold land are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs dismantling and removing the items and restoring the site at which they are located and borrowing costs eligible are capitalized.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for separate items of property, plant and equipment.

2.7.3 Subsequent Costs

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day to day servicing of property, plant and equipment are expensed as incurred.

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain future economic benefits expected from originally assessed standard of performance is recognized as an expense in income statement when incurred.

2.7.4 Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land is not depreciated. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized. Depreciation of assets commence in the month when it is available for use and is not depreciated in the month of disposal.

Depreciation methods, useful lives, residual values are assessed at the reporting date and adjusted if appropriate. Depreciation on assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

	No. of Years (Useful Life Time)	Depreciation Rate
Buildings	40 Years	2.5%
Motor Vehicles	5 Years	20%
Computer Equipment	5 Years	20%
Furniture	10 Years	10%
Fixtures and Fittings	10 Years	10%
Other Equipment	5 Years	20%

2.7.5. De-recognition of Property, Plant and Equipment

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less annual rates are used for the depreciation of property, plant and equipment:

Buildings on Lease hold Land	2.5%
Plant and Machinery	
- Pump & Accessories	20%
- Other (Table Salt Plant, Iodization Plant, Cranes & Other Plant)	10%
Equipment	10%
Furniture and fittings	10%
Motor Vehicles	
- Road Vehicles	10%
- Tractors & Trailer	20%
Development work	20%
Mature Plantations - Coconut	2%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

• Biological Assets

Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specification. Coconut plantations and nurseries are classified as biological assets. Bearer biological assets include Coconut plants, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce. The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably. Permanent impairments to Biological Assets are charged to the Statements of Profit or Loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

• **Bearer Biological Assets**

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment. The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing etc, incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (Coconut) which comes into bearing during the year, is transferred to mature plantations.

2.8. Investment Property

Investment Properties are those which are held either to earn rental income or for capital appreciation or for both. An investment property is recognized, if it is probable that future economic benefits that are associated with the investment property will flow to the board and cost of the investment property can be reliably measured.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the Income Statement in the period in which they arise.

The Board's investment property shall revalue in every three years' time to open market value, with changes in the carrying value recognize in the Statement of Comprehensive Income. Rent receivable is spread on a straight-line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognizing rental income on this basis.

The Board owns a land extend of 2 Acres 1 Rood 28 Perch at Nawam Mawatha, Colombo 02 which had been valued by the Government Valuer, as per the Government Valuer's Report dated 24th August 2022, the fair-value of the land and building was Rs.4,587,406,450/=. Further, the Department of Valuation informed us by their letter dated 23rd September 2023 the above valuation of investment property valid for 05 years according to the Asset Management Circular No. 4/2018 dated 31st December 2018 which was issued by the Secretary to the Treasury.

2.8.1. (a) Information on investment properties of the Board – Extents and Locations

Location	Extent(Perches)	Fair value of the investment property
Employee's Trust Fund Board, Nawam Mawatha, Colombo 02	388	Rs. 4,566,000,000.00

Location	Buildings	Fair value of the investment property
Employee's Trust Fund Board, Nawam Mawatha, Colombo 02	19,319	Rs. 21,406,450.00

Significant Accounting Policies to the Financial Statement

2.8.2. (b) Information on investment properties of the Board – Valuations

Name of professional valuer/location and address	Method of valuation and significant unobservable inputs	Range of estimates for unobservable inputs Rs.	Fair value of the investment property Rs.
Department of Government Valuation "Valuation House" No 748, Maradana Road, Colombo 10.	Market comparable method	11,823,212.50p.p	4,566,000,000.00
	<ul style="list-style-type: none"> Price per Perches Price per square foot 	625 – 1955 p.sq.ft.	21,406,450.00

2.8.3. (c) Valuation techniques and sensitivity of the fair value measurement of the Investment properties of the Group

Valuation Technique	Significant unobservable valuation inputs	Sensitivity of the fair value measurement to inputs
Market comparable method		
This method considers the selling price of a similar property within a reasonably recent period of time in determining the fair value of the property being revalued. This involves valuation of recent active market prices of similar assets, making appropriate adjustments for differences in size, nature, location and condition of specific property.	<ul style="list-style-type: none"> Price per Perches Price per square foot 	Estimated fair value would increase/(decrease) if; Price per Perches would increase/(decrease) Price per square foot would increase/(decrease)

2.9. Intangible Assets

2.9.1. Externally Acquired Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment. Whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an in tangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

2.9.2. Computer Software Packages

Amount incurred in acquisition/upgrading Computer software Packages are recognized as an intangible asset and amortized over 3 years.

2.10 Leasehold Properties

The Leasehold property comprising of land use rights which was previously classified under Property, Plant & Equipment and stated at valuation has been reclassified as "Leasehold Property". Lease amount paid for the land at Hambantota has been capitalized and amortized over the lease period of 30 years.

2.10.1 Operating Lease

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Board (an "operating lease"), the total rentals payable under the lease are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.11 Inventories

Inventories are valued at lower of the cost and net realizable value, after making due allowances for obsolete and slow moving items.

Inventories are valued at lower of the cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formulae:-

Raw Materials	-	At purchase cost on first-in first-out cost basis
Finished Goods	-	At the cost of direct materials, direct labour and an appropriate proportion of regional production overheads.
Work-in-progress-		At 25% of last season’s Brine Circulation and Beds Preparation expenses, apportioned over calculated quantity of salt deposited at the density level of 12 and above.
Consumables & Spares	-	At purchase cost on First in First out basis

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale.

2.12 Retirement Benefit Liability

2.12.1 Employee benefits

The board has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the board pays fixed contributions to a separate entity. A defined benefit plans define an amount of pension benefit that an employee will receive on retirement, based on the years of service and compensation.

2.12.2 Defined Contribution Plans

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Board contributes 15% and 3% of gross emoluments of employees to the Employees' Provident Fund and to the Employees' Trust Fund respectively.

The company has both defined benefit and defined contribution plan is a pension plan under which the company pays fixed contribution to a separate entity. A defined benefit plans define an amount of pension benefit than an employee will receive on retirement, based on the years of service and compensation.

All employees are eligible for Employees' Provident Fund and Employees' Trust Fund contributions in line with the prevalent status and regulations. The company contributes 12% and 3% of gross employee emoluments to EPF and ETF respectively.

2.12.3 Defined Benefit Plans – Gratuity

Provision has been made for retirement gratuities from the first year of service for all employees, in conformity with Sri Lanka Accounting Standards LKAS 19 – Employee Benefits. However, under the payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of five years of continued service. The liability is not externally funded.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs are deducted.

The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the entity's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss. The entity recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

The Company has an unfunded, non-contributory defined benefit plan covering all of its regular employees where the benefits are based on the years of service and percentage of latest monthly salary. The simplifications on estimated future salary increases, future service of current employees and in-service mortality of current employees as per Section 28.19 have been used in calculating the value of the liability. The gratuity liability is not funded nor actuarially valued.

2.13 Equity**2.13.1 Member Fund**

Contribution received and receivable from members net of refunds made to members during the year together with interest and dividends accrued to them are consisted in member fund.

2.13.2 Dividends

Dividends are recognized when the fund's right to receive is established.

2.13.3 Reserves

The fair value through other comprehensive income reserve comprises of the cumulative net change in fair value of fair value through other comprehensive income financial investments until the assets are de-recognized or impaired. The other reserves relate to the annual adjustments of actuarial gains or losses and it represents the net change of the actuarial gains or losses as at the balance sheet date.

Dividend Equalization Reserve serves as a buffer between a certain dividend level and profits available. It is a distributable reserve which is specifically set up to ensure that dividends remain stable for despite being changes in earnings.

2.14 Provisions

The Board has recognized provisions for liabilities of uncertain timing or amounts. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Provisions for legal claims are recognized when; the company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefit will be required to settle the obligation and the amount can be estimated reliably.

The provisions are measured at the present value of the future amount required to settle the obligation using a pre-tax rate reflecting the current assessment of the time value of money and specific risks relevant for the obligation. The increase in provision due to time passage is recognized as an interest expense.

2.15 Trade and Other Receivables

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognized immediately in profit or loss.

2.16 Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Sri Lankan rupees using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

2.17 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.18 Grants and Subsidies

The Board recognized the monetary grants related to assets are recognized as cost and deferred in the Statement of Financial Position and credited to the Statement of Comprehensive Income over the useful life of the asset.

Significant Accounting Policies to the Financial Statement

Grant received amortized to the Statement of Comprehensive Income are as follows.

Computer Software	33.33%
Motor vehicle	20%

Grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is set up as differed income over the expected useful life of the related asset. Where the board receives non-monetary grants, the asset and that grant are recorded at nominal amounts and are released to the income statement over the expected useful life of the relevant asset by equal annual installments as follows:

Grants received are credited to a reserve account and amortized to the income statement as follows.

Grant for Iodization Plant	10%
Grant for Motor Vehicle	10%
Grants for Building	2.5%
Grant for Pump House	2.5%
Grant for Compensation to Employees - Reduce by the compensation paid.	

2.19 Impairment of Assets

2.19.1 Impairment of Financial Assets

As per SLFRS 9, the Board records an allowance for expected credit losses for Debenture investments and other financial instruments measured at amortised cost.

Incorporating Forward looking scenarios

As opposed to the incurred loss model, future expected losses are required to be estimated under the ECL model introduced by SLFRS 9. It requires the use of forward looking macro-economic data and assumptions that are not directly related to the entity. This is incorporated into the impairment calculation via the Economic Factor Adjustment.

Impairment approach for Investments in debt securities (other than FVTPL)

External credit rating data can be used to establish provisions. Further the deterioration of credit rating, published financials and other information has to be reviewed to assess the significant increases in credit risk and whether the instruments are investment grade, in order to make a lifetime provision, if any. In the absence of external rating data, default rates has to be established using structural methods/credit spreads/credit scores, in order to establish ECL.

Fundamental Components of ECL

- Estimating the Probability of Default**
 Since historical default data for debentures, fixed deposits and Loans & receivables were not available, external global default rates published by S&P Global Ratings, in the report on 2018 Annual Global Corporate Default Study and Rating Transitions, were utilized.
- Estimating the Loss Given Default (LGD)**
 As per the Guidelines issued by Banks Supervision department of Central Bank of Sri Lanka to Licensed Banks on the Adoption of SLFRS 9,

When the licensed bank is unable to compute LGDs due to lack of data or inputs, such bank is required to use a minimum LGD of 45 per cent for such exposures. Therefore, an LGD of 45% was used for Debentures and Fixed Deposits, in computing the impairment.

- **Estimating the Exposure at Default (EAD)**

Expected Credit Loss is measured over the period which the entity is exposed to Credit Risk. EAD is the amount of money that is invested in certain financial instrument that is exposed to credit risk.

From 1 January 2019, the fund assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Board recognises loss allowances for Expected Credit Loss (ECL) on the following financial instruments that are not measured at FVTPL:

- Quoted – Debenture
- Fixed Deposits
- Scheme Loan Deposit with SMIB
- Scheme Loan deposit with NDB

2.19.2 Impairment of Non-financial Assets

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Board estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

2.20 Accounting Policies

2.20.1 Valuation of Investment Property

The entity obtains valuations performed by external valuer in order to determine the fair value of its investment properties. These valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuer also makes reference to market evidence of transaction prices for similar properties.

2.20.2 Fair Value of Financial Instruments

The Board determines the fair value of financial instruments that are not quoted, using valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realized immediately.

2.20.3 Useful Lives and Residual Values were Appropriate for Property, Plant and Equipment

The entity tests annually whether, the useful life and residual value estimates were appropriate and in accordance with its accounting policy.

2.21.4 Business Combinations and Acquisition of Non-controlling Interest

In 1997, Employees' Trust Fund Board has acquired 90% of the shares of Lanka Salt Limited (LSL). Resultant goodwill is amounting to LKR 378,926,440 which had been assumed to be amortized over 05 year period starting from the year of acquisition, based on the accounting practice available as of the date of acquisition.

The details of the business combination are as follows:

	Group	
	Rs.	Rs.
Consideration Transferred		
Proportionate share of Recognized Amount or Identifiable		470,960,938
Net Assets		
Stated Capital	31,500,000	
Reserves	60,534,498	92,034,498
Goodwill		378,926,440

Since goodwill had amortized fully, there is no adjustment to the both of accounts of the year under review.

3 ADJUSTMENTS TO MEMBER FUND**3.1 Adjustments to the member fund of 2023**

	Rupees
Returned Benefit (Cheques)	317,515.78
Returned Benefit (Slip)	4,704,564.75
Reconciled Contribution	515,783.56
Surcharge to Member Fund	5,233,440.76
Returned Benefit (Cheques)	77,945.05
Refund of Over Payment	(2,711,786.06)
Member Fund to Surcharge	(2,794,256.11)
Returned Benefit (Slip)	(7,141.68)
Total	5,336,066.05

EMPLOYEES' TRUST FUND BOARD

Notes to the Financial Statements

For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
4	INTEREST INCOME				
Financial Investments at Amortized Cost	4.1	64,834,198	46,442,799	64,380,505	46,316,209
		64,834,198	46,442,799	64,380,505	46,316,209
4.1	Financial Investments at Amortized Cost				
Interest on Fixed Deposit		563,082	243,624	113,593	119,880
Interest from Debenture		868,109	948,986	868,109	948,986
Yield on Treasury Bond		54,641,660	42,701,855	54,641,660	42,701,855
Margin on Treasury Bill		8,260,737	2,017,212	8,260,737	2,017,212
Interest on Repurchase Agreements		403,480	430,393	403,480	430,393
Interest on Money Market		4,588	4,080	4,588	4,080
Interest on NDB Scheme Deposit		60,136	71,527	60,136	71,527
Interest on SMIB Housing Loan Deposit		8,940	9,440	8,940	9,440
Interest on SMIB Savings A/C		489	398	489	398
Staff Loans					
Interest on Special loan		1,103	598	1,103	598
Interest on Vehicle Loan		8,469	5,550	8,469	5,550
Interest on Special Distress Loan		13,184	8,741	8,980	5,896
Interest on Special Festival Loan		219	180	219	180
Interest on Special Advance		1	215	1	215
		64,834,198	46,442,799	64,380,505	46,316,209
5	NET TRADING INCOME				
Net Revenue		4,022,659	2,652,579	-	-
(-) Cost of Sales		(1,873,746)	(1,355,717)	-	-
		2,148,913	1,296,862	-	-
5.1	Net Revenue				
Gross Revenue		4,626,058	2,983,285	-	-
(-) Value Added Tax and Nation Building Tax		(603,399)	(330,707)	-	-
		4,022,659	2,652,579	-	-
6	DIVIDEND INCOME				
Dividends on Shares - Quoted		894,331	722,744	894,331	722,744
Dividend on Shares - Unquoted		315,000	14,175	315,000	14,175
		1,209,331	736,919	1,209,331	736,919
7	GAIN /(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT /(LOSS)				
Current Share Trading Profit		324,878	23,677	324,878	23,677
Fair Value Adjustment of Shares		1,203,482	(1,399,459)	1,203,482	(1,399,459)
		1,528,360	(1,375,782)	1,528,360	(1,375,782)

EMPLOYEES' TRUST FUND BOARD
Notes to the Financial Statements
For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
8 OTHER INCOME					
Amortization of Government Grant		4,535	3,969	2,823	2,256
Rent Income		1,917	1,900	300	363
Profit on Sale of Furniture and Equipment		4,380	1,544	4,380	105
Surcharges		598,028	373,436	598,028	373,436
Staff Loan Income		34,151	26,531	34,151	26,531
Sundry Income		59,338	15,391	847	5,790
Profit / (Loss) On Car Park (Nawam Mawatha)		37,568	38,926	37,568	38,926
Profit / (Loss) On Holiday Bungalow		(3,614)	(2,813)	(3,614)	(2,813)
Transport Recovery		20,618	15,015	-	-
		756,921	473,899	674,482	444,592
9 PERSONAL EXPENSES					
Wages and Salaries	9.1	778,965	794,868	699,730	732,254
Short-Term Monetary and Non-Monetary Benefits	9.2	987,436	698,484	461,419	472,424
Defined Benefit Plans	9.3	51,463	72,895	48,334	70,890
Other Long Term Employee Benefits	9.4	121,797	124,025	114,623	116,786
		1,939,661	1,690,272	1,324,106	1,392,354
9.1 Wages and Salaries					
Staff Costs (Including Directors' Fee) Comprise:					
Salaries		634,934	655,532	562,996	598,118
Directors' Fees		3,367	3,157	1,817	1,569
Cost of Living Allowance		82,437	87,785	82,437	87,785
Meal Allowance		12,898	13,649	12,898	13,649
Overtime		33,164	25,200	27,417	21,587
Holiday Pay		12,165	9,546	12,165	9,546
		778,965	794,868	699,730	732,254
9.2 Short-Term Monetary and Non-Monetary Benefits					
Training & Development Expenses		6,647	4,215	6,163	4,215
Recruitment Expenses		405	-	405	-
Staff Welfare		71,168	57,961	41,454	37,285
Incentive		132,183	137,707	131,941	137,573
Encashment of Leave		28,144	33,775	28,144	33,775
Bonus		575,964	307,984	80,801	103,408
Reimbursement of Medical Expenses		128,612	120,385	128,197	119,713
Staff Loan Cost		34,151	26,531	34,151	26,531
Interest on Housing Loans		8,963	9,805	8,963	9,805
Employees Accident Compensation Scheme		1,200	120	1,200	120
		987,436	698,484	461,419	472,424

EMPLOYEES' TRUST FUND BOARD

Notes to the Financial Statements

For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
9.3 Defined Benefit Plans					
Interest Cost		38,786	24,872	38,786	24,872
Current Service Cost		12,677	48,023	9,548	46,018
		51,463	72,895	48,334	70,890
9.4 Other Long Term Employee Benefits					
E.P.F. Board's Contribution		101,205	103,040	95,466	97,249
E.T.F. Board's Contribution		20,592	20,898	19,157	19,450
Pension Fund Contribution		-	88	-	88
		121,797	124,025	114,623	116,786
10 ADMINISTRATIVE EXPENSES					
Building Rent		170,354	161,497	160,535	145,347
Rates		598	614	-	16
Lease Payment - Land		1,080	-	1,080	-
Electricity Charges		49,341	24,002	33,943	15,535
Telephone Charges		10,236	10,539	8,422	9,047
Water Charges		2,281	1,212	2,281	1,212
Consultancy Fees		5,634	6,248	554	748
Audit Fees		3,309	3,133	1,722	1,849
Security Charges		4,643	4,837	4,643	4,837
Legal Fees		4,308	876	1,779	528
Hiring Charges		898	4,199	898	4,199
Secretarial Expenses		80	120	80	120
Postage & Telegrams		2,905	2,078	2,139	1,532
Travelling & Subsistence		1,662	252	1,662	252
Printing & Stationery		4,963	3,282	4,674	2,840
Media & Publicity		2,753	1,499	-	-
Advertisement & Press Notices		3,394	3,975	3,394	3,975
Vehicle Insurance & License Fees		1,964	2,273	1,964	2,273
Newspapers & Periodicals		803	630	611	505
Donations		979	72	-	-
Other Insurance		144	22	144	22
Office Upkeep & Requirements		4,587	3,640	221	192

EMPLOYEES' TRUST FUND BOARD

Notes to the Financial Statements

For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Workers Compensation		1,173	33,445	-	-
Stamp Duty & Registration Fee		354	46	354	46
Miscellaneous Expenses		8,867	5,712	8,867	5,712
Bad Debts Write Off		433	-	433	-
Consumable		152	792	152	792
Vehicle Repairs & Maintenance		37,495	28,037	11,573	7,294
Fuel Charges		22,971	17,461	22,971	17,461
Maintenance of Building		30,141	21,449	30,141	21,449
Maintenance of Machine, Furniture & Equipments		11,353	4,632	7,526	4,510
		389,856	346,572	312,763	252,293
11 FINANCE EXPENSES					
Custodial Fee		1,628	1,539	1,628	1,539
Bank Charges		2,664	2,647	2,386	2,158
Interest expenses		93	128	-	-
		4,385	4,314	4,013	3,697
12 MEMBER EXPENSES					
Member Benefits	12.1	549,153	477,055	549,153	477,055
Member Services	12.2	82,958	47,609	76,407	44,434
IT Services	12.3	78,948	53,079	78,948	53,079
		711,058	577,743	704,507	574,568
12.1 Member Benefits					
Death Benefits Scheme		156,593	149,236	156,593	149,236
Permanent Disablement Scheme		22,799	8,762	22,799	8,762
I.O.L. Implanting Scheme		7,281	4,231	7,281	4,231
Sramasuwa Rekawarana Scheme		19,758	23,477	19,758	23,477
Heart Surgery Scheme		141,660	98,048	141,660	98,048
Kidney Transplant Scheme		5,112	3,646	5,112	3,646
Year 5 Scholarship Scheme		96,734	86,670	96,734	86,670
Higher Education Scholarship Scheme		99,216	102,984	99,216	102,984
		549,153	477,055	549,153	477,055
12.2 Member Services					
Postage & Telegrams		24,734	15,485	24,734	15,485
Printing & Stationery		45,588	25,664	45,588	25,664
Member Related Expenses		245	109	245	109
Travelling & Subsistence		11,447	6,315	4,897	3,140
Media & Publicity		-	35	-	35
Scholarship Expenses		943	1	943	1
		82,958	47,609	76,407	44,434

EMPLOYEES' TRUST FUND BOARD

Notes to the Financial Statements

For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
12.3 IT Services					
Maintenance of Hardware		5,810	3,289	5,810	3,289
Maintenance of Software		14,140	8,549	14,140	8,549
Depreciation		33,556	23,703	33,556	23,703
Insurance		305	372	305	372
Rental on Leased Lines		25,137	17,165	25,137	17,165
		78,948	53,079	78,948	53,079
13 DEPRECIATION & AMORTIZATION					
Depreciation for property, Plant & Equipment		59,055	54,125	40,554	36,063
Amortization of Lease Hold Land & Development Work		875	875	-	-
Depreciation/Impairment of Biological Asset		1,883	1,103	-	-
		61,812	56,103	40,554	36,063
14 IMPAIRMENT CHARGE/REVERSAL					
Impirement on Debenture		(49,804)	75,155	(49,804)	75,155
Impirement on SMIB Deposit		(871)	931	(871)	931
Impirement on NDB Deposit		(585)	438	(585)	438
Impirement on Fixed Deposit		(191)	295	(191)	295
		(51,452)	76,820	(51,452)	76,820

		LANKA SALT	
		2023	2022
		Rs. '000	Rs. '000
15 OTHER EXPENSES			
Sales Promotion Expenses		34,767	30,048
SSCL Expenses		86,245	21,318
Panelties & Surcharges		70	-
Expenses of Biological Assest		7,334	4,165
Enviornental Work		27,490	16,469
Circuit Bungalow Maintenance		9,494	7,947
Salt Musium Expenses		4,185	2,735
Sanitary Services		15,867	13,751
Atrimea Expenses		1,059	746
Services Station Expenses		10,361	9,153
Mineral Tax Expenses		11,140	14,697
		208,011	121,030

			ETFB	
			2023	2022
			Rs. '000	Rs. '000
16	INCOME TAX EXPENSES			
	Accounting Profit/(Loss) before Tax		64,958,463	43,419,857
	Exempt and other source of income		(2,742,071)	1,217,350
	Disallowable expenses		1,122,278	1,042,212
	Allowable Expenses		(24,299)	(37,159)
	Assessable Income from Investment		63,314,371	45,642,259
	Gross Income Tax Expense @ 14%		8,864,012	6,389,916
	Dividend - Tax on Final WHT Payment (1,059,588.42*15%)		159	-
	Over Provision Adjustment		152,474	59,510
	Current Income Tax Expense		9,016,645	6,449,427
			LANKA SALT	
			2023	2022
			Rs. '000	Rs. '000
	Accounting Profit/(Loss) before Tax from operations		1,756,205	915,699
	Disallowable Expenses for Taxation		138,636	(76,796)
	Allowable Expenses for Taxation		(515,390)	-
	Tax Loss B/F		-	(222,280)
	Taxable Profit on Business Income		1,379,451	616,623
	Taxable Profit on Interest Income		455,412	126,590
	Net Taxable Profit/(Loss)		1,834,863	743,213
	Current Tax Expense			
	From 01/01/2022 to 30/06/2022			
	Income Tax on Business income	- 18%	-	55,496
	Income Tax on Investment income	- 24%	-	15,191
	From 01/07/2022 to 31/12/2023			
	Income Tax on Business income	1,379,451 30%	413,835	92,493
	Income Tax on Investment income	455,412 30%	136,624	18,989
	Current Income Tax Charge		550,459	182,169
	Deferred Income Tax			
	Overed Provision of current taxes in respect of prior years		34,894	
	Deferred Taxation Charge/(Reversal)		(19,818)	31,598
	Income tax expense reported in the Income Statement		565,534	213,767

EMPLOYEES' TRUST FUND BOARD

Notes to the Financial Statements

For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
17 FINANCIAL ASSETS AT FVTPL					
Quoted Share Investment (Trading)		4,463,977	2,887,168	4,463,977	2,887,168
		4,463,977	2,887,168	4,463,977	2,887,168
18 INVESTMENT IN SUBSIDIARY					
Lanka Salt Limited		-	-	470,961	470,961
		-	-	470,961	470,961
19 FINANCIAL ASSETS AT FVTOCI					
Quoted Share Investment Long Term		10,578,443	8,440,195	10,578,443	8,440,195
Share Investment - Delisted		45	-	45	-
Unquoted Share Investment		4,923	3,908	4,923	3,908
Quoted Units		181,556	202,475	181,556	202,475
Promissory Notes		12,174	12,174	12,174	12,174
Less: Impairment on Promissory Notes		(12,174)	(12,174)	(12,174)	(12,174)
		10,764,966	8,646,578	10,764,966	8,646,578
20 FINANCIAL ASSETS AT AMORTIZED COST					
Treasury Bonds	20.1	420,107,732	408,626,726	420,107,732	408,626,726
Treasury Bills		59,813,248	22,152,226	59,813,248	22,152,226
Quoted - Debenture		6,380,273	7,177,346	6,380,273	7,177,346
Less: Impairment on Debenures		(34,248)	(84,052)	(34,248)	(84,052)
Fixed Deposits		2,580,475	1,716,541	522,191	552,554
Less: Impairment on Fixed Deposits		(104)	(295)	(104)	(295)
Repurchase Agreement		9,037,497	1,987,586	9,037,497	1,987,586
Debentures Unquoted		2,232,315	2,232,315	2,232,315	2,232,315
SMIB-Scheme Deposit		343,156	374,800	343,156	374,800
Less: Impairment on SMIB Deposit		(414)	(1,284)	(414)	(1,284)
NDB Scheme Deposit		579,361	682,188	579,361	682,188
Less: Impairment on NDB Deposit		(249)	(835)	(249)	(835)
Staff Loans					
Special Loan		34,094	36,483	34,094	36,483
Special Distress Loan		340,218	360,150	264,049	305,453
Festival Advance		423	527	423	527
Special Festival Loan		1,422	1,212	1,422	1,212
Special Advance		21	34	21	34
Vehicle Loan		224,009	265,506	224,009	265,506
		501,639,231	445,527,175	499,504,778	444,308,492

20.1 Exchange of Eligible Treasury Bonds Under Domestic Debt Optimization Program

"According to the Debt Sustainability targets of the Government, Employees' Trust Fund Board (ETFB) has been identified as one of the major contributors under the Domestic Debt Optimization (DDO) program as proposed by the governments.

As per the Exchange Memorandum published by the Ministry of Finance, Economic Stabilization and National Policies (MOF) following a resolution adopted by Parliament, the Eligible holders are invited to convert / exchange the Face Amount/ Principle Amount of their existing Treasury bond holding from the settlement date into 12 New Bond series where the maturity period starts from 2027 up to 2038 with a Coupon rate of 12% from 2023 to 2026 and 9% thereafter up to 2038. As per the exchange memorandum, the following two options were available for ETFB under DDO programme.

1. Exchange Option: Exchange of existing Treasury bonds with 12 new Treasury bonds series that mature from 2027 to 2038 with a coupon rate of 12 % per annum until 2026 and 9% per annum thereafter and ETFB would continue to pay income tax at current rate of 14%.

2. Non-Exchange Option: If the ETFB decides not to exchange the existing Treasury bonds a 30% tax rate would apply to the taxable income of Treasury bonds.

Accordingly after careful study of the two options (Exchange of bonds & Tax rate increase) available to ETFB, the ETFB exchanged Treasury bonds amounting to a face value of Rs.367,475,449,416 that are to be matured from 2023 to 2032. In exchange for these bonds, 12 new Treasury bonds for the same face value were issued by the government with maturities ranging from 2027 to 2038. New Treasury Bonds."

ISIN	Exchange Date	Maturity Date	Face Value (Rs.)
LKK00427C155	14-Sep-2023	15-Mar-2024	30,622,954,118
LKK00528D158	14-Sep-2023	15-April-2028	30,622,954,118
LKK00628E152	14-Sep-2023	15-May-2029	30,622,954,118
LKK00730F155	14-Sep-2023	15-Jun-2030	30,622,954,118
LKK00831A152	14-Sep-2023	15-Jan-2031	30,622,954,118
LKK00932B156	14-Sep-2023	15-Feb-2032	30,622,954,118
LKK01033C150	14-Sep-2023	15-Mar-2033	30,622,954,118
LKK01134D154	14-Sep-2023	15-Apr-2034	30,622,954,118
LKK01235E157	14-Sep-2023	15-May-2035	30,622,954,118
LKK01336F150	14-Sep-2023	15-Jun-2036	30,622,954,118
LKK01437A157	14-Sep-2023	15-Jan-2037	30,622,954,118
LKK01538B150	14-Sep-2023	15-Feb-2038	30,622,954,118
Total			367,475,449,416

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
21 OTHER ASSETS					
Accrued Income	21.1	-	-	-	-
Receivables & Prepayments	21.2	3,631,424	3,284,881	3,490,252	3,190,888
Inventories	21.3	579,046	566,315	13,360	15,248
		4,210,470	3,851,196	3,503,613	3,206,136
21.1 Accrued Income		24,966	24,966	24,966	24,966
Interest Receivable		(24,966)	(24,966)	(24,966)	(24,966)
Less: Provision Against Doubtful Income		-	-	-	-

EMPLOYEES' TRUST FUND BOARD

Notes to the Financial Statements

For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
21.2 Receivables & Prepayments					
Trade Debtors		76,359	72,149	-	-
Tax Receivable		49,137	-	-	-
Contribution Receivable		3,229,995	2,999,668	3,229,995	2,999,668
Money Order Control		2,838	3,209	2,838	3,209
Postal Franking Machine Imprest		462	427	462	427
Salary Advance		13	-	13	-
Sundry Debtors		122,491	13,515	122,491	13,515
Dues from Ex-employees		2,579	2,531	2,579	2,531
Security Deposits		4,653	6,572	4,653	6,572
Prepayment		33,637	45,640	17,962	23,796
Pre - Paid Staff Loan Cost		95,163	131,828	95,163	131,828
Dividend Receivable		-	7,875	-	7,875
Advance Payment		7,478	1,466	7,478	1,466
Deposit - Arbitration	21.2.1	6,619	-	6,619	-
		3,631,424	3,284,881	3,490,252	3,190,888

20.2.1 Deposit-Arbitrator

(a) Rs 4,119,369

The arbitration award given in relation to the industrial dispute between employee of late Mr M A K Jayasiri (EpF No.859) and ETF Board. Accordingly, the Board had deposited Rs.4,119,369 to District Labour Office, Colombo East.

(b) Rs.2,500,000

The arbitration award given in relation to the Industrial dispute between employee of Mrs. M I P Kulathilake (EPF No.153) and ETF Board. Accordingly, the Board had deposited Rs.2,500,000 to District Labour Office, Colombo East.

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
21.3 Inventories					
Common Salt Stock		333,101	325,486	-	-
Artimea Stock		1,811	652	-	-
Work in Progress		-	44,484	-	-
Consumables and Spares		2,897	1,800	-	-
Stock of Stationery & Consumable		239,652	192,311	11,775	13,666
Library		272	272	272	272
Holiday Bungalow Inventory		1,313	1,310	1,313	1,310
		579,046	566,315	13,360	15,248

EMPLOYEES' TRUST FUND BOARD
Notes to the Financial Statements
For the Year Ended 31st December 2023

22. PROPERTY, PLANT & EQUIPMENT

	Land	Buildings	Motor Vehicles	Computer Equipment	Furniture Fittings & Office Equipment	Buildings on Leasehold Land	Plant & Machinery	Leased Motor Vehicles	Bearer Biological Assets			Development Work	In the Course of Construction	Total (Rs. '000)
									Immature Plantations	Mature Plantations				
22.1 Group														
Cost														
Balance at 1 st January 2022	20,000	38,526	486,954	242,011	202,739	612,909	300,388	12,837	11,618	19,035		326,250	1,556	2,274,823
Impact on change in capitalization policy *	-	(14,906)	(213,498)	(164,967)	(68,983)	-	-	-	-	-	-	-	-	(462,353)
Additions	-	-	27,990	86,863	18,071	93	3,493	-	-	-	-	-	11,882	148,393
Adjustment	-	-	17,946	-	-	-	-	(12,837)	(543)	(209)		-	-	4,357
Disposals	-	-	(1,438)	(174)	(3,547)	(16)	(9,241)	-	-	-	-	-	-	(14,416)
Revaluations/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	(5,283)	(5,283)
Balance at 31 st December 2022	20,000	23,620	317,954	163,733	148,280	612,987	294,641	-	11,075	18,826		326,250	8,156	1,945,521
Balance at 1 st January 2023	20,000	23,620	317,954	163,733	148,280	612,987	294,641	-	11,075	18,826		326,250	8,156	1,945,521
Additions	-	-	25,597	42,354	61,361	18,845	21,251	-	-	-	-	-	36,388	205,796
Government Grant	-	-	6,800	-	-	-	-	-	-	-	-	-	-	6,800
Adjustment	-	-	-	-	-	-	-	-	(575)	(1,108)		-	-	(1,683)
Disposals	-	-	(3,971)	(1,906)	(1,743)	-	-	-	-	-	-	-	-	(7,621)
Revaluations/Transfer	-	-	-	-	-	-	-	-	-	-	-	-	(36,484)	(36,484)
Balance at 31 st December 2023	20,000	23,620	346,380	204,180	207,897	631,831	315,892	-	10,500	17,717		326,250	8,060	2,112,328

22. PROPERTY, PLANT & EQUIPMENT

Accumulated Depreciation	Land	Buildings	Motor Vehicles	Computer Equipment	Furniture Fittings & Office Equipment	Buildings on Leasehold Land	Plant & Machinery	Leased Motor Vehicles	Bearer Biological Assets		Development Work	In the Course of Construction	Total (Rs. '000)
									Immature Plantations	Mature Plantations			
Balance at 1st January 2022	-	14,906	345,016	164,967	134,361	165,838	204,692	4,806	-	2,282	263,981	-	1,300,849
Impact on change in capitalization policy *	-	(14,906)	(198,619)	(164,967)	(63,093)	15,276	23,245	1,284	-	377	27,972	-	(373,432)
Depreciation Charge for the Year	-	591	26,189	28,500	6,832	-	-	(6,090)	-	(25)	-	-	55,997
Disposals	-	-	(1,438)	(29)	(2,085)	(2)	(8,171)	-	-	-	-	-	(11,725)
Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31st December 2022	-	591	171,148	28,471	76,014	181,112	219,767	(0)	-	2,634	291,953	-	971,689
Balance at 1st January 2023	-	591	171,148	28,471	76,014	181,112	219,767	-	-	2,634	291,953	-	971,689
Depreciation Charge for the Year	-	591	37,473	37,458	18,352	15,287	23,672	-	-	354	20,353	-	153,540
Amortization of Government Grant	-	-	567	-	-	-	-	-	-	-	-	-	567
Disposals	-	-	(1,059)	(508)	(460)	-	-	-	-	(155)	-	-	(2,182)
Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31st December 2023	-	1,181	208,128	65,421	93,906	196,399	243,439	-	-	2,833	312,307	-	1,123,614
Net Book Value													
At 1 st January 2022	20,000	23,620	141,937	77,044	68,378	447,071	95,696	8,031	11,618	16,752	62,269	1,556	973,974
At 31 st December 2022	20,000	23,030	146,806	135,262	72,265	431,875	74,874	0	11,075	16,192	34,297	8,156	973,832
At 31st December 2023	20,000	22,439	138,252	138,759	113,991	435,433	72,453	-	10,500	14,884	13,944	8,060	988,715

*Depreciation adjustment made due to the changes in fixed asset policy of ETFB with effect from 1st January 2022

EMPLOYEES' TRUST FUND BOARD

Notes to the Financial Statements

For the Year Ended 31st December 2023

22. PROPERTY, PLANT & EQUIPMENT...

	Land	Buildings	Motor Vehicles	Computer Equipment	Furniture & Other Equip.	Total
22.2 Board						
Balance at 1st January 2022	20,000	38,526	313,993	242,011	101,433	715,963
Accumulated Depreciation as at 1 st January 2022 *	-	(14,906)	(213,498)	(164,967)	(68,983)	(462,353)
Additions	-	-	-	86,863	13,021	99,885
Disposals	-	-	-	(174)	(79)	(254)
Revaluations	-	-	-	-	-	-
Balance at 31st December 2022	20,000	23,620	100,495	163,733	45,393	353,241
Balance at 1st January 2023	20,000	23,620	100,495	163,733	45,393	353,241
Additions	-	-	-	42,354	39,427	81,780
Government Grant	-	-	6,800	-	-	6,800
Adjustment	-	-	-	-	-	-
Disposals	-	-	(3,971)	(1,906)	(1,743)	(7,621)
Revaluations	-	-	-	-	-	-
Balance at 31st December 2023	20,000	23,620	103,324	204,180	83,076	434,200
Accumulated Depreciation						
Balance at 1st January 2022	-	14,906	213,498	164,967	68,983	462,353
Impact on change in capitalization policy *	-	(14,906)	(213,498)	(164,967)	(68,983)	(462,353)
Depreciation Charge for the Year	-	591	20,099	28,500	6,832	56,022
Disposals	-	-	-	(29)	(7)	(36)
Transfer	-	-	-	-	-	-
Balance at 31st December 2022	-	591	20,099	28,471	6,825	55,986
Balance at 1st January 2023	-	591	20,099	28,471	6,825	55,986
Depreciation Charge for the Year	-	591	19,570	37,458	11,453	69,071
Amortization of Government Grant	-	-	567	-	-	567
Disposals	-	-	(1,059)	(508)	(460)	(2,027)
Transfer	-	-	-	-	-	-
Balance at 31st December 2023	-	1,181	39,176	65,421	17,818	123,596
Net Book Value						
At 1 st January 2022	20,000	23,620	100,495	77,044	32,450	253,610
At 31 st December 2022	20,000	23,030	80,396	135,262	38,568	297,256
At 31st December 2023	20,000	22,439	64,148	138,759	65,258	310,604

*Depreciation adjustment made due to the changes in fixed asset policy of ETFB with effect from 1st January 2022

EMPLOYEES' TRUST FUND BOARD
Notes to the Financial Statements
For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
23 LEASEHOLD PROPERTY					
Cost					
At 1 st January		20,910	20,910	-	-
Additions		-	-	-	-
At 31st December		20,910	20,910	-	-
Accumulated Amortization					
Balance as at 1 st January		19,516	18,819	-	-
Charge for the Year		697	697	-	-
Balance as at 31st December		20,213	19,516	-	-
Net Book Value as at 31st December		697	1,394	-	-
24 INTANGIBLE ASSETS					
Balance as at 1 st January		6,130	4,238	6,130	4,238
Additions		2,141	2,160	2,141	2,160
Amortization during the year		(4,365)	(1,893)	(4,365)	(1,893)
Computer Software from Government Grant	24.1	2,257	4,512	2,257	4,512
Balance as at 31st December		6,163	9,017	6,163	9,017
24.1 Computer Software from Government Grant					
At Beginning of Period		4,512	-	4,512	-
Additions		-	6,768	-	6,768
Amortization		(2,256)	(2,256)	(2,256)	(2,256)
At End of Period		2,257	4,512	2,257	4,512
25 INVESTMENT PROPERTY					
Balance as at 1 st January		4,587,406	4,587,406	4,587,406	4,587,406
Balance as at 31st December		4,587,406	4,587,406	4,587,406	4,587,406

26. INTEREST BEARING BORROWINGS

Lanka Salt Limited	31 st December 2023			31 st December 2022		
	Amount	Amount	Total	Amount	Amount	Total
	Repayable	Repayable		Repayable	Repayable	
	Within 1 Year	After 1 Year		Within 1 Year	After 1 Year	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Finance Leases	-	-	-	-	-	-
Bank Overdrafts	7,620	-	7,620	11,049	-	11,049
	7,620	-	7,620	11,049	-	11,049

27. GRANTS & SUBSIDIES

	ETFB	
	2023	2022
	Rs. '000	Rs. '000
At Beginning of Period	4,512	-
Additions	6,800	6,768
Amortization	(2,823)	(2,256)
At End of Period	8,490	4,512

	Iodized Plant	Building	Pump House	Motor Vehicle	Lanka Salt Limited	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Total 2023	Total 2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost						
As at 1 st January	19,515	41,124	1,387	6,500	68,527	68,527
As at 31st December	19,515	41,124	1,387	6,500	68,527	68,527
Amortization						
As at 1 st January	19,515	16,021	543	825	36,905	35,192
Reversal during the Year	-	1,028	35	650	1,713	1,713
As at 31st December	19,515	17,050	578	1,475	38,618	36,905
Written Down Value						
As at 31st December	-	24,075	809	5,025	29,909	31,622

EMPLOYEES' TRUST FUND BOARD

Notes to the Financial Statements

For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
28	DEFINED BENEFIT OBLIGATION				
	Opening Defined Benefit Obligation 01 st January	466,499	476,249	215,479	236,877
	Interest Cost	38,786	24,872	38,786	24,872
	Current Service Cost	52,068	61,844	9,548	46,018
	Benefit Paid	(27,972)	(41,338)	(24,299)	(37,159)
	Actuarial (Gains) / Losses on Obligations	63,865	(55,129)	63,865	(55,129)
	Closing Defined Benefit Obligation 31st December	593,245	466,499	303,379	215,479
29	CURRENT TAX LIABILITIES				
	Gross Tax Liability	9,016,645	6,449,427	9,016,645	6,449,427
	(-) Income Tax Payments	(4,098,523)	(2,688,549)	(4,098,523)	(2,688,549)
	(-)WHT Credit	(54,054)	-	(54,054)	-
	(-) Previous Year (Over)/ Under Provision	-	(59,510)	-	(59,510)
	Tax Payable to IRD	4,864,069	3,701,367	4,864,069	3,701,367
30	OTHER LIABILITIES				
	Accounts Payables and Sundry Creditors	680,320	550,467	115,112	107,206
		680,320	550,467	115,112	107,206

EMPLOYEES' TRUST FUND BOARD
Notes to the Financial Statements
For the Year Ended 31st December 2023

	Note	Group		ETFB	
		2023	2022	2023	2022
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
30.1 Accounts Payables and Sundry Creditors					
Trade and Other Payables	30.1.1	563,913	433,169	-	-
Retained Tax On Claims Paid & Benefit		4,937	2,151	4,937	2,151
Stamp Duty Payable on Claims		1,203	1,114	1,203	1,114
Dividend Payable		1,294	10,092	-	-
Unpaid Emoluments		60	60	60	60
Stamp Duty Payable		97	89	97	89
EPF Payable		11,870	12,616	11,870	12,616
ETF Payable		1,584	1,673	1,584	1,673
Accrued Expenses		50,237	44,230	50,237	44,230
Returned Benefit (Cheques)		2,187	2,470	2,187	2,470
Returned Benefit (Welfare)		19	891	19	891
Returned Benefit (Slip)		8,323	12,246	8,323	12,246
Unpaid Death Benefits		23,370	21,432	23,370	21,432
P.A.Y.E. Tax Payable		1,608	-	1,608	-
Retained W.H.T		666	401	666	401
Unreconcile Balance		14	523	14	523
Library Fund		11	58	11	58
Sundry Payable		207	207	207	207
Refundable Deposit		70	60	70	60
Security Deposits - Car park		8,303	6,862	8,303	6,862
Salaries Control		219	-	219	-
Salary Deductions Clearance		79	91	79	91
Income Paid in Advance		47	30	47	30
		680,320	550,467	115,112	107,206

	LANKA SALT LIMITED	
	2023	2022
	Rs. '000	Rs. '000
30.1.1 Trade and Other Payables		
Financial Liabilities		
Trade Payables	104,399	122,790
Salt Transport Payable	-	3,079
Deposits Payables	106,611	64,775
Social Security Contribution Levy	7,128	8,822
Ground Rent Payable	9,234	7,268
Non Financial Liabilities		
Accrued Expenses	197,059	124,134
Other Payables	69,103	26,206
Value Added Tax Payables	36,933	37,261
Provision for compensation payable	33,445	-
Incentive Payable	-	473
Contractor Payables	-	38,361
	563,913	433,169

EMPLOYEES' TRUST FUND BOARD

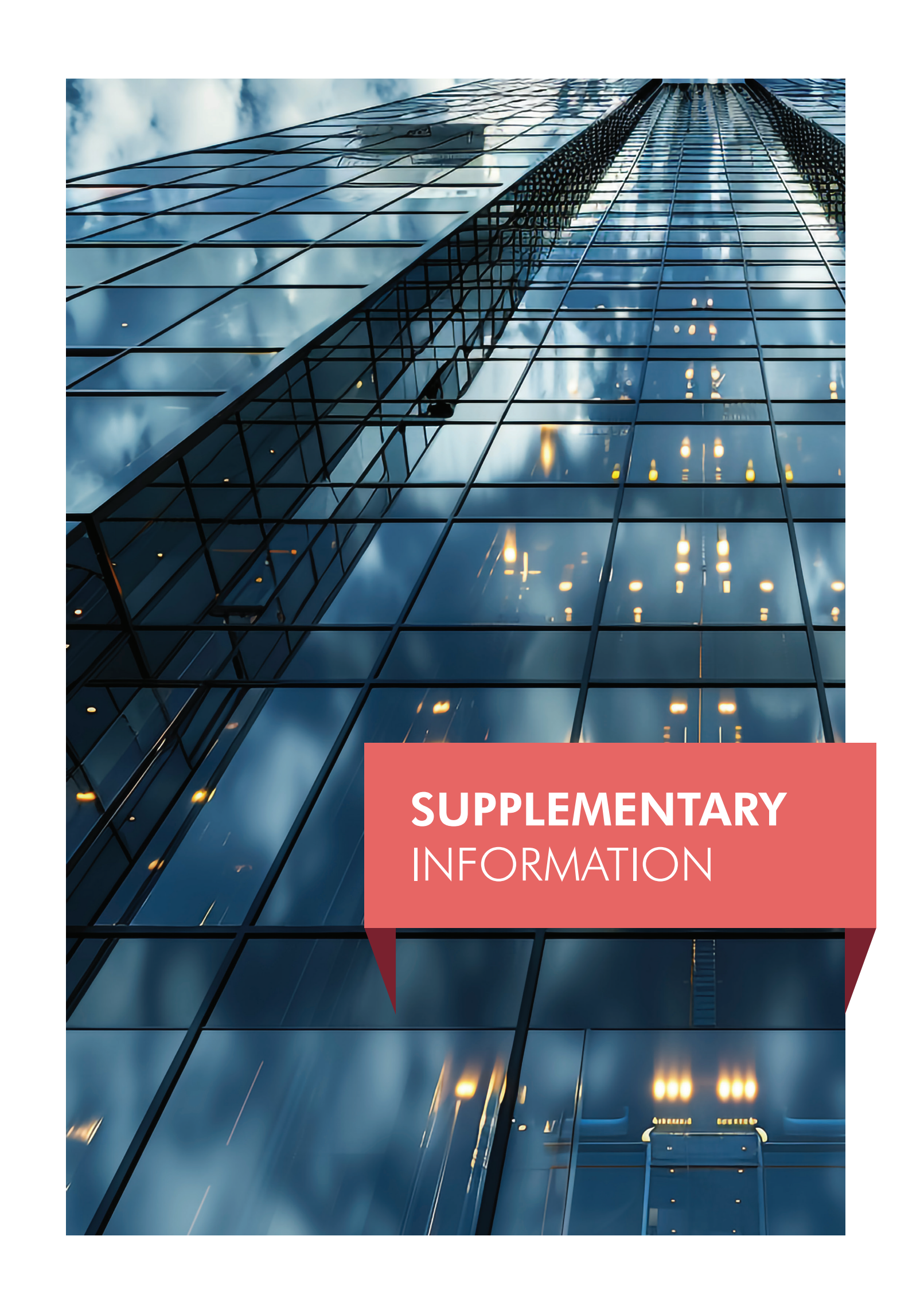
Notes to the Financial Statements

For the Year Ended 31st December 2023

LANKA SALT LIMITED				
	Capital Allowances for Tax Purposes	Defined Benefit Plans	Deferred tax attributable to Tax Losses	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31 DEFERRED TAX LIABILITIES				
As at 01.01.2021	102,172	(43,087)	-	59,085
Charge (credit) to profit or loss for the year	63,817	(32,219)	-	31,598
As at 01.01.2022	165,989	(75,306)	-	90,684
Charge (credit) to profit or loss for the year	(8,164)	(11,654)	-	(4,441)
As at 31.12.2022	157,825	(86,960)	-	70,865
Deferred tax liability			(157,825)	(165,989)
Deferred tax asset			86,960	75,306
Unutilized Business Loss C/F			-	-
Net Deferred Tax Liability			(70,865)	(90,684)

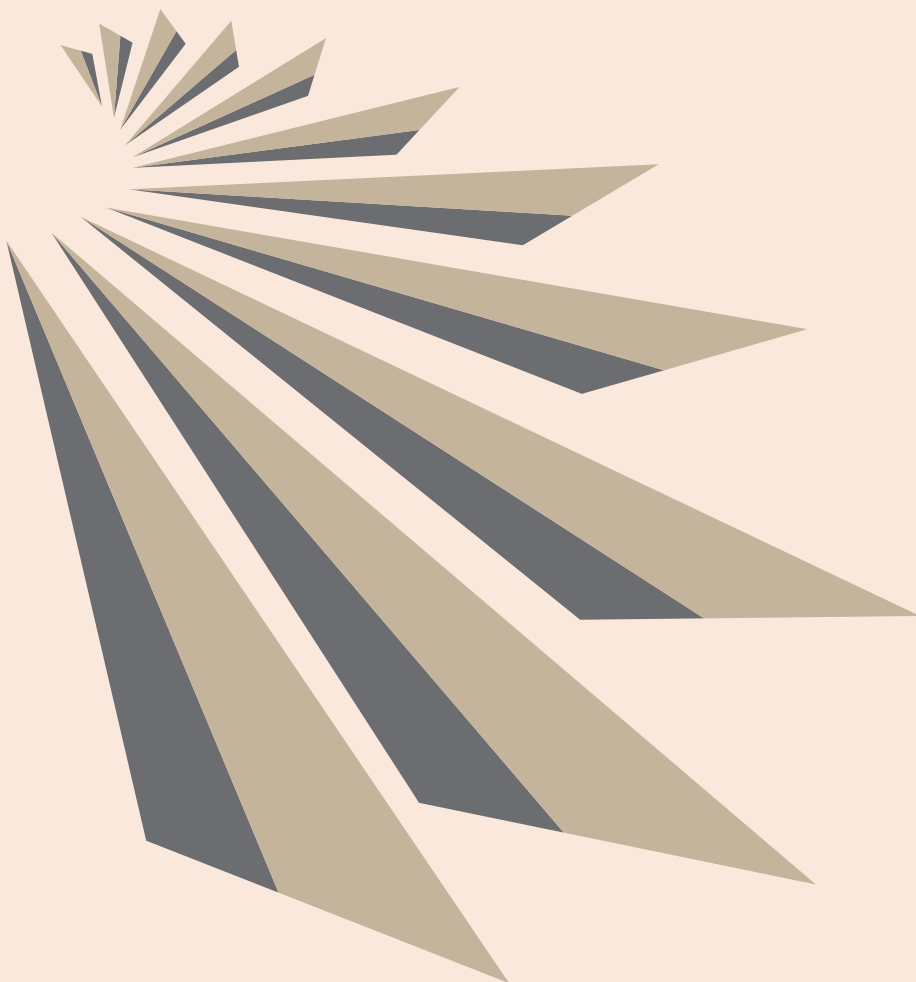
	Note	Group		ETFB	
		2023 Rs. '000	2022 Rs. '000	2023 Rs. '000	2022 Rs. '000
32 PROVISIONS					
Provision for Audit fee		2,500	3,000	2,500	3,000
Provn. for Employees' Accident Compensation Scheme		2,000	800	2,000	800
Provision for Bonus		79,229	294	79,229	294
Provision for Leave Encashment		19,698	20,703	19,698	20,703
Provision for Postage		-	43	-	43
Provision for Higher Education Scholarship		172,596	147,156	172,596	147,156
Provision for Year 5 Scholarship		139,140	235,305	139,140	235,305
		415,163	407,301	415,163	407,301

	ETFB	
	2023 Rs. '000	2022 Rs. '000
33 MEMBER FUND		
Opening Member Fund Balance 01 st January	459,630,606	406,288,901
Previous Year Contribution Adjustment	5,336	6,737,463
Contribution Received	37,223,825	34,642,546
Refund of Contribution	(38,286,377)	(25,019,411)
Interest on Member Fund Balance	13,758,500	12,679,221
Dividends	32,102,819	24,301,886
Closing Member Fund Balance 31st December	504,434,709	459,630,606



SUPPLEMENTARY INFORMATION

Auditor General's
Report - 2023





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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



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எனது இல. }
My No. }

LSW/F/ETF/1/2023/19

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

21st August 2024

Chairman,
Employees' Trust Fund Board.

The Auditor General's Report on the Financial Statements of the Employees' Trust Fund Board and its Subsidiary for the year ended as of the 31st of December 2023 and other legal and regulatory requirements in terms of Section 12 of the National Audit Act, No. 19 of 2018

01. FINANCIAL STATEMENTS

1.1 Qualified opinion

The audit of the financial statements of the Employees' Trust Fund Board ("Board") and its Subsidiary ("Group") for the year ended as of the 31st of December 2023 comprising the Consolidated Statement of Financial Position for the year ended 31 December 2022 comprising the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended and the explanatory notes to Financial Statements and a summary of Significant Accounting Policies was carried out under my direction in pursuance of the provisions of the National Audit Act, No. 19 of 2018 and the Finance Act, No. 38 of 1971 read in conjunction with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My report will be tabled in Parliament in due course in terms of Article 154 (6) of the Constitution.

In my opinion, except for the effects of the matters described in the part of the 'Basis for Qualified Opinion' of my Report, the financial position of the Board and the Group as of 31 December 2023 and its financial performance and cash flows for the year then ended give a true and fair view in accordance with the Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

- A total amount of contributions credited to the Board by 4,526 employer institutions for the period from 1981 to 2022 to the value of Rs. 516.79 million had not been credited to the personal accounts of the members even as of 1 April 2024 in pursuance of section 16 (3) of the Employees Trust Fund Board Act, No. 46 of 1980. Due to this reason, a disparity between the member fund balance and the total of the individual account balance was evident. Included in the above balance was a balance of Rs. 20 million that existed over a period between 09 to 42 years.
- The balance value of Rs. 6.52 million lying in the V 999 suspense account without being able to identify the respective employers as of 31 December 2023 concerning the period from the year 1982 to the year 2022, had not been dealt with for settlement.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව

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- (c) No disclosure in accordance with Sri Lanka Accounting Standard 37 had been made in the financial statements as at the end of the year under review regarding the interest income of Rs. 24.967 million which has been carried forward for many years for the investments made in two companies and the adjustment of provisions for the same.
- (d) Even though the outstanding interest to be recoverable as of 31 December 2023 was Rs. 26.3 million on the debenture investment of Rs. 15 million made by the Board in the year 1994 at a fixed interest rate of 14.48 percent in a plantation company, the balance to be charged had been shown as Rs. 9.39 million as at the end of the year under review.
- (e) Although the motor car costing Rs. 6.8 million granted to the Board by the Ministry of Finance by its letter dated 15 March 2022 had been used for the purposes of the Board, the respective asset had been assessed and accounted for only in August 2023. Accordingly, no depreciation adjustments had been made for a period of 17 months during which the said asset was in use.

The audit was carried out by me in accordance with the Sri Lanka Audit Standards. My responsibility under these audit standards has been further described in the part of the 'Responsibility of the Auditor over the Audit of the Financial Statements' in this report. It is my belief that the audit evidence obtained by me is sufficient and appropriate for providing a basis for my opinion.

1.3 Other information contained in the Annual Report 2023 of the Group

Other information means the information incorporated in the Annual Report 2021 of the Board that was obtained by me prior to the date of this audit report, but not included in the financial statements and my audit report in that regard. The management is responsible for this other information.

My opinion concerning the financial statements does not encompass other information and I do not express any assurance or opinion whatsoever in that regard.

My responsibility with regard to the audit is to read the other aforesaid information so identified and, in doing so, to consider whether such other information is substantially inconsistent with the financial statements or in accordance with my knowledge I obtained during the course of the audit or otherwise.

If I, on the basis of other information received by me prior to the date of this audit report and the tasks carried out by me, come to the conclusion that this other information has substantially been misrepresented, it becomes necessary that I should report the particular matter. In this regard, I do not have anything to report.

1.4 Responsibility of the Management and the Governing Parties over the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

In the preparation of the financial statements, it is the responsibility of the management to decide on the continued existence of the Group whereas it is also the responsibility of the management to disclose the matters pertaining to the keeping of accounts on the basis of the Group's continued existence and its going concern status unless the management intends to liquidate the Group or resort to go for wind up operations in the absence of any other alternative.

The governing parties hold the inspection responsibility over the financial reporting process of the Group.

The Group should duly maintain the relevant books and reports pertaining to its income and expenditure and assets and liabilities so as to enable it for the preparation of the Group's annual and periodic financial statements in terms of subsection 16 (1) of the National Audit Act, No. 19 of 2018.

1.5 Responsibility of the Auditor over the Audit of Financial Statements

My objective is to give a reasonable assurance as to whether the financial statements as a whole are free from material misstatements due to fraud or error and to issue the Report of the Auditor inclusive of my opinion. Even though giving a reasonable assurance is an assertion of high level, the audit is not always an assurance that it brings into exposure the material misstatements during the course of carrying out the audit in accordance with the Sri Lanka Audit Standards. A material misstatement could result in due to the effect of frauds and errors severally or collectively and its materiality might depend on the impact of the economic decisions arrived at by the users based on these financial statements.

The audit was carried out by me with professional judgment and professional skepticism in keeping with the Sri Lanka Audit Standards. I further,

- designed and implemented audit procedures that are appropriate in the circumstances in identifying and assessing the risks of material misstatements that could result in the financial statements owing to fraud and errors, in setting up an audit opinion. It was in view of the fact that the impact caused by a fraud is more severe than that caused by the reasons such as material misstatements resulting from erroneous recording and collusion, preparation of forged documents, intentional avoidance or the avoidance of internal controls.
- acquired an understanding of the Group's internal control in order to design circumstantially suitable audit procedures, even though it was not with the intension of expressing an opinion on the effectiveness of its internal control.
- evaluated the suitability of the accounting policies used, the reasonableness of the accounting estimates and the related disclosures made by the management.
- decided on the relevance of applying the basis of the continued sustainability of the entity for accounting purposes based on the audit evidence acquired as to whether there exists a quantitative uncertainty on the Group's sustainability due to incidents or conditions. In case I determine that such uncertainty exists, my report should pay attention to the disclosures regarding the financial statements and if those disclosures are not sufficient, my opinion must be modified. However, the continued sustainability may cease to exist on the future incidents or conditions.
- assessed the overall presentation of the financial statements inclusive of the fact as to whether the relevant transactions and incidents upon which the structure and the content of the financial statements were based have been suitably and fairly incorporated and of the related disclosures.
- acquired sufficient and eligible audit evidence in regard to financial information pertaining to the activities of the entities or the businesses within the Group in order to express an opinion on the consolidated financial statements concerned. I am supposed to be responsible for the conduct, supervision and performance of the Group's audit. And, I shall also hold responsibility in toto for my audit opinion.

The related controlling parties were educated on the significant audit findings, major weaknesses of the internal controls and other matters identified during the course of the audit.

02. REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

2.1 Special provisions on the following requirements are embodied in the National Audit Act, No. 19 of 2018.

2.1.1 All information and clarifications necessary for the audit except for the effect caused by the matters described in the part of the “Basis for qualified opinion” in my report were obtained by me in accordance with the requirements set out in section 12 (a) of the National Audit Act, No. 19 of 2018 and the Board had maintained proper financial records in such manner as evident by way of my examination.

Reference to rules and regulations/ directions	Non- Compliance
(a) Employees Trust Fund Board Act, No. 46 of 1980	
(i) Section 08 (i)	Even though at the end of an accounting year, the balance lying to the credit of the member's personal account should be announced by the Board to each member of the fund before the 30th of September of the following year, the statements of account for the years 2021 and 2022 had not been issued to the self-employed and migrant workers to date.
(ii) Section 37 (a)	Even though an employer, according to the directions issued by the Board to furnish a periodic return related to contributions, should provide periodic reports within the period specified in the said direction, the periodic reports related to a sum amounting to Rs. 262.74 million remitted to the Board by 3,810 institutions from the years 2015 to 2022 had not been forwarded to the Board as yet, and as such, the relevant amounts of money had not been allocated to the members even by 06 March 2024.
(b) Paragraph II of the Public Finance Circular No. 01/2020 dated 28 August 2020	Even though action regarding deficiencies and excesses revealed in the survey of goods for the year 2022 should be taken before 30 April 2023, no action had been taken regarding 100 deficient units and 60 surplus units included in the annual goods survey report for the year 2022.

2.1.2 According to the requirement set out in section 6 (i) (d) (iii) of the National Audit Act, No. 19 of 2018, the financial statements of the Board correspond with those of the preceding year.

2.1.3 The recommendations made by me during the previous year barring the observations in para 1.2 of this report have been included in the financial statements that have been presented in accordance with the requirement set out in section 6 (i) (d) (iv) of the National Audit Act, No. 19 of 2018.

- 2.2 Based on the measures adopted and the evidence that was obtained and within the limitation confined to material considerations, nothing met with my attention to the extent of making the following statements.
- 2.2.1 That any member of the Board, in accordance with the requirement set out in section 12 (d) of the National Audit Act, No. 19 of 2018, has an interest directly or otherwise over any agreement connected to the Board outside of his general affairs of the business therein.
- 2.2.2 That the Board, in accordance with the requirement set out in Section 12 (f) of the National Audit Act, No. 19 of 2018, has acted in a manner that is inconsistent with any relevant written law or other general or special provisions issued by the governing body of the Board excluding the observations given below.
- 2.2.3 That the Board, in accordance with the requirement set out in section 12 (g) of the National Audit Act, No. 19 of 2018, has acted in a manner that is inconsistent with the Board's powers, functions and duties.
- 2.2.4 That the Board, in accordance with the requirement set out in section 12 (h) of the National Audit Act, No. 19 of 2018, has procured resources of the Board and put them into use economically, efficiently and effectively and within the prescribed time limits in a manner that is inconsistent with the stipulated laws excluding the observation given below.
- (a) As of 31 December 2023, no dividend income had been received for the year 2023 in relation to the investments in shares made in 11 listed companies at an average cost of Rs. 641 million. There was one company each that did not receive continuous dividends from the years 2015 and 2019 to 2023 whereas there were two companies each that did not receive continuous dividends from the years 2020 and 2021 to 2023 therein.
 - (b) 4,705,833 units costing Rs. 142.6 million in investments in the unit trust fund as of 31 December 2023, had not received any dividends in the year 2023. As no dividends had been received for the investments made in the National Equity Fund from the year 2020 to the year 2023 out of the said unit trusts either, the dividends income thereof had not been accrued to the members.
 - (c) In 2016, the Sri Lanka Information and Communication Technology Agency and the Board had entered into a Memorandum of Understanding under the financial provisions of the Ministry of Finance with the objective of maintaining the employer and member accounts and the member fund more accurately and reliably and making members and employers linked with the system through online communication modes. Even though the Board from the beginning of the project until now had spent Rs. 183.28 million for the purchase of hardware and training activities, it had not been possible for the Board to successfully complete the project objectives and establish the operational process of the system to make it a live operational process, even as at present.

03. OTHER MATTERS

- (a) By the end of the year 2022, 66 percent, or 125,850 of the 189,850 registered employers of the Board were inactive employers. It was observed that the measures taken by the Board towards keeping the registered employer bodies updated were not sufficient.
- (b) As of 31 December 2023, the balances of more than 20 years lying in the unclaimed accounts of ordinary benefits amounted to a total of Rs. 3.83 million, and the relevant members had not been identified and made settlements on them to date.

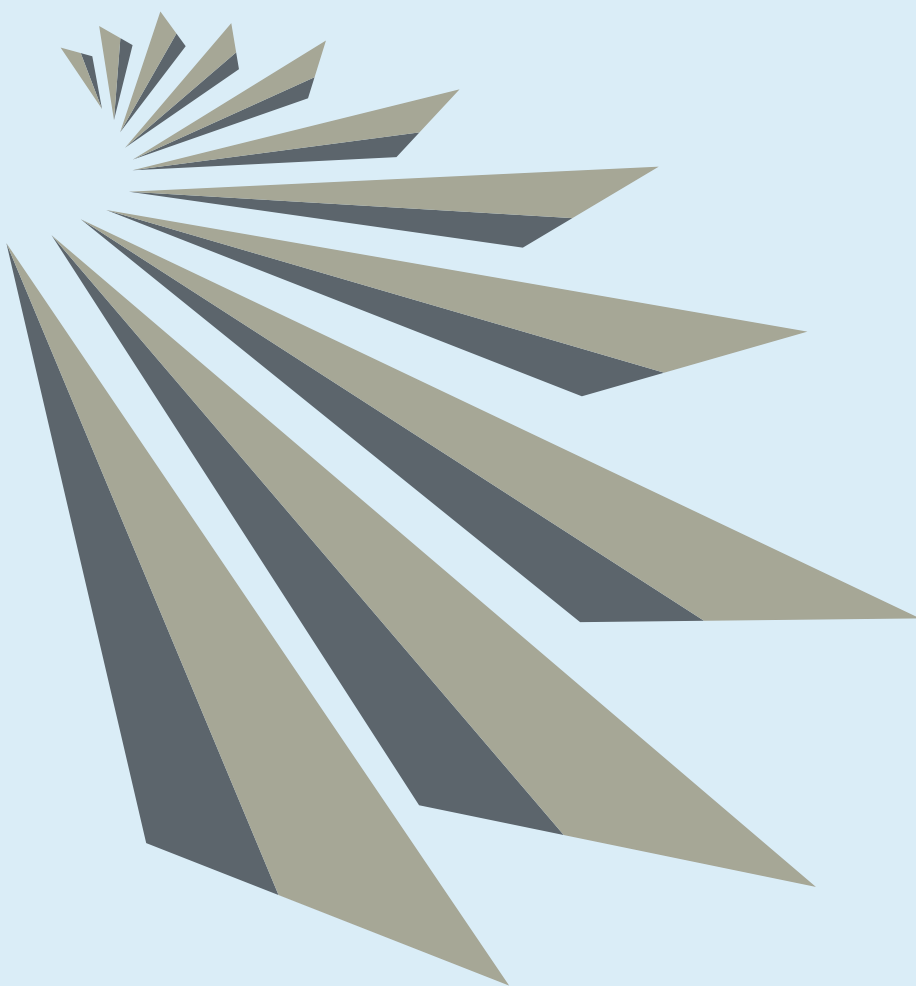
- (c) At the end of the year under review, an amount of Rs. 23.37 million had to be paid in respect of 1,253 beneficiaries as unclaimed death benefits and as of 31 March 2024, the said balance was Rs. 23.043 million in respect of 1,240 beneficiaries. In this balance, the amount of death benefits that stood payable to 826 beneficiaries belonging to the ranges of periods between 07 and 28 years was Rs. 9.9 million. No action has so far been taken to settle these balances that are continuously present.
- (d) The Board pays Rs. 10.3 million per month as rent for the occupation of 5 floors in the Mehwara Piyesa building having housed its offices and the staff there from the month of September 2020 taking into consideration the convenience of providing services at one and the same place along with the Employees Provident Fund Board as running of the entity's operations from around 05 rented out buildings hither and thither in the city caused difficulties for both parties of employees who turn up to get their services done from the Board and the employees of the Board itself. Nevertheless, the management had made arrangements to house the Katubedda and Maharagama Regional Offices in rented-out buildings once again in Katubedda and Maharagama for a period of 3 years from December 2021 to November 2023 by continuing to pay rents amounting to Rs. 120,000 and Rs. 100,000 respectively per month. However, since the Katubedda office was removed from its rented-out building from 30 October 2023 and the Maharagama office from the month of April 2023 and re-established in the Mehwara Piyesa building, the Board had to incur an additional amount of Rs. 2.04 million to the Katubedda office and Rs.1.7 million to the Maharagama office.
- (e) Even though the tenure of the agreement of 04 buildings acquired on a lease basis for operating regional offices has been extended, the registration of the agreement as per prescribed requirements was not executed even by the month of March 2024, and as such, the rent paid for the period of such operation without a valid agreement was Rs. 5.26 million. While the Board had not entered into a formal lease agreement for the Board's Record Room, which is maintained on a rented-out basis at the Narahenpita Dedicated Economic Center, from April 2022 to December 2023, the arrears of rent due for the said period ran into Rs. 4.06 million.
- (f) The Board had not taken steps to enter into agreements with the customers who avail parking facilities in the car park which is run on a land belonging to the Board at Nawam Mawatha, and out of the amount of Rs. 8,096 million recoverable from such customers as of 31 December 2023, the amount of money yet to be recoverable from them as of 09 July 2024 totaled to Rs. 3.73 million. In this sum of money, the amount to be recovered for the years 2017 to 2022 was Rs. 1.04 million. Action had not been taken either to recover the security deposits from 15 customers whose outstanding amounts of money ran into Rs. 912,514 in respect of the ranges of periods between the years 2016 and 2023, and there was also rent receivable from 38 customers to the value of Rs. 2.4 million which had gone on to exceed the amount of security deposits received from them.
- (g) With the objective of raising the higher education opportunities for the sons and daughters of the active members of the Board, a financial allocation of Rs.172.6 million had been set apart at the end of the year under review for 7,000 students at the rate of Rs. 12,000 per student annually towards the scheme of awarding scholarship grants. The amounts payable for this purpose to 7,383 students who had applied for benefits in the years 2020, 2021 and 2022 had not been settled to them up to this date.
- (h) Even though under the medical subsidy scheme for the staff of the Board, the amount charged per member for this scheme towards bill reimbursement had been increased from Rs. 30 to Rs. 150, the Board, during the years 2022 and 2023, had borne a contribution of 97 and 95 percent of the amounts related to medical bill reimbursement. In the year 2023, the contribution of the Board was Rs. 128.55 million, and the member's contribution was Rs. 6.77 million. Due to the reason that the Administration

and Human Resources Division Circular Letter No. 2013 /14 issued on 15 August 2023 had not provided for prescribing a ceiling when approving the reimbursement of the expenditure under hospital expenses involving the special devices and correctional equipment which were under the general reimbursement method, the medical bills carrying higher value for such apparatus had to be reimbursed from the month of September 2023.

- (i) Even though the Committee on Public Enterprises at its meeting held on 26 August 2016 had recommended amending Section 5 (2) of the Employees Trust Fund Board Act that spells out the Chief Executive Officer of the Board to be the Chairman of the Board as a financial institution in accordance with the incorporation Act, it had not been worked out to be so even by the end of the year 2023.
- (ii) Although the Board is a major institution that invests funds in government securities, it had not obtained the direct bidding facility from the Central Bank of Sri Lanka. Even though it was directed by the Committee on Public Enterprises at its meeting held on 26 August 2016 to register the Board as a primary dealer of the Central Bank of Sri Lanka, it had not been done so even by 31 December 2023.
- (k) As of 31 December 2023, the outstanding interest recoverable by the Board for the debenture investment of Rs. 15 million made by it in 1994 at a fixed interest rate of 14.48 percent in a plantation company was Rs. 26.29 million. Even though it was directed to take steps to pay the outstanding amount at the discussion held in this regard on 27 March 2023 with the relevant institutions on the intervention of the Department of Public Enterprises, these amounts of money had not been received by the Board even by the time of the audit in the month of June 2024.
- (l) The interest recoverable for Rs. 12.17 million invested in promissory notes maturing in 2002 and Rs. 7.45 million invested in debentures subject to maturing in 2007 in a company was Rs. 15.21 million and Rs. 0.37 million respectively. Although the district court had given orders for the liquidation of this institution on 3 October 2008, the Board had no specific confirmation regarding the recovery of this money even by 4 May 2024. Due to this reason, the benefits payable to the members had been decreased.
- (m) There remained a sum amounting to Rs. 41.22 million in respect of 7,566 accounts maintained without member name and valid ID number as of 31 December 2023 and, it was revealed that according to the information made available to the audit on 29 April 2024, action had been taken to lock down those member accounts that could not be identified until the year 2015, in the computer system. Even by 04 May 2024, these monies had not been identified and credited in favor of the members.
- (n) The Board maintains temporary accounts (Dummy Accounts) from AX to XX for the employers who register only with the Employees Trust Fund Board without availing membership of the Employees Provident Fund, and as of 31 December 2023, the total amount of contributions sent by such 28,994 employers amounted to Rs. 309.97 million. In these remittances, there were balances between the period of 8 to 41 years totaling up to Rs. 209.95 million. So far, no suitable system has been introduced to credit the contributions lying in these temporary accounts (Dummy Accounts) to the correct employer accounts.


W.P.C. Wickramaratne
Auditor General

**Comments of the
Management on the
Auditor General's Report
for the year 2023**



1.2 Basis for the Qualified Opinion

- a) The unallocated balance of the contribution for the period from 1981 - 2014 was Rs. 13.773 million out of which a sum more than Rs. 10 million is the money to be allocated with respect to one particular employer of an institution.

Moreover, the balance of money to be further allocated from 2015 - 2022 is Rs. 503.018 million. The method currently followed is to allocate any remaining money to the respective accounts of the members if and when the employer concerned submits the details of the members against whom such amounts of money are to be credited.

The accounts of the members without the name of the member and valid ID number are currently locked up in the computer system and in an instance where the employer submits the applications of the members concerned or confirms the identity of such members, the locked-up member account on whom the information has been forwarded will be unlocked and steps will be taken to update the respective accounts after having included the correct member name and ID number therein.

- b) As of 31.12.2023, there is a balance of Rs. 6,525,131/- in the two suspense accounts bearing Nos. V 999 and V 100 related to the credits made by the employers without the knowledge of the Board.

The balance of payments out of such amounts of money made by the employers during the period from 1982 to 2006 is locked up in the computer system (AS 400) in order that it cannot be subject to any change.

Moreover, the unrecognized deposit balance as of 31.12.2023 is Rs. 389,412/- due to the direct deposits received in the Employees' Trust Fund as a result of the Covid pandemic situation that prevailed from the years 2020 to 2022. The details related to those payments are provided by the employers from time to time and they are accounted for in the correct employer accounts following identification of the correct employers concerned.

- c) The allocation of provisions in respect of Rs. 24.97 million receivable as interest income on the investment as at the end of the year under review under the outstanding revenue head of other assets (No. 21.1 of the Statement of Financial Position) has been correctly adjusted.

Details thereof are given below :

Elkaduwa Plantation Company	9.39
MBSL Vanik	0.21
Vanik Incorporation	15.00
Government Promissory Notes	0.37
Total	24.97

Action will be taken to show the disclosure of the income receivable in accordance with Sri Lanka Accounting Standard No. 37, through a note to accounts from the next financial year onwards.

- d) The company concerned defaulted on making interest payments for the invested sum of money in the debentures of this company after paying only one installment of the interest on such debentures, which was to be paid biannually at an annual interest rate of 14.48%. Accordingly, the accounting of this outstanding interest installment as an amount to be charged has been stated as Rs. 17,797,556.16 up to 31.12.2002. Thereafter, following the deduction of the amount settled by the said company in the years 2011, 2019 and 2020 according to a repayment plan upon agreement with them, the remainder of money amounting to Rs. 9,391,556.16 has been shown in the financial statements as interest to be recovered as of 31.12.2023.

However, according to the investment division reports, these outstanding amounts have been calculated for the period up to the year 2010, i.e., the period up to the settlement of the final installment of the invested initial loan capital. Accordingly, a sum amounting to Rs. 26,293,485/- has been entered in the reports of the investment division as the remaining balance after deducting the total interest that was repaid in installments. These calculations have been worked out by the investment division up to the year 2010 with the aim of obtaining the maximum amount that can be recovered from the company concerned on account of these amounts of interest in arrears.

Further action will be taken to recover this arrears of interest and if any amount is received in excess of the amount accounted for so far, steps will be duly taken to account for it as well.

- e) The cost of the motor car granted to the Board by the Ministry of Finance through letter No. MF1/03/05/05-01 dated 15 March 2022 is Rs. 6.8 million. There was no assessment value available on the motor car as at the date on which the car was handed over by the Ministry of Finance, for the purpose of entering the said value into accounts and this asset was accounted for in the month of August 2023 based on the assessed value obtained at the time of insuring the said vehicle. As the vehicle had no assessed value, adjustments for depreciation could not be made for this asset for the period of its use prior to its being accounted for.

- 2.2.2 a)** i. The error in the computer system has since been corrected and the interest and dividends for the years 2021, 2022 and 2023 have been included and action is now being taken to issue the relevant statements of annual accounts for the year 2023.

- ii. Under Section 37 (a) of Act No. 46 of 1980, employers are bound to submit a periodic report. Letters are dispatched to the employers requesting them to submit the periodic reports as such and the provisions have been made under section 37 (c) of the Act to file action before the Magistrate Court against the employers who do not send the periodic reports to us within two weeks from the date of the last reminder following the dispatch of the last of such reminder.

Even though the employer after filing such a case against him will be subject to an imprisonment of 06 months or a fine of Rs.1000/-, the Act does not provide for the recalling of such periodic reports, despite the imposition of such punishment.

We incessantly continue to make arrangements to obtain those periodic reports from the employers by making telephone calls, dispatching letters and conducting field inspections to them and sending texts and letters even via e-mails, etc.

- b) The deficiencies and excesses revealed in the annual survey of goods concerning the year 2022 along with the observations thereon of the internal audit division were discussed in the audit committee, and I will be dealing with this in the future by also taking into account the facts divulged in the annual survey of goods conducted for the year 2023.

- 2.2.4 (a)** Both the companies from which the dividends have not been received since the years 2015 and 2019 belong to the tourist hotels sector. Due to the Covid - 19 pandemic and the economic crisis that prevailed in the country in recent years, the field of hotel business experienced collapse. Since there is growth in the tourism business sector in the latter part of the year 2023 onwards is evident once again and the stock market price of these companies has also reached a high value as at present, it is expected that the dividends will receive from these companies during the year 2024.

By selling out the shares of two companies (Dialog and Aitken Spence) out of which dividends were not received in the year 2023, a sum amounting to Rs. 16.2 million has been earned as capital gain.

Likewise, by the month of June 2024, three companies (Dialog, Wind Force, Access) had declared Rs. 72.8 million as Cash Dividends, and another company had declared Rs. 1.06 million as Scrip Dividends.

Details thereof are as given below :

	Name of Company	Month	Dividends per Share (Rs)	Total of Dividends (Rs.)
Cash Dividends	Dialog	June	1.34	40,514,373.00
	Wind Force	February	1	25,325,226.00
	Access	February	0.5	6,984,333.00
Scrip Dividends	Peoples Insurance	May	0.5	926,526.50
				1,062,601.00

I would like to kindly state that at a time when the stock market price of these companies assumes a higher value than the actual cost, they will be sold out with capital gains to rake in capital gains.

- (b) The market price of the National Equity Fund unit trusts has been showing a continuous high value since 31.12.2020 and we expect to sell them out with capital gains and declare dividends in the future.

Market prices of National Equity Fund Unit Trusts (2020 – 2023)

Year	Unit Price (Rs.)
2020.12.31	31.4972
2021.12.31	39.2032
2022.12.31	32.0678
2023.12.31	34.7683

- c) It was planned to start operational acceptance sessions in the second half of the year 2023, but the following issues prevented it from setting out.

i. Three (03) major changes should have been completed before the system goes live

The analysis of the business requirements related to the system has been carried out around the year 2017 and there is a gap between the current business requirements and the system. The software requirement specifications have also been prepared accordingly. In addition to this, there have been clear changes in the technology and methods used. At the same time, although there have been certain changes in the current system, those changes have not been a continuous event in the new system. Therefore, it was not practically possible to go live with the system without a Change Request in the case of three identified changes.

ii. Business process mapping and operational environment setup should have been carried out

After conducting the user training of the system during the first half of the year 2023, the understanding of the system and its operation was imparted to the users of the respective business units. Accordingly, before starting the operational acceptance sessions of the new system, the mapping of business processes and the operational environment should have been carried out to its completion.

Apart from this, it was also an important requirement to have a new customer service unit set up to go in line with the system, which had not been in place at that time.

iii. A study should have been undertaken on the legal problems that might arise in the new system and the compliance with the provisions of the Act

Due to the changes occurring in the processes after the implementation of the new system, it was decided that the legal problems arising in each module of this system should be correctly identified and remedied. In addition to this, a thorough study should have been conducted on the compliance with the Employees' Trust Fund Act vis a vis this new system and the related processes.

iv Need for the gap analysis and the preparation of operational manual

In the new system, there was a strong need to prepare the operational manual so as to cover up all the workflows and work out related operational scenarios to successfully conduct operational acceptance testing. It was because the system had to undergo 100% rigorous testing in order to sign up the inspection documents of operational acceptance.

In the future, after the completion of the acceptance test and other processes of the system when the system becomes a live operation process, all the objectives expected of this system can be successfully harnessed and the entirety of members can benefit from it.

- 03.** a) Due to the Covid-19 situation that prevailed from the years 2019 to 2022 and the economic crisis that followed, some employer establishments were closed down during that time, and it was not possible to conduct field inspections of the employer establishments either. Following the resumption of the field inspection work from the month of July 2022, inactive employer establishments will be brought back into the active fold.

During the period from 2022 to 31.07.2024, the number of employers made active through field visit inspections amounted to 44,001.

- b) As a result of the efforts made by the Board to settle unclaimed general benefit dues by making calls over the telephone, sending letters, and verifying the addresses of the members through electoral lists, the number concerned has been on the decrease by now.
- c) The main problem lying in settling up the unclaimed death benefits is the lapses in the submitted applications and the attached documents, while it was also due to the reason of non-submission of the respective claims by the beneficiaries.
- d) With the resurgence in 2021 of the second phase of the coronavirus pandemic that started in the year 2020, it was inappropriate for a large number of people to come to visit the head office, and as such, buildings from Katubedda area and Maharagama area were acquired on a rent basis as an alternative from 01.12.2021. With the mitigation of the risky situation and the approval of the board of directors to resume services to the general public at the head office, the payment processes of the two buildings that were acquired on a rental basis were sorted out and the buildings returned to the respective owners.

It has been possible to provide a prompt service with more smart options of value addition to the members of the fund by bringing the activities of the Board hitherto operative in 5 separate buildings being occupied on a rental basis to the new building, Mehewara Piyesa.

- e) On being obtained on a lease basis to run regional offices;
- The lease agreement of the Galle Regional Office has been executed and registered on 21.05.2024.
 - The agreement of the Nawala office at 44/5 has been forwarded to the Land Registry for registration after placing the signature on it on 13.10.2023.

- The lease agreement related to the Fort building where the cheque collection office is located was signed on 23.10.2023 and the respective lady lawyer has referred it for registration.
- The lease agreement of the Matara regional office was signed on 13.11.2023 and it has been forwarded for registration.

The management trust of the Narahenpita Dedicated Economic Center, which was under the Timbirigasaya Divisional Secretary, was taken over from April 2022 by the Urban Development Authority and the related lease agreements are also being prepared by the Urban Development Authority. We have informed the Urban Development Authority to prepare and send the relevant lease agreements by making inquiries thereon by letter dated 10.04.2023. Accordingly, we have on 21.09.2023 has sent the Urban Development Authority a letter stating that there were several amendments to be made in the agreement as there were certain amendments to attend to therein. On 02.01.2024, the Chairman of our Board forwarded the first letter in that regard to the Chairman of the Urban Development Authority. No response was received thereto and a letter was sent again on 12.02.2024. The Urban Development Authority has sent a reply letter to us on 07.03.2024, through which it stated and informed us that our request not to charge fines for late fees has been forwarded to the top management and that the lease agreements will be entered into after receiving the decision concerning it. However, as we did not receive a reply in that regard until 19.04.2024, we have again sent a reminder thereon on 19.04.2024.

- f) As of 31.05.2024, parking facilities had been afforded for 48 institutions whereas such facilities for 128 indoor vehicles and 229 outdoor vehicles had been provided in the Nawam Mawatha vehicle park. Furthermore, facilities were also made available for 11 motorcars, 2 three-wheelers and 61 motorcycles to be parked during the night.

We have not entered into a valid written agreement with the customers who use the Nawam Mawatha vehicle park, and we expect to prepare a valid agreement in the future with the help of the legal division and put it into practical use.

For the year ended on 31.12.2023, the amount to be collected from the year 2015 is Rs. 3,726,584.83 and the amount to be collected with respect to the period from the years 2017 to 2023 amounts to Rs. 1,007,624.83.

The institutions concerned have been repeatedly informed of the collection of outstanding charges due to be paid to the Board by them, but no response has been made and it has been instructed to collect respective dues recoverable from them under a special program paying special attention to the institutions with no response whatsoever to our requests to date.

- g) The Board has taken steps to provide vocational skills to the children who passed the Advanced Level Examination through the 'Nipunatha Saviya' education program. It is our belief that it makes more sense to base funding of the Board towards a specific educational activity or vocational training.

In the first year of this program, the number of applications was at a low ebb, but I am hopeful that more applications will find their way in, in the future.

- h) Under the inflationary situation that cropped up during the period 2019-2020 due to the country's economic crisis and the Covid -19 situation followed by abnormal soaring up of prices of medical fees, medicines and devices, approval was granted for the reimbursement of medical expenditure under the category of expenses for special equipment and corrective equipment and hospitalization in consideration of the insufficient funds for reimbursement of expenditure under general medical expenses that was limited to a maximum Rs. 60,000/-.

All medical bill reimbursements are paid after a process of pre-audit and bills exceeding Rs. 20,000/- will be forwarded to the Medical Committee for approval after such pre-audit process.

Subject to a maximum of Rs. 50,000/- for spectacles, the expenses thereon can be reimbursed only once in two years per person, and for dental treatment exceeding Rs. 50,000/-, prior approval of the medical committee should be obtained.

I would also like to mention that disciplinary action has been taken against the parties who had submitted false medical bills that carried relatively a higher value.

- i) i. The status quo as per the statutory provisions and the status quo as a result of its subsequent amendment:

Section 5 (2) of the original Employees' Trust Fund Act, No. 46 of 1980 states that 'the Chairman of the Board shall be appointed by the Minister' and the said section has now been amended by Act, No. 47 of 1988 to read that 'the Chairman of the Board, who is the Chief Executive Officer of the Board, shall be appointed by the Minister'. According to this amendment, the person who held only the office of the Chairman has been given the position of the Chief Executive Officer as well in addition to the office of the Chairman.

- ii The following recommendation regarding this matter was made in the meeting of the Committee on Public Enterprises held on 26 August 2016.

'The committee was of the opinion that it is not appropriate for the same person to hold both the position of chief executive officer and the chairman of a financial institution and this situation should be changed by amending the Act concerned.'

- iii. Proposals submitted to amend the Act in relation to the recommendation of the Committee on Public Enterprises :

The Board has studied this extensively and the following proposals, in accordance with the said recommendation, have been put forward in order to amend Section 5 (2) of the Employees' Trust Fund Act.

- a) To amend the Act so that instead of holding the position of Chairman of the Board and the position of Chief Executive Officer by the same person, two people can hold such positions.
- b) To appoint the person currently holding the General Manager position of the Board as the Chief Executive Officer of the Board.

- iv. Steps taken by the Board to amend the Act :

The Employees' Trust Fund Act, No. 46 of 1980 was last amended in the year 1993, and accordingly, by the year 2016, proposals had been made to amend several sections of the Act.

After receiving the aforementioned recommendation, the Minister in charge and the Ministry in charge of the subject which includes the Employees' Trust Fund Board have changed from time to time since the year 2016 on several occasions, and in the meantime, the Directors and the chairpersons who held the positions at that time have also changed on several occasions.

In accordance with the recommendation of the Committee on Public Enterprises, several amendments including the proposal to amend Section 5 (2) of the Act were approved by the Board at its meeting held on 26.07.2021. The decision of the said Board of Directors and the proposed amendments were forwarded to the Secretary of the Ministry of Finance by letter dated 11.08.2021.

- v. A discussion on these proposed amendments was held at the Ministry of Finance on 23.11.2021 at the invitation of the Director General of the Department of Public Enterprises of the Ministry of Finance and the relevant proposals were revised again based on the instructions and recommendations received at that meeting.

- vi. Accordingly, the proposed amendments were submitted to the meeting of the Board of Directors held on 30.05.2022 for approval. There, as an urgent need, instructions were received to prepare regulations for the proposed amendments related to electronic submission of contributions and monthly reports, and paying heed to the prevailing situation in the country at that time, the Board of Directors decided to postpone the consideration of the other proposed amendments for a period of 06 months.
- vii. At the meeting of the Board of Directors held on 27.06.2022, approval was received to prepare regulations for some of the above proposed amendments and the decision was forwarded to the Secretary to the Treasury and requested by letters dated 04.08.2022 and 14.12.2022 to make necessary arrangements for the preparation of regulations. Accordingly, the relevant regulations were made and published in the gazette on 22.12.2022.
- viii. At the meeting of the Board of Directors held on 19.12.2022, the Board of Directors approved the proposed amendments to the Act, which was redrafted and included in the budget speech of the Finance Minister for the year 2023. It was decided that the Board of Directors will take necessary steps in the future in accordance with the said instructions in consultation with the relevant Minister in charge of the subject regarding the amendment of Section 5 (2) of the Act and the Chairman of the Board has informed the said decision accordingly to the Secretary of the Ministry of Finance through the letter dated 21.12.2022. The proposed amendments approved by the meeting of the Board of Directors on 19.12.2022 have accordingly been forwarded to the Department of Legal Draftsman and the preliminary draft related to those amendments has been prepared.
- ix. Matters were discussed at the meeting of the Board of Directors held on 24.04.2023 regarding the implementation of the amendments to the Employees' Trust Fund Act in accordance with the recommendation given by the Committee on Public Enterprises as well, and it was decided to take necessary further action in this connection after getting the views and instructions of the Secretary of the Ministry of Finance in writing.
- x. Accordingly, the decision made on the above matter at the meeting of the Board of Directors held on 24.04.2023, and the proposed amendments were submitted to the Secretary of the Ministry of Finance by the Chairman of the Board by letter dated 02.05.2023 in order to take necessary steps in this regard.
- xi. According to the letter dated 15.05.2023 sent by the Director General of the Department of Public Enterprises of the General Treasury to the Additional Director General of the Department of Legal Affairs of the General Treasury with a copy to the Chairman of the Employees' Trust Fund Board, it has been informed to look into the possibility of the inclusion of the proposed amendment for amending section 5 (2) of the Employees' Trust Fund Board Act into the preliminary draft that has by now been made by the Department of Legal Draftsman. The relevant activities are currently being carried out in this regard accordingly.

I wish to further state that the Board is continuously following up on the progress of this process.

- j) When considering the existing problems such as difficulties in obtaining approval for these facilities, limitations on capital expenditure to be incurred, limitations prevailing on new recruitments, difficulty in recruiting, retaining and re-hiring of qualified and skilled officers in the field under existing salary scales and getting other related infrastructure facilities in place, this task remains formidable. As such, this facility is currently being availed of through one of the state-owned banks, the Peoples' Bank, at no cost and without employing additional employees, and the said program continues to be in operation in the same manner.

- k) A discussion was held with the company through the intervention of the Department of Public Enterprises of the Ministry of Finance regarding the collection of arrears of interest and the representatives of the company who participated in the discussion said that considering the current financial situation of the company, it may take some time to settle this interest and a plan in that regard will be presented in consultation with the relevant line ministry. However, the company has not presented a new plan as regards the payment of this arrears as yet.

Even after that, the company has been informed about the recovery of this money from time to time in writing and verbally and I would like to kindly state that in the future, the Department of Public Enterprises will be again asked to intervene and take appropriate steps to look into the possibility of recovering the dues concerned.

- l) The court had made an order to liquidate this company in 2008, but no liquidator has been appointed until now.

Of late, a debtor party of this company has deposited an amount of Rs. 42.6 million to the credit of the winding up case on a court order. A letter has been sent to the Attorney General on 12.03.2024 seeking advice regarding the possibility of recovering the amount if the Employees' Trust Fund has any entitlement out of that amount.

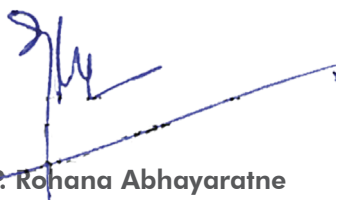
- m) Answer at 1.2 (a) is relevant.

- n) After checking up on the institutions that are not registered in the Employees' Provident Fund, XX and ZZ numbers were issued before 2015 to recover the arrears of those institutions, and after 2015, AX - WX numbers are issued and the money so recovered is kept under those accounts. Moreover, the payments of member benefits are also made under the same numbers until those institutions are registered under the Employees' Provident Fund.

All payments collected under those accounts will be credited to the respective member accounts, while members who have made payments under regular employer accounts will be afforded all the benefits they are to receive and privileges that such members are entitled to.

Similarly, the identification of EPF concerning the amounts of money accounted for under those numbers is sorted out regularly and the following methods are implemented towards that end.

- i After registering the establishments under EPF, we will implement a system to identify the correct employer number and according to the requests made by regional offices and employers regularly, the particulars about the amounts of money paid under the relevant numbers will be referred to EPF.
- ii Each regional office will furnish a report containing information about the employer establishments that make payments under the respective numbers to the labour offices situated in that regional office area of authority and the purpose of it is to get numbers for those EPF numbers.



D.L.P. Rohana Abhayaratne

Chairman / Chief Executive Officer

Decade at a Glance

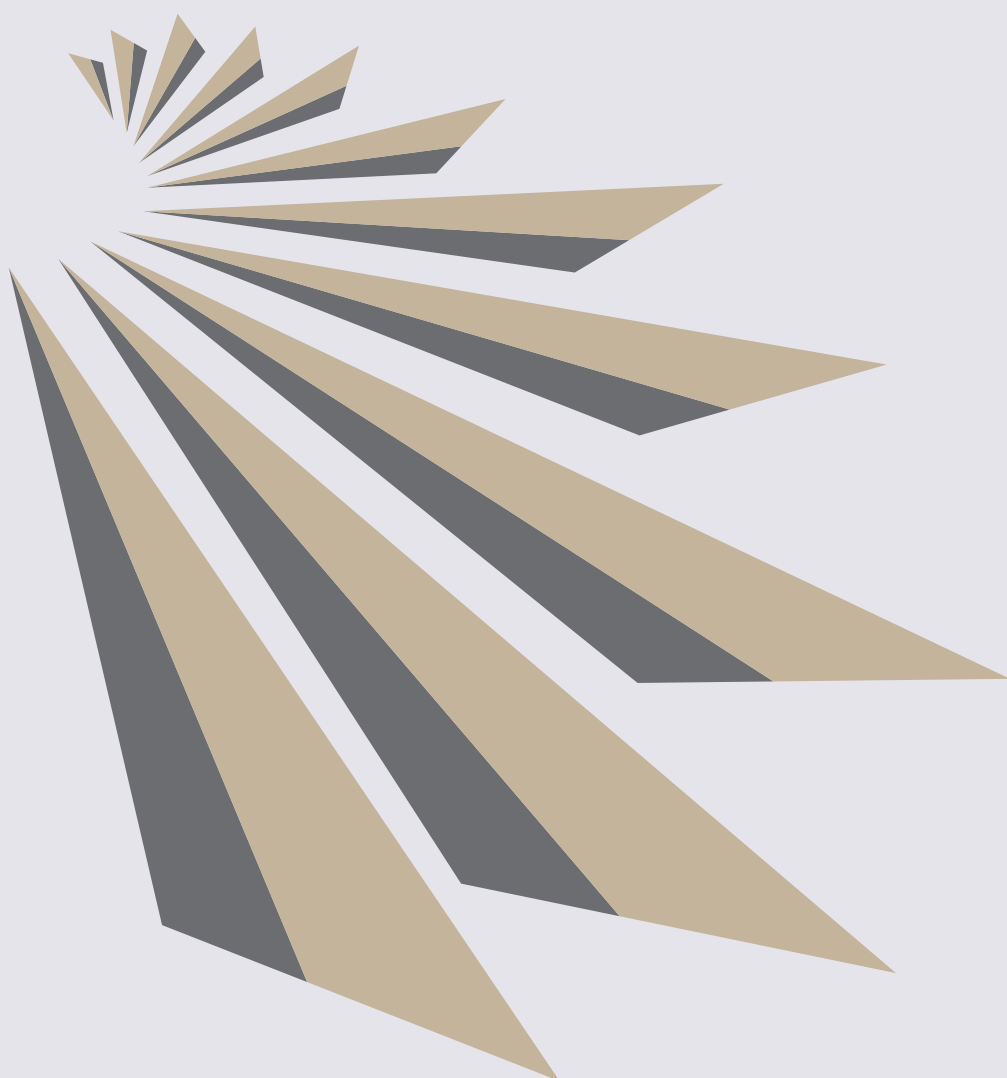
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Rs. Mn.)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Income										
Interest Income	64,381	46,316	34,095	33,398	31,555	28,302	27,239	23,492	20,274	17,312
Dividend Income	1,209	737	556	443	481	346	374	486	361	309
Gain/(Loss) on FA at FVTPL	1,528	(1,376)	551	(143)	(388)	(308)	535	69	834	895
Other Income	674	445	288	1,032	429	-	852	532	320	317
Total Income	67,792	46,122	35,490	34,729	32,076	28,340	29,000	24,579	21,789	18,833
Expense										
Personal Expenses	1,324	1,392	1,264	1,290	1,293	1,145	1,054	986	994	813
Administrative Expenses	313	252	272	187	180	183	168	141	133	135
Financial Expenses	4	4	4	4	4	5	2	3	2	3
Member Expenses	705	575	495	454	523	488	461	454	430	381
Depreciation	40	36	40	49	54	14	14	15	17	19
Interest Paid on Current Year	499	358	256	246	261	241	208	174	149	209
Impairment Charge/(Reversal)	(51)	77	-	-	-	-	13	-	-	-
Total Operating Expenses	2,834	2,694	2,330	2,229	2,315	2,077	1,920	1,773	1,724	1,559
Profit before Taxation	64,959	43,428	33,199	32,500	29,762	26,263	27,080	22,805	20,065	17,274
Less - Income Tax Expenses	9,017	6,449	4,603	4,493	4,242	3,395	2,706	2,394	2,061	202
Profit after Taxation	55,942	36,978	28,569	28,007	25,519	22,868	24,374	20,411	18,004	17,072

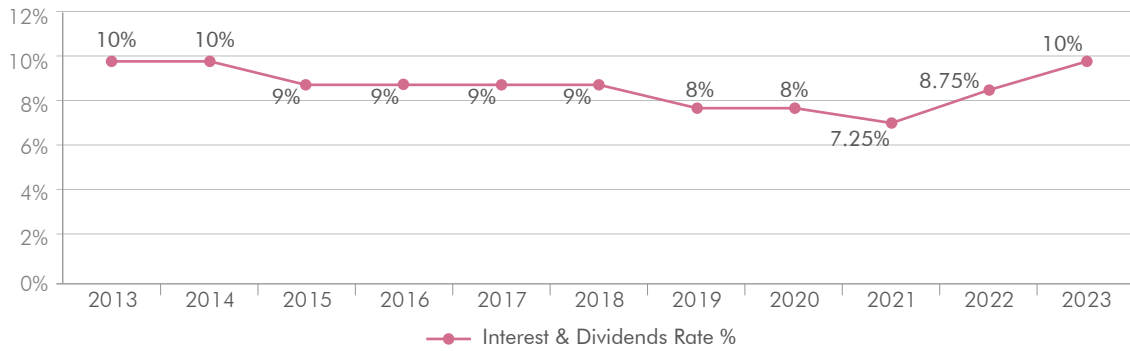
STATEMENT OF FINANCIAL POSITION

(Rs. Mn.)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ASSETS										
Cash and Cash Equivalent	899	584	579	681	549	738	743	614	842	2,635
Financial Assets at FVTPL	4,464	2,887	3,622	2,931	2,699	2,887	2,511	1,956	1,494	733
Investment in Subsidiary	471	471	471	471	471	471	471	471	471	471
Financial Assets at FVTOCI	10,765	8,647	10,561	7,638	7,900	7,564	7,846	9,209	8,838	8,122
Financial Assets at Amortized Cost	499,565	444,308	395,922	360,696	324,688	292,668	252,399	223,798	199,642	177,187
Other Assets	3,504	3,206	3,120	2,622	2,840	2,412	11,050	9,244	8,053	6,513
Property, Plant & Equipment	311	297	264	299	364	218	174	176	173	187
Intangible Assets	6	9	0	1	1	0	0	0	0	0
Investment Property	4,587	4,587	4,587	4,587	3,813	3,813	3,813	3,400	3,200	3,200
Total Assets	524,511	464,997	419,132	379,926	343,325	310,771	279,006	248,870	222,714	199,048
LIABILITIES										
Current Tax Liabilities	4,864	3,701	2,350	2,597	1,940	1,903	212	81	34	68
Government Grant	8	5	-	-	-	-	-	-	-	-
Defined Benefit Obligation	303	215	237	287	253	-	225	203	193	-
Other Liabilities	115	107	6,931	162	176	753	157	105	159	250
Provisions	415	407	328	302	105	133	82	88	214	77
Total Liabilities	5,706	4,436	9,846	3,347	2,473	2,789	676	476	599	395
Total Net Assets	518,805	460,561	409,286	376,579	340,852	307,982	278,330	248,393	221,941	198,653
Member Fund	504,435	459,631	406,289	375,215	339,244	306,455	274,160	245,605	218,502	193,869
Reserves	14,370	931	2,997	1,363	1,608	1,527	4,170	2,789	3,439	4,785
Net assets attributable to Members	518,805	460,561	409,286	376,579	340,852	307,982	278,330	248,393	221,941	198,653

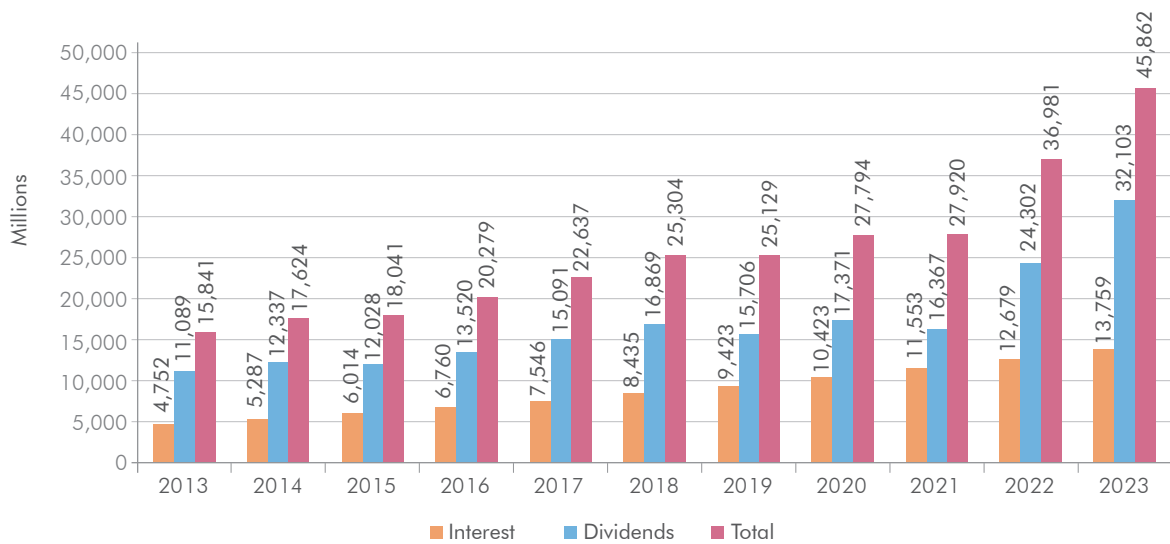
Statistical Annexure



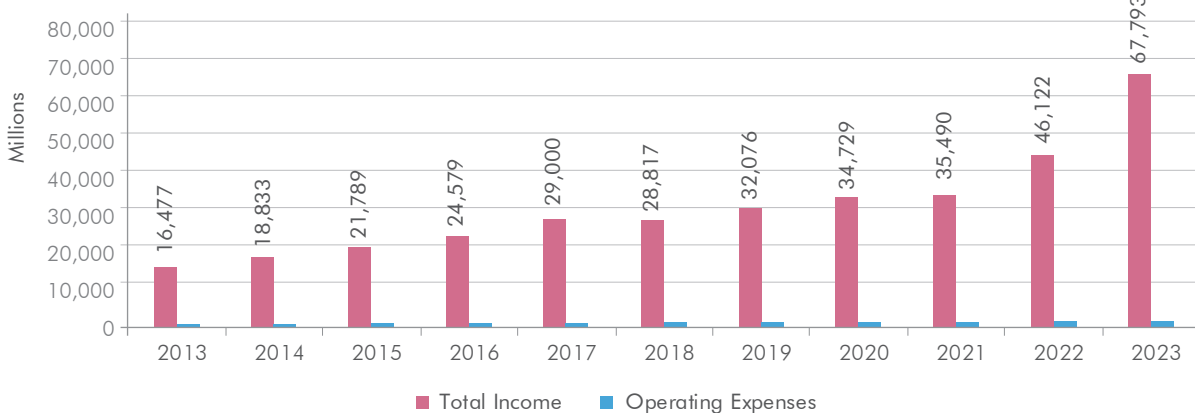
INTEREST AND DIVIDENDS RATES



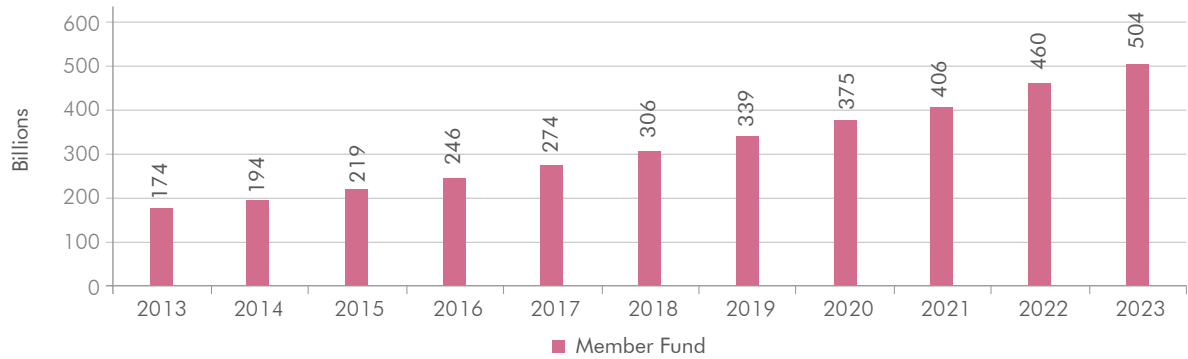
DECLARED INTEREST AND DIVIDENDS



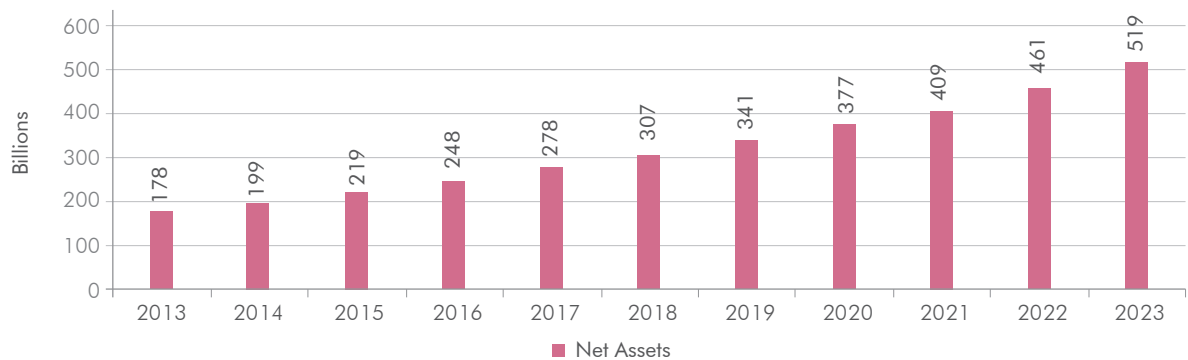
TOTAL INCOME VS. OPERATING EXPENSES



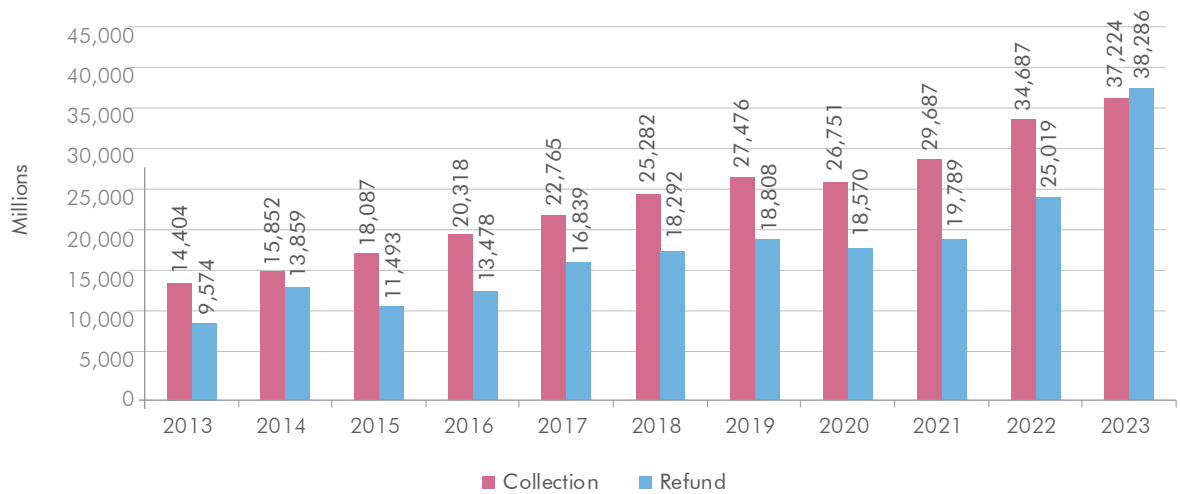
MEMBER FUND



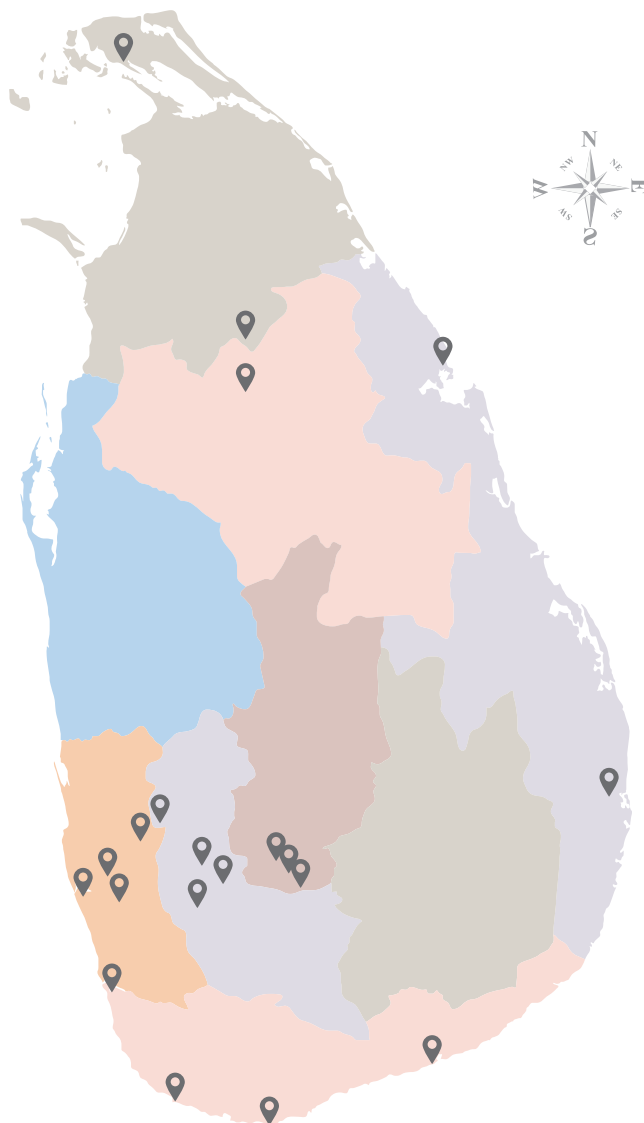
NET ASSETS



COLLECTION AND REFUND



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வருடாந்த அறிக்கை
ANNUAL REPORT
2023



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