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Employees' Trust Fund Board  
Employees' Trust Fund Board



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ANNUAL REPORT

**2024**

Innovation in a  
*Sustainable Journey*

# Innovation in a *Sustainable Journey*

In an ever-evolving global environment, social security systems require momentum to grow while confronting diverse challenges. Within such a dynamic context, innovations stand out as a vital imperative towards a sustainable mission in safeguarding social security for the prosperity of tomorrow.

As the Employees' Trust Fund Board (ETFB), it is our key objective to remain committed to leveraging technology, strategic reforms, and adaptive policies within our robust service delivery, ensuring well-being for both current and future generations.

Reliance solely on traditional systems has proven insufficient for empowering social security. Therefore, we have embraced a vision that includes digital transformation, sustainable investments and innovative approaches. These strategies allow us to deliver continuous committed services, enhance long-term fund security, and foster deeper trust among our member community.

Expanding our membership base and widening the scope of benefits make it very necessary to bring in creative and innovative methods. In doing so, it cultivates a refreshed work environment that promotes employee satisfaction, higher performance, and improved productivity in the rest of the operations.

The prime objective of the Employees' Trust Fund (ETF) is to ensure financial security for members at the end of their career. In pursuit of this goal, the Fund seeks to:

- (a) promote employee ownership, welfare, and economic democracy through financing and investment;
- (b) encourage employee participation in management via equity ownership;
- (c) provide non-contributory retirement benefits; and
- (d) undertake all measures necessary to achieve these objectives.

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Introducing  
**44<sup>th</sup>**  
**Annual Report**

# Contents of the Annual Report

This is the 44<sup>th</sup> Annual Report of the Employees' Trust Fund Board which provides a comprehensive account of how the organization has created values primarily to its beneficiaries and to other stakeholders in 2024.

The Content of the Annual Report 2024 covers the operations spanning the head office and the branch network for the period of 1st January 2024 to 31st December 2024, with the most recent report being for the year ended 31st December 2023 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.



# 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, Planning and Economic Development. 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

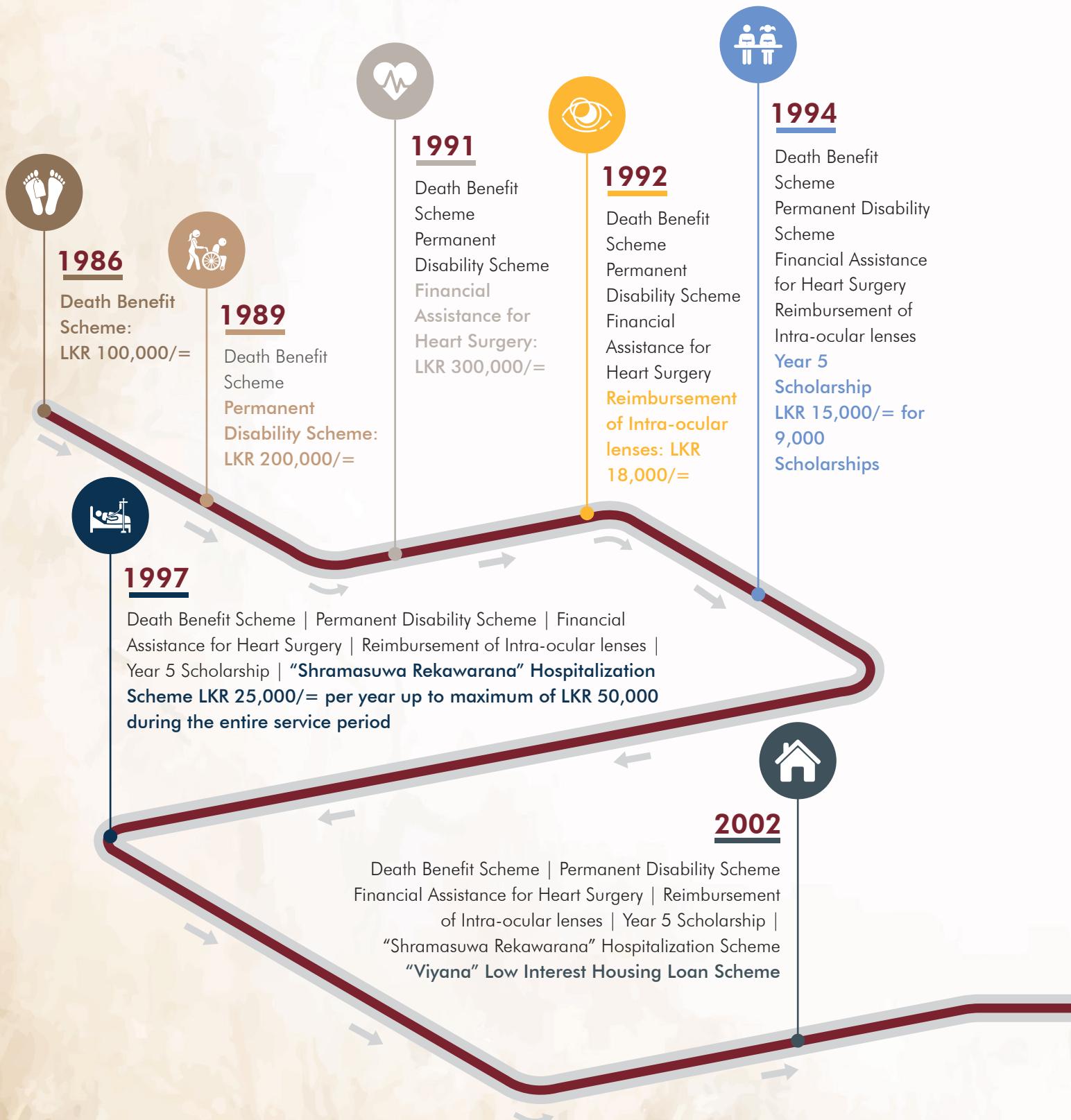
- Creative, Innovative and Committed Staff
- People Friendly Working Environment
- Supportive Policies and Processes
- Excellent Systems and Procedures
- Sound Finance
- Delighted Customers

# Financial Highlights

	2024	2023	Change
	LKR 000'	LKR 000'	%
<b>Operations</b>			
Total Income	65,987,907	67,792,678	(2.7)
Total Interest Income	61,819,095	64,380,505	(4)
Total Operating Expenses	2,811,307	2,833,648	0.8
Profit Before Tax	63,176,600	64,959,030	(2.7)
Tax Expense	8,678,062	9,016,645	3.76
Profit After Tax	54,498,538	55,942,384	(2.6)
<b>Statement of Financial Position</b>			
Cash and Cash Equivalent	794,613	898,585	(11.57)
Financial Assets at FVTPL	2,646,191	4,463,977	(40.72)
Financial Assets at FVTOCI	14,708,973	10,764,966	36.64
Financial Assets at Amortized Cost	563,248,506	499,504,778	12.76
Member Fund and Reserves	585,984,840	518,804,839	12.95
<b>Member Point of View</b>			
Member Fund	564,326,576	504,434,709	11.87
Interest & Dividend	51,301,803	45,861,319	11.86
Interest & Dividend (%)	10%	10%	0
Member Benefits	452,742	549,153	(17.56)
ROI	11.92%	13.82%	(1.9%)
ROE	10.20%	11.61%	(1.41%)
ROA	9.77%	11.31%	(1.54%)



# Key Milestones On Member Benefits





# Value Creation Model

## VALUE ENABLERS (INPUTS)



### Invested Capital

- Member Fund 504Bn



### Member Capital

- Total Active Employers 79,895
- No of Active Members 2,548,000
- Self & Migrant Workers 44,494



### Employee Capital

- Total Staff 837
- More than 35% of staff has more than 20 years experience with the board
- Talented, skilled and qualified staff



### Partner Capital

- Ministry of Finance, Economic Stabilization and National Policies
- Employees Provident Fund (EPF)
- Information Communication Technology Agency (ICTA)



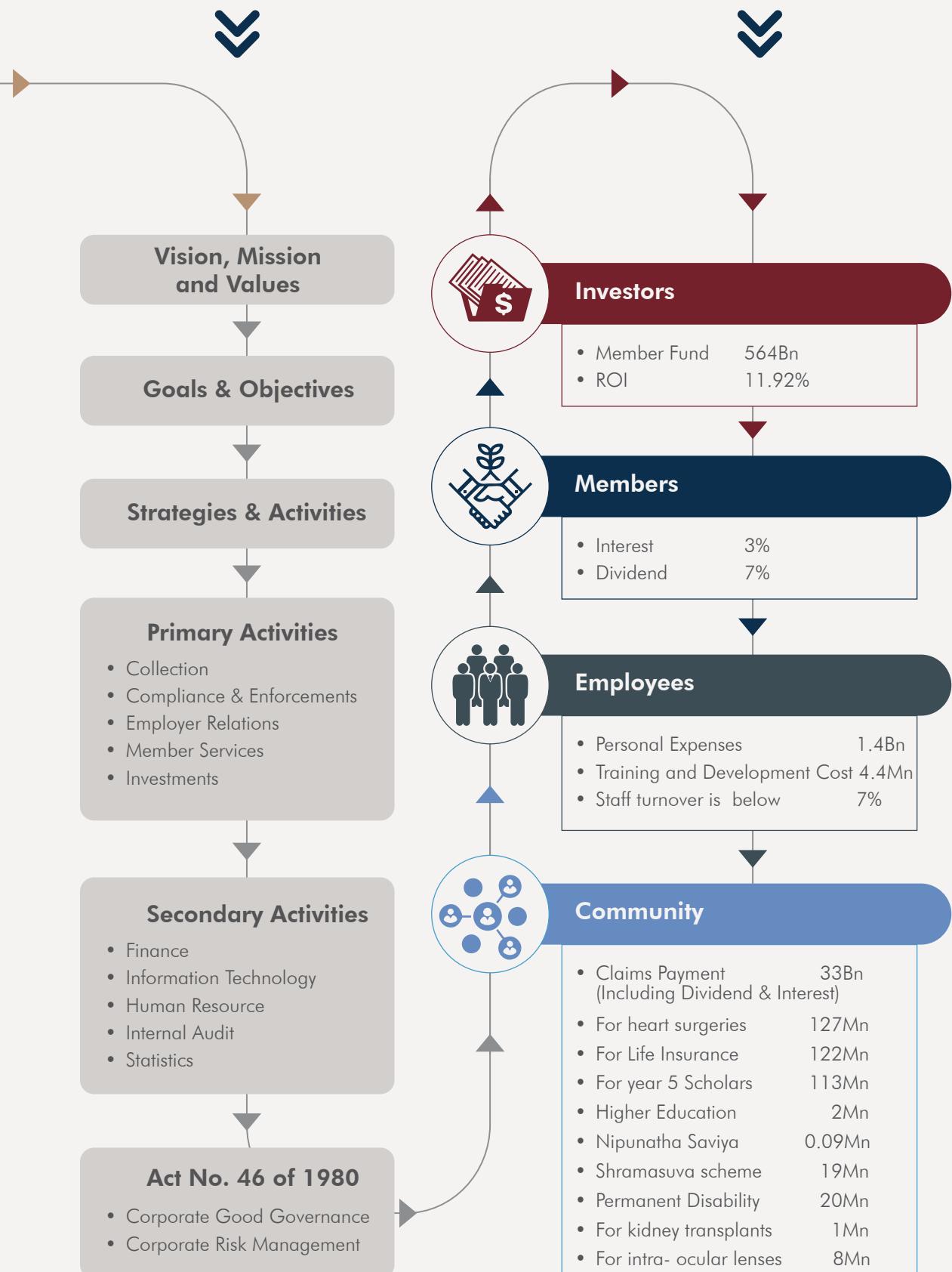
### Social & Community Capital

- Working Population



## VALUE CREATION (PROCESSES)

## VALUE CREATED(OUTPUTS)





# Key Functional Activities of the Board



## Contribution Collections and Employer Relations Division

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 Division

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.



## Member Services Division

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 Division

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.



## Administration and Human Resource Division

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 Division

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).



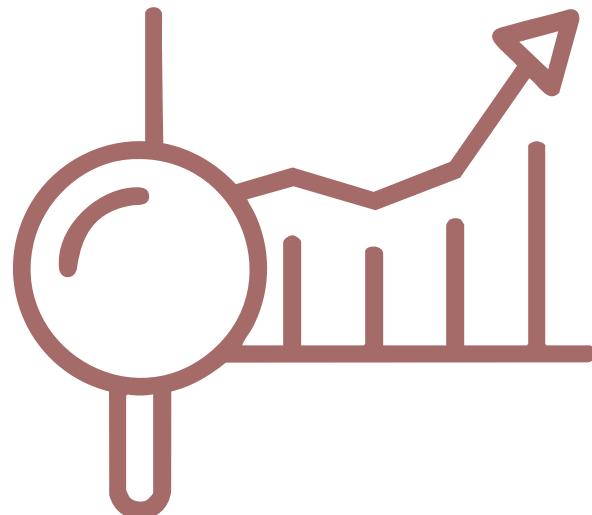
## Internal Audit Division

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 Division

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.





# Performance Review

## Value Added Statement

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

	2024	2023	Change
	LKR million	LKR million	%
<b>Value Added</b>			
Income earned from Core Business	65,353.78	67,118.20	(2.63)
Cost of Services	(375.85)	(357.33)	(5.18)
<b>Value added from Core Business</b>	<b>64,977.93</b>	<b>66,760.87</b>	<b>(2.67)</b>
Other income	634.13	674.48	(6)
Impairment charges for loans and other losses	(4.91)	(51.45)	90.5
<b>Value Addition</b>	<b>65,607.15</b>	<b>67,383.90</b>	<b>(2.6)</b>
<b>Value Allocation To Employees</b>			
Salaries, Wages and Other Benefits	1,400.62	1,324.11	5.8
<b>To Members</b>			
Interest paid to Members	15,390.53	13,758.50	11.86
Dividends paid to Members	35,911.28	32,102.82	11.86
<b>To Government</b>			
Taxes Expense	8,678.06	9,016.65	(3.76)

	2024	2023	Change
	LKR million	LKR million	%
<b>To Community</b>			
Member Benefits	452.74	549.15	(17.5)
<b>To Expansion and Growth</b>			
Retained Profit	727.79	278.12	161.68
Depreciation and amortization	46.13	40.55	13.76
Dividend equalization Reserve Fund	3,000	10,314	(70.91)
<b>Total value allocated</b>	<b>65,607.15</b>	<b>67,383.90</b>	<b>(2.64)</b>

### 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

	2024	2023
	LKR million	LKR million
<b>Invested Capital</b>		
Average Member fund	534,380.64	482,032.66
Add: Cumulative impairment provision for loans and other losses	30.10	35.02
	<b>534,410.74</b>	<b>482,067.68</b>
<b>Return on Invested Capital</b>		
Profit after taxation	54,498.54	55,942.38
Add: Impairment provision for loans and other losses	(4.91)	(51.45)
<b>Total return on invested capital</b>	<b>54,493.63</b>	<b>55,890.93</b>
Opportunity cost of invested Capital*	(49,697.40)	(79,824.61)
<b>Economic Value Added</b>	<b>4,796.23</b>	<b>(23,933.68)</b>

\*Calculated based on weighted average 12 months Treasury bill rate 2024–9.30% (2023- 16.56%)

# Corporate Stewardship



## Chairman's Review

In the context of economic activity during 2024, there was a notable decline in interest rates within the banking sector, with rates falling from 14.5% in 2023 to 10.0%. Similarly, treasury bill yields (91-day bills) decreased from 14.51% to 8.2%, and 364-day bills from 12.93% to 8.96%. These shifts in rates had a direct impact on the performance of the Fund. Despite these reductions, the Board successfully capitalized on the expansion of the capital market, resulting in an inflow of Rs. 3.5 billion to the Fund from equity market investments during the year.

## Dear Stakeholders,

It is with great pleasure that I present, on behalf of the Board of Directors, the Annual Report for the year 2024 of the Employees' Trust Fund, which is the second largest social security fund in Sri Lanka. We deliver this Annual Report at a moment that, in our view, marks a significant turning point for our nation in terms of economic, social, and political dynamics. When we examine global political and economic conditions, it has to be understood that the period we are currently navigating poses considerable challenges.

As the year 2024 began, the political instability that prevailed within the country came to an end, and by the close of the year, Sri Lanka had transformed into a nation with a fully stable political environment. However, the global economic and political disturbances have necessitated a heightened sensitivity and a cautious approach towards understanding their potential impact on us. Despite all these, the performance of the Employees' Trust Fund in the year 2024 demonstrates its ability to maintain robust fund management and deliver excellent service delivery, even amidst challenging circumstances.

### Fund Growth and Financial Performance

By the end of 2023, the value of the Fund stood at Rs. 504.435 billion, and it had increased by 11.9% to reach Rs. 564.327 billion at the close of 2024. The growth that reflected a corresponding 11.9% increase in the receipts of interest and dividend income as well as the 12.9% upturn in the collection of member contributions compared to the previous year, and the deceleration in value between the number of members withdrawing their benefits and the total value of member account balances released during 2024 in comparison to 2023 gave rise to such situation. This quantitative reduction in withdrawals of member account balances compared to the previous year may also be viewed as an economic indicator, and it also implies a possible decrease in the rate of employees terminating from their service in the private sector, in view of the apparently positive shift and trends in political stability and economic activity that has taken place in the country.

By the end of 2024, the Fund's investment portfolio had grown by 11.33%, rising from Rs. 515.2 billion in 2023 to Rs. 581.1 billion. Investments in treasury bonds and bills increased by 14%, while equity market investments showed a growth of 13%. In managing the investment portfolio of the Fund, the Board remained

firmly within its approved investment policy framework. A strategic approach was adopted—one that ensured the stability of the Fund, while remaining responsive to trends in the capital market. This approach also enabled the Fund to capitalize on short-term financial gains, as it is evident that the impact of these strategies has been markedly positive.

In the context of economic activity during 2024, there was a notable decline in interest rates within the banking sector, with rates falling from 14.5% in 2023 to 10.0%. Similarly, treasury bill yields (91-day bills) decreased from 14.51% to 8.2%, and 364-day bills from 12.93% to 8.96%. These shifts in rates had a direct impact on the performance of the Fund. Despite these reductions, the Board successfully capitalized on the expansion of the capital market, resulting in an inflow of Rs. 3.5 billion to the Fund from equity market investments during the year. Accordingly, the Fund's net assets grew by 12.9%, from Rs. 518.8 billion to Rs. 585.9 billion. These figures reflect the Board's ability to maintain the Fund's stability and resilience despite its sensitivity to broader economic fluctuations that made an impact on the overall economy of the country. More importantly, on one hand, this performance underscores the Board's continuing contribution to reinforcing the strength of the country's social security network for the employed population, affirming the core purpose on which the Fund was established.

### Member Benefit Assurance

As projected, the Board successfully distributed a 10% interest and dividend rate to all member accounts at the end of 2024, consistent with the rate disbursed in 2023. In addition to statutory benefits, a variety of welfare-related benefits were also extended to members, affirming the Fund's role as a distinctive and member-centric institution where a total of Rs. 33.4 billion was paid out under the general account withdrawal to 193,024 members during the year 2024, thereby making it possible to further strengthen member confidence in the Fund.

Additionally, through the disbursement of Rs. 453 million in welfare benefits to qualified members, the Board has been able to make a meaningful contribution towards fulfilling the health needs of members and supporting the educational and skill development needs of their children, without causing any adverse impact to existing member account balances. This initiative affirms the Board's commitment to upholding the social security of its members while successfully fulfilling its broader responsibilities.

## Performance of the Subsidiary Company

In 2024, Lanka Salt Limited, which is a subsidiary company managed by the Employees' Trust Fund Board, contributed a dividend of Rs. 536 million to the Fund. This amount made a significant positive impact on the overall expansion of the Fund's portfolio. Acquired in 1997 through an investment of Rs. 452.8 million, securing 90% of the total shareholding and thereby transforming the enterprise into Fund-owned property, the return on this investment has now been fully realized. Today, the subsidiary company represents a net asset of the Fund, reflecting its sound financial value.

## Alignment with the Digitalization Policy of the New Government

For a considerable period, the Board has been carrying out its benefit disbursements, general administration, financial management, etc., through various software and systems. Recognizing the need for a unified computer system (Core System) to streamline these activities, a system development project was initiated several years ago. However, the project has not yet achieved its intended targets within the expected timelines. Accordingly, efforts have been made to assess, through practical engagements, the gap between the activities completed to date and those required to bring the system into full operational readiness. A comprehensive analysis is currently underway to determine both the necessity and feasibility of restarting the project.

Nevertheless, the Board has recognized the importance of aligning with the new government digitalization policy by delivering institutional services directly to its members as a priority initiative. Accordingly, special attention is now being directed towards completing the remaining phases of the project within a defined timeframe, ensuring that its service benefits are effectively extended to both members and staff.

## Human Capital

The human resources within the institution play a critical role in shaping both its short-term operations and long-term strategic direction. The Board expects its staff to act in alignment not only with the policy decisions it makes, but also in accordance with rules, regulations, laws, circulars, and directives periodically issued by relevant government Ministries and Departments. Moreover, employees are expected to cultivate their creative capabilities and channel those skills into

effective service delivery. In this regard, providing opportunities for the development of knowledge, skills, and attitudes becomes an essential factor, determining both the nature and efficiency of service provision. Despite operating with a workforce smaller than the approved cadre, external feedback consistently reflects that high-quality service is being delivered to members. To further drive service delivery to its optimized level, focus has been placed on training and developing the existing staff, as well as recruiting officers to fill currently vacant and essential positions.

One of the ongoing challenges faced by the Board in the area of human resources, in particular, is the difficulty in attracting qualified candidates to certain essential positions due to limitations in existing salary scales and recruitment procedures. Although capable professionals exist in the external labor market, there is a noticeable mismatch between their expectations and the approved salary structures and service conditions of institutions like ours. This challenge is particularly significant across all statutory organizations, which must operate under uniform national policies and regulations. As a result, such constraints adversely affect the ability to attract officers to specialized positions in certain institutions. Given these realities, the most practical approach has been to recruit personnel within the boundaries of the existing conditions and invest significantly in training and capacity building. Towards that end, a structured annual training plan is underway, and its successful execution during the year 2024 marks a positive development in the organization's human resource advancement.

Another key factor impacting human resource development is the existing internal cultural environment within the institution. Due to the lack of effective implementation of annual staff transfers, certain officers have served within the same division for extended periods, which may give rise to some sort of mentally stressful conditions. This has been observed as a matter requiring immediate attention.

At the "Best Annual Report Awards" competition for the year 2023 organized by the Association of Public Finance Accountants of Sri Lanka (APFASL) to evaluate the standards of reporting and transparency in disclosures, accountability, social responsibility, and institutional governance practiced in the preparation and presentation of annual reports by public sector institutions, our Board was honored to receive the Silver Award in the public sector institutional category. This recognition can be seen as a reflection of the state of human resource development within the Board and its commitment to maintaining best practices.

## Institutional Foresight

The Board intends to undertake a fresh analysis of its institutional strategic plan, streamlined in a more rational framework, with a particular focus on aligning with its long-term objectives. Additionally, it is imperative to develop performance indicators that can reliably assess efficiency both across divisions and among individual officers, and to implement steps that ensure staff alignment with these goals. Attention is also being directed towards reviewing and updating the ethical governance framework that guides internal administration. Ensuring that this legit framework is applied objectively and without bias across the institution remains a key focus and priority.

Special emphasis has been placed on implementing the ongoing Integrated Computer System Development Project under an effective project management methodology, with the objective of swiftly achieving its intended outcomes and incorporating them into daily service delivery operations. Concurrently, the necessary steps are being taken to establish a centralized service center that consolidates all member-related services. This initiative is aimed at ensuring more efficient and streamlined steps of services for members who visit to access their benefits.

Various stakeholders have pointed out the existence of long-standing salary disparities within the organization. In response, the need to take corrective measures has emerged as a priority. The Board of Directors is now focusing its attention on addressing this issue, pending the completion of an appropriate study on the matter to guide future actions.

Due to limitations in the recruitment processes of public institutions over the past several years, a significant number of vacancies currently exist. The organization anticipates recruiting qualified officers to fill these positions. This initiative is expected to help bridge the gaps identified in current service delivery operations and enhance overall institutional effectiveness.

Accordingly, the Board recognizes its responsibility to ensure the realization of the broader vision behind the establishment of the Employees' Trust Fund by securing the delivery of high-quality services through the efficient utilization of existing human resources, the adoption of modern technologies, the assurance of equality, and the establishment of a strong ethical framework where special emphasis is placed on creating an environment in which these objectives can be sustainably put to practice and achieved.

## Reminder

Beyond a constitutional and ethical obligation, the act of remitting due contributions on behalf of their employees and ensuring the accuracy of member accounts reflects a deep sense of social responsibility on the part of the employer community that stands alongside our Board, playing an invaluable role in safeguarding the stability of this Fund. Meanwhile, the unwavering confidence placed in the Board by the Fund's membership, comprising nearly 2.6 million individuals, reinforces our enduring commitment to protecting their rights. This trust serves as a constant source of inspiration for all of us.

Across both the head office and regional branches, the staff there, no doubt, have clearly demonstrated an understanding of their responsibilities and have actively contributed to service delivery in a manner that creates the foundation for the institution to be recognized as a leading entity among its peer establishments. This has helped immensely to make it possible by a team that not only understands their role within the Fund but also takes pride in being individuals themselves in such a workforce, fulfilling their duties with unwavering dedication towards the well-being of the Fund, with committed efforts to be the driving force behind the institution's progress.

The Institution's subject assigned Hon. Minister of Finance, Planning and Economic Development, Hon. Deputy Minister, Secretary, and all officials of the Ministry of Finance, Planning and Economic Development have provided invaluable guidance, advice, and directions, enabling our institutional administration to be carried out in a correct and orderly manner. As we present the Annual Report for the year 2024, they are rightfully acknowledged as esteemed contributors to the progress we have achieved.

In conclusion, I take this opportunity to extend my deepest respect and sincere appreciation to the esteemed fellow members of the Board of Directors of the Employees' Trust Fund Board, whose intelligent and creative contributions have actively guided the institution in the right direction, with a clear understanding of the responsibilities entrusted to them and the aspirations of the general public.



**Somasiri Ekanayake**  
Chairman / Chief Executive Officer



# Management Discussion and Analysis

## Year In Review : 2024

The Sri Lankan economy's post crisis stabilization measures have commenced showing positive outcomes while recovering steadily in 2024. In 2024 with significant events occurred such as presidential and parliament elections, introduction of single interest rate by the Central Bank of Sri Lanka (CBSL), upgrade country's default rating from Restricted Default rating (RD) to CCC+ by Fitch Ratings in December 2024, have further supported to improve investor and stakeholder confidence of Sri Lankan economy.

The decrease of interest rates and flexible inflation targets of the CBSL, ensuring the financial system stability has positively impacted on economic growth of Sri Lanka, performing better than the previous year. The Sri Lankan economy's liquidity levels improved and Sri Lankan rupee got appreciated under the flexible inflation rate policy for the second consecutive year. In

2024 the primary account balance recorded a surplus as a positive remark in fiscal sector. The corrective fiscal policy measures implemented since mid 2022 resulted more stable economic environment and led it for sustainable economic growth. The disinflationary trend since 2023 due to the main reason of reduction of energy prices has contributed to lower the cost of living and cost of production which have been positively impacted to the overall economy.

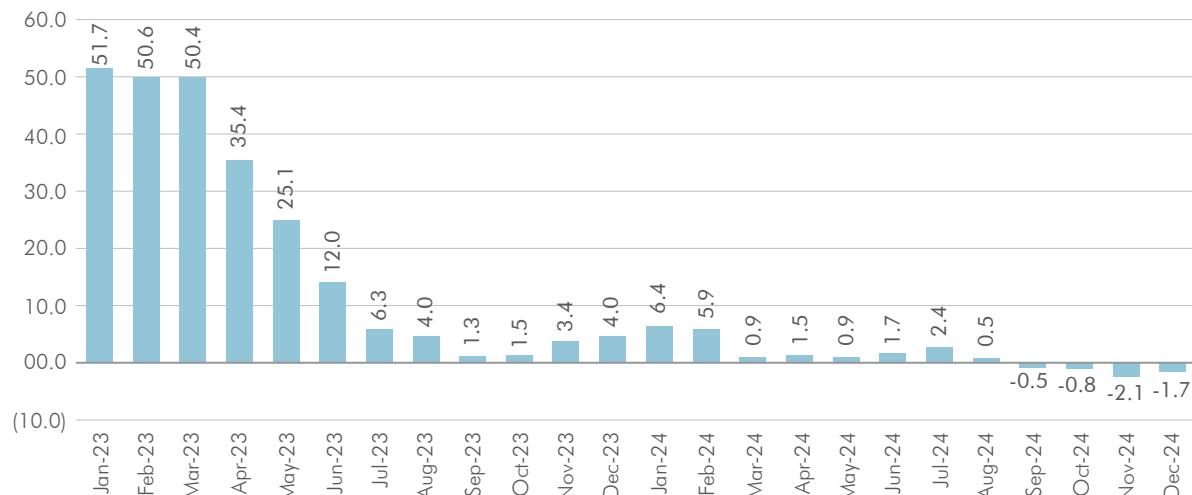
The external sector of the economy showed a greater stability amidst a challenging global environment. In effort of recovering economy from the crisis the Government and the CBSL, were able to successfully complete the implementation of IMF – EFF programme and debt restructuring. Receiving of third tranche of IMF – EFF is more favourable due to strong performance under the programme and all quantitative targets for the year end December 2024 were met.

## Inflation of the Economy in 2024

The inflation of the economy entered deflationary situation starting in September 2024 and it got deepened through the rest of the months, recording a deflation of -1.7% at the end of December 2024.. However, in early 2024 the inflation showed a slight

increase due to the increase in Value Added Tax (VAT), removal of VAT exemptions from several expenditure items and considerable food inflation situations. This increase in inflation in early months of 2024 did not persist due to the reduction in electricity tariffs in March 2024.

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



Source: Department of Census and Statistics

## Market Interest Rates

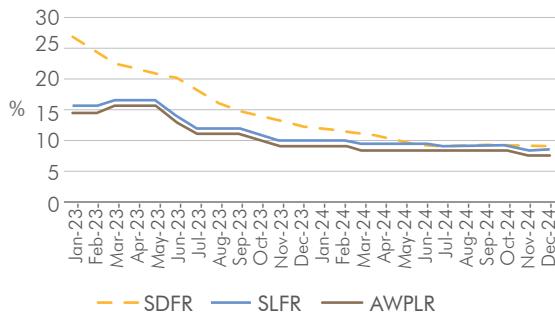
Accommodative monetary policy measures implemented since June 2023 have been contributing to the downward trend of the market interest rates throughout 2024. Marking a remarkable policy decision of transferring dual policy interest rate policy rate system to single policy interest rate system from November 2024 also contributed a further reduction of the market interest rates. The Average Call Money Rate (AWCMR) performed a downward trend during the year in line with further relaxation of monetary policy decisions and improved liquidity conditions in the domestic money market. Due to this reason the trend of increasing the yield rates of government securities slowed down.

During 2024, Licensed Commercial Banks (LCBs) experienced a notable decrease in interest rates on rupee-denominated interest-bearing deposits, with the AWDR and AWFDR falling by around 4.1% to 5.6%. Also one year Treasury bill rate reduced from 12.93% to 8.96% starting January 2024 to December

2024 respectively. In an overall these policy measures resulted to dampen interest income of the fund in year 2024.

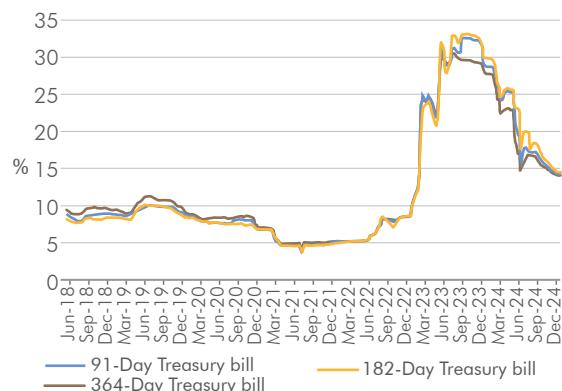
These developments suggest a gradual normalisation of interest rates in response to improved macroeconomic stability, while still maintaining a supportive environment for private sector credit growth.

### POLICY INTEREST RATES

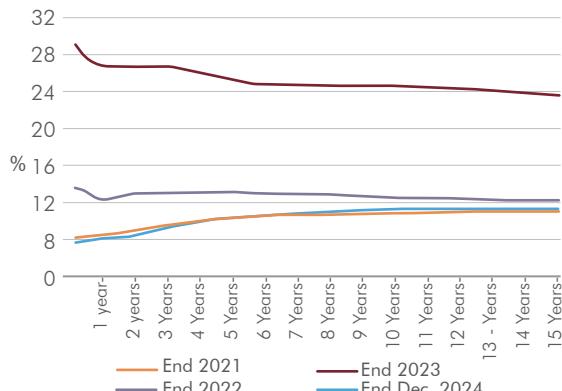


Source: Central Bank of Sri Lanka

### TREASURY BILL YIELDS (PRIMARY MARKET)\*



### SECONDARY MARKET YIELD CURVE



Source: Central Bank of Sri Lanka



### Overview of Investment 2024

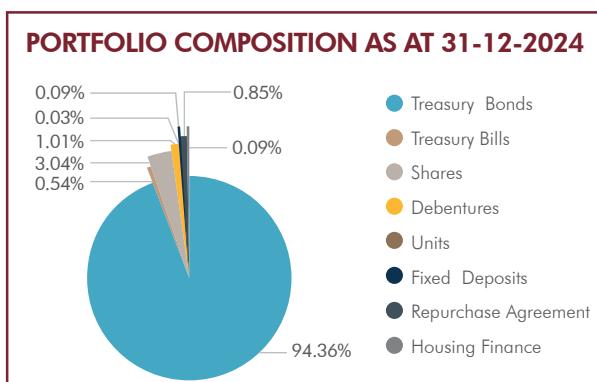
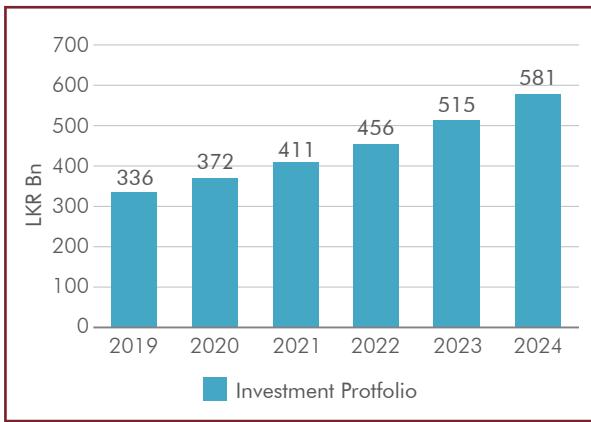
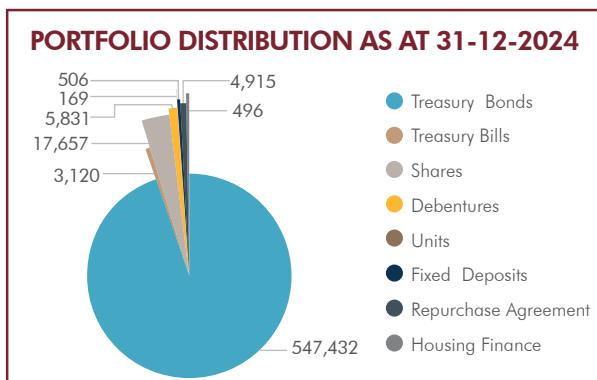
In 2024, the investment activities were carried out with challenging market conditions, such as uncertainties surrounded with post debt restructuring, policy decisions taken by the CBSL with respect to economic recovery process and political uncertainties in early part of the year towards the presidential election. As guided by the Investment Policy the Board's asset allocation priority was given a substantial portion of investment in gilt-edged securities adhering to the utmost objectives of safety of the investments.

The significant declining trend of market interest rates compared to 2023, driven by the Central Bank's policy easing measures under the ongoing economic reform process unfavorably affected to the earnings of fixed income securities portfolio of the Board. The overnight policy rates were broadly declined from early 2024 to stimulate economic activities which directly impacted yields across government and corporate debt instruments.

ETF Board took more cautious approaches for investment opportunities in equity market. The ETF Board performed to a greater extent to generate revenue to the Board during the time the share market performed remarkably positive. Overall, the Board achieved Rs. 65.87 billion total revenue against budgeted revenue of Rs. 61.9 billion for year 2024. Accordingly, the Board managed to declare 10% total return to its members for the second consecutive year amidst all the challenges.

The total investment portfolio of ETF Board increased up to Rs. 581 billion at the end of 2024, which is an increase of 12.78% compared to Rs. 515 billion reported at the end of 2023. Further, equity income increased from Rs. 1.8 billion to Rs. 2.8 billion from 2023 to 2024 respectively representing 56% increase due to the reason of remarkable performance of the Board's equity portfolio consisting diversified sectors.

## Portfolio Distribution and Composition as at 31-12-2024



## Investment in Fixed Income Securities

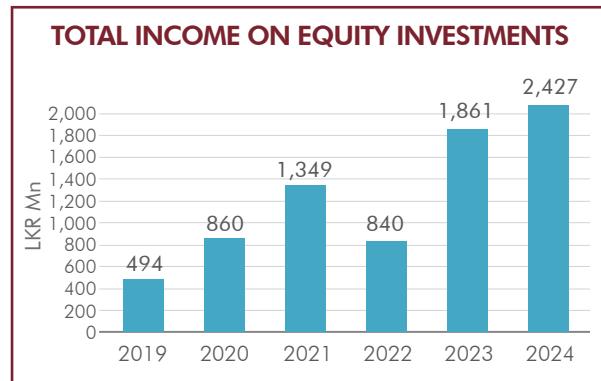
Funds invested in fixed income securities amounting Rs 562.3 billion consist of 96.76% of the total portfolio in 2024, of which 95% represents the investments in government Treasury Bonds and Treasury Bills. The Market interest rates declined gradually in 2024, by considerable level compared to 2023. The ETF Board had been able to invest funds in Treasury Bills and Treasury Bonds under different tenures in order to maintain a sustainable average yield on the members fund.

During 2024, the ETF Board has been able to achieve a total revenue of Rs.62 billion on fixed income securities which is a marginal reduction of 3.2% compared to 2023, mainly due to the reason of corrective measures taken by the CBSL on behalf of the economic recovery process of the country.

## Equity Investments

Sri Lankan stock market reported an impressive growth by the end of 2024 amidst improved economic and political stability, which contributed to a surge in financial activity during the last quarter of 2024 with the strong mandate secured by the government in both the Presidential and General elections. Further, the Central Bank of Sri Lanka transitioned to a Single Policy Interest Rate Mechanism, maintaining the monetary policy rate at 8% to support economic recovery and enhance efficiency. This move reinforced investor confidence in the banking sector, fostering trust and stability in financial markets. The ASPI gained approximately 49% in 2024, surpassing 15,944 points by December 2024, compared to 10,654 points at the end of 2023. The average daily turnover rose from Rs. 1,696 million in financial year 2023 to Rs. 2,240 million in 2024, reflecting a significant increase in market activity.

ETF Board had been able to maintain its investment on equities at the level of 2.31% out of its total fund at the end of the year 2024. 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 2024. ETF Board was able to generate Rs. 2,427million revenue in terms of dividends and capital gains on its equity investment portfolio for the financial year 2024 by reporting a significant growth when compared to year 2023. Further, Board's equity portfolio appreciated by Rs. 4.8 billion due to the favorable performance of ASPI reported at the end of 2024.



## Future Outlook

As of 2024, Sri Lanka's economy is exhibiting signs of recovery following a severe financial crisis the country achieved a 5% GDP growth in 2024, driven by rebounds in the industrial sector particularly construction and food and beverage manufacturing and strong performance in tourism-related services.

Monetary policy will remain with healthy private sector credit growth anticipated under easing interest rates. On the external sector, a manageable trade deficit is expected, despite the relaxation of vehicle imports, with foreign inflows from tourism, remittances, and services exports supporting a marginal current account surplus in 2025.

Looking ahead, the external account may shift to a manageable deficit, while the financial account is likely to see net inflows due to debt sustainability and the continuation of the IMF-EFF programme. The Central Bank will maintain a flexible exchange rate and build external reserves. Fiscal performance is projected to remain strong, supported by new legislation and ongoing improvements. Financial sector stability is also expected to improve, with better borrower repayment capacity and regulatory enhancements ensuring resilience. Structural reforms and the IMF programme will be central to sustaining medium-term growth.

In the post-debt restructuring era and amidst the ongoing economic recovery, the ETF Board has proactively introduced new benefit schemes for its members, such as 'Nipunatha Saviya' and 'Vishwa Yathra', thereby enhancing the quality of services beyond the annual member returns. Concurrently, the Board remains vigilant in identifying emerging opportunities within the corporate sector to diversify its investment portfolio, aiming to optimize returns while effectively mitigating associated risks. Looking ahead, the Board maintains a positive outlook, anticipating favorable investment prospects aligned with the country's economic recovery and its commitment to long-term sustainability.

## Contribution Collection and Employer Relations

The Contribution Collections and Employer Relations Division of the Employees' Trust Fund Board holds the responsibility for the tasks of collecting contribution payments due from employers properly and within the prescribed time frame, as well as for recovering surcharges imposed on delayed contribution payments. The Division effectively in liaison with the key stakeholders associated with this exercise, such as respective employers, banking institutions, and the Department of Posts, ensures that the contribution payments transmitted are correctly accounted for and reported.

In addition, it is this Division that deals with the tasks of identifying new employers and registering them

under this Fund. In line with the existing system, employer accounts under the Employees' Trust Fund are processed based on information obtained through a simple application form, using the same employer number assigned by the Employees' Provident Fund Division of the Department of Labour under the provisions of the Employees' Provident Fund Act, No. 15 of 1958. As such, the Board does not get involved in the direct registration of employers. Apart from this, new employer accounts may also be processed based on information gathered from field inspections conducted by regional offices, as well as on requests made by employers.

This Division strives to carry out activities in raising

awareness among employers, as well as promoting membership under the Employees' Trust Fund, targeting those engaged in self-employment and the migrant workers employed abroad.

Accordingly, the Contribution Collections and Employer Relations Division, in collaboration with the network of Regional Offices of the Fund, works toward achieving its set targets of performance.

	2020	2021	2022	2023	2024
Number of active employers	75,731	69,094	64,026	75,485	79,895
Number of active members	2,680,000	2,430,091	2,455,609	2,592,923	2,548,200
Number of members engaged in self-employment	41,867	41,517	41,113	43,640	44,494
Number of migrant worker members	220	228	241	274	291

## **Employers who are required to comply with the payment of contributions on behalf of their employees**

Employees engaged in public sector and private sector occupations that do not entitle them to a permanent pension become members of the Fund based on a legal provision made in the Employees' Trust Fund Act, No. 46 of 1980, and in addition, the individuals employed in self-employment and migrant workers employed abroad may also apply voluntarily for membership in the Fund.

Accordingly, it is expected through this Fund to provide for retirement and other welfare benefits to all employees in Sri Lanka, encompassing everyone who is engaged in occupations that do not entitle them to a permanent pension. In this context, the employers are required to make contribution payments not only for their permanent staff, but also for those employed on a temporary and contractual basis, as well as workers who receive wages on a daily or piecemeal basis. However, according to statistics from the Department of Labour and the Central Bank of Sri Lanka, there exists a significant discrepancy between the number of reported employers and the employees serving under them, and the number of persons registered under this Fund. In order to minimize this imbalance, the Fund continues to obtain updated information from relevant institutions and goes on to conduct field inspections based on such information as part of its constant engagement to register all stakeholders.

The other supplementary benefits, in addition to the retirement benefits offered by the Board, are provided only to the members whose employers have consistently and properly made contribution payments to the Employees' Trust Fund without interruption. Therefore, our staff is on constant vigilance to monitor as to

whether the employers are making such contribution payments regularly and without delay, so that members may rightfully receive such benefits.

## **The collection of contribution payments through the Regional Offices**

All 19 Regional Offices established by the Employees' Trust Fund Board covering the areas across the entire country, for the purpose of identifying employers who are required to pay contribution payments to the Fund on behalf of their employees, and guiding them through in that direction accordingly as well ensuring compliance in making contribution payments by already registered employers, has conducted field inspections numbering 40,000 to 45,000 to monitor employers on an annual basis. Around 70% of these inspections are primarily targeted at institutions with reported payment delays. On average, field inspections make it possible to identify approximately 3,000 new employers each year.

During the year 2024, a total of 27,940 field inspections were carried out. As a result of these inspections, 22,641 employers were identified as not having made contribution payments to the Fund. Furthermore, based on the findings disclosed by way of field inspections, the number of new members registered with the Fund was 18,922.

## **Payment of contributions through the online method**

In pursuance of the directives issued by the Minister of Finance, Economic Stabilization, and National Policies through the Gazette Extraordinary No. 2311/39 dated 22.12.2022 of the Democratic Socialist Republic of Sri Lanka, institutions employing more than 15 employees

are required, from the 1st of February 2023 onwards, to remit contribution payments to the Employees' Trust Fund electronically via a computer system or mobile electronic device. Accordingly, 82% of the total contribution payments collected during the year 2024 were made through the online method, representing 19% of the total number of active employers. In accordance with the government's prevailing policy of the digital economy in force, employers have been asked to pay strict attention to complying with the directive for payment of contributions and submission of remittance notices online, and it is recommended that this method is more convenient and efficient, particularly because remittance notices and member information can be submitted simultaneously. In the circumstances, even institutions with fewer than 15 employees have the ability to remit contributions and submit remittance notices through this online method, and efforts have therefore been made to encourage them to do likewise.

As such, it is considered a matter of priority task to direct the employers who have not yet made contribution payments via this method to do so.

Facilities have been provided for employers to make contribution payments via the online method using the two alternatives as set out below.

### 1. E-Banking / Online Banking

Facilities have been provided to pay contributions via electronic banking (E-Banking / Online

Accordingly, the analysis of contribution collections made through both online and traditional methods is as follows :

#	Method of Payment	2023			2024			Growth		
		No. of Employers (Average)	Value (Rs. million)	%	No. of Employers (Average)	Value (Rs. million)	%	No. of Employers (Average)	Value (Rs. million)	%
<b>Online Methods</b>										
1	Online Banking Method	9,396	27,925	74.56%	10,618	32,227	76.65%	1,222	4,302	15.40%
2	Direct Debit Method	191	1,853	4.95%	209	2,273	5.41%	18	419	22.62%
	Total (1+2)	9,587	29,778	79.51%	10,827	34,500	82.05%	1,240	4,721	15.85%
<b>Conventional Methods</b>										
3	Cheques	37,224	7,309	19.52%	39,074	7,051	16.77%	1,851	-258	-3.53%
4	Money Orders	2,510	71	0.19%	2,767	86	0.20%	258	15	20.66%
5	Cash	2,654	293	0.78%	4,128	409	0.97%	1,473	116	39.44%
	Total (3+4+5)	42,388	7,673	20.49%	45,969	7,546	17.95%	3,582	-128	-1.66%
	<b>Full Total</b>	<b>51,975</b>	<b>37,451</b>	<b>100.00%</b>	<b>56,796</b>	<b>42,046</b>	<b>100.00%</b>	<b>4,822</b>	<b>4,593</b>	<b>12.26%</b>

Banking) through the following commercial banks, numbering nine :

- Bank of Ceylon
- Peoples Bank
- Commercial Bank
- Sampath Bank
- Seylan Bank
- Nations Trust Bank
- DFCC Bank
- Hatton National Bank
- National Development Bank

### 2. Direct Debits

Contribution payments through direct debits can be made via any of the commercial banks.

In addition to the online method as stated above, contribution payments may also be made to the Head Office or Branch Offices through conventional means such as cheques, money orders, and cash. However, as part of the effort to implement the government's current policy of the digital economy, such traditional methods are being discouraged. Instead, using the online method to carry out remittances via the internet will prove to be a simpler, more convenient and efficient alternative.



## Member Service

The primary objective of the Employees' Trust Fund Board established under Act No. 46 of 1980 is to promote workers' rights, employee welfare, and worker participation in management, while also fostering the economic democracy of its members. The Member Service Division consists of seven sections, whose

main functions include updating and maintaining member accounts, issuing annual account statements to members, and facilitating the provision of statutory benefits as well as non-statutory welfare benefits to members.

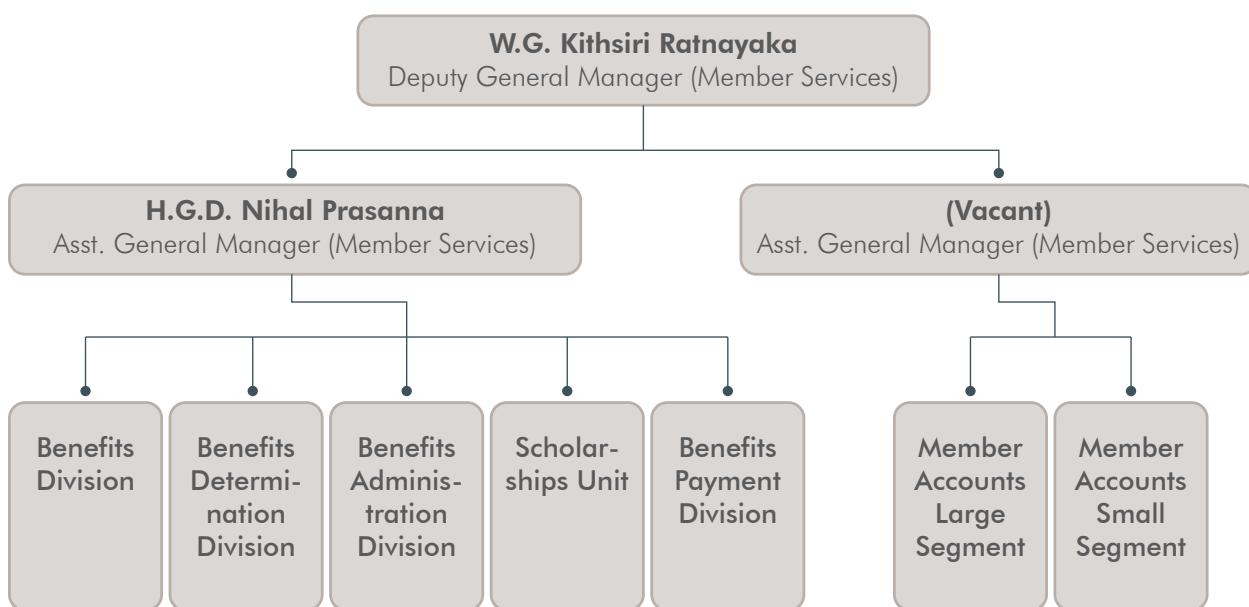


Figure 1 – Organization Structure of Member Service Division

### Payment of Member Entitlements (Statutory Benefits)

Under the statutory benefits payment scheme, a member has the right to lay claim on the balance in his / her account upon termination of employment or upon reaching the age of 60, whose termination of employment becomes compulsory. In the event of the member's death, the account balance will be paid to the legal heirs, dependents, or nominees of the member.

In the year 2023, a total amount of Rs. 38 billion was paid on behalf of 240,888 members, whereas by the end of 2024, a total sum of Rs. 34 billion was paid in favor of 195,896 members. The quantitative reduction in members reclaiming their entitlements in 2024 could primarily be attributed to factors such as the stabilization of the economic situation prevailing in

the country to a certain extent, the decline in the trend of employees migrating abroad, and the reopening of businesses that were previously closed due to the outburst of COVID-19 pandemic. This decrease, when compared with the year 2023, can be shown as a percentage of 12.8%.



Figure 2 - Annual Disbursement of Statutory Benefits by Year (2020–2024)

## Welfare Benefits (Non-statutory Benefits)

Among the key objectives for establishing the Employees' Trust Fund Board, the promotion of member welfare and the safeguarding of their economic democracy are accorded a priority place. Accordingly, since the introduction of the "Automatic Life Insurance Benefit (Death Benefit)" Scheme in 1986, up to the provision in 2024 of a financial grant amounting to Rs. 25,000.00 under the scheme named "Vishwa Yathra" for the sake of the children of our active members enrolling in a state university education, a total of 11

welfare benefits schemes have been set in motion to be on offer.

The Employees' Trust Fund Board, by providing medical assistance and awarding educational scholarships to the children of members with a view to securing their future goes nonstop beyond other welfare initiatives offered to members, such as housing loans at a concessionary interest rate without deducting any amount from the member account balances, and continues to be of service to its members as a steadfast pillar of support, ensuring protection and empowerment during the times of their need.

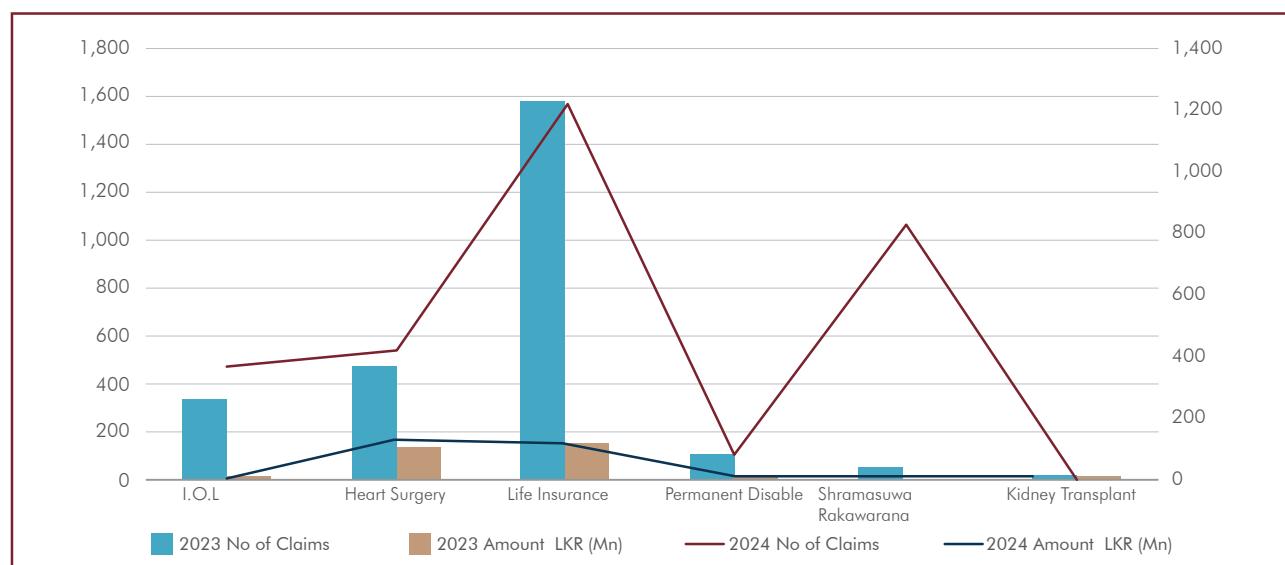


Figure 3: Welfare Benefits Disbursement Summary (2023 & 2024)

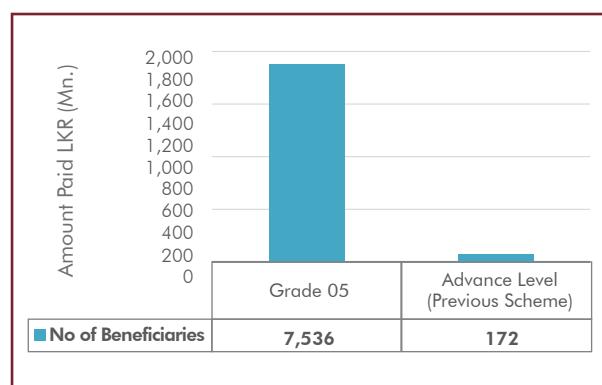


Figure 4: Breakdown of Scholarship Disbursements in 2024 – Grade 5 and A/L (previous benefit scheme) – 2024

All these benefits are equally accessible to individuals engaged in self-employment and to migrant workers who have registered and obtained membership with the Fund. Although the cost of these welfare benefits is proportionally shared among all members, the capacity to offer protection to every member during their times of need has become a quiet yet profound source of pride for all stakeholders.

With the introduction of the welfare benefits, "Nipunatha Saviya" in 2023 and "Vishwa Yathra" in 2024, a new dimension was added to the welfare initiatives of the Board, thereby enhancing its portfolio of value-added services.

A financial grant of Rs. 50,000.00 is awarded to children who have sat for the Advanced Level Examination, encouraging them to pursue courses of study at National Vocational Qualification (NVQ) levels 3, 4, and 5, the initiative of which aims to equip them with the necessary skills and qualifications to enter both domestic and international job markets with pride and competence. By the end of 2024, a total amount of Rs. 91,142.00 has been paid under this benefit scheme for five children of Fund members.

In 2024, a financial benefit of Rs. 25,000.00 was provided to children of members who passed the Advanced Level Examination with distinction and gained admission to state universities. A total of Rs.

12,600,000.00 was paid on behalf of 504 such sons and daughters. The introduction of the "Vishwa Yathra" benefits scheme, which further expands member welfare benefits, can be recognized as a significant milestone in the evolution of the Fund's support initiatives.

### Sustentation of the Member Accounts

According to the provisions of the Employees' Trust Fund Act, employers are required to remit to the Fund a monthly contribution equal to 3% of each employee's total monthly earnings. Those engaged in self-employment can obtain membership by contributing Rs. 500.00 per month, while migrant workers can do so by contributing Rs. 2,000.00 per month to the Fund. In addition to the interest rate stipulated for the member balance by the Act, member accounts grow annually through dividend earnings declared on them. The process involving this task is managed by the Member Accounts - Large Segment for institutions with more

than 15 members, and by the Member Accounts - Small Segment for institutions with fewer than 15 members.

As per Section 8 (a) of the Employees' Trust Fund Act, each active member is required to be notified of their individual account balance via an annual statement of accounts by the 30th of September of the following financial year. By the end of the year 2024, a total of 2,366,715 accounts out of 2,602,200 active member accounts were updated, and the relevant statements of accounts were dispatched to the respective employers. Additionally, out of approximately 14,986,000 inactive accounts, around 14,188,299 accounts have been updated.

Furthermore, the Fund has also taken a significant step towards broadening account accessibility for its members by enabling them to check their personal account balances via a short message service (SMS) through the electronic service (E-service) set in motion by the Board.



### Our Employees

At end of 2024, the ETF Board had 837 employees, as light movement from the 2023 figure of 882 due to retirements and resignations.

Level	Job Grade	Male	Female	Total
Senior	GM	1	-	1
	Additional General Manager	-	-	-
	Deputy General Manager	7	-	7
	Assistant General Manager	4	1	5
	Manager	21	19	40
<b>Total</b>		<b>33</b>	<b>20</b>	<b>53</b>
Tertiary	Junior Manager	26	30	56
	Assistant Officers (MA4)	76	103	179
	<b>Total</b>	<b>102</b>	<b>133</b>	<b>235</b>
Secondary	Management Assistant MA2-2	4	2	6
	Management Assistant MA1-2	283	140	423
	<b>Total</b>	<b>287</b>	<b>142</b>	<b>429</b>
Primary	Primary Level	114	12	126
	<b>Total</b>	<b>114</b>	<b>12</b>	<b>126</b>
<b>Grand Total</b>		<b>532</b>	<b>305</b>	<b>837</b>

## Employees by Age

Employees by Age (As at 31.12.2024) Age Range (Years)		
21-25	1	1%
26-30	74	08%
31-35	116	13%
36-40	148	18%
41-45	126	15%
46-50	93	11%
51-55	165	20%
Above 55	114	14%
<b>Total</b>	<b>837</b>	<b>100%</b>

## Employees by Job Grade

	Job Grade	Total	%
Senior	GM	1	0.12%
	Deputy General Manager	7	0.84%
	Assistant General Manager	5	0.11%
	Manager	40	4.78%
<b>Total</b>		<b>53</b>	<b>6.33%</b>
Tertiary	Junior Manager	56	6.70%
	Management Assistant 4	179	21.39%
	<b>Total</b>	<b>235</b>	<b>28.08%</b>
Secondary	Management Assistant 2-2	6	0.72%
	Management Assistant 1-2	417	49.82%
	<b>Total</b>	<b>423</b>	<b>50.54%</b>
Primary	Primary Level	126	17.32%
	<b>Total</b>	<b>126</b>	<b>15.05%</b>
<b>Grand Total</b>		<b>100.00%</b>	

## Employees by Gender

The ETF Board male to female ratio of employees stood at 51.3:48.7 at the end of 2024.

Male	Female	Total
429	408	837
51.3 %	48.7%	100%

## Employees by Location

Head Office	505
Branch	332
Total	837

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	10	04	14

## 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 Board are eligible for a number of benefits in addition to their basic salary.

	2024 LKR'000	2023 LKR'000	Change %
Salaries	533,429	562,996	5.25%
Cost of Living Allowance	163,397	82,437	(98.21)%
Meal Allowance	11,941	12,898	7.42%
Overtime	38,885	27,417	(41.83)%
Holiday Pay	16,260	12,165	(33.66)%
<b>Total</b>	<b>763,911</b>	<b>697,913</b>	<b>(9.46)%</b>

## 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, and compensations for permanent disability or death of person

	2024 LKR'000	2023 LKR'000	Change %
Incentive	141,870	131,941	(7.53)%
Uniform and Tailoring Cost	24,616	16,801	(46.52)%
Retirement Special Bonus	1,600	900	(77.78)%
Tea and other Staff Welfare Expense	16,569	16,019	(3.43)%
Encashment of Leave	19,489	28,144	30.75%
Annual Bonus	78,113	80,801	3.33%
Reimbursement of Medical Expense	116,584	128,197	9.06%
Interest on Housing Loan	7,015	8,963	21.73%
Interest cost	39,439	38,786	(1.68)%
Current Service Cost	14,511	9,548	(51.98)%
EPF	104,594	95,466	(9.56)%
ETF	20,941	19,157	(9.31)%
Telephone Bill Reimbursement	3,690	4,007	7.91%
<b>Total</b>	<b>589,031</b>	<b>578,730</b>	<b>(1.78)%</b>

## Incentive

Incentives granted on a grade 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 75,000.00 per employee.
- Annual hospitalization reimbursement upto LKR 125,000.00 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
	Assistant Officer(4)	1,125,000.00
	Management Assistant(2-2), (1-2)	1,000,000.00
Permanent Disability	Primary Level (1),(2),(3)	875,000.00
	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

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 Amount	LKR3,000,000.00
Recovery Period	25years or completion of age 60
Interest	1 <sup>st</sup> 2,000,000 for 4.2%per annum Balance 1,000,000 for 7.0% per annum

## Special Distress Loan

Maximum Loan Amount	Equivalent to 12 months Salary
Recovery Period	120 installments
Interest	4.2 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.

<b>Motor Vehicle</b>	Loan Amount	LKR3,000,000.00 (All Staff)
	Recovery Period	15years
	Interest	4.2%per annum
<b>Three wheel Loan</b>	Loan Amount	LKR 1,250,000.00
	Recovery Period	15years
	Interest	4.2%per annum
<b>Motor Bike Loan</b>	Loan Amount	LKR500,000.00
	Recovery Period	10years
	Interest	4.2%per annum
<b>Push Bicycle Loan</b>	Loan Amount	LKR25,000.00
	Recovery Period	36 Installments
	Interest	4.2%per annum

In 2024, the Information Technology (IT) Division of the Employees' Trust Fund Board (ETFB) achieved significant advancements across digital infrastructure modernization, cybersecurity enhancement, staff capacity development, and governance alignment. These efforts reinforce ETFB's commitment to digital transformation in line with national policies and organizational needs.

## Key Projects and Infrastructure Achievements

- Successful Implementation of Software-Defined Wide Area Network (SD-WAN):**

ETFB Board successfully implemented an organization-wide SD-WAN in 2024, connecting

the Head Office, Data Centres, and Regional Offices via centrally manageable connections. This secure, high-performance network allows intelligent routing, application-aware bandwidth prioritization, redundancy, and firewall policy enforcement at the branch level, improving operational efficiency and network visibility.

- Improved Access to the Sri Lanka Government Network (LGN):**

Through the SD-WAN infrastructure, all regional offices now securely access the LGN connection available at ETFB Head Office. This was essential for accessing the ETFB core system, which is hosted within the LGN environment.



## Information Technology

## IT Division Capacity Expansion

- **Strategic Recruitment to Address Human Resource Gaps:**

In 2024, seven (07) new staff members were recruited to the IT Division, including the Deputy General Manager (IT). The recruits were strategically placed across all key operational areas such as system administration, software development, networking, and hardware device support services. This expansion resolved longstanding human resource shortages and strengthened ETFB's capacity to manage digital systems.

## Capacity Building and Staff Development

- **SD-WAN and Wi-Fi Infrastructure Training:**

Specialized training sessions were delivered to ETFB IT staff to support the management of the newly implemented SD-WAN and enterprise Wi-Fi infrastructure at Mehewara Piyesa.

- **NextGenGov Foundation Program by ICTA:**

ETFB staff participated in the NextGenGov Capacity Building Program led by ICTA, focusing on digital governance, innovation, and public sector transformation

- **Additional Training Activities:**

- Cybersecurity awareness and CERT policy sessions
- Firewall and network administration
- Technical user training aligned with digital transformation rollouts

## Future Outlook

- **Implementation of the National Cyber Security Policy:**

Following Circular No. MOT/2023/01, ETFB completed the initial IT General Control (ITGC) review as part of the cybersecurity policy implementation process. The next phase will involve adopting CERT's recommendations across infrastructure and processes.

- **Onboarding with National Cyber Security Operations Centre (NCSOC):**

ETFB is in the process of onboarding with Sri Lanka CERT's NCSOC, which provides 24/7 real-time monitoring, threat detection, incident response, vulnerability management, and threat intelligence through Elasticsearch Enterprise SIEM.

- **Deployment of SentinelOne Endpoint Detection and Response (EDR):**

As part of the upcoming NCSOC integration, ETFB will roll out SentinelOne EDR to ensure AI-based endpoint security, ransomware protection, and automated response capabilities across devices.

- **New Core System Development**

The development of the new ETFB Core System—designed as a secure, web-based, and member-centric platform—is a key pillar of the Board's digital transformation strategy. The system is being developed in collaboration with the Information and Communication Technology Agency (ICTA) and is hosted on the Sri Lanka Government Cloud (LGC) and can be accessed through Lanka Government Network (LGN). The system is now prepared for the next critical stages—Operational Acceptance Testing (OAT) and parallel run, which are expected to commence shortly. These steps will validate system readiness and operational alignment before full production deployment. The go-live phase will follow upon successful completion of these final implementation stages.

- **Strategic Infrastructure Planning via ETFB Digital Infrastructure Advisory Committee:**

In line with the government's national digitalization policy, ETFB has taken proactive steps to align its digital infrastructure in a standardized and strategic manner. A Digital Infrastructure Advisory Committee will be appointed to advise senior management on infrastructure upgrades, provide recommendations, and ensure ETFB remains resilient, scalable, and compliant with emerging digital governance frameworks.



# 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's Annual Report award competition for 2023 of the Public Sector Wing of CA Sri Lanka was held on 2<sup>nd</sup> December 2024 at BMICH. ETFB was awarded (Silver award) for the category of Statutory Board, Authorities by the Association of Public Financial Accountant of Sri Lanka (APFASL).

This was the sixth 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 Division

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.

## Blood donation to mark 44<sup>th</sup> Anniversary of the Board



## Poson Bathi Gee 2024



# Board of Directors

As at 31<sup>st</sup> December 2024



**Mr. Somasiri Ekanayake**

Chairman/ Chief Executive Officer  
Appointed by the Minister of Finance, Planning and  
Economic Development

Mr. Somasiri Ekanayake is a seasoned public sector professional with over two decades of experience in strategic planning, policy implementation, and national development initiatives. He currently serves as the Chairman of the Employees' Trust Fund Board. Throughout his career, Mr. Ekanayake has held significant roles in several government entities, including the Ministry of Buddhasasana, Religious and Cultural Affairs, where he served as Director of Planning and Director General of the Ranminithenna National Tele Cinema Park. He has also contributed to the Department of Project Monitoring and Management, the Office for National Unity and Reconciliation, the Ministry of Culture and National Heritage, the District Secretariat Matale, and the Department of Labour. Mr. Ekanayake holds a Bachelor of Arts degree from the University of Peradeniya, a Master's in Regional Development & Planning from the University of Colombo, and a Master of Arts in Mass Communication from the University of Sri Jayewardenepura. He has also received international training in governance, leadership, and policy-making. A visionary leader, Mr. Ekanayake is committed to fostering sustainable growth and national progress through innovative strategies and policy reforms.



**Mr. Indika Baddevithana**

Director  
Appointed by the Minister of Finance, Planning and  
Economic Development

Mr. Indika Baddevithana is a seasoned tax administration professional with over 17 years of experience at the Inland Revenue Department, currently serving as a Senior Deputy Commissioner. His career spans various roles, including nearly eight years as an Inspector of Excise at the Department of Excise and a brief academic tenure as a Temporary Assistant Lecturer in Physics at the University of Kelaniya. With a strong foundation in tax policy, revenue administration, legal procedures, and office management, he has contributed significantly to the field of taxation and governance.

He holds a B.Sc. Special (Hons) in Physics from the University of Kelaniya, an LL.B. from the Open University of Sri Lanka, and a Postgraduate Diploma in ICT from the University of Colombo. His professional development includes international training on tax policy in India and e-government and change management in Malaysia. Additionally, he has received local training in legal case law, court procedures, and office administration. His expertise in tax compliance, revenue collection, and legal frameworks continues to support national financial administration.



### Mr. S F H Fernando

Director

Appointed by the Minister of Finance, Planning and Economic Development

Mr. Susanta Fernando is an accomplished accountant by profession, having held numerous senior positions in both the private and public sectors in Sri Lanka, as well as overseas in the United Kingdom and Australia. He was the Founder Managing Director of Bartleet Finance Ltd., a publicly listed company, and served as a Board Member for several other companies within the Bartleet Group, including Bartleet Mallory Stockbrokers Ltd., Bartleet and Company Ltd., and Bartleet Transcapital Ltd. In addition to his contributions to the corporate sector, he has held key leadership roles in various national institutions. He served as the Chairman of the Sri Lanka Bureau of Foreign Employment (SLBF), the National Institute of Business Management (NIBM), and Jaya Container Terminals Ltd. under the Sri Lanka Ports Authority (SLPA). He was also a Director of the Sri Lanka Convention Bureau and an Advisor to the Minister of Tourism. His international experience includes serving as the Financial Controller of BDS Corporation in Australia and as the Group Accountant for the Ictrohating Group of Companies in the United Kingdom. Furthermore, he was a Member of the National Labour Advisory Committee (NLAC) and contributed to the sports sector as the President of the Kalutara District Cricket Association.



### Mr. Athula Harischandra

Director

Appointed by the Minister of Finance, Planning and Economic Development

Mr. Athula Harischandra is an accomplished professional with extensive expertise in the Banking sector with a career spanning over 20 years, where he has demonstrated strong leadership in financial markets and enterprise risk management. Currently, Mr. Harischandra serves as a Senior Manager in a reputed foreign bank in Sri Lanka.

He is an experienced professional with a strong background in financial markets, treasury risk, traded risk and operational risk management. He holds a Masters of Financial Economics (MFE) from the University of Colombo and a Bachelor of Arts (Honors) from the University of Peradeniya. Additionally, he has obtained professional qualifications, including the ACI Operations Certificate in Financial Market Operations (Fance), the KESDEE intermediate Certificate in Products & Market Risk (USA), and a Diploma in Database Management (CBSL).

Known for his analytical mindset and problem-solving abilities, Mr. Harischandra is dedicated to driving organizational success while maintaining the highest standards of professionalism and ethics.

# Board of Directors

As at 31<sup>st</sup> December 2024



**Mr. K T I Premaratne**

Director  
Representative of General Treasury

Mr. Indika Premaratne is a senior public sector professional with extensive experience in macroeconomic planning, public investment, and external resource management. He currently serves as the Director of the Macro Economic Planning Division and the Industries, Trade, and Investment Division at the National Planning Department.

With over two decades in government service, Mr. Premaratne has held key positions in the Ministry of Finance and the Department of External Resources, where he played a key role in negotiating and mobilizing development funds from international partners. He has overseen major foreign-funded projects and provided strategic oversight for state-owned enterprises.

He holds a Master of Public Administration (Policy) from Flinders University, Australia, a Master of Arts in Economics from the University of Kelaniya, and a Postgraduate Diploma in Development Studies from IDE Advanced School, Japan. Additionally, he earned a Bachelor of Science (Hons) from the University of Kelaniya and has completed specialized training in project management, fiscal policy, and public financial management from institutions such as the IMF, ADB, and the Lee Kuan Yew School of Public Policy.

Mr. Premaratne has served on multiple boards, including the Central Cultural Fund. Before joining the public sector, he gained experience in the private sector as a Management Trainee/Production Executive at a reputed company.

A dedicated policymaker, he continues to contribute to Sri Lanka's economic and development planning through strategic public investment and financial governance.



**Mrs. K A P De Silva**

Director  
Appointed by the Ministry of Trade, Commerce, Food Security and Co-operative Development

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.



**Mr. Jude Dinal Peiris**

Director  
Representative of Employer's Federation of Ceylon

Mr. Dinal Peiris is a well experienced businessman involved with a wide range of companies, mostly in the manufacturing sector ranging from aluminium, steel, MDF boards, building materials, textiles and garments. He is an Engineer by profession, with an MBA from the London Business School and he is Chairman and Director of several public and private companies. Mr. Peiris has a keen interest on human resources and he also serves as a Council Member of The Employers' Federation of Ceylon.



**Mr. Channa Dissanayake**

Director  
Representative of Trade Union

Mr. Channa Dissanayake is an experienced Bank Officer and a dedicated trade union leader, actively contributing to the rights and welfare of employees in the banking sector. He currently serves as the President of the Ceylon Bank Employees' Union, playing a key role in advocating for fair labor practices and employee benefits within the banking industry. Additionally, he holds the position of President of the UNI Sri Lanka License Council under UNI Global Union, where he represents Sri Lankan workers on an international platform, striving to uphold global labor standards and workers' rights. Channa Dissanayake is also a Member of the National Labour Advisory Council (NLAC), working alongside policymakers and stakeholders to shape labor policies and enhance working conditions across various industries. With his extensive experience in banking and labor relations, he remains committed to strengthening employee rights and fostering fair workplace environments in Sri Lanka.

# Board of Directors

As at 31<sup>st</sup> December 2024



## Mr . Kanishka Premashantha

Director  
Representative of Trade Union

Mr. Kanishka Premashantha holds a Bachelor of Science in Business Administration (Special) Degree from the Faculty of Management Studies and Commerce at the University of Sri Jayewardenepura. A dedicated advocate for labor rights, Mr. Kanishka currently serves as the Vice President of the Inter Company Employees' Union, the leading trade union in Sri Lanka committed to protecting workers' rights. His leadership and experience in labor movements extend beyond national boundaries, being affiliated with the World Federation of Trade Unions (WFTU) and having represented Sri Lanka at various regional and international forums. He has actively participated in key trade union conferences, Organized by the International Labour Organization (ILO) and All China Federation of Trade Unions (ACFTU) over the past two years.



# Team Corporate Management

## Higher Management



**Mr Somasiri Ekanayake**  
Chairman/ Chief Executive Officer  
(w.e.f. 07.10.2024)



**Mr. R.K. Jayalath**  
General Manager (Acting)

Mr. Somasiri Ekanayake is a seasoned public sector professional with over two decades of experience in strategic planning, policy implementation, and national development initiatives. He currently serves as the Chairman of the Employees' Trust Fund Board. Throughout his career, Mr. Ekanayake has held significant roles in several government entities, including the Ministry of Buddhasasana, Religious and Cultural Affairs, where he served as Director of Planning and Director General of the Ranminithenna National Tele Cinema Park. He has also contributed to the Department of Project Monitoring and Management, the Office for National Unity and Reconciliation, the Ministry of Culture and National Heritage, the District Secretariat Matale, and the Department of Labour. Mr. Ekanayake holds a Bachelor of Arts degree from the University of Peradeniya, a Master's in Regional Development & Planning from the University of Colombo, and a Master of Arts in Mass Communication from the University of Sri Jayewardenepura. He has also received international training in governance, leadership, and policy-making. A visionary leader, Mr. Ekanayake is committed to fostering sustainable growth and national progress through innovative strategies and policy reforms.

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.

# Deputy General Managers



**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. M. A. K.  
Aluthgamage**

Deputy General Manager  
(Investment)

Mr. M. A. K. Aluthgamage currently serves as the Deputy General Manager (Investment). 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. 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. H. M. A. Jayantha  
Kumara**

Deputy General Manager  
(Legal)

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. K. D. A. P.  
Karunartne**

Deputy 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 Fellow 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.



**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 and Associate Member of CIPM. 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 fitting well into one of the key areas of the entity he serves in.

# Deputy General Managers



## Mr. S P R D Fernando

Deputy General Manager  
(Information Technology)

Mr. Pradeep Fernando currently serves as the Deputy General Manager – Information Technology, bringing over 19 years of experience in the IT industry. He holds a Bachelor of Science in Computer Science, specializing in Software Engineering, and a Master of Science in Information Security, both from the University of Colombo.

Throughout his career, Mr. Fernando has shown strong skills in managing large IT systems, leading digital transformation projects, and ensuring effective information security. His leadership and technical expertise have helped drive innovation, improve operations, and support the organization's overall goals.



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

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

Mrs. PL.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. Company Secretary.

# Assistant General Managers



## Mr. K.G.N. Ratnayake

Assistant General Manager  
(Administration & Human Resources)

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) Actg.

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.

## Mr. Anura Wickramasekara

Assistant General Manager  
(Contribution Collection and Surcharge)



Mr. Anura Wickramasekara serves as the Assistant General Manager – Contribution Collection and Surcharge. He holds a Bachelor of Science in Management (Public) Special Degree from the University of Sri Jayewardenepura and a Master of Business Studies (MBS) from the University of Colombo. He is also a Certified Business Accountant (CBA), accredited by the Institute of Chartered Accountants of Sri Lanka.

Mr. Wickramasekara joined the Employees' Trust Fund Board (ETFB) on 3rd December 2024



# Management Team

## 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)

**Ms. B M Seethakumari**  
Manager (Benefit Administration)

### 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. 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. 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. S A P C 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. S M Gunasinghe**  
Regional Manager (Kegalle)

**Mr. Sagara Hewagama**  
Regional Manager (Gampaha)

**Mrs. C Abeygunasekara**  
Regional Manager (Matara)

**Mrs. W M A J J Welendra**  
Legal 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)

**Mr. T Arudsthan**  
Regional Manager (Vavuniya)

**Mr. D D Kularatne**  
Regional Manager (Ratnapura)

**Ms. J C Jayasinghearachchi**  
Regional Manager (Ampara)



# Corporate Governance

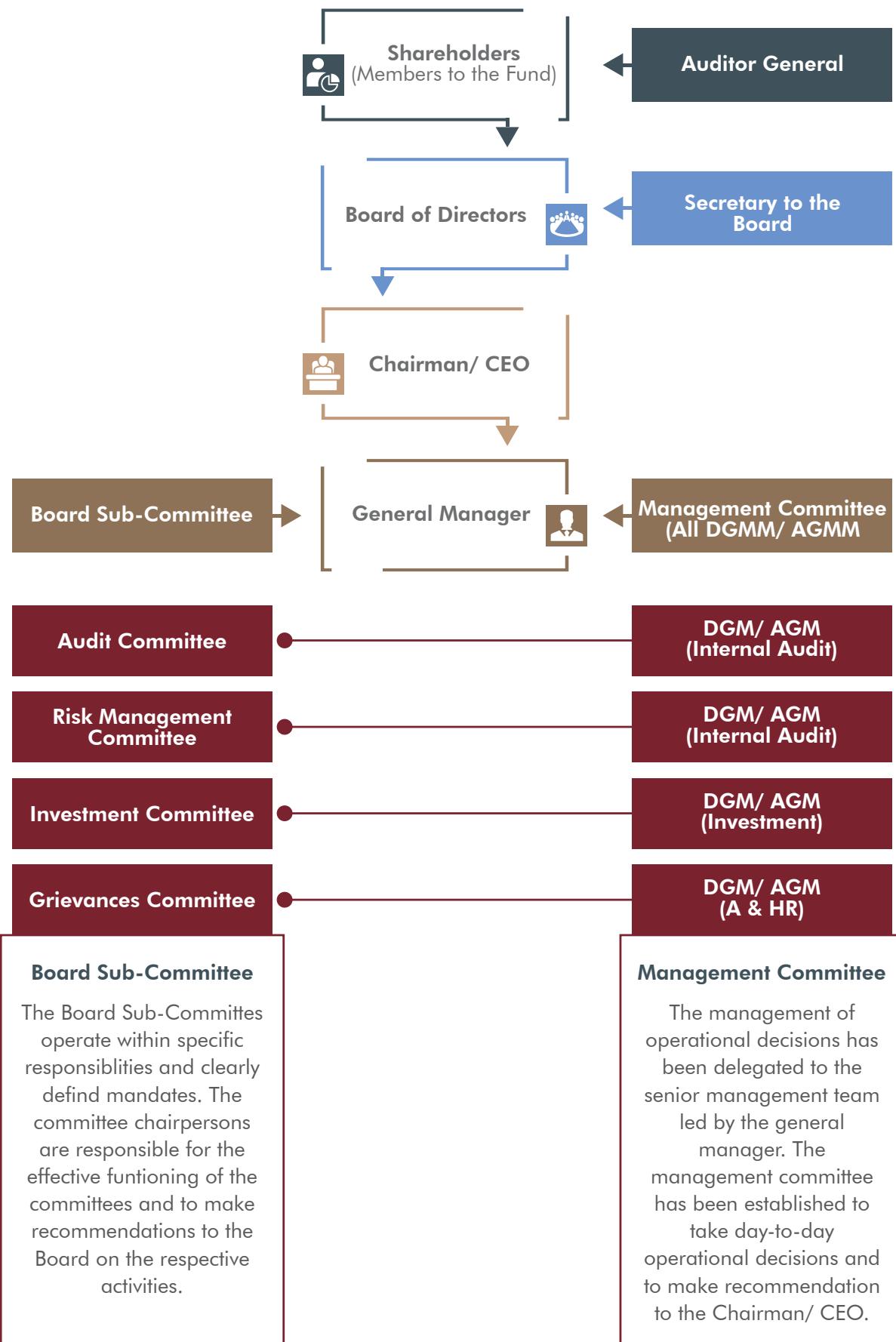
The Employees Trust Fund Board is a semi-government organization which considers good corporate governance as a key business imperative.

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)

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.

### 1.1.1. 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

### 1.1.2 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. 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 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 2024 is shown below.

Name	No of Meetings Attended	No of Meetings Held During the Year 2024
Mr. D L P R Abeyaratne (Term ended w.e.f. 05th October 2024)	12	15
Mr. Somasiri Ekanayake (Appointed w.e.f. 07th October 2024)	03	15
Mr. K G M Harindra (replaced w.e.f 11th October 2024)	12	15
Mr. S F H Fernando	13	15
Mr. M Parthipan	08	15
Ms. M C Subasinghe (replaced w.e.f 11th October 2024)	02	15
Ms. K A P de Silva	10	15
Mr. Athula Harischandra (appointed w.e.f 11th October 2024)	03	15
Mr. I Baddevithana (appointed w.e.f 11th October 2024)	03	15
Ms. K S Dayarathna (replaced w.e.f 25th October 2024)	08	15
Mr. K T I Premaratne (appointed w.e.f 25th October 2024)	02	15
Mr. Jude Dinal Peiris	07	15
Mr. L S Devendra (replaced w.e.f 11th October 2024)	10	15
Mr. W M Nurajith Singh (replaced w.e.f 11th October 2024)	08	15
Mr. C S Dissanayake (appointed w.e.f 11th October 2024)	03	15
Mr. K N Premashantha (appointed w.e.f 11th October 2024)	03	15

### 1.1.3. 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 314 of this Report.

### 1.1.4. 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.

### 1.1.5. 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.

### 1.1.6. 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

## 1.2 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.

### 1.2.1 Appointments of the Chairman

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

### 1.2.2 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 pre-determined objectives.

### 1.2.3 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.



# Audit Committee Report 2024

## Charter of the Committee

As a Board sub-committee, the Audit Committee assists the Board of Directors in fulfilling its responsibilities by executing responsibilities in financial reporting, internal controls, internal audit etc,

## Composition and Meetings

The Audit Committee comprised three non-executive directors.

Name	Position	No. of meetings attended
Ms.K.S.Dayaratne	Chairman of the committee	2/2
Mr.K.G.Madushan	Member of the Committee	1/2
Ms. K.A.PDe.Silva	Member of the Committee	2/2
Mr.K.S.Welivita	Secretary to the Committee	

## Functions of the Audit Committee

### 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 Internal Audit function of the Board is headed by the Deputy General Manager (Internal Audit). The Audit Committee reviewed the findings of the internal audit and recommendations together with the management responses and regularly followed up on the progress of the implementation of such recommendations in order to enhance the overall control mechanism.

## 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, the Collection and banking of cash and cheques by regional offices, the progress of amendments to the Act, Nawam Mawatha car park income, internal controls over the member claims payment process, financial reporting process, contribution and surcharge collections through courts, etc.

## Reporting

The minutes of the Committee meetings and recommendations were tabled at Board meetings, and the chairman of the audit committee provided verbal deliberations.

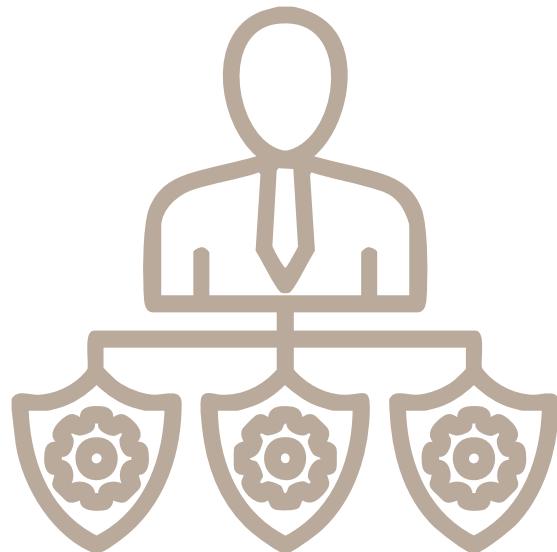
## Conclusion

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. The audit committee is of the view that adequate measures are in place to ensure that investments are safeguarded to ensure that the financial position and the results disclosed in the Financial Statements are free from any material misstatements.

On behalf of the Audit Committee

(Sgd.)  
**Ms.K.S. Dayaratne**  
Chairman  
Audit Committee

# Management Risk Committee Report



## Purpose

Enterprise Risk Management (ERM) is designed to identify, assess, and manage risk inherent in our business environment. This approach enables us to predict potential unfavorable situations and respond proactively. Our risk management practices as an integral part of achieving strategic objectives and protecting the interests of stakeholders.

## Principle Risks

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

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

## Conclusion

The MRC ensures that an adequate risk management framework is in place to identify, manage, and mitigate potential risks.

(Sgd.)

**K.S. Welivita**

Deputy General Manager (Internal Audit)  
Risk Management Coordinator

# Investment Committee Report



The investment committee of the Board is established to guide and advice investment division in achieving Board's primary investment objectives of Safety, Liquidity and Return as provided in the Investment Policy. Further, the investment committee is supposed to assist the Board in monitoring effectiveness of the investments made in various products within the asset

allocation guidelines and governance framework of the investment policy. The committee meets at least once in the month to recommend risk appetite investment (share purchase plan, debentures etc.) and to review the performance of fixed income securities and equity investments.

## Composition

The composition of the investment committee during the year is given below.

Name	Designation
Mr. Athula Harischandra*	Director
Mrs. K. V. C. Dilrukshi	Treasury Representative
Mr. R. K. Jayalath	General Manager (Acting)
Mr. M. A. K. Aluthgamage	Deputy General Manager (Investment)
Mr. K. D.A. P. Karunaratne**	Deputy General Manager (Finance)
Mr. K.S. Welivita	Deputy General Manager (Internal Audit)

\* Appointed with effect from October 2024

\*\* Appointed with effect from November 2024

Name	No. of meetings attended
Mr. Athula Harischandra*	2/10
Mrs. K. V. C. Dilrukshi	10/10
Mr. R. K. Jayalath	4/10
Mr. M. A. K. Aluthgamage	10/10
Mr. K. D.A. P. Karunaratne**	2/10
Mr. K.S. Welivita	8/10

\* Both virtual and physical

# 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.

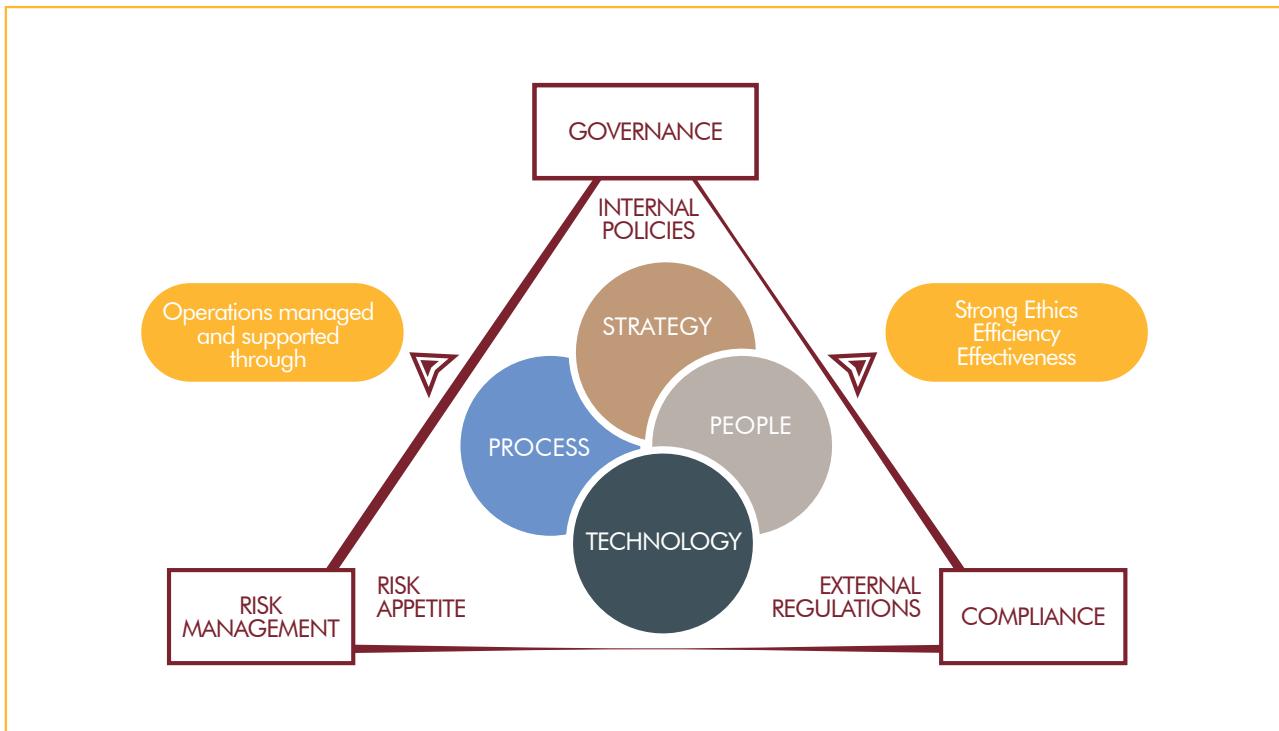
## Road to Effective Principles

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 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 managed, 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						2024
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						2024
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.

# Financial Information

EMPLOYEES' TRUST FUND BOARD  
**Statement of Comprehensive Income**  
For The Year Ended 31<sup>st</sup> December, 2024

Note	Group		ETFB	
	31 <sup>st</sup> December 2024	31 <sup>st</sup> December 2023	31 <sup>st</sup> December 2024	31 <sup>st</sup> December 2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Total Income</b>				
Interest Income	4	62,194,449	64,834,198	61,819,095
Net Trading Income	5	1,275,472	2,148,913	-
Dividend Income	6	1,494,462	1,209,331	1,494,462
Gain/(Loss) on Financial Assets at Fair Value through Profit /(Loss)	7	2,040,218	1,528,360	2,040,218
Other Income	8	670,069	756,921	634,132
		<b>67,674,670</b>	<b>70,477,723</b>	<b>65,987,907</b>
				<b>67,792,678</b>
<b>Total Expenses</b>				
Personal Expenses	9	1,766,683	1,940,835	1,400,616
Administrative Expenses	10	397,739	388,683	325,385
Financial Expenses	11	4,614	4,385	4,336
Member Expenses	12	597,330	711,058	591,126
Depreciation & Amortization	13	78,088	61,812	46,129
Interest Paid to members on Current Year		448,625	499,157	448,625
Impairment Charge/(Reversal)	14	(4,910)	(51,452)	(4,910)
Other Expenses	15	216,672	208,011	-
		<b>3,504,841</b>	<b>3,762,488</b>	<b>2,811,307</b>
				<b>2,833,648</b>
<b>Profit Before Tax</b>		<b>64,169,829</b>	<b>66,715,235</b>	<b>63,176,600</b>
Income Tax Expenses	16	(8,969,846)	(9,582,180)	(8,678,062)
<b>Profit for the Year</b>		<b>55,199,983</b>	<b>57,133,055</b>	<b>54,498,538</b>
<b>Profit Attributable to:</b>				
Equity Holders of the Company		55,129,839	57,013,988	54,498,538
Non-Controlling Interest		70,144	119,067	-
<b>Profit for the Year</b>		<b>55,199,983</b>	<b>57,133,055</b>	<b>54,498,538</b>
				<b>55,942,384</b>

EMPLOYEES' TRUST FUND BOARD  
**Statement of Other Comprehensive Income**  
For The Year Ended 31<sup>st</sup> December, 2024

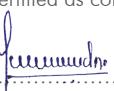
Note	Group		ETFB	
	31 <sup>st</sup> December 2024	31 <sup>st</sup> December 2023	31 <sup>st</sup> December 2024	31 <sup>st</sup> December 2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Items that are or may be Reclassified to Statement of Comprehensive Income</b>				
Transfer to Fair Value Through Other Comprehensive Reserve (Shares)	3,922,880	3,070,788	3,922,880	3,070,788
Transfer to Fair Value Through Other Comprehensive Reserve (Units)	32,557	29,982	32,557	29,982
<b>Items that will not be Reclassified to Statement of Comprehensive Income</b>				
Actuarial Gain /(Loss) on Retirement Benefit Obligation	(79,318)	(63,865)	(79,318)	(63,865)
<b>Total Other Comprehensive Income for the Year Net of Tax</b>	<b>3,876,120</b>	<b>3,036,905</b>	<b>3,876,120</b>	<b>3,036,905</b>
<b>Total Comprehensive Income for the Year Net of Tax</b>	<b>59,076,103</b>	<b>60,169,960</b>	<b>58,374,658</b>	<b>58,979,290</b>
<b>Total Comprehensive Income Attributable to</b>				
Equity Holders of the Company	59,005,958	60,050,893	58,374,658	58,979,290
Non-Controlling Interest	70,144	119,067	-	-
<b>Total Comprehensive Income for the Year Net of Tax</b>	<b>59,076,103</b>	<b>60,169,960</b>	<b>58,374,658</b>	<b>58,979,290</b>
<b>Retained Profit B/F</b>				
Net Gain / (Loss) on Financial Assets Designated Under FVTOCI	215,280	321,350	215,280	321,350
Transfer to Dividend Equalization Reserve Fund	(3,000,000)	(10,314,164)	(3,000,000)	(10,314,164)
<b>Profit Available for Appropriation</b>	<b>55,199,983</b>	<b>57,133,055</b>	<b>54,498,538</b>	<b>55,942,384</b>
<b>Total Profit Available for Appropriation</b>	<b>59,188,585</b>	<b>53,068,708</b>	<b>56,614,510</b>	<b>50,762,011</b>
Less: Proposed Apportionment - Dividend Paid 7% (2023 - 7%)	(35,911,278)	(32,102,819)	(35,911,278)	(32,102,819)
Less: Interest Expense - 3%	(15,390,525)	(13,758,500)	(15,390,525)	(13,758,500)
Less: Dividend - Lanka Salt	(535,815)	(315,000)	-	-
Less: Non-Controlling Interest	(70,144)	(119,067)	-	-
<b>Profit After Appropriation</b>	<b>7,280,822</b>	<b>6,773,322</b>	<b>5,312,707</b>	<b>4,900,692</b>

EMPLOYEES' TRUST FUND BOARD  
Statement of Financial Position

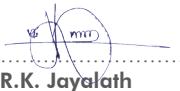
As at 31<sup>st</sup> December, 2024

Note	Group		ETFB	
	31 <sup>st</sup> December 2024	31 <sup>st</sup> December 2023	31 <sup>st</sup> December 2024	31 <sup>st</sup> December 2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>ASSETS</b>				
Cash and Cash Equivalent	1,258,454	1,226,541	794,613	898,585
Financial Assets at Fair Value Through Profit and Loss	17	2,646,191	4,463,977	2,646,191
Investment in Subsidiary	18	-	-	470,961
Financial Assets at Fair Value Through Other Comprehensive Income	19	14,708,973	10,764,966	14,708,973
Financial Assets at Amortized Cost	20	565,832,614	501,639,231	563,248,506
Other Assets	21	5,012,179	4,210,470	4,552,263
Property, Plant & Equipment	22	882,476	988,715	246,185
Leasehold Property	23	-	697	-
Intangible Assets	24	1,148	6,163	1,148
Investment Property	25	4,587,406	4,587,406	4,587,406
<b>Total Assets</b>	<b>594,929,441</b>	<b>527,888,166</b>	<b>591,256,247</b>	<b>524,511,053</b>
<b>Liabilities</b>				
Interest Bearing Loans and Borrowings	26	403,727	7,620	-
Grants and Subsidies	27	33,069	38,399	4,873
Defined Benefit Obligation	28	838,890	593,245	381,024
Current Tax Liabilities	29	4,495,212	5,144,686	4,294,051
Other Liabilities	30	471,513	680,320	144,088
Deferred Tax Liabilities	31	15,696	70,865	-
Provisions	32	447,371	415,163	447,371
<b>Total Liabilities</b>	<b>6,705,478</b>	<b>6,950,298</b>	<b>5,271,407</b>	<b>5,706,213</b>
<b>Total Net Assets</b>	<b>588,223,964</b>	<b>520,937,868</b>	<b>585,984,840</b>	<b>518,804,839</b>
Member Fund	33	564,326,576	504,434,709	564,326,576
Reserves		23,626,379	16,242,759	21,658,264
Non-Controlling Interest		271,008	260,399	-
<b>Net Assets Attributable to Members / Non-Controlling Interest</b>	<b>588,223,963</b>	<b>520,937,868</b>	<b>585,984,840</b>	<b>518,804,839</b>

The accounting policies and notes as set out in pages 355 to 389 form an integral part of these financial statements.  
Certified as correct,

  
M.A.V. Kumudini  
Finance Manager

  
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.

  
Somasiri Ekanayake  
Chairman / Chief Executive Officer

**EMPLOYEES' TRUST FUND BOARD**  
**Statement of Changes In Equity**  
As at 31<sup>st</sup> December, 2024

Group	Attributable to members of the Board					Post Acquisition Reserves	Non- Controlling Interest	Total
	Retained Profit	Fair Value Through Oci Reserve	Other Reserves	Equalization Reserve Fund				
<b>Balance as at 01.01.2023</b>	<b>4,812,440</b>	<b>(4,008,922)</b>	<b>(14,709)</b>	<b>142,000</b>	<b>1,116,026</b>	<b>176,332</b>	<b>2,223,167</b>	
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
<b>Balance as at 31.12.2023</b>	<b>4,900,692</b>	<b>(908,152)</b>	<b>(78,574)</b>	<b>10,456,164</b>	<b>1,872,630</b>	<b>260,399</b>	<b>16,503,158</b>	
<b>Balance as at 01.01.2024</b>	<b>4,900,692</b>	<b>(908,152)</b>	<b>(78,574)</b>	<b>10,456,164</b>	<b>1,872,630</b>	<b>260,399</b>	<b>16,503,158</b>	
Net fair value gains/(losses) on remeasuring financial assets measured at FVTOCI	-	3,955,437	-	-	-	-	-	3,955,437
Interest on Member Fund Balance 3%	(15,390,525)	-	-	-	-	-	(15,390,525)	
Dividend Paid 7%	(35,911,278)	-	-	-	-	-	(35,911,278)	
Dividend Equalization Reserve Fund Transfer	(3,000,000)	-	3,000,000	-	-	-	-	
Accumulated Profit for the Year	54,498,538	-	-	-	-	70,144	54,568,683	
Net Gain / (Loss) From Financial Assets Designated Under FVTOCI	215,280	-	-	-	-	-	215,280	
Actuarial Gain/(Loss)	-	-	(79,318)	-	-	-	(79,318)	
Dividend paid by Subsidiary	-	-	-	-	-	(59,535)	(59,535)	
Movement in Subsidiary equity	-	-	-	-	95,485	-	-	95,485
<b>Balance as at 31.12.2024</b>	<b>5,312,707</b>	<b>3,047,285</b>	<b>(157,892)</b>	<b>13,456,164</b>	<b>1,968,115</b>	<b>271,008</b>	<b>23,897,388</b>	

**EMPLOYEES' TRUST FUND BOARD**  
**Statement of Changes In Equity**  
As at 31<sup>st</sup> December, 2024

ETFB	Attributable to members of the Board				Total
	Retained Profit	Available For Sale Reserve	Other Reserves	Dividend Equalization Reserve Fund	
<b>Balance as at 01.01.2023</b>	<b>4,812,440</b>	<b>(4,008,922)</b>	<b>(14,709)</b>	<b>142,000</b>	<b>930,809</b>
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 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)
<b>Balance as at 31.12.2023</b>	<b>4,900,692</b>	<b>(908,152)</b>	<b>(78,574)</b>	<b>10,456,164</b>	<b>14,370,130</b>
<b>Balance as at 01.01.2024</b>	<b>4,900,692</b>	<b>(908,152)</b>	<b>(78,574)</b>	<b>10,456,164</b>	<b>14,370,130</b>
Net fair value gains/(losses) on remeasuring financial assets measured at FVTOCI	-	3,955,437	-	-	3,955,437
Interest on Member Fund Balance 3%	(15,390,525)	-	-	-	(15,390,525)
Dividend Paid 7%	(35,911,278)	-	-	-	(35,911,278)
Dividend Equalization Reserve Fund Transfer	(3,000,000)	-	-	3,000,000	-
Accumulated Profit for the Year	54,498,538	-	-	-	54,498,538
Net Gain / (Loss) From Financial Assets Designated Under FVTOCI	215,280	-	-	-	215,280
Actuarial Gain/(Loss)	-	-	(79,318)	-	(79,318)
<b>Balance as at 31.12.2024</b>	<b>5,312,707</b>	<b>3,047,285</b>	<b>(157,892)</b>	<b>13,456,164</b>	<b>21,658,264</b>

**EMPLOYEES' TRUST FUND BOARD**

**Statement of Cash Flows**

For The Year Ended 31<sup>st</sup> December, 2024

	<b>Group</b>		<b>ETFB</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>
<b>Operating Activities</b>				
Proceeds from Sale of Financial Instrument Designated at FVTPL	4,245,483	1,977,534	4,245,483	1,977,534
Maturities of Financial Instrument Designated at Amortized Cost	103,586,509	47,760,983	103,586,509	47,760,983
Maturities of Financial Instrument Loan & Receivables	127,924	135,921	127,924	135,921
Payment for Purchase for Financial Instruments Designated at FVTPL	(789,646)	(631,015)	(789,646)	(631,015)
Payment for Purchase for Financial Instruments Designated at Amortized Cost	(171,873,190)	(99,406,414)	(171,873,190)	(99,406,414)
Loan Granted for Acquire Loan & Receivable Financial Instrument	(329,752)	(31,202)	(329,752)	(31,202)
Monies received from Customers	4,006	4,668	-	-
Monies paid to Suppliers	(3,097)	(3,148)	-	-
Interest Received	66,365,461	66,446,928	66,365,461	66,446,928
Dividend Received	1,378,225	1,111,591	1,378,225	1,111,591
Other Income Received	603,703	639,060	603,703	639,060
Operational Expenses Paid	(1,585,381)	(7,596,563)	(1,585,381)	(7,596,563)
Member Expenses Paid	(302,738)	(358,684)	(302,738)	(358,684)
Income Tax Paid	(9,013,639)	(7,647,524)	(9,013,639)	(7,647,524)
Interest Paid	(448,625)	(499,157)	(448,625)	(499,157)
Defined Benefit Plan Costs paid	(46,344)	(28)	(46,340)	(24)
Ground Rent paid to Divisional Secretaries	-	(8)	-	-
Year 5 Scholarship Payment/Refund	(113,391)	(192,949)	(113,391)	(192,949)
Higher Education Scholarship Payment	(2,155)	(73,776)	(2,155)	(73,776)
<b>Net Cash Flows from Operating Activities</b>	<b>(8,196,647)</b>	<b>1,636,217</b>	<b>(8,197,553)</b>	<b>1,634,709</b>
<b>Investing Activities</b>				
Purchase of Property and Equipment	(11,608)	(44,619)	(11,564)	(44,495)
Proceeds from Sale of Property and Equipment	-	8,088	-	8,088
Acquisition of Investments	(419)	(894)	-	-
Interest Received	349	429	-	-
Net (Grants) / Repayments of Staff Loans	(30)	(21)	-	-
<b>Net Cash Flows from Investing Activities</b>	<b>(11,708)</b>	<b>(37,017)</b>	<b>(11,564)</b>	<b>(36,407)</b>
<b>Financing Activities</b>				
Contribution Received	41,542,789	37,004,419	41,542,789	37,004,419
Refunds	(33,435,146)	(38,286,021)	(33,435,146)	(38,286,021)
Financial Expenses Paid	(2,498)	(2,381)	(2,498)	(2,381)
Dividends Paid	(1,022)	(742)	-	-
Repayment of Interest Bearing Loans & Borrowings	-	-	-	-
Principal Payment Under Finance Lease Liability	-	-	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>8,104,124</b>	<b>(1,284,724)</b>	<b>8,105,146</b>	<b>(1,283,982)</b>
Net Increase in Cash and Cash Equivalents	(104,232)	314,475	(103,972)	314,319
Cash and Cash Equivalents at 01st January	898,905	584,431	898,585	584,266
<b>Cash and Cash Equivalents at 31st December</b>	<b>794,673</b>	<b>898,905</b>	<b>794,613</b>	<b>898,585</b>

**EMPLOYEES' TRUST FUND BOARD**  
**Market Value of Treasury Bond Portfolio**  
For The Year Ended 31<sup>st</sup> December, 2024

**Market Value of Treasury Bond Portfolio as at 31/12/2024**

(Rs. '000)

<b>Year</b>	<b>Face Value</b>	<b>Purchase Cost</b>	<b>Market Value</b>	<b>Amortized Cost</b>
2026	23,492,979	22,837,014	24,506,893	23,562,472
2027	37,988,188	34,946,019	39,219,208	35,441,613
2028	95,621,256	88,030,085	98,816,091	88,608,482
2029	36,783,406	34,257,062	37,036,650	38,300,537
2030	40,617,980	37,283,401	40,405,222	37,573,087
2031	48,521,728	45,613,900	50,513,040	47,145,782
2032	66,188,785	57,907,689	63,956,349	46,666,963
2033	60,859,072	57,337,854	63,044,952	74,602,885
2034	33,447,954	31,065,196	33,262,216	31,477,041
2035	32,049,144	29,771,347	31,671,806	29,786,470
2036	30,622,954	28,248,749	29,860,534	27,900,426
2037	30,622,954	28,248,749	31,365,928	29,358,729
2038	30,622,954	28,248,749	31,015,020	29,033,057
2039	7,600,000	7,676,208	7,319,955	7,974,151
<b>Total</b>	<b>575,039,355</b>	<b>531,472,023</b>	<b>581,993,863</b>	<b>547,431,692</b>

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

(Rs. '000)

<b>Year</b>	<b>Face Value</b>	<b>Purchase Cost</b>	<b>Market Value</b>	<b>Amortized Cost</b>
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
<b>Total</b>	<b>439,777,037</b>	<b>406,171,692</b>	<b>425,321,064</b>	<b>420,107,732</b>

EMPLOYEES' TRUST FUND BOARD  
**Market Value of Treasury Bill Portfolio**  
 For The Year Ended 31<sup>st</sup> December, 2024

**Market Value of Treasury Bill Portfolio as at 31/12/2024**

<b>Year</b>	<b>Face Value</b>	<b>Purchase Cost</b>	<b>Market Value</b>	<b>Amortized Cost</b>
2024	-	-	-	-
2025	3,227,000	2,952,462	3,122,842	3,119,900

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

<b>Year</b>	<b>Face Value</b>	<b>Purchase Cost</b>	<b>Market Value</b>	<b>Amortized Cost</b>
2024	63,292,846	55,941,271	59,864,320	59,813,248
2025	-	-	-	-

The Fair Values of the Government Securities are based on the average of Buying and Selling quotes as at 31st December 2023 and 2024 respectively published by the Central Bank

**EMPLOYEES' TRUST FUND BOARD**  
**Market Value of Quoted Debenture Portfolio**  
For The Year Ended 31<sup>st</sup> December, 2024

**Market Value of Quoted Debenture Portfolio as at 31/12/2024**

<b>Name of Company</b>	<b>Date of Purchase</b>	<b>Date Redemption</b>	<b>Debentures</b>		<b>Market Value</b>			<b>Amortized Cost (Rs.000)</b>
			<b>Nos.</b>	<b>Cost (Rs.000)</b>	<b>Per Debenture</b>	<b>(Rs.000)</b>	<b>Rate (p.a)</b>	
NDB	25.09.2020	24.09.2025	4,750,000	475,000	100.00	475,000	9.50%	487,239
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	94.20	1,884,000	9.35%	2,133,205
Singer Finance (Lanka) PLC	25.06.2021	25.06.2026	1,750,000	175,000	96.02	168,035	9.25%	183,426
Peoples Leasing Finance	05.08.2021	05.08.2026	10,000,000	1,000,000	95.50	955,000	9.00%	1,036,740
Nations Trust Bank PLC	09.07.2021	09.07.2026	8,000,000	800,000	100.00	800,000	9.15%	835,296
<b>Total</b>			<b>5,550,000</b>			<b>5,382,035</b>		<b>5,823,595</b>

The Fair Value of the Corporate Debentures - Listed are based on the prices as at 31<sup>st</sup> December 2024 published by the Colombo Stock Exchange

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

<b>Name of Company</b>	<b>Date of Purchase</b>	<b>Date Redemption</b>	<b>Debentures</b>		<b>Market Value</b>			<b>Amortized Cost (Rs.000)</b>
			<b>Nos.</b>	<b>Cost (Rs.000)</b>	<b>Per Debenture</b>	<b>(Rs.000)</b>	<b>Rate (p.a)</b>	
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
<b>Total</b>			<b>8,175,000</b>			<b>8,044,000</b>		<b>8,595,139</b>

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

**EMPLOYEES' TRUST FUND BOARD**  
**Statement of Equity Investment**  
As at 31<sup>st</sup> December, 2024

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

<b>Company Name</b>	<b>Original Cost</b>	<b>Fair Value</b>	<b>Mkt. Value</b>
	<b>(Rs. 000)</b>	<b>(Rs. 000)</b>	<b>(Rs. 000)</b>
1 AHOT Properties	58,213	44,130	48,812
2 Aitken Spence Co	275,623	219,889	274,861
3 Ait. Spence Hotel	206,275	149,354	199,376
4 Asiri Hospital	129,516	104,869	108,690
5 Asiri Surgical	66,124	57,002	53,025
6 Bairaha Farms	206,974	176,665	172,628
7 Carson Cumber	16,147	8,991	13,540
8 Central Finance	33,249	29,310	52,716
9 Ceylon Investment	8,575	3,137	5,109
10 Ceylon Guardian Inv.	143,302	40,753	77,332
11 Ceylon Grain Elevator	92,623	113,364	134,620
12 Central Industries	95,319	73,893	128,233
13 CIC Holdings	118,893	149,314	219,306
14 Colombo Fort Land	55,327	21,701	25,901
15 Com. Bank	1,419,161	1,098,149	1,696,903
Com. Bank (X)	586,737	425,690	620,279
16 DFCC Bank	691,674	378,537	536,190
17 Dockyard	437,865	87,701	114,620
18 Dialog Axiata	355,601	272,111	356,768
19 Dipped Product	86,955	53,650	105,001
20 Eden Hotels	75,885	16,136	26,577
21 First Capital Tresu	10,841	650,717	697,382
22 HNB (X)	108,608	109,010	199,561
23 HNB Assurance	175,944	194,871	276,922
24 Hayleys Febric	77,572	88,508	120,353
25 Haycarb PLC	82,261	73,440	97,348
26 John Keells	15,800	10,913	13,939
27 JKH	2,140,032	2,480,956	2,935,582
28 Kelani Cables	8,417	16,335	31,427
29 Kelani Tyres	246,394	178,645	238,194
30 Keells Foods	7,847	8,193	8,596
31 Lankem Ceylon	16,823	5,307	6,583
32 Lanka IOC	14,746	82,704	102,415
33 Lanka Milk Food	2,754	3,723	7,544
34 Lanka Tiles	16,745	15,430	20,907

EMPLOYEES' TRUST FUND BOARD  
**Statement of Equity Investment**  
For The Year Ended 31<sup>st</sup> December, 2024

<b>Company Name</b>	<b>Original Cost</b>	<b>Fair Value</b>	<b>Mkt. Value</b>
	<b>(Rs. 000)</b>	<b>(Rs. 000)</b>	<b>(Rs. 000)</b>
35 Lanka Walltile	25,053	15,798	21,542
36 Laugfs Gas	780	1,587	1,455
37 Laugfs Power	815	405	576
38 NDB Bank	1,469,852	915,277	1,592,621
39 Nawaloka Hospital	68,652	30,889	33,978
40 Overseas Reality	156,882	149,113	242,558
41 People's Leasing	190,416	144,449	229,386
42 People's Insurance	54,925	48,933	69,242
43 PGP Glass PLC	16,214	25,191	31,309
44 Renuka Holdings	116,906	39,311	57,573
45 Resus Energy	49,445	28,552	53,298
46 Richard Peiris Co	115,544	116,986	147,801
47 Royal Ceramics	2,138	2,138	3,514
48 Sampath Bank	421,670	507,070	848,713
49 Seylan Bank	397,733	227,877	406,417
Seylan Bank (X)	88,452	66,843	106,834
50 Singer Finance	23,608	13,214	30,169
51 Sri Lanka Telecom	110,326	307,103	230,163
52 Teejay Lanka	115,357	97,195	139,501
53 Trans Asia	37,073	22,306	25,737
54 Tokyo Cement PLC	230,952	179,654	274,558
55 Vallibel Power	66,740	54,412	86,909
56 Windforce PLC	131,443	133,181	175,018
<b>Total</b>	<b>11,975,802</b>	<b>10,570,583</b>	<b>14,536,111</b>

**Delisted Shares**

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

**EMPLOYEES' TRUST FUND BOARD**  
**Statement of Equity Investment**  
As at 31<sup>st</sup> December, 2024

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

<b>Company Name</b>	<b>Cost</b>	<b>Net Assets</b>	<b>Net Assets</b>
	(Rs. 000)	Value (Rs. 000)	Value (Rs. 000)
	31.12.2023	31.12.2024	
1 Fitch Ratings Lanka Ltd	1,649	4,923	3,779
<b>Total</b>	<b>1,649</b>	<b>4,923</b>	<b>3,779</b>

**Investments in subsidiaries as at 31.12.2024**

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

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

<b>Company Name</b>	<b>Actual</b>	<b>Fair</b>	<b>Mkt. Value</b>
	<b>Cost</b>	<b>Value</b>	<b>As at 31.12.2024</b>
	(Rs. 000)	(Rs. 000)	(Rs. 000)
1 Access Engineering	17,549	12,034	20,676
2 CIC Holdings PLC	2,612	2,589	3,788
CIC Hold (X)	2,541	2,058	3,198
3 Com. Bank	543,282	414,131	639,932
Com. Bank (X)	55,763	45,343	66,070
4 Dialog Axiata	216,249	170,095	223,013
5 Dipped Products	220,950	112,005	219,210
6 HNB	93,361	90,365	170,775
7 Haycarb PLC	36,002	36,002	39,414
8 Hayleys PLC	4,170	4,170	5,940
9 Hemas Holdings	50,905	49,758	74,235
10 Lanka IOC	26,287	68,053	84,272
11 Lanka Tile PLC	183,850	118,179	156,723
12 Lanka Walltile	314,486	179,792	245,171
13 Laugfs Power	3,196	1,401	1,990
14 Melstacorp PLC	9,735	10,189	15,421
15 People's Insurance	58,622	40,124	56,777
16 Richard Peiris Co.	55,918	66,820	84,422
17 Resus Energy PLC	25,447	16,218	30,273
18 Royal Ceramic	326,434	197,059	318,122
19 Sampath Bank	24,501	25,479	42,645

EMPLOYEES' TRUST FUND BOARD

**Statement of Equity Investment**

As at 31<sup>st</sup> December, 2024

Company Name	Actual	Fair	Mkt. Value
	Cost	Value As at 31.12.2024	
	(Rs. 000)	(Rs. 000)	(Rs. 000)
20 Seylan Bank	73,854	46,364	82,690
Seylan Bank (X)	1,343	1,103	1,763
21 Sierra Cables PLC	34,477	27,303	30,745
22 Singer Finance	23,911	12,670	28,927
<b>Total</b>	<b>2,405,445</b>	<b>1,749,304</b>	<b>2,646,191</b>

**Investments In Units Trust As At 31.12.2024**

Type	Actual	Fair	Mkt. Value
	Cost	Value	(Rs. 000)
	(Rs. 000)	(Rs. 000)	31.12.2024
1 CTCLSA Asset Mana.	4,370	13,702	19,274
2 National Equity Fund	27,996	110,268	148,685
3 Namal Growth Fund	50	818	1,079
<b>TOTAL</b>	<b>32,416</b>	<b>124,788</b>	<b>169,039</b>

## 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, Planning & Economic Development.

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 2024 comprise the Board (Parent) and its fully-owned Subsidiary (together referred to as the "Group"). The subsidiary of the Board as at 31st December 2024 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 31 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:

<b>Name of the Company</b>	<b>Nature of Business</b>
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, 2024 were authorised for issue in accordance with a resolution of the board of directors on 17th March 2025.

## 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, 2024 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 necessitates 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 2024.

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.

**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.

**Rendering of Services**

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

**Interest**

Revenue is recognised on a time proportion basis that takes into account the effective interest rate on asset.

**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. Deferred tax assets are recognized for all temporary differences that are expected to reduce 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 1<sup>st</sup> 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 of financial assets carried at FVTPL are expensed in Income Statement.

Financial assets with embedded derivatives are considered in their 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 held for trading, held to maturity, loan and receivables 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 and the 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 recognized 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 of 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:

	<b>No. of Years (Useful Life Time)</b>	<b>Depreciation Rate</b>
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%
Software and Other Network	50%
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**

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

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

EMPLOYEES' TRUST FUND BOARD  
**Significant Accounting Policies to the Financial Statement**

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

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

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

<b>Valuation Technique</b>	<b>Significant unobservable valuation inputs</b>	<b>Sensitivity of the fair value measurement to inputs</b>
Market comparable method	<p>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.</p> <ul style="list-style-type: none"> <li>• Price per Perches</li> <li>• Price per square foot</li> </ul>	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 intangible 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 have 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.

## EMPLOYEES' TRUST FUND BOARD Significant Accounting Policies to the Financial Statement

### 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 plans. A defined contribution plan is a pension plan under which the company pays fixed contributions 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 statutes and regulations. The company contributes 15% 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.

## EMPLOYEES' TRUST FUND BOARD 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. Where the Company receives non-monetary grants, the asset and that grant are recorded at nominal amounts and is 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.

## EMPLOYEES' TRUST FUND BOARD Significant Accounting Policies to the Financial Statement

### 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:

	<b>Group</b>	<b>Rs.</b>	<b>Rs.</b>
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	
<b>Goodwill</b>		<b>378,926,440</b>	

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 2024

	<b>Rupees</b>
Surcharge To Member Fund	748,624.69
Member Fund C/A-150	168,288.91
Refund of Over Payment	(1,774,197.86)
Member Fund To Surcharge	(2,700,370.31)
<b>Total</b>	<b>(3,557,654.57)</b>

**EMPLOYEES' TRUST FUND BOARD**  
**Significant Accounting Policies to the Financial Statement**

Note	Group		ETFB	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>4 INTEREST INCOME</b>				
Financial Investments at Amortized Cost	4.1	62,194,449	64,834,198	61,819,095
		<b>62,194,449</b>	<b>64,834,198</b>	<b>61,819,095</b>
<b>4.1 Financial Investments at Amortized Cost</b>				
Interest on Fixed Deposit		421,675	563,082	52,714
Interest from Debenture		674,976	868,109	674,976
Yield on Treasury Bond		56,742,181	54,641,660	56,742,181
Margin on Treasury Bill		3,728,228	8,260,737	3,728,228
Interest on Repurchase Agreements		537,942	403,480	537,942
Interest on Money Market		3,712	4,588	3,712
Interest on NDB Scheme Deposit		51,536	60,136	51,536
Interest on SMIB Housing Loan Deposit		9,297	8,940	9,297
Interest on SMIB Savings A/C		473	489	473
<b>Staff Loans</b>				
Interest on Special loan		1,120	1,103	1,120
Interest on Vehicle Loan		7,550	8,469	7,550
Interest on Special Distress Loan		15,398	13,184	9,006
Interest on Special Festival Loan		361	219	361
Interest on Special Advance		1	1	1
		<b>62,194,449</b>	<b>64,834,198</b>	<b>61,819,095</b>
<b>5 NET TRADING INCOME</b>				
Net Revenue	5.1	3,450,552	4,022,659	-
(-) Cost of Sales		(2,175,081)	(1,873,746)	-
		<b>1,275,472</b>	<b>2,148,913</b>	-
<b>5.1 Net Revenue</b>				
Gross Revenue		4,071,652	4,626,058	-
(-) Value Added Tax and Nation Building Tax		(621,099)	(603,399)	-
		<b>3,450,552</b>	<b>4,022,659</b>	-
<b>6 DIVIDEND INCOME</b>				
Dividends on Shares - Quoted		955,397	894,331	955,397
Dividend on Shares - Unquoted		539,065	315,000	539,065
		<b>1,494,462</b>	<b>1,209,331</b>	<b>1,494,462</b>
				<b>1,209,331</b>
<b>7 GAIN /(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT /(LOSS)</b>				
Current Share Trading Profit		1,143,331	324,878	1,143,331
Fair Value Adjustment of Shares		896,887	1,203,482	896,887
		<b>2,040,218</b>	<b>1,528,360</b>	<b>2,040,218</b>
				<b>1,528,360</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**

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

Note	Group		ETFB	
	2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
<b>8 OTHER INCOME</b>				
Amortization of Government Grant	5,329	4,535	3,617	2,823
Rent Income	1,996	1,917	320	300
Profit on Sale of Furniture and Equipment	-	4,380	-	4,380
Surcharges	560,922	598,028	560,922	598,028
Staff Loan Income	31,576	34,151	31,576	34,151
Sundry Income	18,739	59,338	2,698	847
Profit / (Loss) On Car Park (Nawam Mawatha)	37,915	37,568	37,915	37,568
Profit / (Loss) On Holiday Bungalow	(2,915)	(3,614)	(2,915)	(3,614)
Transport Recovery	16,507	20,618	-	-
	<b>670,069</b>	<b>756,921</b>	<b>634,132</b>	<b>674,482</b>
<b>9 PERSONAL EXPENSES</b>				
Wages and Salaries	9.1	867,526	778,965	765,481
Short-Term Monetary and Non-Monetary Benefits	9.2	671,235	988,609	455,649
Defined Benefit Plans	9.3	70,126	51,463	53,950
Other Long Term Employee Benefits	9.4	157,795	121,797	125,535
	<b>1,766,683</b>	<b>1,940,835</b>	<b>1,400,616</b>	<b>1,324,106</b>
<b>9.1 Wages and Salaries</b>				
<b>Staff Costs (Including Directors' Fee) Comprise:</b>				
Salaries		628,870	634,934	533,429
Directors' Fees		3,508	3,367	1,570
Cost of Living Allowance		163,397	82,437	163,397
Meal Allowance		11,941	12,898	11,941
Overtime		43,551	33,164	38,885
Holiday Pay		16,260	12,165	16,260
	<b>867,526</b>	<b>778,965</b>	<b>765,481</b>	<b>699,730</b>
<b>9.2 Short-Term Monetary and Non-Monetary Benefits</b>				
Training & Development Expenses		4,803	6,647	4,393
Recruitment Expenses		600	405	600
Staff Welfare		85,929	71,168	49,390
Incentive		142,578	132,183	141,870
Encashment of Leave		19,489	28,144	19,489
Bonus		253,767	575,964	78,113
Reimbursement of Medical Expenses		118,858	128,612	116,584
Staff Loan Cost		31,576	34,151	31,576
Interest on Housing Loans		7,015	8,963	7,015
Workers Compensation		6,619	1,173	6,619
Employees Accident Compensation Scheme		-	1,200	-
	<b>671,235</b>	<b>988,609</b>	<b>455,649</b>	<b>461,419</b>

**EMPLOYEES' TRUST FUND BOARD**  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

Note	Group		ETFB	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>9.3 Defined Benefit Plans</b>				
Interest Cost	39,439	38,786	39,439	38,786
Current Service Cost	30,687	12,677	14,511	9,548
	<b>70,126</b>	<b>51,463</b>	<b>53,950</b>	<b>48,334</b>
<b>9.4 Other Long Term Employee Benefits</b>				
E.P.F. Board's Contribution	130,402	101,205	104,594	95,466
E.T.F. Board's Contribution	27,393	20,592	20,941	19,157
	<b>157,795</b>	<b>121,797</b>	<b>125,535</b>	<b>114,623</b>
<b>10 ADMINISTRATIVE EXPENSES</b>				
Building Rent	176,111	170,354	165,976	160,535
Rates	614	598	16	-
Lease Payment - Land Hambntota	240	1,080	240	1,080
Electricity Charges	51,332	49,341	37,233	33,943
Telephone Charges	10,033	10,236	8,291	8,422
Water Charges	2,997	2,281	2,997	2,281
Consultancy Fees	8,568	5,634	3,266	554
Audit Fees	3,426	3,309	2,266	1,722
Security Charges	6,947	4,643	6,947	4,643
Legal Fees	7,812	4,308	6,270	1,779
Hiring Charges	1,120	898	1,120	898
Secretarial Expenses	-	80	-	80
Postage & Telegrams	3,401	2,905	2,354	2,139
Travelling & Subsistance	315	1,662	315	1,662
Printing & Stationery	2,993	4,963	2,633	4,674
Media & Publicity	1,748	2,753	-	-
Advertisement & Press Notices	849	3,394	849	3,394
Vehicle Insurance & License Fees	2,092	1,964	2,092	1,964
Newspapers & Periodicals	697	803	517	611
Donations	114	979	-	-
Other Insurance	13	144	13	144
Office Upkeep & Requirements	5,283	4,587	457	221

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**

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

Note	Group		ETFB	
	2024	2023	2024	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Stamp Duty & Registration Fee	71	354	71	354
Miscellaneous Expenses	6,838	8,867	6,838	8,867
Bad Debts Write Off	-	433	-	433
Consumable	375	152	375	152
Vehicle Repairs & Maintenance	40,267	37,495	13,838	11,573
Fuel Charges	24,746	22,971	24,746	22,971
Maintenance of Building	31,744	30,141	31,744	30,141
Maintenance of Machine, Furniture & Equipments	6,993	11,353	3,919	7,526
	<b>397,739</b>	<b>388,683</b>	<b>325,385</b>	<b>312,763</b>
<b>11 FINANCE EXPENSES</b>				
Custodial Fee	1,839	1,628	1,839	1,628
Bank Charges	2,743	2,664	2,497	2,386
Interest expenses	32	93	-	-
	<b>4,614</b>	<b>4,385</b>	<b>4,336</b>	<b>4,013</b>
<b>12 MEMBER EXPENSES</b>				
Member Benefits	12.1	452,742	549,153	452,742
Member Services	12.2	62,944	82,958	56,740
IT Services	12.3	81,644	78,948	81,644
	<b>597,330</b>	<b>711,058</b>	<b>591,126</b>	<b>704,507</b>
<b>12.1 Member Benefits</b>				
Death Benefits Scheme		121,664	156,593	121,664
Permanent Disablement Scheme		19,911	22,799	19,911
I.O.L. Implanting Scheme		8,186	7,281	8,186
Sramasuwa Rekawarana Scheme		18,532	19,758	18,532
Heart Surgery Scheme		126,768	141,660	126,768
Kidney Transplant Scheme		1,422	5,112	1,422
Year 5 Scholarship Scheme	12.1.1	109,425	96,734	109,425
"Nipunatha Saviya" Benefit Scheme	12.1.1	7,366	-	7,366
"Vishwa Yathra" Scheme/ Higher Education Scheme	12.1.1	39,468	99,216	39,468
	<b>452,742</b>	<b>549,153</b>	<b>452,742</b>	<b>549,153</b>

12.1.1 The following table shows the payments made by ETFB for Higher Education, Year 5 scholarship, and Nipunatha Saviya programme in the year 2024.

Education Programme	Relevant Year	No of Student	Amount (Rs.)
Year 5 Scholarship	2021	16	240,000
	2022	212	3,180,000
	2023	7323	109,845,000
Nipunatha Saviya		<b>7551</b>	<b>113,265,000</b>
	2022	5	91,142
Higher Education		<b>5</b>	<b>91,142</b>
	2020	5	60,000
	2021	167	2,004,000
		<b>172</b>	<b>2,064,000</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

Note	Group		ETFB	
	2024	2023	2024	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>12.2 Member Services</b>				
Postage & Telegrams	22,319	24,734	22,319	24,734
Printing & Stationery	26,177	45,588	26,177	45,588
Member Related Expenses	1,009	245	1,009	245
Employees Awareness Scheme	52	-	52	-
Travelling & Subsistance	12,393	11,447	6,189	4,897
Media & Publicity	40	-	40	-
Scholarship Expenses	954	943	954	943
	<b>62,944</b>	<b>82,958</b>	<b>56,740</b>	<b>76,407</b>
<b>12.3 IT Services</b>				
Maintenance of Hardware	3,203	5,810	3,203	5,810
Maintenance of Software	13,029	14,140	13,029	14,140
Depreciation	37,050	33,556	37,050	33,556
Insurance	393	305	393	305
Rental on Leased Lines	27,969	25,137	27,969	25,137
	<b>81,644</b>	<b>78,948</b>	<b>81,644</b>	<b>78,948</b>
<b>13 DEPRECIATION &amp; AMORTIZATION</b>				
Depreciation for property, Plant & Equipment	66,016	59,055	46,129	40,554
Amortization of Lease Hold Land & Development Work	875	875	-	-
Depreciation/Impairment of Biological Asset	11,197	1,883	-	-
	<b>78,088</b>	<b>61,812</b>	<b>46,129</b>	<b>40,554</b>
<b>14 IMPAIRMENT CHARGE/REVERSAL</b>				
Impairment on Debenture	(4,792)	(49,804)	(4,792)	(49,804)
Impairment on SMIB Deposit	(30)	(871)	(30)	(871)
Impairment on NDB Deposit	(72)	(585)	(72)	(585)
Impairment on Fixed Deposit	(16)	(191)	(16)	(191)
	<b>(4,910)</b>	<b>(51,452)</b>	<b>(4,910)</b>	<b>(51,452)</b>
<b>LANKA SALT</b>				
	<b>2024</b>		<b>2023</b>	
	<b>Rs. '000</b>		<b>Rs. '000</b>	
<b>15 OTHER EXPENSES</b>				
Sales Promotion Expenses		29,116		34,767
SSCL Expenses		73,921		86,245
Panelties & Surcharges		230		70
Expenses of Biological Asset		9,646		7,334
Enviornmental Work		38,538		27,490
Circuit Bungalow Maintenance		14,590		9,494
Salt Musium Expenses		6,624		4,185
Sanitary Services		23,959		15,867
Atrimea Expenses		1,454		1,059
Services Station Expenses		14,296		10,361
Mineral Tax Expenses		4,298		11,140
		<b>216,672</b>		<b>208,011</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

	ETFB	
	2024	2023
	Rs. '000	Rs. '000
<b>16 INCOME TAX EXPENSES</b>		
<b>Accounting Profit/(Loss) before Tax</b>	<b>63,176,600</b>	<b>64,958,463</b>
Exempt and other source of income	(2,742,071)	(2,742,071)
Disallowable expenses	1,122,278	1,122,278
Allowable Expenses	(24,299)	(24,299)
<b>Assessable Income from Investment</b>	<b>61,532,509</b>	<b>63,314,371</b>
<b>Gross Income Tax Expense @ 14%</b>	<b>8,614,551</b>	<b>8,864,012</b>
Dividend - Tax on Final WHT Payment (1,059,588.42*15%)	978	159
Over Provision Adjustment	296	108
Dividend - Final WHT Tax	188,934	152,366
<b>Current Income Tax Expense</b>	<b>8,678,062</b>	<b>9,016,645</b>
 <b>LANKA SALT</b>		
<b>Accounting Profit/(Loss) before Tax from operations</b>	<b>993,229</b>	<b>1,756,205</b>
Disallowable Expenses for Taxation	267,686	138,636
Allowable Expenses for Taxation	(60,498)	(515,390)
Taxable Profit on Business Income	823,386	924,039
Taxable Profit on Interest Income	377,031	455,412
<b>Net Taxable Profit/(Loss)</b>	<b>1,200,416</b>	<b>1,379,451</b>
<b>Current Tax Expense</b>		
Income Tax on Business income	823,386	30%
Income Tax on Investment income	377,031	30%
<b>Current Income Tax Charge</b>	<b>360,125</b>	<b>550,459</b>
<b>Deferred Income Tax</b>		
Overed Provision of current taxes in respect of prior years	(13,171)	34,894
Deferred Taxation Charge/(Reversal)	(55,170)	(19,818)
<b>Income tax expense reported in the Income Statement</b>	<b>291,784</b>	<b>565,534</b>

**EMPLOYEES' TRUST FUND BOARD**  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

Note	Group		ETFB	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>17 FINANCIAL ASSETS AT FVTPL</b>				
Quoted Share Investment (Trading)	2,646,191	4,463,977	2,646,191	4,463,977
	<b>2,646,191</b>	<b>4,463,977</b>	<b>2,646,191</b>	<b>4,463,977</b>
<b>18 INVESTMENT IN SUBSIDIARY</b>				
Lanka Salt Limited	-	-	470,961	470,961
	-	-	<b>470,961</b>	<b>470,961</b>
<b>19 FINANCIAL ASSETS AT FVTOCI</b>				
Quoted Share Investment Long Term	14,536,111	10,578,443	14,536,111	10,578,443
Share Investment - Delisted	45	45	45	45
Unquoted Share Investment	3,779	4,923	3,779	4,923
Quoted Units	169,039	181,556	169,039	181,556
Promissory Notes	12,174	12,174	12,174	12,174
Less: Impairment on Promissory Notes	(12,174)	(12,174)	(12,174)	(12,174)
	<b>14,708,973</b>	<b>10,764,966</b>	<b>14,708,973</b>	<b>10,764,966</b>
<b>20 FINANCIAL ASSETS AT AMORTIZED COST</b>				
Treasury Bonds	547,431,692	420,107,732	547,431,692	420,107,732
Treasury Bills	3,119,900	59,813,248	3,119,900	59,813,248
Quoted - Debenture	4,995,749	6,380,273	4,995,749	6,380,273
Less: Impairment on Debentures	(29,456)	(34,248)	(29,456)	(34,248)
Fixed Deposits	2,983,405	2,580,475	505,948	522,191
Less: Impairment on Fixed Deposits	(88)	(104)	(88)	(104)
Repurchase Agreement	4,915,443	9,037,497	4,915,443	9,037,497
Debentures Unquoted	835,296	2,232,315	835,296	2,232,315
SMIB-Scheme Deposit	383,073	343,156	383,073	343,156
Less: Impairment on SMIB Deposit	(383)	(414)	(383)	(414)
NDB Scheme Deposit	496,325	579,361	496,325	579,361
Less: Impairment on NDB Deposit	(177)	(249)	(177)	(249)
<b>Staff Loans</b>				
Special Loan	29,423	34,094	29,423	34,094
Special Distress Loan	428,148	340,218	321,496	264,049
Festival Advance	34	423	34	423
Special Festival Loan	1,785	1,422	1,785	1,422
Special Advance	-	21	-	21
Vehicle Loan	242,444	224,009	242,444	224,009
	<b>565,832,614</b>	<b>501,639,231</b>	<b>563,248,506</b>	<b>499,504,778</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**

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

	Note	Group		ETFB	
		2024	2023	2024	2023
<b>21 OTHER ASSETS</b>		<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>
Accrued Income	21.1	-	-	-	-
Receivables & Prepayments	21.2	4,661,911	3,631,424	4,540,227	3,490,252
Inventories	21.3	350,269	579,046	12,036	13,360
		<b>5,012,179</b>	<b>4,210,470</b>	<b>4,552,263</b>	<b>3,503,613</b>
<b>21.1 Accrued Income</b>					
Interest Receivable		24,966	24,966	24,966	24,966
Less: Provision Against Doubtful Income	21.1.1	(24,966)	(24,966)	(24,966)	(24,966)
		-	-	-	-

21.1.1 Interest Receivable as follows.

Entity	Instrument	Interest Receivable
Elkaduwa Plantation	Unquoted Debentures	9,392
MBSL Vanik	Quoted Debentures	206
Vanik Incorporation	Quoted Debentures	15,000
Promissory Notes	Promissory Notes	368
<b>Provision Against Doubtful Income</b>		<b>24,966</b>

	Note	Group		ETFB	
		2024	2023	2024	2023
<b>21.2 Receivables &amp; Prepayments</b>		<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>	<b>Rs. '000</b>
Trade Debtors		58,381	76,359	-	-
Tax Receivable		43,657	49,137	-	-
Contribution Receivable		3,716,377	3,229,995	3,716,377	3,229,995
Money Order Control		5,577	2,838	5,577	2,838
Postal Franking Machine Imprest		914	462	914	462
Salary Advance		40	13	40	13
Sundry Debtors		317,570	122,491	317,570	122,491
Dues from Ex-employees		7,346	2,579	7,346	2,579
Security Deposits		4,860	4,653	4,860	4,653
Prepayment		30,307	33,637	10,661	17,962
Pre - Paid Staff Loan Cost		108,678	95,163	108,678	95,163
Dividend Receivable		361,730	-	361,730	-
Advance Payment		6,474	7,478	6,474	7,478
Deposit - Arbitration		-	6,619	-	6,619
		<b>4,661,911</b>	<b>3,631,424</b>	<b>4,540,227</b>	<b>3,490,252</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

Note	Group		ETFB	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>21.3 Inventories</b>				
Common Salt Stock	89,587	333,101	-	-
Artimea Stock	940	1,811	-	-
Work in Progress	47,498	-	-	-
Consumables and Spares	6,091	2,897	-	-
Stock of Stationery & Consumable	204,542	239,652	10,425	11,775
Library	272	272	272	272
Holiday Bungalow Inventory	1,339	1,313	1,339	1,313
	<b>350,269</b>	<b>579,046</b>	<b>12,036</b>	<b>13,360</b>

**EMPLOYEES' TRUST FUND BOARD**  
**Statement of Changes In Equity**  
As at 31<sup>st</sup> December, 2024

**22. PROPERTY, PLANT & EQUIPMENT**  
**22.1 Group**

<b>Cost</b>	<b>Bearer Biological Assets</b>						<b>In the Course of Construction</b>	<b>Total (Rs. '000)</b>
	<b>Buildings on Leasehold Land</b>	<b>Plant &amp; Machinery</b>	<b>Immature Plantations</b>	<b>Mature Plantations</b>	<b>Development Work</b>			
Balance at 1 <sup>st</sup> January 2023	20,000	23,620	317,954	163,733	148,280	612,987	294,641	11,075
Additions	-	25,597	42,354	61,361	18,845	21,251	-	-
Government Grant	6,800							6,800
Adjustment	-	-	-	-	-	(575)	(1,108)	-
Disposals	-	(3,971)	(1,906)	(1,743)	-	-	-	(1,683)
Revaluations/Transfer	-	-	-	-	-	-	-	(7,621)
<b>Balance at 31 December 2023</b>	<b>20,000</b>	<b>23,620</b>	<b>346,379</b>	<b>204,180</b>	<b>207,897</b>	<b>631,831</b>	<b>315,892</b>	<b>10,500</b>
							<b>17,717</b>	<b>326,250</b>
								<b>8,060</b>
								<b>2,112,328</b>
Balance at 1 <sup>st</sup> January 2024	20,000	23,620	346,379	204,180	207,897	631,831	315,892	10,500
Additions	-	3,187	5,709	22,507	10,482	5,350	-	-
Government Grant	-	-	-	-	-	-	-	67,938
Adjustment	-	-	-	-	-	(6,463)	(5,475)	-
Disposals	-	-	-	-	-	-	-	-
Revaluations/Transfer	-	-	-	-	-	-	-	(10,465)
<b>Balance at 31 December 2024</b>	<b>20,000</b>	<b>23,620</b>	<b>349,566</b>	<b>209,889</b>	<b>230,404</b>	<b>642,314</b>	<b>321,241</b>	<b>4,038</b>
							<b>12,242</b>	<b>326,250</b>
								<b>18,298</b>
								<b>2,157,863</b>

**EMPLOYEES' TRUST FUND BOARD**  
**Statement of Changes In Equity**  
As at 31<sup>st</sup> December, 2024

	Land	Buildings	Motor Vehicles	Computer Equipment	Furniture Fittings & Office Equipment	Buildings on Leasehold Land	Plant & Machinery	Bearer Biological Assets		Development Work	Course of Construction	Total (Rs. '000)
<b>Accumulated Depreciation</b>												
Balance at 1 <sup>st</sup> January 2023	-	591	171,148	28,471	76,014	181,112	219,767	-	2,634	291,953	-	971,690
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)
<b>Balance at 31<sup>st</sup> December 2023</b>	<b>-</b>	<b>1,182</b>	<b>208,128</b>	<b>65,421</b>	<b>93,906</b>	<b>196,399</b>	<b>243,439</b>	<b>-</b>	<b>2,833</b>	<b>312,307</b>	<b>-</b>	<b>1,123,614</b>
Balance at 1 <sup>st</sup> January 2024	-	1,182	208,128	65,421	93,906	196,399	243,439	-	2,833	312,307	-	1,123,614
Depreciation Charge for the Year	-	591	40,110	41,227	25,009	15,836	16,230	-	245	12,152	-	151,399
Amortization of Government Grant	-	-	1,360	-	-	-	-	-	-	-	-	1,360
Disposals	-	-	-	-	-	-	-	-	(986)	-	-	(986)
<b>Balance at 31<sup>st</sup> December 2024</b>	<b>-</b>	<b>1,772</b>	<b>249,598</b>	<b>106,648</b>	<b>118,915</b>	<b>212,234</b>	<b>259,669</b>	<b>-</b>	<b>2,092</b>	<b>324,459</b>	<b>-</b>	<b>1,275,388</b>
<b>Net Book Value</b>												
At 1 <sup>st</sup> January 2023	20,000	23,029	146,806	135,262	72,266	431,875	74,874	11,075	16,192	34,297	8,156	973,831
At 31 <sup>st</sup> December 2023	20,000	22,438	138,251	138,759	113,991	435,433	72,453	10,500	14,884	13,944	8,060	988,714
<b>At 31<sup>st</sup> December 2024</b>	<b>20,000</b>	<b>21,848</b>	<b>99,968</b>	<b>103,241</b>	<b>111,489</b>	<b>430,079</b>	<b>61,572</b>	<b>4,038</b>	<b>10,150</b>	<b>1,791</b>	<b>18,298</b>	<b>832,475</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**

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

**22. PROPERTY, PLANT & EQUIPMENT**

	Land	Buildings	Motor Vehicles	Computer Equipment	Furniture & Other Equip.	Total
<b>22.2 Board</b>						
<b>Balance at 1<sup>st</sup> January 2023</b>	<b>20,000</b>	<b>23,620</b>	<b>100,495</b>	<b>163,733</b>	<b>45,393</b>	<b>353,241</b>
Additions	-	-	-	42,354	39,427	81,780
Government Grant	-	-	6,800	-	-	6,800
Adjustment	-	-	-	-	-	-
Disposals	-	-	(3,971)	(1,906)	(1,743)	(7,621)
Revaluations	-	-	-	-	-	-
<b>Balance at 31<sup>st</sup> December 2023</b>	<b>20,000</b>	<b>23,620</b>	<b>103,324</b>	<b>204,180</b>	<b>83,076</b>	<b>434,200</b>
<b>Balance at 1<sup>st</sup> January 2024</b>	<b>20,000</b>	<b>23,620</b>	<b>103,324</b>	<b>204,180</b>	<b>83,076</b>	<b>434,200</b>
Additions	-	-	-	5,709	8,491	14,200
Government Grant	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
<b>Balance at 31<sup>st</sup> December 2024</b>	<b>20,000</b>	<b>23,620</b>	<b>103,324</b>	<b>209,889</b>	<b>91,567</b>	<b>448,400</b>
<b>Accumulated Depreciation</b>						
<b>Balance at 1<sup>st</sup> January 2023</b>	<b>-</b>	<b>591</b>	<b>20,099</b>	<b>28,471</b>	<b>6,825</b>	<b>55,986</b>
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	-	-	-	-	-	-
<b>Balance at 31<sup>st</sup> December 2023</b>	<b>-</b>	<b>1,182</b>	<b>39,176</b>	<b>65,421</b>	<b>17,818</b>	<b>123,596</b>
<b>Balance at 1<sup>st</sup> January 2024</b>	<b>-</b>	<b>1,182</b>	<b>39,176</b>	<b>65,421</b>	<b>17,818</b>	<b>123,596</b>
Depreciation Charge for the Year	-	591	19,305	41,227	16,136	77,259
Amortization of Government Grant	-	-	1,360	-	-	1,360
Disposals	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
<b>Balance at 31<sup>st</sup> December 2024</b>	<b>-</b>	<b>1,772</b>	<b>59,841</b>	<b>106,648</b>	<b>33,954</b>	<b>202,215</b>
Net Book Value						
At 1 <sup>st</sup> January 2023	20,000	23,029	80,396	135,262	38,568	297,255
At 31 <sup>st</sup> December 2023	20,000	22,438	64,147	138,759	65,258	310,604
<b>At 31<sup>st</sup> December 2024</b>	<b>20,000</b>	<b>21,848</b>	<b>43,483</b>	<b>103,241</b>	<b>57,613</b>	<b>246,185</b>

**EMPLOYEES' TRUST FUND BOARD**  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

Note	Group		ETFB	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>23 LEASEHOLD PROPERTY</b>				
<b>Cost</b>				
At 1 <sup>st</sup> January	20,910	20,910	-	-
Additions	-	-	-	-
<b>At 31<sup>st</sup> December</b>	<b>20,910</b>	<b>20,910</b>	-	-
<b>Accumulated Amortization</b>				
Balance as at 1 <sup>st</sup> January	20,213	19,516	-	-
Charge for the Year	697	697	-	-
<b>Balance as at 31<sup>st</sup> December</b>	<b>20,910</b>	<b>20,213</b>	-	-
<b>Net Book Value as at 31<sup>st</sup> December</b>		<b>697</b>	-	-
<b>24 INTANGIBLE ASSETS</b>				
Balance as at 1 <sup>st</sup> January	6,163	9,017	6,163	9,017
Additions	95	2,141	95	2,141
Amortization during the year	(5,110)	(7,252)	(5,110)	(7,252)
Computer Software from Government Grant	24.1	0	2,257	0
<b>Balance as at 31<sup>st</sup> December</b>	<b>1,148</b>	<b>6,163</b>	<b>1,148</b>	<b>6,163</b>
<b>24.1 Computer Software from Government Grant</b>				
At Beginning of Period	2,257	4,512	2,257	4,512
Additions	-	-	-	-
Amortization	(2,257)	(2,256)	(2,257)	(2,256)
<b>At End of Period</b>	<b>0</b>	<b>2,257</b>	<b>0</b>	<b>2,257</b>
<b>25 INVESTMENT PROPERTY</b>				
Balance as at 1 <sup>st</sup> January	4,587,406	4,587,406	4,587,406	4,587,406
<b>Balance as at 31<sup>st</sup> December</b>	<b>4,587,406</b>	<b>4,587,406</b>	<b>4,587,406</b>	<b>4,587,406</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

**26. INTEREST BEARING BORROWINGS**

Lanka Salt Limited	31 <sup>st</sup> December 2024			31 <sup>st</sup> December 2023		
	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	403,727	-	403,727	7,620	-	7,620
	<b>403,727</b>	-	<b>403,727</b>	<b>7,620</b>	-	<b>7,620</b>

**27. GRANTS & SUBSIDIES**

	ETFB	
	2024	2023
	Rs. '000	Rs. '000
<b>At Beginning of Period</b>	8,490	4,512
Additions	-	6,800
Amortization	(3,617)	(2,823)
<b>At End of Period</b>	<b>4,873</b>	<b>8,490</b>

	Iodized Plant	Building	Pump House	Motor Vehicle	Lanka Salt Limited	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Cost</b>						
As at 1 <sup>st</sup> January	19,515	41,124	1,387	6,500	68,527	68,527
<b>As at 31<sup>st</sup> December</b>	<b>19,515</b>	<b>41,124</b>	<b>1,387</b>	<b>6,500</b>	<b>68,527</b>	<b>68,527</b>
<b>Amortization</b>						
As at 1 <sup>st</sup> January	19,515	17,050	578	1,475	38,618	36,905
Reversal during the Year	-	1,028	35	650	1,713	1,713
<b>As at 31<sup>st</sup> December</b>	<b>19,515</b>	<b>18,078</b>	<b>613</b>	<b>2,125</b>	<b>40,331</b>	<b>38,618</b>
<b>Written Down Value</b>						
<b>As at 31<sup>st</sup> December</b>	-	<b>23,047</b>	<b>775</b>	<b>4,375</b>	<b>28,196</b>	<b>29,909</b>

**EMPLOYEES' TRUST FUND BOARD**  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

Note	Group		ETFB	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>28 DEFINED BENEFIT OBLIGATION</b>				
Opening Defined Benefit Obligation 01 <sup>st</sup> January	303,379	466,499	303,379	215,479
Interest Cost	39,439	38,786	39,439	38,786
Current Service Cost	476,238	52,068	14,511	9,548
Benefit Paid	(59,484)	(27,972)	(55,624)	(24,299)
Actuarial (Gains) / Losses on Obligations	79,318	63,865	79,318	63,865
<b>Closing Defined Benefit Obligation 31<sup>st</sup> December</b>	<b>838,890</b>	<b>593,245</b>	<b>381,024</b>	<b>303,379</b>
<b>29 CURRENT TAX LIABILITIES</b>				
<b>Gross Tax Liability</b>	<b>8,678,062</b>	<b>9,016,645</b>	<b>8,678,062</b>	<b>9,016,645</b>
(-) Income Tax Payments	(4,384,010)	(4,152,577)	(4,384,010)	(4,152,577)
WHT Credit	-	-	-	-
(-) Previous Year (Over)/ Under Provision	-	-	-	-
<b>Tax Payable to IRD</b>	<b>4,294,051</b>	<b>4,864,069</b>	<b>4,294,051</b>	<b>4,864,069</b>
<b>30 OTHER LIABILITIES</b>				
Accounts Payables and Sundry Creditors	30.1	471,513	680,320	144,088
		<b>471,513</b>	<b>680,320</b>	<b>144,088</b>
				<b>115,112</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

Note	Group		ETFB	
	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>30.1 Accounts Payables and Sundry Creditors</b>				
Trade and Other Payables	30.1.1	325,649	563,913	-
Retained Tax On Claims Paid & Benefit		2,828	4,937	2,828
Stamp Duty Payable on Claims		927	1,203	927
Dividend Payable		1,777	1,294	-
Unpaid Emoluments		76	60	76
Stamp Duty Payable		111	97	111
EPF Payable		18,546	11,870	18,546
ETF Payable		2,226	1,584	2,226
Accrued Expenses		68,603	50,237	68,603
Returned Benefit (Cheques)		2,257	2,187	2,257
Returned Benefit (Welfare)		159	19	159
Returned Benefit (Slip)		5,416	8,323	5,416
Unpaid Death Benefits		27,943	23,370	27,943
P.A.Y.E.Tax Payable		3,352	1,608	3,352
Retained W.H.T		776	666	776
Unreconcile Balance		14	14	14
Library Fund		14	11	14
Sundry Payable		207	207	207
Refundable Deposit		70	70	70
Security Deposits - Car park		10,035	8,303	10,035
Salaries Control		-	219	-
Salary Deductions Clearance		429	79	429
Income Paid in Advance		101	47	101
	<b>471,513</b>	<b>680,320</b>	<b>144,088</b>	<b>115,112</b>

	LANKA SALT LIMITED	
	2024	2023
	Rs. '000	Rs. '000
<b>30.1.1 Trade and Other Payables</b>		
<b>Financial Liabilities</b>		
Trade Payables	81,948	104,399
Salt Transport Payable	-	-
Deposits Payables	35,825	106,611
Social Security Contribution Levy	6,003	7,128
Ground Rent Payable	18,925	9,234
<b>Non Financial Liabilities</b>		
Accrued Expenses	81,134	197,059
Other Payables	31,167	69,103
Value Added Tax Payables	37,201	36,933
Provision for compensation payable	33,445	33,445
Incentive Payable	-	-
Contractor Payables	-	-
	<b>325,649</b>	<b>563,913</b>

EMPLOYEES' TRUST FUND BOARD  
**Notes to the Financial Statements**  
For the Year Ended 31<sup>st</sup> December 2024

<b>LANKA SALT LIMITED</b>				
	<b>Capital Allowances for Tax Purposes</b>	<b>Defined Benefit Plans</b>	<b>Deferred tax attributable to Tax Losses</b>	<b>Total</b>
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>31 DEFERRED TAX LIABILITIES</b>				
As at 01.01.2023	165,989	(75,306)	-	90,684
Charge (credit) to profit or loss for the year	(8,164)	(11,654)	-	(19,818)
As at 01.01.2024	157,825	(86,960)	-	70,865
Charge (credit) to profit or loss for the year	(4,769)	(50,400)	-	(71,264)
<b>As at 31.12.2024</b>	<b>153,056</b>	<b>(137,360)</b>	-	<b>15,696</b>
Deferred tax liability			(153,056)	(157,825)
Deferred tax asset			137,360	86,960
Unutilized Business Loss C/F			-	-
<b>Net Deferred Tax Liability</b>			<b>(15,696)</b>	<b>(70,865)</b>
<b>32 PROVISIONS</b>				
Provision for Audit fee	2,500	2,500	2,500	2,500
Prov. for Employees' Accident Compensation Scheme	2,000	2,000	2,000	2,000
Provision for Bonus	73,975	79,229	73,975	79,229
Provision for Leave Encashment	16,320	19,698	16,320	19,698
Provision for Higher Education Scholarship	-	172,596	-	172,596
Provision for "Nipunatha Saviya" Benefit Scheme	91,275	-	91,275	-
Provision for "Vishwa Yathra" Financial Assistance Program	126,000	-	126,000	-
Provision for Year 5 Scholarship	135,300	139,140	135,300	139,140
	<b>447,371</b>	<b>415,163</b>	<b>447,371</b>	<b>415,163</b>
<b>33 MEMBER FUND</b>				
<b>Opening Member Fund Balance 01<sup>st</sup> January</b>			<b>504,434,709</b>	<b>459,630,606</b>
Previous Year Contribution Adjustment			(3,558)	5,336
Contribution Received			42,028,214	37,223,825
Refund of Contribution			(33,434,593)	(38,286,377)
Interest on Member Fund Balance			15,390,525	13,758,500
Dividends			35,911,278	32,102,819
<b>Closing Member Fund Balance 31<sup>st</sup> December</b>			<b>564,326,576</b>	<b>504,434,709</b>

# Supplementary Information

**Auditor General's**  
Report - 2024



# ජාතික විනෝන කාර්යාලය

## තොසිය කණකකාය් ව් අලුවලකම්

## NATIONAL AUDIT OFFICE



මෙය අංකය  
සභා ලිඛි.  
My No.

LSW/F/ETF/1/2024/14

මෙය අංකය  
ඡාලු ලිඛි.  
Your No.

දිනය  
තික්ති  
Date

30<sup>th</sup> May 2025

The 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 2024 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 Consolidated Statement of Financial Position of the Employees' Trust Fund Board ("Board") and its Subsidiary ("Group") for the year ended as of the 31st of December 2024 and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Financial Statements for the year ended as of the 31st of December 2024 comprising the Statement of Cash Flow and the Notes to the Financial Statements including information related to Significant Accounting Policies for the year then ended were carried out under my direction in pursuance of the provisions of the National Audit Act, No. 19 of 2018 and the Finance Act, No. 31 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 effect of the matters described in the part "Basis for the Qualified Opinion" of my report, the financial position of the Board and the Group as of 31 December 2024 and its financial performance and cash flows for the year ended give a true and fair view in accordance with the Sri Lanka Accounting Standards.

#### 1.2 Basis for Qualified Opinion

- Even though the trust fund contributions of the employees, remitted to the Board by employers are required to be credited to the personal accounts of the respective members, amounts to the value of Rs. 14 million and Rs. 597 million, respectively for the periods from 1981 to 2014 and from 2015 to 2023 remained uncredited.
- A sum amounting to Rs. 1.22 million in respect of 212 unidentified accounts that were maintained without valid member names and identity card numbers remained uncredited to the respective members even as of 30 April 2025.



(c) Even though the employers had remitted contributions to the Board, a balance of Rs. 6.62 million was lying in the V 999 and V 100 suspense accounts without being able to identify the respective employers. Action had not been taken up to this juncture for settling the said balance remaining over the period from 1996 to 2022 to the respective member accounts.

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 2024 of the Board**

Other information means the information incorporated in the Annual Report 2024 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, based on other information received by me prior to the date of this audit report and the tasks carried out by me, conclude that this other information has been substantially 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 the preparation 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 a 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 from 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 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 intention 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 substantial uncertainty on the Group's going concern 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 the 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.

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.

<b>Reference to Rules and Regulations / Directions</b>	<b>Non - Compliance</b>
(a) Notice of the Gazette Extraordinary, No. 2311/39 dated 22 December 2022	With effect from the 1st of February 2023, every employer with at least 15 employees under their supervision must submit contribution payments and monthly returns to the Board via electronic means, and, the primary purpose of this course of action was to ensure the timely allocation of funds to members without any delay. However, despite this measure, unallocated contributions had amounted to Rs. 171 million for the period from 2015 to 2022 and Rs. 117 million for the year 2023, respectively, affecting both active and inactive institutions.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Even though a proportional interest rate of no less than 3% per year of the income derived from the investment of monies of the Fund is required to be credited to each member's personal account by December 31 of the same year, the Board, since its inception, had continued to pay its members only a rate of return of 3 percent despite the investment income of the Fund had increased at a significant level over the past 5 years.
(i) 396 (d)	No action had been taken in accordance with the Financial Regulations regarding 16 issued cheques, totaling Rs. 744,665 in value, that had remained lapsed for more than six months.
(ii) 756 (6)	No onward action had been taken regarding the deficiencies and surpluses disclosed in the report of the board of survey on inventory, and the board of survey on inventory for the year under review had not been carried out up to this point in time.

Reference to Rules and Regulations / Directions	Non - Compliance
(iii) 1646 (d)	Even though the original copies of monthly travel summaries, along with the corresponding daily running charts for each month, should have been submitted at the end of every month to the Auditor General by the 15th of the following month, this procedure had not been adhered to for 52 vehicles.
(c) Public Administration Circular, No. 30/2016 dated 29 November 2016	
(i) Para 3.1	Even though a fuel inspection is required to be carried out after 12 months, after traveling a distance of 25,000 kilometers, or after a major engine-related repair, whichever occurs first, the Board had not followed such procedure for 52 vehicles under its ownership.
(ii) Para 5.1	Although the remaining fuel quantity and the distance traveled should be recorded daily in the Running Chart, the procedure had not been complied with accordingly.

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.

Powers, Functions & Duties	Non - Compliance
(a) Section 37 (a) as amended by Paragraph 4 of the Employees Trust Fund Board (Amendment) Act, No. 18 of 1993	Even though an employer should furnish periodic returns within the prescribed period, such a process had not been complied with.
(b) Section 22 of the Employees Trust Fund Board Act, No. 46 of 1980	Even though a proportional interest rate of no less than 3% per year of the income derived from the investment of monies of the Fund is required to be credited to each member's personal account by December 31 of the same year, the Board, since its inception, had continued to pay its members only a rate of return of 3 percent despite the investment income of the Fund had increased at a significant level over the past 5 years.

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) Due to incorrect estimation of purchase requirements, a stock of uniforms worth Rs. 3.5 million, purchased for distribution to the Board's staff from 2018 to 2024, had been left to remain idle in the stores without being put to any use for a period of 2 to 6 years.
- (b) 45 QR-Code Scanners, 21 QR-Code Printers, and 11 Document Scanners, valued at Rs. 2.23 million, Rs. 2.48 million and Rs. 10.8 million respectively, that were purchased during the year 2023, had been left to remain unutilized in the stores.

- (c) With a view to enhancing the efficiency and productivity of the Board's operations and services through modern technology, an agreement had been entered into between the Board and the Sri Lanka Information and Communication Technology Agency on 27 November 2016, with plans to complete the project activities by the month of October 2021. Although the timeline was repeatedly revised, the project had yet to be completed and fully operational as of April 2025 in reality. Additionally, Rs. 145.7 million had been spent on purchasing hardware identified as essential before launching the project, but, even by the end of March 2025, equipment worth Rs. 18.6 million remained idle in stores. The Board had also failed to accomplish the key objectives including setting up service units, work involving accurately transferring data from the existing system to the new system, resolving unallocated member funds and seeing to the completion of activities related to Lanka Clear.
- (d) In response to a request made by the Board to establish a regional office, the Commissioner General of Lands had vested in the Board a land in extent of 0.1012 hectares in the Siribopura 90 Grama Niladhari Division of the Hambantota Divisional Secretary's Division upon making such transfer of land public through the Government Gazette. Although annual lease payments to the value of Rs. 240,000 had been made from 2020 to 2024 for the land, no action had so far been taken to realize the intended goal.
- (e) Since 2006, the Board, pursuant to an agreement between the Bank of Ceylon and the Employees' Trust Fund Board, had invested Rs. 500 million in sums of Rs. 10 million on repurchases and Rs. 490 million in fixed deposits in order to facilitate the collection of cheques. Despite these deposits being maintained in the Bank of Ceylon for over 10 years, no action had been taken to amend the relevant agreements or work out other appropriate measures to secure a higher benefit rate on these arrangements for the sake of the Board.

### **2.3. Other Matters**

- (a) As of 31 December 2024, the total outstanding tax amount to be collected from vehicle parking clients at Nawam Mawatha was Rs. 6.79 million. Of this, a sum amounting to Rs. 3.65 million was due from 63 institutions for the period from 2016 to 2024. Due to the Board's failure to enter into agreements with the parking clients, it was observed that there existed a setback in instituting legal action in order to recover the outstanding funds by formal means.
- (b) As of 31 December 2024, 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 with the relevant institutions on the intervention of the Department of Public Enterprises, there was no definitive confirmation received by the Board concerning the recovery of this amount of money even by the month of May 2025.
- (c) The amount of interest recoverable for Rs. 12.17 million and Rs. 7.45 million, respectively invested by the Board in promissory notes and debentures in a Company, subject to maturing in the years 2002 and 2007, was Rs. 15.58 million. Although the district court had given orders for the liquidation of this institution, the Board had no definitive confirmation regarding the collection of these funds even as of May 2025. Due to this reason, the benefits of Rs. 15.58 million payable to the members had been on the wane.

(d) The implementation of the following recommendations made during the meeting of the Committee on Accounts held on 26 August 2016 had not been fully complied with.

- i. Getting registered as a primary dealer with the Central Bank of Sri Lanka to obtain the direct bidding facility at the auctions of government securities, despite the fact that the Board is a leading institution investing in government securities.
- ii. Urgently appoint a permanent officer to the post of Chartered Financial Analyst for managing investment operations of the member fund of the Board.
- iii. Amending the section 5 (2) of the Employees' Trust Fund Act that spells out the Chief Executive Officer of the Board to be the Chairman of the Board as a financial institution, despite the fact that the Chief Executive Officer of the Board should be the Chairman of the Board in accordance with the incorporation Act.

(e) Board, with a view to enhancing the efficiency and productivity of the financial operations of its finance division and integrating its accounting process with the expected core system projects, had entered into a tripartite agreement with the Sri Lanka Information Technology Agency and a private company. Although the period of agreement had come to an end in August 2021 and an extension had been agreed upon until August 2022 for maintenance and services, a new support and maintenance agreement had been signed on 27 February 2025, after the initial period of the contract expired. In 2024, due to defective situations related to the accounting system, the Board also had to incur an additional expenditure of Rs. 705,820 in favor of the relevant company. Additionally, annual license fees totaling Rs. 5.65 million had been paid for software usage for the period from 2022 to 2024. The work involving the full integration with the core system to achieve the intended business objectives of the Board had remained unaccomplished as of now.

(f) The sum in arrears payable by the Board for its Record Room facility, which is maintained on a rental basis at the Narahenpita Dedicated Economic Center, had amounted to Rs. 6.4 million. However, since April 2022 to date, no action had been taken to enter into a formal rental agreement in that regard.

(g) The Board had not taken action to recover Rs. 5.5 million from the distress loans and vehicle loans that were granted to 14 officers who had left the service of the Board.



**G.H.D. Dharmapala**  
Auditor General (Actg.)

Observations of the  
Board on the  
**Auditor General's  
Report 2024**

**Comments of the Management regarding the matters contained in 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 2024 and other legal and regulatory requirements in terms of Section 12 of the National Audit Act, No. 19 of 2018**

**1.2 Basis for the Qualified Opinion**

(a) Even though the total amount of undistributed contributions from 1981 to the end of 2023 was Rs. 597 million, the undistributed balance specifically related to the period from 1981 to 2014 amounts to Rs. 14.547 million, and this particular balance primarily pertains to three employer institutions.

<b>S/N</b>	<b>Employer No.</b>	<b>Employer Name</b>	<b>Amount (Rs.)</b>
01	M 618	Sri Lanka Sugar Corporation, Hingurana.	10,222,460.48
02	F 2926	Terre Des Hommes, Nuwara Eliya.	229,931.00
03	B 30440	Excel Apparel (Pvt) Ltd., Boralesgamuwa.	83,443.50
<b>Total</b>			<b>10,535,834.98</b>

Since these employer institutions were closed down some 35, 31, and 17 years ago respectively, we do not have in our possession the member details necessary for distributing such funds, nor is it possible to obtain such information from the institutions as mentioned above, and as such, action was taken to temporarily freeze the undistributed funds relating to the period from 1981 to 2014.

As of 13 June 2025, the total amount of undistributed contributions related to the period from 2015 to 2023 has decreased to Rs. 535 million, and it is expected a further decrease in these balances in the future as the details regarding individual receipts from the employers who have not furnished member information relating to the active institutions have been made available to regional offices. Additionally, we have requested "C" reports submitted by the employers of the inactive employer institutions to the Employees' Provident Fund Department of the Central Bank in respect of the period mentioned above, and by way of this process, we have been able to retrieve approximately 790 "C" reports on employers numbering 750 or thereabout.

As of 13 June 2025, Format II reports have been prepared based on approximately 250 "C" reports. Upon completion of review, inclusion of headers, and computerization, these reports will be processed to distribute the respective funds, and such monies will be credited to the relevant member accounts.

(b) Out of 212 member accounts associated with unidentified contribution funds that should include both the member's name and the national identity card number, only 3 accounts have the respective member's name recorded.

Y/9274/80500 - Contributions have been credited to the relevant member. (Member No. 1220)  
A-15892-07  
A-28833-65

Furthermore, out of these 212 member accounts associated with unidentified contribution funds, there are 65 member accounts relating to 37 inactive employer institutions, whilst there are 147 member accounts that pertain to 30 active employer institutions. Since approximately 90% of these 212 member accounts are contributions made by the employers prior to 2002, it is not possible to identify the correct information on members to whom these member funds should be credited. Although several attempts were previously made to obtain information by contacting the active employer institutions over the phone, they have stated that they too do not possess the details concerned.

Furthermore, out of the member numbers indicated in member accounts without names and valid national identity card numbers associated with these active institutions, 136 member numbers are assigned by us temporarily, and as such, it has been difficult to obtain relevant information from the relevant employer.

Additionally, since Format II reports prior to the year 2009 have been removed by the Member Services Division, it is not possible to retrieve details that pertain to these members either.

Accordingly, these accounts will be treated as inactive. However, if verifiable information regarding the relevant member is presented at any juncture in the future, action will be taken to reactivate the account concerned and the funds disbursed. Similarly, if valid and provable documentation is submitted by the member or the employer, the name of the member concerned will be included in the respective member account.

(c) Even though certain employers have remitted contribution funds to the Board, due to the unavailability of accurate and specific details regarding those employers making payments, the unidentifiable funds are provisionally credited to the suspense accounts V 100 and V 999 and transferred to the relevant accounts after obtaining the respective employer information. The details of employers reported under the suspense accounts, as extracted through the computer system, are as follows:

Information on Balances accounted for in V 100 and V 999

i. Information relating to Suspense Accounts of Contributions as of 31.12.2024 is as given below:  
Details thereof are given below :

No. of Accounts	Balance as of 31.12.2024 (Rs.)
02	6,616,156.52

ii. Age Analysis as of 31.12.2024

Year	Contribution (Rs.)	Surcharge (Rs.)
1982	333,758.40	
1983	346,376.38	
1984	316,512.62	
1985	62,374.00	
1986	522,207.80	
1987	152,798.57	
1988	1,055,049.72	
1989	139,706.38	
1991	976.73	
1992	215.78	
1994	238.67	
1995	120.00	
1996	934,299.89	
1997	932,033.66	
1998	137,581.19	
1999	125,079.64	793.20
2000	566,905.58	52,601.98
2001	301,057.94	18,772.22
2002	55,752.45	
2003	69,385.58	
2004	81,288.15	11,311.98
2006	2,000.00	
2020	306,694.90	
2021	66,517.00	
2022	16,200.00	
	<b>6,525,131.03</b>	<b>91,025.49</b>

The payment details with regard to the amount of Rs. 389,411.90 deposited out of the said funds by the employers after 2020 are furnished by the employers from time to time, and on such occasions, the payments are transferred from account V 999 to the respective correct employer accounts.

However, as the credits amounting to Rs. 6,226,744.62 made prior to the year 2006 cannot currently be identified, and as there have been no related claims made thereon, approval for the removal of these funds is expected to be obtained through a future board paper issued by the Board of Directors, following which such removal will be carried out.

## 2.2.2

- a) In terms of the extraordinary gazette notification No. 2311/39 dated 22 December 2022, employers with more than 15 employees are compulsorily required to make contribution payments to the Board via electronic modes, and as such, awareness programs necessary to guide employers on this requirement were conducted by the Member Services Division, Regional Offices, and the Contribution Collection Division.

The contribution balance that could not be apportioned due to the non-receipt of 1,353 Form II reports relating to both active and inactive employer institutions in respect of the year 2023 has decreased to Rs. 112 million. As of 14.05.2025, the balance that stood at Rs. 117 million indicated a progress of Rs. 5 million by 13.06.2025.

A total of 2,833 Form II reports related to both active and inactive employer institutions for the period from 2015 to 2022 are yet to be received. Among them, the amount of contribution funds pending distribution has reduced to Rs. 148 million, thereby recording a progress of Rs. 23 million.

Lists related to active employer institutions have been prepared for the allocation of contribution funds and forwarded to all regional offices. These regional offices are currently furnishing reports, and the remaining reports are expected to be received in due course.

Discussions were held with the Employees' Provident Fund Department of the Central Bank regarding the collection of Form II reports from the inactive employer institutions. As a result of such discussions, approximately 790 "C" reports related to 150 employer institutions were received, and therefore, action is being taken to credit to the respective member accounts the contribution funds that had remained not distributable owing to the non-receipt of Form II reports, following the allocation process of such funds.

- b)
  - i. Detailed clarifications as regards the list of 16 cheques with a total value of Rs. 744,665/- which remain unpresented for payment, are provided in the Annex.
  - ii. In accordance with Financial Regulation 756 (6), the annual stock verification for the year 2024 commenced on 4 April 2025. Although the verification process was delayed due to vacancies in the staff of the Finance Division, it is now in the final stage, and as such, action will be taken to submit the stock verification report before the 15th of July 15.

Furthermore, following the submission of the report on the measures taken regarding the shortages and surpluses revealed in the 2023 annual stock verification report, also before 15 July, the appropriate course of action in that regard, too, will be pursued.

- iii. The running chart book currently used by the Board generally lasts a period of approximately three months, and a new running chart book is not issued at the beginning of each new month following the completion of one calendar month. As a result, the running chart books of vehicles are not received by the Transport Division at the end of every month. Hereafter, in the future, action will be taken to submit the vehicle running chart books after completing the summaries of those books received by us.

(c) i. A three-member internal committee presided over by the Board's Assistant General Manager (Administration & Human Resources) has been appointed for the purpose of inspecting fuel combustion in vehicles, and the inspection of fuel consumption in the vehicles assigned to the Head Office has already been completed. However, due to the heavy workload of routine duties, inspections concerning the vehicles assigned to regional offices could not be conducted, and the relevant steps will be taken to carry out the necessary inspections on them as soon as possible.

ii. For Board vehicles, fuel is provided by having an officer in the accompaniment of the driver to a registered filling station, where a full tank is filled. However, at that juncture, checking and tallying of the quantity of fuel in the vehicle and the distance traveled are not carried out after a voucher is given to the driver. If it is so undertaken, a discrepancy can arise between the quantity of fuel dispensed in such a filling and the quantity of fuel calculated.

### **2.2.3**

(a) Section 37 (A) of the Employees' Trust Fund Act, No. 46 of 1980, as amended by Act No. 18 of 1993 (hereinafter referred to as "the Act"), has made the following provisions:

37 (a) Where an employer, who is required by the Act or any regulation made thereunder or any direction issued by the Board, to furnish a return related to contributions, has failed to furnish that return within the period specified therein, or has furnished an incorrect or deficient return and is unable to explain to the satisfaction of the Board or an officer authorized in that behalf by the Board the reason for the failure to furnish the return within that period, or to furnish an accurate or complete return, as the case may be, he shall be liable to pay to the fund a surcharge at the rate of one percent of the amount of the contribution to which the return relates for every completed month or part thereof from the last date on or before which the return was due to the date of receipt by the Board of a duly completed and correct return.

In addition, provisions relating to offences and penalties under section 39 of the aforementioned Act have been set out as follows.

39 Every person who –

- (a) contravenes or fails to comply with any of the provisions of this Act or any regulation made thereunder; or
- (b) makes default in complying with any direction or order made or given under this Act; or
- (c) knowingly furnishes or causes to be furnished any false return, or information required to be furnished under section 37 of this Act,

shall be guilty of an offence and shall on conviction before a Magistrate be liable to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months, or to both such fine and imprisonment.

Even though it has been observed that there may be a possibility giving rise to occurrences of remitting contributions only, having refrained from furnishing periodical returns related to past periods by the respective employers in order to avoid the responsibility of paying a surcharge arising due to the generation of surcharges calculated in accordance with the provisions of the Act if the relevant periodic returns referred to in section 37 (A) of the Act are furnished to the Board following the lapse of the prescribed date, it is difficult to arrive at a conclusion without definitely establishing it by sufficient information in that regard. Several specific divisions/units of the Board are involved in this process in compliance with the relevant provisions of the Act. There is no conflict among the provisions that are related thereto, and it is to be dealt with in a consistent manner with such provisions.

Accordingly, relevant divisions take action to obtain the required periodic returns from employers within the stipulated timeframe and to impose surcharges where applicable based on the submission of those returns. Furthermore, necessary measures have already been initiated by the Board to prevent employers from failing to regularly furnish the required periodic returns in accordance with the provisions of the Act. Proposed amendments to the prevailing provisions related to offences and penalties specified in section 39 of the Act are as follows.

39 Every person who –

- (a) contravenes or fails to comply with any of the provisions of this Act or any regulation made thereunder; or
- (b) makes default in complying with any direction or order made or given under this Act; or
- (c) knowingly furnishes or causes to be furnished any false return, or information required to be furnished under section 37 of this Act,

shall be guilty of an offence and shall on conviction before a Magistrate be liable to a fine not exceeding ten thousand rupees or to imprisonment of either description for a term not exceeding six months, or to both such fine and imprisonment. The Magistrate shall also order a person who knowingly furnished or caused to be furnished any false return or information to furnish the correct return or information, as the case may be, to the Board within three months from the date of the issuance of such order.

Furthermore, the provisions for the regulations made by virtue of the powers vested in the Minister under section 43 of the above Act are set out as follows in the third regulation of Part I of the Gazette No. 125 dated 23 January 1981.

(b) In accordance with section 22 of the Employees' Trust Fund Act, No. 46 of 1980, a rate of interest of 3% has been credited to the accounts of the members of the Fund from its inception, and in addition to it, dividends have been paid from the remaining profits in terms of section 14 of the Act. Accordingly, for the period of the last five years from 2020 to 2024, the interest and dividends have been credited to the member accounts at the rates of 8%, 7.25%, 8.75%, 10%, and 10%, respectively. Moreover, the accounts of the members of the Fund have also been credited with the surplus of the profit-based dividends at the rates of 5%, 4.25%, 5.75%, 7%, and 7% respectively, in addition to the minimum interest rate of 3%.

## 2.2.4

(a) Once in every 3 or 4 years, official uniforms that remain unused or are in excess are removed from the stores, adhering to an approved disposal process. Accordingly, the work involving the disposal of the stocks of uniform accumulated from 2018 to 2022 is also underway as of present.

For the determination of the prices of these surplus uniforms that have been accumulated from 2018 to 2022, a committee was appointed, and the service of a technologist from the Sri Lanka Institute of Textile and Apparel was also obtained for this purpose. The minimum price required for the disposal was accordingly determined.

The minimum price determination and valuation process considered the cost of the relevant fabric, its current condition, and the prevailing market value, and the minimum prices of such uniforms were accordingly fixed.

As it was stressed that the staff members should be given priority in the disposal of these uniforms, it was observed that this opportunity could be made available for the employees through the Welfare Societies actively operating within the Board which can facilitate this process, given the practical challenges involved in the direct sales to the staff members.

Accordingly, it was decided that one of the two Welfare Associations, the Sports Club and the Mutual Benevolent Friends Society that are actively operative in the Board be afforded this opportunity after calling for quotations from them, allowing the award of the sale to the association offering the highest price.

However, until the middle part of the year 2024, the Sports Club had not been operating at a healthy level, and if the calling for quotations had taken place during that time, it would have led to a lack of fair price with no good competition, allowing the bidding for prices only to one association.

(b) The operational acceptance sessions of the new core systems project for the Board had been slated to commence in the second half of the year 2023. The ICTA stressed the fact that the purchase of the related hardware devices should have been made by the time of the commencement of such operational acceptance sessions.

Accordingly, after obtaining approval from the Line Ministry, procurement was carried out, and the aforementioned QR Code Scanners and the QR Code Printers were purchased. However, it was not possible to commence the operational acceptance sessions within the timeframe as scheduled.

However, as of present, activities related to business process mapping and preparation of the operational environment are being put into operation in association with all relevant divisions of the system. Documentation of the business processes associated with the Enforcement Module that carries a higher weight in the core system has been finalized up to around 80% as of now.

Approval has also been granted by the Board of Directors to recommence the related project activities as soon as possible in order to meet the critical operational requirements.

Upon successful completion and implementation of the work of the system, all the above-mentioned hardware will be deployed for use.

Mainly, the following documents of the Board are currently being scanned.

- Claim Forms
- Claims Schedule
- R1
- Emp. Corrections (Journals)
- Form II
- Form II Letters
- R4
- Self-Claims
- Self-Claim Schedule
- Surcharge
- Member Cards (Self)
- Registration Form (Self)

Necessary action to incorporate enforcement documents, legal records and files into this process in the future is currently being carried out.

At present, this document scanning process is actively being carried out by several divisions at the Head Office and in six regional offices or thereabouts. The streamlined expansion of this document scanning process kicked off in mid-2023. Plans are now underway to further expand it by incorporating new documents and increasing the number of regional offices participating in the review. Most of the document review machines purchased are already in use, and the remaining 11 machines that remained in the stores as of 09.05.2025 will be utilized during the implementation of the above-mentioned expansion plan.

(c) Several key factors were attributable to the project not being completed within the scheduled period of time:

- The project management was in the hands of ICTA, and the issues involved in the project management were of primary concern for causing delays.
- The ultra-high pandemic situation of COVID -19.
- A considerable amount of time was to be spent on the completion of Change Requests (CRs).
- Several additional major modifications had to be completed prior to the system going live.
- During the sessions before Operational Acceptance Testing (OAT), various issues and bugs were identified in the system.

The Operational Acceptance Testing (OAT) sessions for this project were scheduled to get off the ground in the second half of 2023. The managing body, ICTA, emphasized the necessity of procuring relevant hardware devices before the commencement of the OAT sessions. By that time, User Acceptance Testing (UAT) reports for all modules had been signed by the respective heads of divisions of the Board, certifying that the project had seen its successful completion.

Furthermore, due to a severe shortage of relevant accessories prevailed in the Board, daily operations were confronted with disruptions in the routine work, resulting in a dire need for laptop computers, desktop computers (PCs), and document scanning devices (ADF Scanners).

The identified requirements in that connection were included in the procurement plan, and upon obtaining approval for the same from the line ministry, the procurement process concerned was followed, and the necessary hardware devices were purchased.

The aforementioned hardware devices were the items that were purchased to fulfill both the requirements of the core system project and the need to carry out day-to-day activities without disruption. Except for the devices previously mentioned, all other equipment has already been put to use and has contributed to enhancing the Board's efficiency. The remaining stock of 11 document scanners that were left in the stores as of 09.05.2025 will be utilized during the implementation of the activities as planned. Following the successful completion of the system operations, all QR Code Scanners and QR Code Printers will be required for full deployment.

The custody of the National Payment Platform (NPP) lies with the ICTA (Information Communication Technology Agency of Sri Lanka). In accordance with clause 3.8 of the Memorandum of Understanding, ICTA is obligated to provide supplies for this system. Accordingly, the NPP system has already been integrated with the current system.

Preparatory measures have already commenced to set up service units aimed at delivering services to members and employers prior to the launch of the project. As part of the project, a new customer service unit is to be constructed and customized in alignment with the system, for which the procurement process to select a 'Design Consultant' has already been completed. The initial design plan has been submitted to us by the Design Consultant. Upon receiving the detailed design, the relevant procurement work will be undertaken promptly to begin construction. Completion of this facility is scheduled within the current year.

In preparation for the Operations Acceptance Testing (OAT) of the newly developed system, data migration was carried out from the existing system. Additionally, a data cleansing process was also required as part of this activity. The final data migration should take place a few days prior to the date scheduled for the system's live deployment.

Prior to executing the program script prepared for data migration, its accuracy must be verified. A committee has already been appointed, comprising representatives from the respective divisions, to validate the accuracy of the data being transferred.

Prior to commencing Operations Acceptance Testing (OAT), it was necessary to identify the workflows relevant to the system and subject them to the system testing process. At this stage, all relevant workflows have been properly identified and are being tested within the system to ensure full coverage. Once this process is complete, data migration activities, along with validation of data accuracy, are expected to resume.

It has been decided to initiate activities related to two identified requests concerning unallocated receipts and Lanka Clear, following the successful completion of the Operations Acceptance Testing (OAT) of the system.

The processes related to business process mapping and the establishment of the operational environment are currently being carried out in collaboration with all relevant divisions of the system. Documentation of the business processes related to the Enforcement Module, which is a key operational component within the integrated system, is approximately 80% complete at this stage.

The present status of the project is briefly outlined as stated below:

### **Project Status Report**

#### **1. Investigation and Evaluation of the Technical Proposal**

A comprehensive review and several focused discussions have been held regarding the technical proposal. During these sessions, it was confirmed that the proposed technical architecture aligns with modern engineering standards and can meet current technological requirements. Considering cost-effectiveness, widely adopted open-source software solutions have been utilized in many instances. This solution is assured to be both scalable and sustainable.

#### **2. Variance between Processes and Problem Analysis**

A significant comparison has been conducted between the current processes of the Enforcement Division and the functions of the Core System under development. The discrepancies identified during this evaluation were limited to issues that can be successfully resolved during the implementation of the project. To facilitate the identification of these issues, face-to-face discussions and business process analysis sessions were carried out.

#### **3. Testing**

More than 500 test cases have been documented for system verification. A sufficient sample of these tests is scheduled to be executed for the Enforcement Module during the month of May 2025. Through this testing, it is expected that any remaining technical issues will be identified and resolved.

#### **4. Requirement Gathering Sessions**

A schedule has been prepared to conduct requirement gathering sessions for the Enforcement, Collection, and Surcharge Divisions over the upcoming period of two months.

#### **5. Setting up of the Project Management Team**

The project management team is slated to be appointed by the end of May 2025.

#### **6. New Agreement**

As the existing agreement now stands expired, entering into the new tripartite project agreements between ETFB, ICTA, and Inova IT Systems (Pvt) Ltd. is scheduled to be finalized within the month of June 2025.

(d) By Government Gazette dated 03.07.2020, a plot of land to the extent of 0.1012 hectares situated in Siribopura, Grama Niladhari Division, No. 90 within the Hambantota Divisional Secretariat, was allocated to the Board on a 30-year lease basis. However, due to the outbreak of the COVID-19 pandemic in 2020 and other prevailing economic crises, the construction and leasing of buildings have been abolished under National Budget Circular 03/2022 (02). These restrictions remained in place for the year 2023, and according to subsection 07.01 of National Budget Circular 01/2024, limitations on building construction persist. Consequently, the land could not be utilized for construction purposes and, given these constraints, has not been effectively put to use to date.

(e) An investment of Rs. 500 million in fixed deposits and repurchase agreements was made annually based on an agreement between the Bank of Ceylon and the Board, aimed at facilitating the maintenance of the Board's principal contributory fund account. Furthermore, during each annual renewal cycle, interest rates from three state banks were compared for both repurchase agreements and fixed deposits, and the investment was placed with the Bank of Ceylon under the most favorable rate available at the time. Accordingly, the deposit is maintained based on prevailing annual market interest rate fluctuations.

Through the primary bank account maintained for collecting contributory funds via cheques, a total of 496,027 cheques amounting to Rs. 7,049 million were processed for transactions during the year 2024. In addition to it, the value of 1,583 dishonored cheques recorded under this account for the same year amounted to Rs. 30.5 million.

The following special facilities have been provided by the Bank of Ceylon for maintaining this bank account:

- A representative from the Bank of Ceylon visits the Board twice daily to collect cheques. (at 12:00 noon and 2:30 p.m.)
- Handing over of bank statements and dishonored cheques to the Board.
- Cheques submitted to the bank by 12:00 noon are credited to the account on the following day, while cheques submitted thereafter are credited either on the following day or the day after.

As such, under the agreement reached in 2005, the Board has been paying a monthly service charge of Rs. 100,000 for the services and special facilities provided by the bank, without any increase up to the present date.

### **2.3 Other Matters**

(a) Necessary instructions have been provided on entering into agreements with the customers, and action is currently underway to recover the amounts fallen due.

(b) An installment repayment plan has been submitted by Elkaduwa Plantations for the settlement of the outstanding amount of interest. Upon review and mutual agreement between both parties, steps will be taken to implement the plan.

(c) Although a court order was issued in 2018 to liquidate this company, a liquidator has not yet been appointed to the present date.

Subsequently, a debtor party of the company has deposited a sum of Rs. 42.6 million in court under a liquidation order relating to the case. On 12.03.2024, a letter was sent seeking legal advice from the Attorney General regarding the possibility of recovering any portion of this amount for the Employees' Trust Fund. Although regular follow-ups have been made, no response has been received as yet. Accordingly, once a response is received and its content reviewed, appropriate action will be taken in connection with this amount.

(d)

- i. Considering the challenges involved in obtaining approval for this facility, including limitations on capital expenditure, restrictions on new staff recruitments, difficulties in recruiting, retaining, and reappointing qualified officers in the sector under existing salary scales, as well as issues related to securing other necessary infrastructure, the facility continues to be provided by the People's Bank which is a state-owned bank, without any associated costs or the deployment of additional staff.
- ii. According to the existing management hierarchy of the Board, such a position has not yet been established. However, under the approved recruitment procedure of the Department of Management Services, for appointments to key positions within the Investments Division, in addition to the educational qualifications specified in the recruitment criteria, possessing credentials as a certified financial analyst has been considered a special qualification for the role, and advertisements have been published accordingly. Nevertheless, in previous instances where such positions became vacant, no professionals with the required qualifications applied for the position.

According to the current recruitment procedure implemented by the Board, a significant disparity has been observed between the approved salary scales and other perks for such positions and the higher remuneration and benefits typically offered in the market for roles requiring chartered financial analyst qualifications. Taking this into account, the Board of Directors has focused its attention on recruiting a professional with such qualifications and substantial expertise in the investment sector in an advisory capacity.

- iii. (1) The previous position relating to this matter, as per the relevant constitutional provisions, and the current situation resulting from the subsequent amendment to it.

Section 5 (2) of the original Act No. 46 of 1980 concerning the Employees' Trust Fund spells out that 'The Chairman of the Board shall be appointed by the Minister.' This provision was amended by the Act No. 47 of 1988 (Amendment), to read 'The Chairman of the Board, who is the Chief Executive Officer of the Board, shall be appointed by the Minister.' Accordingly, through this amendment, the individual who held only the position of Chairman is also entitled to the position of Chief Executive Officer, in addition to the office of Chairman.

- (2) The recommendation made by the Committee on Public Enterprises regarding the aforementioned matter.

Having regard to this matter, the following recommendation had been made at the meeting of the Committee on Public Enterprises (COPE) held on 26 August 2016.

"The Committee was of the opinion that it is inappropriate for the same individual to hold both the position of Chief Executive Officer and Chairman in a financial institution, and that this situation should be changed through an amendment to the Act concerned."

- (3) The proposals put forward by the Board for amending the Act in pursuance of the recommendation of the Committee on Public Enterprises.

The Board, in compliance with the aforementioned recommendation, has studied this matter at length and submitted proposals to amend section 5 (2) of the Employees' Trust Fund Act as follows.

- To amend the Act in a manner that allows for the positions of Chairman of the Board and Chief Executive Officer to be held by two separate individuals, rather than by one and the same person.
- The appointment of the individual holding the position of General Manager of the Board as the Chief Executive Officer of the Board.

The steps taken by the Board to amend the Employees' Trust Fund Act are as follows in brief.

(4) The Employees' Trust Funds Act, No. 46 of 1980 was last amended in the year 1993, and by 2016, proposals had been submitted to amend several provisions of the Act accordingly.

Following the receipt of the above recommendation, the subject Minister and the line Ministry overseeing the Employees' Trust Funds Act have changed on several occasions since 2016. During this interim period, the Directors and Chairmen holding such offices have also changed many times up to the present date. Furthermore, the prevailing economic conditions in the country and the outbreak of the COVID-19 pandemic had also adversely affected the overall efficiency and effectiveness of decision-making processes and the actions related to the work involving the amendment of the Act.

In line with the recommendation of the Committee on Public Enterprises, approval was granted at the Board of Directors meeting held on 26 July 2021 for the proposed amendment of Section 5 (2) of the Act in the manner described above. The decision of the Board and the proposed amendments were submitted to the Secretary of the Ministry of Finance by letter dated 11 August 2021.

(5) Following a call-up from the Director General of the Department of Public Enterprises of the Ministry of Finance, a discussion regarding the proposed amendments was held at the Ministry of Finance on 23 November 2021. Based on the instructions and recommendations received during that meeting, the relevant proposals were subsequently revised.

(6) Accordingly, the proposed amendments were submitted for approval at the Board of Directors meeting held on 30 May 2022. During the meeting, considering the urgency of the matter, it was advised that the Minister should formulate regulations regarding the electronic submission of contributions and monthly reports. Taking into account the prevailing conditions in the country at that time, the Board also decided to put off the review of the remaining proposed amendments for a period of six months.

(7) At the Board of Directors meeting held on 27.06.2022, approval was granted to formulate regulations for several proposed amendments in the manner stated above. This decision was referred to the Secretary to the General Treasury, and letters dated 04.08.2022 and 14.12.2022 were sent requesting that the necessary arrangements be made by the Minister to formulate the relevant regulations. Accordingly, the regulations concerned were published in the Government Gazette on 22.12.2022.

(8) At the Board of Directors meeting held on 19 December 2022, approval was granted for several proposed amendments to the Act, which had been revised to include the recommendations pertaining to the Board that were outlined in the Finance Minister's Budget Speech for the year 2023. Regarding the amendment to section 5 (2) of the Act, the Board decided to take necessary future steps based on the instructions received from the Minister in charge of the subject. This decision was communicated to the Secretary of the Ministry of Finance via a letter dated 21 December 2022 by the Chairman of the Board. Accordingly, the proposed amendments approved at the meeting on 19 December 2022 have since been forwarded to the Department of Legal Draftsman, and a preliminary draft of the relevant amendments has been prepared.

(9) At the Board of Directors meeting on 24 April 2023, the matter concerning the implementation of amendments in line with the aforementioned recommendation made by the Committee on Public Enterprises to revise the Employees' Trust Fund Act was discussed, and the Board decided to obtain the observations and instructions in this regard from the Secretary of the Ministry of Finance in writing, and accordingly take necessary onward action related thereto.

(10) Accordingly, the decisions taken on the above matter and the proposed amendments discussed at the Board of Directors meeting held on 24 April 2023 were forwarded by the Chairman of the Board to the Secretary of the Ministry of Finance via a letter dated 2 May 2023, requesting the necessary actions be taken in this regard.

(11) The Director General of the Department of State Enterprises of the General Treasury, as per his letter dated 15.05.2023 issued to the Additional Director General of the Legal Affairs Department of the General Treasury with a copy also forwarded to the Chairman of the Employees' Trust Fund Board, has asked to intimate the Department of Legal Draftsman to consider the possibility of reviewing and incorporating the proposed amendment to section 5 (2) into the preliminary draft prepared for amending the Employees' Trust Fund Act. Accordingly, relevant proceedings in that regard are underway as at present.

(12) Furthermore, a Board Paper regarding the proposed amendments to the Employees' Trust Fund Act was presented at the 764th meeting of the Board of Directors held on 27 January 2025, and the matter was discussed at length. Accordingly, it was decided that the discussions on the proposed amendment to section 5 (2) of the Act should be held with the current Deputy Minister in charge of the subject.

The Board continues to monitor the progress of this process on an ongoing basis.

(e) A maintenance agreement has now been reached with Evolve Technologies (Pvt) Ltd., and the agreement is effective from 17.02.2025.

Following the commencement of implementation of the Core System and the completion of the Operations Acceptance Testing (OAT), steps will be taken to integrate the Accpac system with the Core System.

(f) In 2019, this warehouse facility was officially obtained from the management of the Dedicated Economic Centre in Narahenpita, which was under the purview of the Divisional Secretary in Timbirigasyaya, for use as a Board's record room for the purpose of preserving its documents, and since April 2022, responsibility for the warehouse had to be undertaken by the Urban Development Authority (UDA). Inquiries in this regard were continuously made through written letters and over the phone on several instances. Furthermore, several reminders regarding this matter were also sent, and a discussion with the Director of Land Development and Management at the UDA was held thereafter, visiting him personally. As no formal response had been received despite such efforts, a follow-up letter was sent on 17.02.2025 along with several subsequent phone calls in order to pursue the matter. Making preparations for lease agreements concerning these buildings obtained by the Board on a rental basis is supposed to be undertaken by the lessor concerned. However, due to delays on the part of the UDA, formalization of the agreements has been on hold. As the Board cannot make rental payments without a duly made agreement, penalties have been added to the charges entailed. Discussions with the relevant officials of the Urban Development Authority are still ongoing in order to resolve the issue of the absence of an agreement.

(g) Due to retirement from service, suspension from service, and dismissal from service, the officers concerned have now been released from the Board service. Accordingly, the outstanding amounts owed by them will be recovered through the final settlements. Additionally, as per the relevant loan agreements, action to recover the outstanding amounts from the respective guarantors is being carried out, and the reminder letters have already been issued in that regard.

Yours faithfully,  
Employees' Trust Fund Board.



**Somasiri Ekanayake**  
Chairman / Chief Executive Officer

## Decade at a Glance

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

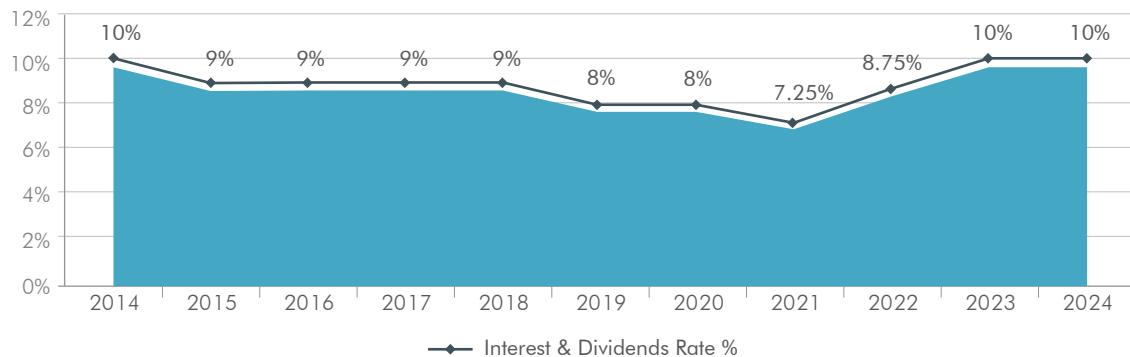
(Rs. Mn.)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Income</b>										
Interest Income	61,819	64,381	46,316	34,095	33,398	31,555	28,302	27,239	23,492	20,274
Dividend Income	1,494	1,209	737	556	443	481	346	374	486	361
Gain/(Loss) on FA at FVTPL	2,040	1,528	(1,376)	551	(143)	(388)	(308)	535	69	834
Other Income	634	674	445	288	1,032	429	-	852	532	320
<b>Total Income</b>	<b>65,987</b>	<b>67,792</b>	<b>46,122</b>	<b>35,490</b>	<b>34,729</b>	<b>32,076</b>	<b>28,340</b>	<b>29,000</b>	<b>24,579</b>	<b>21,789</b>
<b>Expense</b>										
Personal Expenses	1,401	1,324	1,392	1,264	1,290	1,293	1,145	1,054	986	994
Administrative Expenses	325	313	252	272	187	180	183	168	141	133
Financial Expenses	4	4	4	4	4	4	5	2	3	2
Member Expenses	591	705	575	495	454	523	488	461	454	430
Depreciation	46	40	36	40	49	54	14	14	15	17
Interest Paid on Current Year	449	499	358	256	246	261	241	208	174	149
Impairment Charge/(Reversal)	(5)	(51)	77	-	-	-	-	13	-	-
<b>Total Operating Expenses</b>	<b>2,811</b>	<b>2,834</b>	<b>2,694</b>	<b>2,330</b>	<b>2,229</b>	<b>2,315</b>	<b>2,077</b>	<b>1,920</b>	<b>1,773</b>	<b>1,724</b>
Profit before Taxation	63,177	64,959	43,428	33,199	32,500	29,762	26,263	27,080	22,805	20,065
Less - Income Tax Expenses	8,678	9,017	6,449	4,603	4,493	4,242	3,395	2,706	2,394	2,061
<b>Profit after Taxation</b>	<b>54,499</b>	<b>55,942</b>	<b>36,978</b>	<b>28,569</b>	<b>28,007</b>	<b>25,519</b>	<b>22,868</b>	<b>24,374</b>	<b>20,411</b>	<b>18,004</b>

**STATEMENT OF FINANCIAL POSITION**

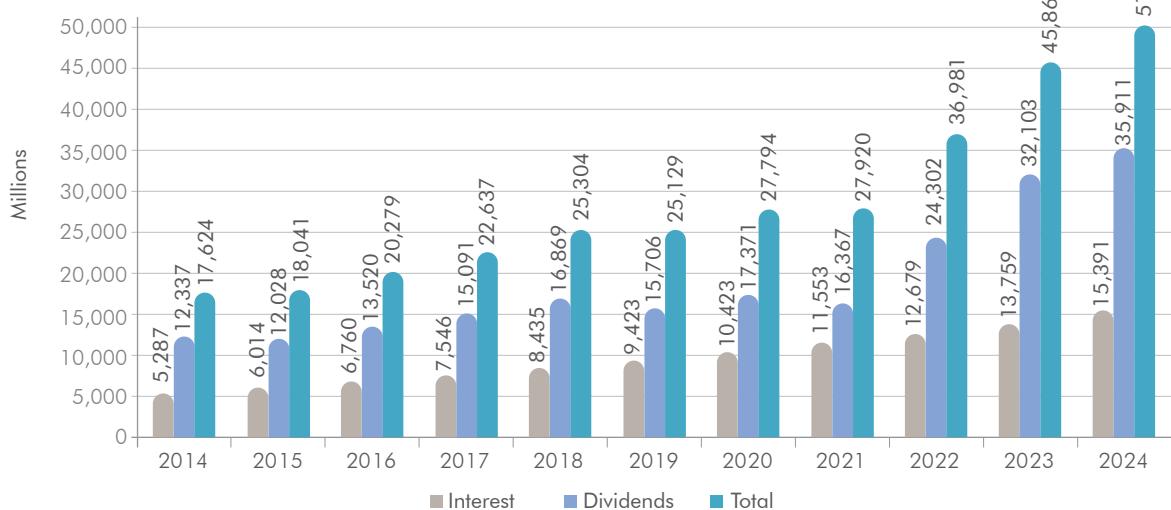
(Rs. Mn.)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>ASSETS</b>										
Cash and Cash Equivalent	795	899	584	579	681	549	738	743	614	842
Financial Assets at FVTPL	2,646	4,464	2,887	3,622	2,931	2,699	2,887	2,511	1,956	1,494
Investment in Subsidiary	471	471	471	471	471	471	471	471	471	471
Financial Assets at FVTOCI	14,709	10,765	8,647	10,561	7,638	7,900	7,564	7,846	9,209	8,838
Financial Assets at Amortized Cost	563,249	499,565	444,308	395,922	360,696	324,688	292,668	252,399	223,798	199,642
Other Assets	4,552	3,504	3,206	3,120	2,622	2,840	2,412	11,050	9,244	8,053
Property, Plant & Equipment	246	311	297	264	299	364	218	174	176	173
Intangible Assets	1	6	9	0	1	1	0	0	0	0
Investment Property	4,587	4,587	4,587	4,587	4,587	3,813	3,813	3,813	3,400	3,200
<b>Total Assets</b>	<b>591,256</b>	<b>524,511</b>	<b>464,997</b>	<b>419,132</b>	<b>379,926</b>	<b>343,325</b>	<b>310,771</b>	<b>279,006</b>	<b>248,870</b>	<b>222,714</b>
<b>LIABILITIES</b>										
Current Tax Liabilities	4,294	4,864	3,701	2,350	2,597	1,940	1,903	212	81	34
Government Grant	5	8	5	-	-	-	-	-	-	-
Defined Benefit Obligation	381	303	215	237	287	253	-	225	203	193
Other Liabilities	144	115	107	6,931	162	176	753	157	105	159
Provisions	447	415	407	328	302	105	133	82	88	214
<b>Total Liabilities</b>	<b>5,271</b>	<b>5,706</b>	<b>4,436</b>	<b>9,846</b>	<b>3,347</b>	<b>2,473</b>	<b>2,789</b>	<b>676</b>	<b>476</b>	<b>599</b>
<b>Total Net Assets</b>	<b>585,985</b>	<b>518,805</b>	<b>460,561</b>	<b>409,286</b>	<b>376,579</b>	<b>340,852</b>	<b>307,982</b>	<b>278,330</b>	<b>248,393</b>	<b>221,941</b>
Member Fund	564,327	504,435	459,631	406,289	375,215	339,244	306,455	274,160	245,605	218,502
Reserves	21,658	14,370	931	2,997	1,363	1,608	1,527	4,170	2,789	3,439
<b>Net assets attributable to Members</b>	<b>585,985</b>	<b>518,805</b>	<b>460,561</b>	<b>409,286</b>	<b>376,579</b>	<b>340,852</b>	<b>307,982</b>	<b>278,330</b>	<b>248,393</b>	<b>221,941</b>

# Statistical Annexure

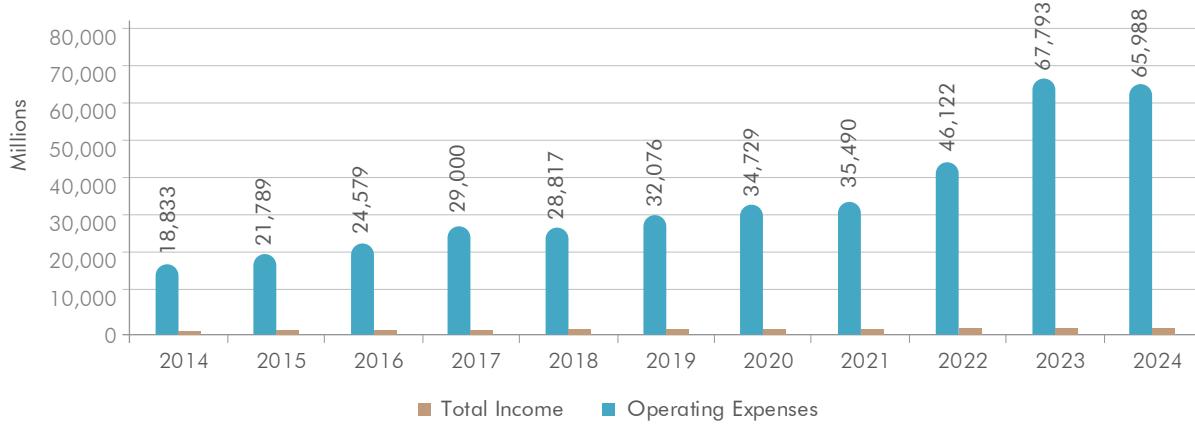
## INTEREST AND DIVIDENDS RATES



## DECLARED INTEREST AND DIVIDENDS



## TOTAL INCOME VS. OPERATING EXPENSES



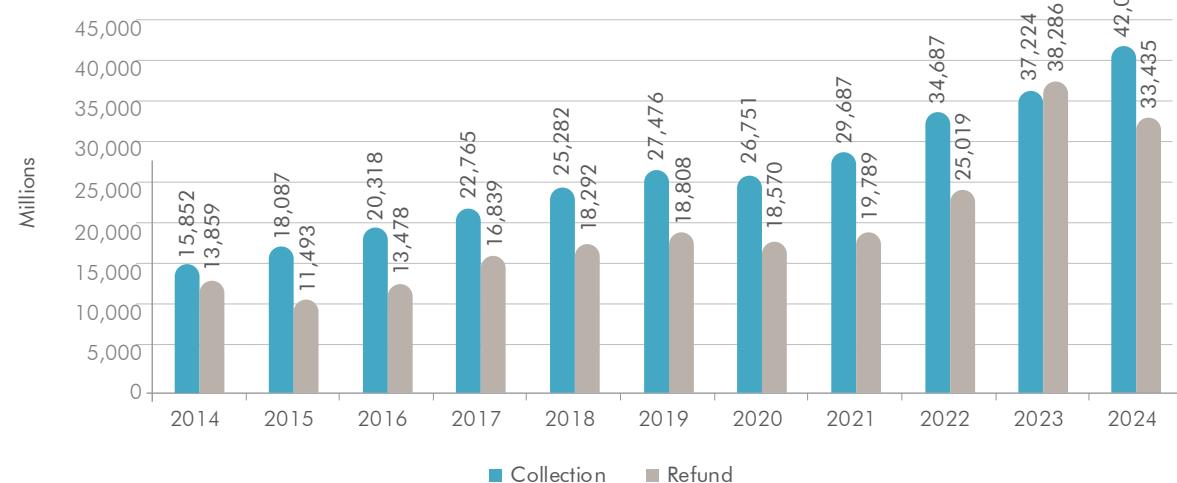
## MEMBER FUND



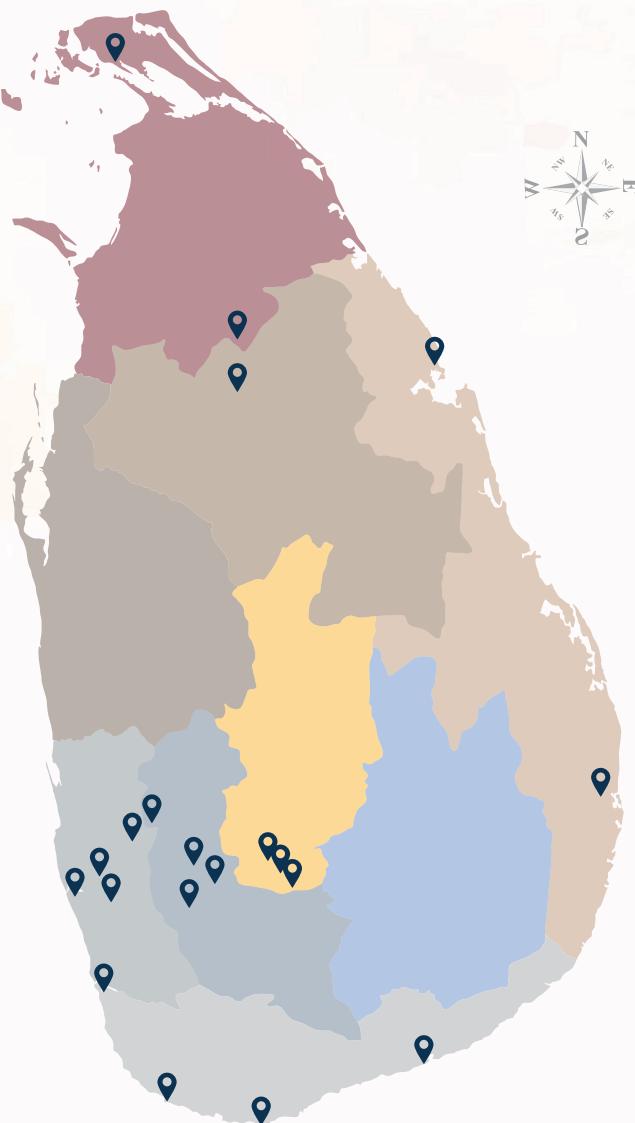
## NET ASSETS



## COLLECTION AND REFUND



# Our Reach



## Jaffna

No.86 ½, 1st Floor, Naval Road, Jaffna.  
Tel. +94 21 2220010  
Fax. +94 21 2220010  
Email. [mgjra@eftb.lk](mailto:mgjra@eftb.lk) / [roja@eftb.lk](mailto:roja@eftb.lk)

## Vavuniya

No.69/1/1, Mill Road, Vavuniya.  
Tel. +94 24 2228225  
Fax. +94 24 2228225  
Email. [mgrvavu@eftb.lk](mailto:mgrvavu@eftb.lk) / [rovavu@eftb.lk](mailto:rovavu@eftb.lk)

## NuwaraEliya

No.56, Lawson Road, Triangal  
NuwaraEliya, Sri Lanka.  
Tel. +94 52 2224475  
Fax. +94 52 2224475

## Trincomalee

No.455, Kandy Road, Trincomalee.  
Tel. +94 26 2056606  
Fax. +94 26 2056606  
Email. [mgrtrin@eftb.lk](mailto:mgrtrin@eftb.lk) / [rotrin@eftb.lk](mailto:rotrin@eftb.lk)

## Ratnapura

No. 53/1/2, Senanayake Mawatha, Ratnapura.  
Tel. +94 45 2222529  
Fax. +94 45 2222529  
Email. [mgrratn@eftb.lk](mailto:mgrratn@eftb.lk) / [loratn@eftb.lk](mailto:loratn@eftb.lk)

## Matara

No. 63/2, Kalidasa Mw, Matara.  
Tel. +94 41 2231877  
Fax. +94 41 2231877  
Email. [mgrmat@eftb.lk](mailto:mgrmat@eftb.lk) / [romat@eftb.lk](mailto:romat@eftb.lk)

## Badulla

No. 9B, Riverside Rd, Badulla.  
Tel. +94 55 2224482 | +94 55 2225357  
Fax. +94 55 2230779  
Email. [mgrbadu@eftb.lk](mailto:mgrbadu@eftb.lk) / [robadu@eftb.lk](mailto:robadu@eftb.lk)

## Hambantota

No. 57, Wilmot Street, Hambantota.  
Tel. +94 47 2222460 | +94 47 2222462  
Fax. +94 47 2222460  
Email. [mgrham@eftb.lk](mailto:mgrham@eftb.lk) / [roham@eftb.lk](mailto:roham@eftb.lk)

## Colombo District Office

21<sup>st</sup> Floor, "MehewaraPiyesa", Kirula Road,  
Narahepita, Colombo 05.  
Tel. +94 11 7747295  
Fax. +94 11 7747293  
Email. [mgrcoldis@eftb.lk](mailto:mgrcoldis@eftb.lk)

## Colombo 1-7

21<sup>st</sup> Floor, "MehewaraPiyesa", Kirula Road,  
Narahepita, Colombo 05.  
Tel. +94 11 7747295  
Fax. +94 11 7747293  
Email. [mgrcol1\\_7@eftb.lk](mailto:mgrcol1_7@eftb.lk) / [rocol1\\_7@eftb.lk](mailto:rocol1_7@eftb.lk)

## Colombo 8-15

21<sup>st</sup> Floor, "MehewaraPiyesa", Kirula Road,  
Narahepita, Colombo 05.  
Tel. +94 11 7747279  
Fax. +94 11 7747279  
Email. [mgrcol8\\_15@eftb.lk](mailto:mgrcol8_15@eftb.lk) / [rocol8\\_15@eftb.lk](mailto:rocol8_15@eftb.lk)

## Gampaha

The Secretariat, Gampaha.  
Tel. +94 33 2234520  
Fax. +94 33 2234520  
Email. [mgrgam@eftb.lk](mailto:mgrgam@eftb.lk) / [irogam@eftb.lk](mailto:irogam@eftb.lk)

## Galle

No. 30/1/1, Sri Dewamittha Mw, Galle.  
Tel. +94 91 2245814  
Fax. +94 91 2245814  
Email. [mgrgall@eftb.lk](mailto:mgrgall@eftb.lk) / [rogall@eftb.lk](mailto:rogall@eftb.lk)

## Kalutara

No. 294, Galle Rd, Kalutara North.  
Tel. +94 34 2237722  
Fax. +94 34 2237722  
Email. [mgrkalu@eftb.lk](mailto:mgrkalu@eftb.lk) / [rokalu@eftb.lk](mailto:rokalu@eftb.lk)

## Kurunegala

No. 27, Sri Lanka Red Cross Building,  
Kachcheri Road, Kurunegala.  
Tel. +94 37 2228194  
Fax. +94 37 2056394  
Email. [mgrkur@eftb.lk](mailto:mgrkur@eftb.lk) / [rokur@eftb.lk](mailto:rokur@eftb.lk)

## Ampara

No.12/A, Malwatte Rd, Ampara, Sri Lanka.  
Tel. +94 63 2224845  
Fax. +94 63 2224882  
Email. [mgamp@eftb.lk](mailto:mgamp@eftb.lk) / [roamp@eftb.lk](mailto:roamp@eftb.lk)

## Kandy

No. 79/4, National Housing Development  
Authority, Kandy. Tel. +94 81 2233793  
Fax. +94 81 2233793  
Email. [mgdkan@eftb.lk](mailto:mgdkan@eftb.lk) / [rokkan@eftb.lk](mailto:rokkan@eftb.lk)

## Anuradhapura

No. 87/25, 1st Lane, Dharmapala Mw,  
Anuradhapura Sri Lanka.  
Tel. +94 25 2222185  
Fax. +94 25 2222150  
Email. [mgranu@eftb.lk](mailto:mgranu@eftb.lk) / [roanu@eftb.lk](mailto:roanu@eftb.lk)

## Kegalle

No. 247, Main Street, Kegalle.  
Tel. +94 35 2222991  
Fax. +94 35 2222991  
Email. [mgrkeg@eftb.lk](mailto:mgrkeg@eftb.lk) / [rokeg@eftb.lk](mailto:rokeg@eftb.lk)

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බහුපාදන ප්‍රතිකමක  
ANNUAL REPORT  
**2024**



**EMPLOYEES' TRUST FUND BOARD**

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19 - 23 Floors, "MEHEWARA PIYESA",  
PO.Box 807, Kirula Road, Narahenpita, Colombo 05.  
Tel: 011 7747201 | Fax: 011 2503917  
Email: [finance@etfb.lk](mailto:finance@etfb.lk)  
Web: [www.etfb.lk](http://www.etfb.lk)