2020

වාර්ෂික වාර්තාව

வருடாந்த அறிக்கை

Annual Report

දුරස්ථ ඉගෙනුම් මධ්‍යස්ථානය

வரையறுக்கப்பட்ட தொலைக் கல்வி நிலையம

Distance Learning Centre

State Owned Institute Under
Ministry of Public Administration

DLC
Distance Learning Centre Ltd.
Connecting Minds

GLOBAL
DEVELOPMENT
LEARNING
NETWORK
GDLN

Contents

CEO'S Report

Gershaun Arulanantham

This is a very turbulent year for DLC. DLC was set to make a good results with its conventional programmes in 2020. However as the effects and closure of the pandemic set in DLC was forced to shut down its facilities. The online exams were too closed due to the government pandemic guidelines. However as a digitally leveraged organisation, DLC's staff reporting and internal monitoring continued uninterrupted.

DLC was setup with the mandate to create unprecedented opportunities in human capital development by bringing the latest thinking to the public and private sectors. Therefore with the collaboration of GDLN and the WHO office in Colombo, an international online seminar series were organized in March 2020 with 5 countries participating. This was widely acclaimed as a timely knowledge sharing effort as organisations that were fighting the pandemic were able to share their own experience. The notable contributors were the Hong Kong University, WHO, Korea Development Institute and the Australian counterpart of DLC, the Blended Learning Institute.

Strategically DLC started to deliver more and more of its programmes online from April 2020 as a free programme. Further DLC commenced on exploring multiple distance learning locations in the Central, North Central and Northern parts of the country with an understanding with the Ministry of Education, Computer Resources Centres. DLC's technical staff are appraising the viability of using these centers to run the online exams.

Eventhough 2020 was a not a good year from profitable point of view, DLC showed strong performance of DLC with its untiring efforts in converting the training to the digital platform, especially to the regions.

As we move into a very turbulent 2020, we hold fast to our values and resolute willingness to be an organization that is guided by innovation, driven by customer insights. Through all these we aim to create unprecedented opportunities for individuals and groups whom we serve.

Gershaun Arulanantham
CEO, DLC

Colombo, Sri Lanka

An overview of DLC

DLC is one of the premier training institutions established by the Government of Sri Lanka in 2002, with an aim of developing the capacities of both government and private sector personnel, keeping the focus on the best practices at global level. Over the past few years, the DLC has been able to cater to those personnel by updating their academic and professional knowledge and skills after taking not only the domestic resources but also with the assistance of Global Development Learning Network of the World Bank Institute. DLC's training function is free from the constraints of traditional thinking and enables them to both develop themselves and optimise the performance.

Throughout the past few years, DLC has been engaging in conducting demand driven programmes, for the needy sectors rather than continuing on the traditional way of imparting knowledge. DLC has looked at today's changing context of the business environment and has developed specific programs using customer oriented approach. With this new direction, DLC was able to deliver value to its clients. As a result of this, even in the face of an exceptionally disruptive year where DLC was able to have its facilities open a few months of the year. Nonetheless, DLC with clear direction from its strategic goals, will continue this trend in performance in the years to come.

Table 1: Following are the revenue categories for Y/A 2020.

Revenue Categories	Rs.
Computer Based Training Facility	1,467,672.00
Face to Face Training Facility	910,000.00
Video Conference Facility	803,275.23
Face to Face Rental Facility	185,200.00
Computer Based Rental Facility	358,490.00
Public Seminars	2,096,500.00
Online Exams	10,441,765.94
	16,262,903.17

Table 2 – Net Profit before Tax (Rs)

	2016	2017	2018	2019	2020
Total revenue (Including finance income)	48,599,370	69,671,388	67,769,778	73,388,537	24,170,166
Total Expenditure	40,757,451	55,552,355	52,651,915	57,676,699	27,969,575
Profit Before Income Tax	**7,841,919**	**14,119,033**	**15,117,863**	**15,711,838**	**(3,799,409)**

Table 2 – Gross Profit (Rs)

Gross Profit	2016	2017	2018	2019	2020
Revenue from core operations	44,262,033	62,953,972	59,779,244	64,674,064	16,262,903
Cost of sales	15,528,207	29,154,623	21,572,552	23,138,534	3,001,550
Gross Profit	**28,733,826**	**33,799,349**	**38,206,692**	**41,535,530**	**13,261,353**
Gross profit ratio	**65%**	**54%**	**64%**	**64%**	**81%**

Figure 1 Annual profit

The importance of Capacity development.

Today, the role of the service sector in Sri Lanka economy has become one of the major contributory factors in economic development and stability of a country, given the growing trend of information and communication technology (ICT), new innovative products, processes, structures, complexities and increased risks associated with globalization. In recent years, while advanced economies continued to update their services deliveries, the developing countries are trying to increase their per capita income and economic growth by various means .Especially, the emergence of Asia as an engine of world economic growth has given rise to increased opportunities in the business environment, especially in the service sector of developing countries and their organisations.

Against this backdrop, the DLC's prime responsibility is to integrate its training function to global level and acquire the modern way of transferring the knowledge and skills to needy sectors. In effect, we have successfully run both Personal Development and Organisational Change, through Young executive development programmes, video conferencing and project management programmes. Since DLC has accessibility to different organizations in different parts of the world in widely differing cultures and languages and in every case those involved could share the knowledge and experiences effectively.

Vision

We want to be the ultimate digital hub for human resources development and organizational transformation

Mission

We will build on a successful internal digital transformation, develop personalised digital services and rise to meet the exponential demand for digital learning and digital transformation of client organizations

Our Values

- Innovative and creative
- Responsive to customer needs
- Driven by sense of urgency
- Accountable and committed
- Believe in competency development

Corporate Information

Distance Learning Centre Ltd. (DLC) was incorporated, under the Companies Act, on 01 Nov 2001 and commenced its operation on 26 March 2002.

The stated capital consists of 14,206,509 ordinary shares of Rs. 10 each and is 100% (14,206,509) owned by Government of Sri Lanka. This is a self-funding enterprise with no recourse to government budget or subsidy.

Further it is part of the Global Development Learning Network (GDLN) of the World Bank Institute, which provides cost effective learning opportunities and capacity building programs through its interactive, multi-channel network, a flexible learning system of multi-site videoconferencing, Internet and other advanced communications technologies.
It also has links with other International Training Institutes and is privileged to offer their courses within Sri Lanka.

DLC is a test site provider for CIMA and ACCA online exams and the only such large secure facility available in Colombo. DLC came to be known as the largest CIMA test centre in South Asia in 2017 and successfully delivers exams to over 2000 candidates each year.

Principal Activities

Global knowledge sharing, e-learning, ICT related training, Education Sector Training and providing Corporate Suite type of facilities for business meetings and videoconferencing facilities for public and private sector clients. DLC also provides secure online testing facility for major international test providers.

Registered Office

28/10, Malalasekara Mawatha, Colombo 7

Auditors

Auditor General, Sri Lanka.

Secretaries

Accounting Systems Secretarial Services (Private) Limited.

Bankers

Bank of Ceylon

Human Resources

Management Team

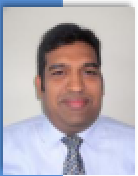
CEO

Gershaun Arulanantham
ACIM (UK), FIM (SL), MBA (Peradeniya)

IT Manager

Aruna Buddhika
MSc SITM (UK), ACS

Learning Development and Marketing Manager

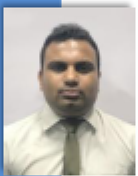


Keerthi Wijesekara
MCIM (UK), AABE (UK) MBA Uni Sunderland UK, MSc HRM & Dev. University of Salford UK

Finance and Administrative Manager

Lakshika Kalubowila
BBA (Sp) 2nd Upper (Hons.), MBA (Colombo), CBA , MAAT

Assistant Sales Manager



Vajira Abeynayake
Advance Diploma in Business Management (NIBM)

Opperations Support Team

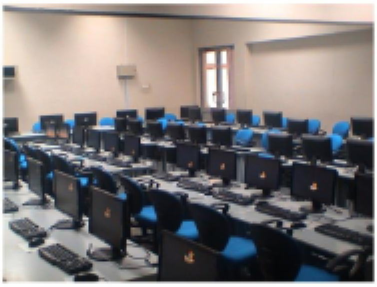
From Left
Suleka Dissanayake (Administrative Assistant)
Nirosha Priyadarshani (Programme Coordinator)
Lakmali Samarasekara (Executive Secretary)
Dhanushka Dushanthi (Secretarial Assistant)
Nayani Kalpage (Accounts Assistant)
Romesh Perera (IT Assistant)

Physical Resources

State-of-the-art video conferencing facility

30 active participants with personal microphones and 50 other observers could be accommodated.



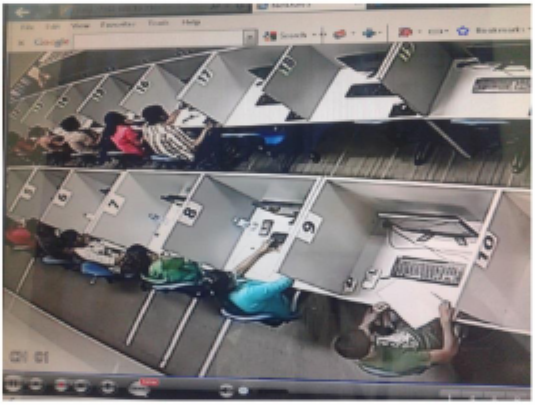


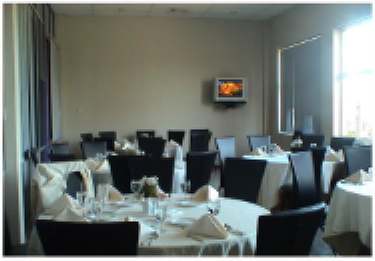
Two multi-media rooms equipped with computers

One with 30 and the other with 50 computers

Pearson VUE Testing Center

(90 seat capacity testing center)





Spacious Lobby used as a lecture room when required

Audio conferencing facilities available for all seminar rooms

DLC offers the following through its Video Conferencing (VC) facility

- Courses leading to certificates on themes such as Microfinance, Natural Resource Management and Science and Policy of Climate Change using blended learning methods
- Video conferencing based training exposures that are provided by different resource centers around the world on subjects such as Disaster Nursing and Partograph
- Short seminars and presentations from renowned speakers (authority on subjects) living elsewhere in the world
- Global Experience Sharing Dialogues linking different countries on themes such as Korean Development Experience
- Tailor made training to meet customer requirements such as Web Application Security
- Renting of the facility for business conferences & meetings, academic chats and cross border family events, etc using VC

DLC offers the following through its Multi Media (MM) facility

- Programs for Developing Young Executives, exposing them to global trends
- Computer based exams for recruitment and promotions
- Tailor made foreign and local training programs using e-learning
- Computer training (Computer Essentials, International Computer Driving License, SL Computer Driving License, Advance e-Office Skills etc.)
- Computer based training such as Project Management, Presentation Skills, Publishing Skills, e-learning content development skills, etc
- Renting of the facility for business promotions, soft-ware promotions and computer-based training and computer based/ internet based exams

DLC rents out its facilities and its ICT enabled services for; Video conferencing, blended face-to-face events and exams (both computer based and other exams)

Visit DLC web for more information

www.dlcsrilanka.org

DLC offers the following in additional services

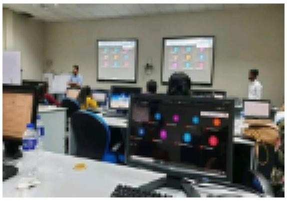
- Content development and content translations along with Compact Disk (CD) development for e-learning initiatives
- Documentation of proceedings (both digital and printed modes)
- Design exams for screening prospective candidates for recruitment to meet client requirements

Overview of Key Training Programmes in 2020

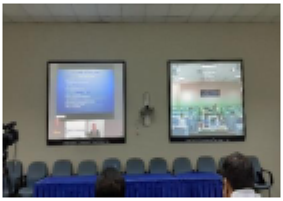
- Certificate Awarding ceremony of the courses conducted by DLC on Public Procurement, Public Disciplinary Procedure & ICT for Ministry of Home Affairs. A total number of 200 participants successfully completed the courses. January 2020



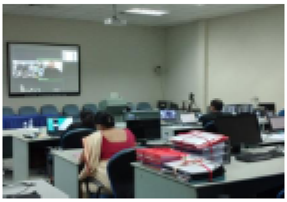
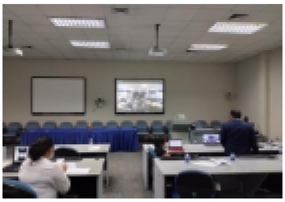
- Commencement of ICT Certificate course for officers attached to Ministry of Home Affairs in February



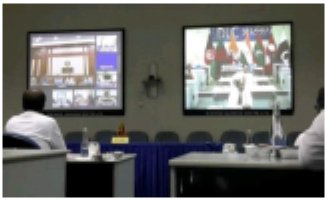

- DLC's video conference session in collaboration with Global Development Learning Network (GDLN) on COVID-19.

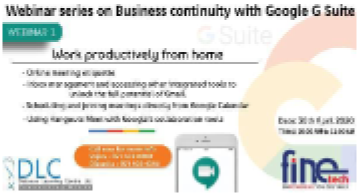
- Video Conferencing meeting with CPC and their Counterparts abroad

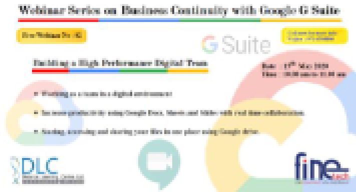



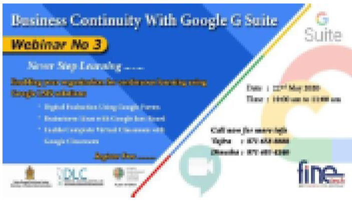
- A video conference of senior health professionals of SAARC countries was held on March 26 to exchange experiences of combating the spread of COVID-19 in the region.

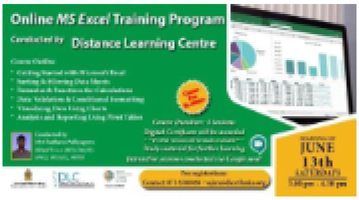


- Series of webinars were conducted by DLC during the lock down period using interactive digital platforms









- A series of workshops were conducted by DLC for the Institute of Tourism & Hotel Management on "Effective Online Education". The principals & the lecturers attached to the institute from around the country attended the training

- Conclusion 01st batch of Certificate course in Public Sector Disciplinary Procedure conducted for public sector officers.25 participants from 14 public sector organizations successfully completed the program

- Capacity development program "Enchantment of Educational Achievements" for Gampaha Education Zone Was successfully conducted.

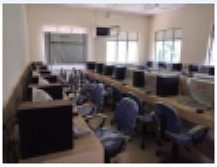
DLC's Strategic Efforts to Form Regional Exam Centres

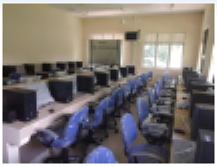
DLC accredited Computer Resources centers in the following areas

Accredited computer resources center in Gurudeniya

Computer Resource Center – Ibbagamuwa

Date of Visit : 18th August 2020

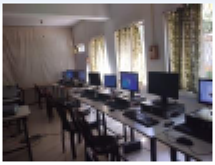


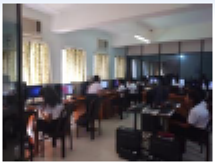


Remarks: Center is ready to hold exams and IT based training programs

Computer Resource Center – Balangoda

Date of Visit : 25th August 2020

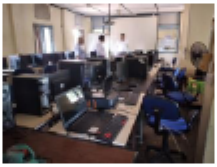


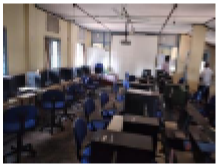


Center is ready to hold **only IT based training** programs.

Computer Resource Center – Kuruwita

Date of Visit : 25th August 2020

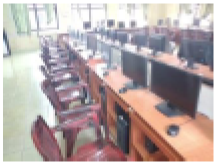


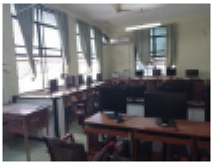


Remarks: This Center is ready to hold **only IT based training** programs

Computer Resource Center – Vadamaradchy

Date of Visit : 4th September 2020

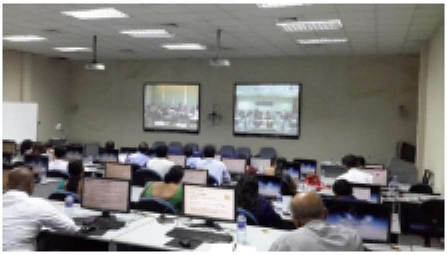


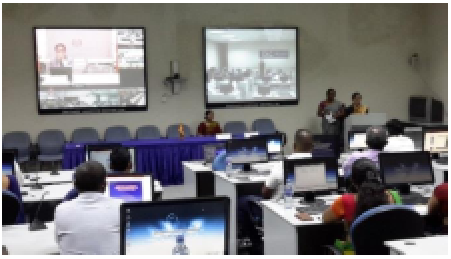


Remarks: Center is ready to hold exams and IT based training programs

Video Conferencing activity at DLC

Apart from the online international programmes, DLC's is also a preferred center for many clients to conducted Interviews for Migration, Conduct eLearning Programs, to conduct court proceedings, to conduct Board Meetings and international seminars through video conferencing.





Below is a list of events conducted through video conferencing in 2020

1. PESCII International Interviews for Doctors – 5 Interviews
2. International Board Meeting – Trincomalee Power Plant (CEB) – 19th September 2019
3. International VC Seminar of NBRO (National Building Research Organisation) – 8th July 2019

Financial growth over the last 5 years

Summary of Results for the year ended 31st December	2020	2019	2018	2017 (Restated)	2016
	Rs.Mn	Rs.Mn	Rs Mn	Rs Mn	Rs Mn
Turnover	**16.2**	64.6	59.8	62.9	44.3
Other Income	**7.8**	8.5	7.8	6.5	4.1
Total Income	**24.0**	73.1	67.6	69.6	48.4
Total Expenses	**27.9**	57.6	52.5	55.5	40.6
Net Profit for the Year					
Before tax	**-3.79**	15.7	15.1	14.1	7.8
Staff Cost	**13.0**	13.4	13.0	11.7	10.5
No. of staff	**11**	12	12	11	10
Financial Position as at 31st December	**2020**	**2019**	**2018**	**2017 (Restated)**	**2016**
	Rs Mn	**Rs Mn**	**Rs Mn**	**Rs.Mn**	**Rs.Mn**
Stated Capital	142.6	142.6	142.06	142.06	142.06
Noncurrent liabilities Government to be repaid under the agreement	-	-	3.2	6.4	9.6
Current Liabilities	3.97	4.2	6.9	5.5	1.7
Total Equity / Liabilities	135.2	139.3	130.3	115.7	100 7
Short Term Investments	78.2	68.9	84.0	68.8	53.6
Working Capital	74.8	75.1	88.1	73.1	60.9
Total Assets	135.2	139.3	130.3	115.7	100.7

REPORT OF THE DIRECTORS

DISTANCE LEARNING CENTRE LIMITED – PB 192

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY FOR THE YEAR ENDED 31ST DECEMBER 2020

The Directors have pleasure in submitting their Report together with the Audited Statement of Accounts for the year ended 31st December 2020.

1. **PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS**

   Principal Business Activities of the Company are organizing and conducting programs, seminars, workshops, conferences and other activities to facilitate Public & Private sector employees to gain access to update information and opportunities for interaction with international experts especially in the areas of Public Management and Economic Development using the Global Distance Learning Network.

2. **DIRECTORS**

   The Director of the Company as at 31st December 2020 were:

Ms. Wasantha Perera	-	Chairperson
Ms. K. A. Ramya Kanthi	-	Director

3. **FINANCIAL STATEMENT**

   The Financial Statements of the Company are given in the Annual Report.

4. **AUDITOR'S REPORT**

   The Auditor's Report on the Financial Statements is given in the Annual Report.

5. **ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

   The accounting policies and notes are given in Annual Report, there were no material changes in the Accounting Policies adopted.

6. **INTERESTS REGISTER**

   The Company do maintain an Interest Register in terms of Section 192 of the Companies Act No.07 of 2007.

7. **DIRECTORS INTEREST IN CONTRACT**

   Ms. Wasantha Perera and Ms. K. A. Ramya Kanthi, Directors were not interested in the contracts of the Company during the year ended 31st December 2020 as per the Note 23 to the financial statements.

8. **DIRECTORS REMUNERATION AND OTHER BENEFIT**

   Board Meeting & Audit Com. Meeting Attendance Fees for the Directors and the Allowance to Chairperson were paid as per the Note 08 of the financial statements.

9. **EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

10. **TAXATION**

According to the Income Statement, tax saving for the year ended 31st December 2020 was Rs.566,930/=.

11. **STATUTORY PAYMENTS**

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the Government and the employees have been made on time.

12. **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the company's control.

13. **AUDITORS**

The present Auditors of the Company are the National Audit Office, will be re-appointed as the Auditors to the Company for the ensuing year at the forthcoming Annual General Meeting.

The provision for the Annual Audit fee was Rs.300,000/= for the financial year and the payment to be paid.

14. **ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held on Tuesday 21st of February 2023 at 2.30 p.m., at No.28/10, Malalasekera Mawatha, Colombo 7.

BY ORDER OF THE BOARD OF DIRECTORS OF
DISTANCE LEARNING CENTRE LIMITED
ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED
SECRETARIES

Signed ....
DIRECTOR

Signed ....
DIRECTOR

Signed ....
SECRETARIES

Date : 2nd February 2023

EXTERNAL AUDITOR'S REPORT

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

My No. PAF/B/DLC/01/2020/05 Your No. Date 13 October 2022

Chairman

Distance Learning Centre Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Distance Learning Centre Limited for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

The above report is sent herewith.

W.P.C.Wickramaratne

Auditor General

Copy 1.Secretary – Ministry of Public Administration, Home affairs, Provincial Council and Local Governance.

2. Secretary – Ministry of Finance, Economic Stabilization and National Policies.

Distance Learning Centre Ltd.
18 OCT 2022
28-10 ... Colombo 07

No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
+94 11 2 88 70 28 - 34 +94 11 2 88 72 23 ag@auditorgeneral.gov.lk www.naosl.gov.lk

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. PAF/B/DLC/01/2020/05 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 03 October 2022

Chairman
Distance Learning Centre Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Distance Learning Centre Limited for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Distance Learning Centre Limited for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

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1.2 Basis for Qualified Opinion

(a) Fully depreciated fixed assets valued at Rs.51,664,931 were further being used, action had not been taken to revalue those assets in accordance with the Section 17, Property Plant and Equipment of SLFRS for SMEs

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement*s* section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Company's 2020 Annual Report

The other information comprises the information included in the Company's 2020 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs) and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The Financial Statements of the Company comply with the requirement of Section 151 of the Companies Act, No. 07 of 2007.

2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.4 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

2.3 Other Matters

(a) Without following Procurement procedure, Catering Service had been obtained from a supplier for all the training programs and the company had paid a sum of Rs.615,540 for the catering service during the year under review. However, no any agreement submitted to audit in this regard.

(b) Annual Board of Survey had not been carried out for the year under review

W.P.C. Wickramaratne
Auditor General

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State Owned Institute Under
Ministry of Public Administration

DLC
Distance Learning Centre Ltd.
Connecting Minds

AUDITED FINANCIAL STATEMENT 2020

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST DECEMBER 2020

	Note	2020 Rs.	2019 Rs.
Revenue	04	16,262,903	64,674,064
Cost of Sales	05	(3,001,550)	(23,138,534)
Gross Profit		13,261,353	41,535,530
Other Income	06	-	84,750
Distribution Expenses	07	(146,218)	(2,971,237)
Administrative Expenses	08	(24,782,118)	(31,449,422)
Net Financial Income	09	7,867,574	8,512,218
Profit / (Loss) before Income Tax		(3,799,409)	15,711,838
Income Tax Saving / Payment	10	(566,930)	2,064,086
Profit / (Loss) for the year		(4,366,340)	17,775,925
Earning Per Share	11	(0.31)	1.25

Notes to the Financial Statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

STATEMENT OF FINANCIAL POSITION

AS AT	Note	31.12.2020 Rs.	31.12.2019 Restated Rs.
ASSETS			
Non- Current Assets			
Property, Plant & Equipment	12	2,989,058	4,369,926
Financial Investments	13	27,141,741	27,141,741
Lease Rental	14	19,860,703	21,515,762
Deferred Tax Asset	15	6,514,552	7,081,483
Total Non Current Assets		56,506,055	60,108,911
Current Assets			
Trade & Other Receivables	16	6,685,335	10,514,965
Other Financial Assets	13	51,147,951	41,844,050
Current Tax Recoverable	17	4,620,751	4,620,751
Cash & Cash Equivalents	18	16,313,620	22,305,796
Total Current Assets		78,767,656	79,285,562
Total Assets		135,273,711	139,394,473
EQUITY AND LIABILITIES			
Equity			
Stated Capital	19	142,065,090	142,065,090
Accumulated Profit / (Loss)		(14,206,542)	(9,840,203)
Total Equity		127,858,548	132,224,887
Non-Current Liabilities			
Employee Benefits	20	3,437,645	3,044,695
Total Non Current Liabilities		3,437,645	3,044,695
Current Liabilities			
Trade & Other Payables	21	3,410,328	4,112,891
Advances Received	22	567,190	12,000
Total Current Liabilities		3,977,518	4,124,891
Total Equity and Liabilities		135,273,711	139,394,473

These Financial Statements have been presented in compliance with the requirements of the Companies Act No. 07 of 2007.

Finance Manager — **Chief Executive Officer**

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 of Directors of Distance Learning Centre Limited.

Chairperson — **Director** — **Director**

Notes to the Financial Statements form an integral part of these Financial Statements
Figures in brackets indicate deductions

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DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2020

	Stated Capital Rs.	Accumulated Profit / (Loss) Rs.	Total Equity Rs.
Balance as at 1st January 2019	142,065,090	(27,720,527)	114,344,563
Prior Year Adjustment	-	104,400	104,400
Total Comprehensive Income for the year	-	17,775,925	17,775,925
Balance as at 31st December 2019	142,065,090	(9,840,203)	132,224,887
Balance as at 1st January 2020	**142,065,090**	**(9,840,203)**	**132,224,887**
Prior Year Adjustment	**-**	**-**	**-**
Total Comprehensive Income for the year	**-**	**(4,366,340)**	**(4,366,340)**
Balance as at 31st December 2020	**142,065,090**	**(14,206,542)**	**127,858,548**

Notes to the Financial Statements form an integral part of these Financial Statements
Figures in brackets indicate deductions

Note A -Prior Year Adjustment	**Rs.**
Being recorded Overstated Audit Fee in 2019	**104,400.00**
	104,400.00

Due to the prior year adjustment, the profit before tax of 2019 has increased. Therefore the profit before tax of 2019 was restated in cash flow statement.

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2020

	2020	2019 Restated
	Rs.	Rs.
Cash Flows from Operating Activities		
Profit / (Loss) before Income Tax Expenses	**(3,799,409)**	15,816,238
Adjustment for		
Depreciation on Property, Plant and Equipment	**1,528,867**	1,825,576
Provision for Gratuity	**392,950**	386,700
Lease Rental Amortization	**1,655,059**	1,655,059
Finance Cost	-	24,046
Interest Income	**(7,907,263)**	(8,629,723)
Operating Profit before Working Capital Changes	**(8,129,796)**	11,077,896
(Increase) / Decrease in Trade & Other Receivables	**3,829,630**	(1,283,147)
Increase / (Decrease) in Trade & Other Payables	**(702,562)**	348,003
Increase / (Decrease) in Advances Received	**555,190**	(3,110,110)
	(4,447,538)	7,032,642
Cash Generated from Operations		
ESC Paid	-	(265,450)
Interest Paid for Government Loan	-	(24,046)
Net Cash from / (Used in) Operating Activities	**(4,447,538)**	6,743,146
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	**(148,000)**	(4,821,950)
Withdrawal of fixed Deposits	-	4,800,974
Interest Received	**(1,396,638)**	3,324,247
Net Cash used in Investing Activities	**(1,544,638)**	3,303,271
Cash Flows from Financing Activities		
Loans Repaid during the year	-	(3,206,160)
Net Cash used in Financing Activities	-	(3,206,160)
Net Increase in Cash & Cash Equivalents	**(5,992,176)**	6,840,256
Cash & Cash Equivalents at the beginning of the year	**22,305,796**	15,465,540
Cash & Cash Equivalents at the end of the year (Note A)	**16,313,620**	22,305,796

NOTE A - CASH & CASH EQUIVALENTS	**As at 31.12.2020**	As at 31.12.2019
	Rs.	Rs.
Cash at Bank - BOC : Ac. No. 0002323189	**916,622**	160,784
Cash in Hand	**25,000**	25,000
Fund Management Account	**15,371,997**	22,120,012
	16,313,620	22,305,796

Notes to the Financial Statements form an integral part of these Financial Statements
Figures in brackets indicate deductions

DISTANCE LEARNING CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 2020

1. Reporting Entity

Distance Learning Centre Limited is a Public Limited Company incorporated and domiciled in Sri Lanka. The registered office of the company and the principal place of business are located at No. 28/10, Malalasekara Mawatha, Colombo 07.

The principal activity of the company is to organize and conduct programs, seminars, workshops, conferences and other activities to facilitate Public & Private sector employees to gain access to update information and opportunities for interaction with international experts especially in the areas of Public Management and Economic Development using the Global Distance Learning Network.

2. Basis of Preparation

2.1 Statement of Compliance

The Financial Statements of the Company comprise the statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, together with the Notes to the Financial Statements and Significant Accounting Policies which have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007. Financial Statements prepared in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs)

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and accounting policies are applied consistently with no adjustments being made for inflationary factors affecting the financial statements. The Directors have made an assessment of the company„s ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of activities.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Company"s functional currency.

2.4 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standard for Small and Medium sized Entities (SLFRS For SMEs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets , liabilities , income and expenses. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Hence actual results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements for the purpose of the transition to SLFRS for SMEs, unless otherwise indicated. The accounting policies have been applied consistently by the entity.

3.1. Foreign Currency Transactions

In preparing the Financial Statements of the Company, transactions in currencies other than the entity"s functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Non –monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined. Non –monetary items measured at historical cost are translated at the rates prevailing on the dates of transactions. Exchange difference arising on the settlements of monetary items and on the translation of monetary items is included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

3.2. Assets and the bases of their valuation

Assets classified as Current Assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash, during the normal operating cycle of the Company, business, or within one year from the reporting date, whichever is shorter. Assets other than Current Assets are those which the Company intends to hold beyond a period of one year from the reporting date.

3.2.1 Property, Plant & Equipment

3.2.1.1 Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property .plant and equipment, and are recognized net within other income in profit or loss.

3.2.1.2 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative period are as follows.

Assets Category	Useful Life (Years)	Depreciation Rate (%)
Bridge & Teaching Equipment	5	20
Computer Equipment	4	25
Motor Vehicles	5	20
Office Equipment	5	20
Furniture and Fittings	5	20

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation method, useful lives and residual value are reviewed at each financial year end and adjusted if appropriate.

3.3 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the Statement of Financial Position date. Noncurrent liabilities are those balances that fall due for payment after one year from the Statement of Financial Position date. All known liabilities have been accounted for in preparing this financial Statements.

A provision is recognized if, as a result of a past event the company has a present legal or constructive obligation that can be estimated reliably and its probable that an outflow of economic benefits will be required to settle the obligation.

3.3.1 Employee Benefits

3.3.1.1 Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

A Defined Contribution Plan is a post-employment Benefit Plan under which an entity pays a fixed contribution into separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Defined Contribution pension plans are recognized as an Employee Benefit expense in profit or loss in the periods during which services are rendered by employees.

The company contributes 12% of gross emoluments of the employees to Employees" Provident Fund.(EPF) All of the employees are eligible for Employees Trust Fund to which the company contributes 3% of gross emoluments of such employees.

3.3.1.2 Defined Benefit Plan – Retirement Gratuity

A defined Benefit Plan is a post –Employment Benefit plan other than a Defined Contribution Plan. Under defined benefit plans, the entity's obligation is to provide the agreed benefit to the current and former employees.

The company's net obligation in respect of defined benefit pension plan is calculated without an actuarial valuation, at half month's salary for each year of service from the date of commencement of service using the simplification permitted in section 28 to the SLFRS for SMEs – "Employee Benefit" such as; ignoring future services of current employees, ignoring estimated future salary increases and ignoring possible in- service mortality of current employees between the reporting date and the date employees are expected to begin receiving post employment benefits.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with Section 28 to the SLFRS for SMEs-„ Employee Benefits". However, under the payment of Gratuity Act No.12 of 1983, the liability for gratuity to an employee arises only on completion of 5 years of continued service and also when the number of employees is less than 15, payment of gratuity has not been made mandatory for such employees. The liability is externally funded.

3.3.2 Capital commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the company's control.

3.4 Statement of comprehensive income

For the purpose of presentation of the statement of comprehensive income the directors are of the opinion that function of expenses method presents fairly the elements of the company's performance, and hence such presentation method is adopted in line with the provisions of section 3 to the SLFRS for SMEs – "Financial statements presentation".

3.4.1 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue and the associate cost already incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration revised or revisable, net of trade discounts and revenue related taxes. The following specific criteria are used for the purpose of recognition of revenue.

3.4.1.1 Rendering of Services

Revenue from transactions involving the rendering of the services is recognized by reference to the stage of completion of the transaction at the end of the reporting period. When services are performed by an indeterminate number of acts over a specified period of times, the company recognizes revenue on the straight line basis over the specified period and when a specific act is much more significant than any other act, the company postpones recognition of revenue until the significant act is executed.

3.4.1.2 Interest Income

Interest income is recognized as the interest accrued (taking into Account the effective yield on the Assets) unless collectability is in doubt.

3.4.1.3 Other Income

All other income is recognized on accrual basis.

3.4.2 Expenditure Recognition

3.4.2.1 Operating Expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the Profit / (Loss) for the year. Provision has also been made for impairment of trade receivables, all known liabilities and depreciation on property, plant and equipment.

3.4.2.2 Finance Cost

Finance cost comprise of interest expenses on Government Loans and Bank Overdrafts. All of the borrowing costs are recognized in profit or loss using the effective interest method.

3.4.2.3 Tax Expenses

Income Tax expenses comprising of current and deferred tax. Income tax expense is recognized in Statement of Comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

3.4.2.3.1 Current Taxes

Current tax expense for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on Taxable Income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

3.4.2.3.2 Deferred Taxation

Deferred taxation is recognized using the Balance Sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes to the extent that they are expected to be reversed in the future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

3.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect Method" Interest paid is classified as operating cash flows while interest received is classified as investing Cash Flows for the purpose of presentation of the Statement of Cash Flows

3.6 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged or not.

3.7 Earnings Per Share

The Company presents Basic Earnings per Share (EPS) data for its ordinary Shares Basic EPS is calculated by dividing the Profit or Loss attributable to ordinary share holders of the company by the weighted average number of ordinary shares outstanding during the period

3.8 Events occurring after the reporting period

Events after the reporting period are those events favorable and unfavorable occur between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS - 2020

NOTE 04. REVENUE

	2020	2019
	Rs.	Rs.
Computer Based Training Facility	**1,467,672**	13,954,595
Face to Face Training Facility	**910,000**	23,073,128
Video Conference Facility	**803,275**	291,500
Face to Face Rental Facility	**185,200**	3,736,040
Computer Based Rental Facility	**358,490**	2,369,782
Public Seminars	**2,096,500**	3,234,056
Online Exams	**10,441,766**	16,031,776
International Programmes	-	1,983,188
	16,262,903	64,674,064

NOTE 05. COST OF SALES

	Rs.	Rs.
Total program cost	**3,001,550**	23,138,534
	3,001,550	23,138,534

NOTE 06. OTHER INCOME

	Rs.	Rs.
Miscellaneous Income	-	84,750
	-	84,750

NOTE 07. DISTRIBUTION EXPENSES

	Rs.	Rs.
Sales Promotion Cost	**69,328**	31,675
TBSI *-Sales Managers	-	1,980,461
TBSI -CEO	-	605,000
Printing dockets	-	184,000
Printing Note Books	-	170,101
Traveling expenses -Visit Exam Centers	**76,890**	-
	146,218	2,971,237

* TBSI = Target Based Sales Incentive

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS – 2020

NOTE 08. ADMINISTRATION EXPENSES	**2020**	**2019**
	Rs.	Rs.
Salaries	**11,229,888**	11,177,257
Provision for annual salary increment for managers (Note 8.1)	**470,000**	110,000
EPF Expenses	**1,347,587**	1,340,971
ETF Expenses	**336,897**	335,243
Overtime Expenses	**169,650**	632,539
Incentive Expenses / TBSI Payment	-	976,843
Training and Development Fees	**2,000**	19,000
Provision for Gratuity	**392,950**	386,700
Staff Recruitment Expenses	-	50,787
Bonus for the Staff-Provision as per circular 2019/03 (Note 8.2)	-	148,500
Balance Special payment / Bonus for the Staff-Provision as per board approved formula (Note 8.3)	-	316,500
Board Meeting & Audit Com. Meeting Attendance Fees	-	650,000
Board Meeting & Audit Meeting Refreshment	-	103,075
Uniform cost to Admin Assistant	**30,820**	27,465
Telephone	**235,606**	280,375
Electricity	**2,778,568**	4,640,541
Internet Charges	**182,056**	159,862
E-mail set up Fee	**117,677**	93,280
Travelling	**32,145**	63,373
Fuel - Company Bike	**17,000**	30,220
Fuel Allowance for CEO	**306,000**	306,000
Vehicle Allowance for CEO	**600,000**	600,000
Printing and Stationery Cost	**61,550**	206,702
Newspapers and Magazines Expenses	**29,590**	38,660
Maintenance of Equipment	**499,569**	636,724
Maintenance of Building	**159,942**	201,242
Elevator maintenance charges	**394,060**	400,000
Maintenance of Motor Bike	**18,415**	14,950
Health Insurance	**387,205**	413,651
Motor Bicycle Insurance	**11,265**	13,637
Fire Insurance	**62,621**	68,328
Depreciation	**1,528,867**	1,825,576
Lease Rental Amortization	**1,655,059**	1,655,059
Cleaning Charges	**743,771**	743,892

Provision for Audit Fees (Note 8.4)	**200,000**	450,000
Professional Fees	-	50,000
Secretarial Fees	**116,409**	364,516
Bank Charges	**11,797**	22,525
Tea Expenses for Staff	**69,563**	71,816
Annual Report Translation & Formating Fees	**55,000**	55,885
Photo Copy Machine Rental	**80,788**	451,334
Allowance to Chairperson	-	146,250
Annual Report Printing Cost	-	156,611
Penalty charges	-	3,700
DLC Web Hosting charges	**7,200**	21,024
Projector Lamp purchases	-	92,000
Table repair expenses	-	244,282
VC room carpeting expenses	-	652,529
Water Bottles	**16,480**	-
Minor Repairs	**74,130**	-
Health & Safety Maintenance Cost	**160,826**	-
Internet allowance for the staff	**27,000**	-
Annual Registration Levy to Registrar of Companies	**150,000**	-
Meeting Refreshment	**12,170**	-
	24,782,118	31,449,422

NOTE 08.1. Annual salary increment for managers were not paid from 2019 since the board was not available. Therefore a provision of Rs.470,000/- was made as annual salary increments. This was calculated based on the approved salary increment per year.

NOTE 08.2. The Board has approved a special bonus formula in 2017 based on the operating profits with a cap on a bonus payment which will be a maximum of 10mn of operating profit. The above bonus formula was forwarded to Department of Public Enterprise for the concurrence. DLC has paid only Rs.13,500/- per employee from 2017 to 2019 and the balance amount was kept as a provision until the approval from the PED will be obtained.

Bonus/ Special Payment Calculation for 2019

Special Payment for 6Mn operating profit as per Board approved formula for 2019	**465,000**
Bonus Provision as per Circular No 3/2019 **(NOTE 08.2.)**	**(148,500)**
Balance Provision under Board approved formula **(NOTE 08.3.)**	**316,500**

NOTE 08.4. Audit fee

External audit fee for Auditor General-Provision	**200,000**
	200,000

NOTE 09. NET FINANCIAL INCOME

	Rs.	Rs.
Finance Income		
Fixed Deposit Interest Income	**7,384,976**	8,050,524
Interest on Fund Management Account	**522,286**	579,200
	7,907,263	8,629,723
Less: Finance Cost		
Exchange rate difference	**39,689**	93,459
Government Loan Interest	**-**	24,046
	39,689	117,506
	7,867,574	8,512,218

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS – 2020

NOTE 10. INCOME TAX EXPENSES

NOTE 10.1. Current Taxes

The Company in terms of the Inland Revenue Act No 24 of 2017 as amended by the subsequent Amendment Acts, Profits & Income from which engage in providing Educational Services is liable at the rate of 14%,Other Sources of Income are liable at 28%.

	2020	2019
	Rs.	Rs.
Taxation on Current year Profits(Note 10.2)	-	-
Over / Under Provision for Tax	-	(612,929)
Deferred Tax Asset reversed / (recognized) during the year	(566,931)	2,677,015
	(566,931)	2,064,086

NOTE 10.2. Reconciliation between Accounting Profit and Taxable Profit

Accounting Profit before Income Tax Expenses	(3,799,409)	15,711,838
Aggregate Disallowed Items	2,591,817	3,292,176
Aggregate Allowed Items	(1,156,465)	(1,453,935)
Interest Income	(7,907,263)	(8,629,724)
Taxable Profit / (Loss) from Business	(10,271,319)	8,920,355
Tax Loss Utilized during the year	10,271,319	(8,920,355)
Taxable Income	-	-
Income Tax at 14% on Business Income	-	-
Income Tax at 28% on Investment Income	-	-
Taxation on Current year Profit	-	-

NOTE 10.3. Reconciliation of Tax Loss

Tax Loss B/F	70,444,458	87,994,537
Tax Loss utilized during the year		
Deducted against Business Income	-	(8,920,355)
Deducted against Investment Income	(7,907,263)	(8,629,724)
Tax Loss C/F	62,537,195	70,444,458

NOTE 11. EARNINGS / (LOSS) PER SHARE

The calculation of earning / (Loss) per share is based on the Profit / (Loss) after tax for the year attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding during the year end is calculated as follows,

	2020 **Rs.**	2019 Rs.
Profit / (Loss) attributable to ordinary shareholders		
Profit after Tax attributable to the Ordinary Shareholders (Rs.)	**(4,366,340)**	17,775,925
Number of Ordinary Shares		
Weighted Average Number of Ordinary Shares outstanding during the year	**14,206,509**	14,206,509
Earning / (Loss) per share (Rs.)	**(0.31)**	1.25

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS – 2020

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

	Free Hold					
	Furniture & Fittings Rs.	Office Equipments Rs.	Computer Equipment Rs.	Motor Vehicles Rs.	Bridge & Teaching Equipments Rs.	Total Rs.
12.1 COST						
Balance as at 01st January 2020	4,686,634	3,113,078	45,415,384	152,040	6,104,142	59,471,277
Additions during the year	-	126,500	21,500	-	-	148,000
Disposal / (Transfer)during the year	-	-	-	-	-	-
Balance as at 31st December 2020	**4,686,634**	**3,239,578**	**45,436,884**	**152,040**	**6,104,142**	**59,619,277**
12.2 ACCUMULATED DEPRECIATION / AMORTIZATION						
Balance as at 01st January 2020	4,577,053	2,994,176	41,273,943	152,039	6,104,141	55,101,352
Charge for the year	64,671	32,015	1,432,181	-	-	1,528,867
Disposal / (Transfer)during the year	-	-	-	-	-	-
Balance as at 31st December 2020	**4,641,724**	**3,026,191**	**42,706,124**	**152,039**	**6,104,141**	**56,630,219**
As at 31st December 2019	109,581	118,902	4,141,441	1	1	4,369,926
As at 31st December 2020	**44,910**	**213,387**	**2,730,760**	**1**	**1**	**2,989,058**

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS – 2020

NOTE 13. OTHER FINANCIAL ASSETS

NOTE 13.1. Long Term Investments	Rs.	Rs.
Fixed Deposits	**31,520,783**	27,141,741
	31,520,783	27,141,741

NOTE 13.2. Short Term Investments	Rs.	Rs.
Fixed Deposits	**46,768,909**	41,844,050
	46,768,909	41,844,050

DISTANCE LEARNING CENTRE LIMITED

NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS – 2020

NOTE 14 - LEASE RENTAL

The company has signed a lease agreement with Sri Lanka Institute of Development Authority (SLIDA) where the lessor has agreed to lease the building constructed by the company. This cost is treated as an advance on rent for a period of 30 years commencing from 1st of January 2003 to 31st December 2032 and the lease advance payment is charged to Statement of Comprehensive Income over 30 years. However the lease agreement has not been registered with the Land Registry.

	2020	2019
	Rs.	Rs.
Rental Paid in Advance	49,651,765	49,651,765
Add- Adjustment for Lease Asset Cost	-	-
	49,651,765	49,651,765
Less: Total Amount written of as lease rent	(28,136,003)	(26,480,944)
Current Year Lease Amortization	(1,655,059)	(1,655,059)
Adjustment for Lease Asset Accumulated Amortization	-	-
	19,860,703	23,170,821

NOTE 15 - DEFERRED TAXATION

	Rs.	Rs.
At the beginning of the year	7,081,483	4,404,468
(Charge) / Reversal for the year	(566,930)	2,677,015
At the end of the year	6,514,552	7,081,483

Deferred Tax is provided using the balance sheet liability method providing for temporary differences as between the Company value of assets and liabilities for the financial reporting purpose and the amount used for taxation purpose at Weighted average rate based on Educational service at 14% and interest income at 28%.

Deferred Tax Assets as at the year end is made up as follows,

	2020		2019	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.	Rs.	Rs.	Rs.
Tax Loss B/F	31,268,598	5,815,506	42,266,675	6,613,151
Property, Plant & Equipment	320,961	59,694.09	(51,443)	(8,049)
Retirement Benefit Obligation	3,437,645	639,352.15	3,044,695	476,381
	35,027,204	6,514,552	45,259,927	7,081,483

Deferred Tax Assets has been recognized in respect of the tax loss brought forward to current financial year.

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS – 2020

NOTE 16. TRADE & OTHER RECEIVABLES

	2020	2019
	Rs.	Rs.
Trade Receivables	3,376,745	5,413,059
Advances and Prepayments (Note No 16.1)	404,608	279,000
Interest Receivables	2,903,981	4,822,906
	6,685,335	10,514,965

NOTE 16.1. Advances and Prepayments

Salary Advances given to employees	240,000	204,000
Festival Advance Account	81,000	75,000
Advances for programs	83,608	-
	404,608	279,000

NOTE 17. CURRENT TAX RECOVERABLE

	Rs.	Rs.
WHT Receivable on Interest Income	759,039	759,039
Income Tax - Self Assessment Payment	484,223	484,223
ESC Receivable	512,980	512,980
Tax Receivable Balance (Note 17.1)	2,864,509	2,864,509
	4,620,751	4,620,751

NOTE 17.1. DLC has received refund notice for Rs.2,864,509/-

NOTE 18. CASH & CASH EQUIVALENTS

	Rs.	Rs.
Favorable Balances		
Cash in Hand	25,000	25,000
Cash at Bank - BOC : Ac. No. 0002323189	916,622	160,784
Fund Management Account	15,371,997	22,120,012
	16,313,620	22,305,796

NOTE 19. STATED CAPITAL

	Rs.	Rs.
Issued & Fully paid (14,206,509 Ordinary Shares)	142,065,090	142,065,090
	142,065,090	142,065,090

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS – 2020

NOTE 20. EMPLOYEE BENEFITS

	2020	2019
	Rs.	Rs.
Balance at the beginning of the year	**3,044,695**	2,657,995
Provision made/ (Reversal made) during the year	**392,950**	386,700
Balance at the end of the year	**3,437,645**	3,044,695

NOTE 21. TRADE & OTHER PAYABLES

	Rs.	Rs.
Trade Payables	**17,500**	17,500
Accrued Expenses (Note 21.1)	**3,392,828**	4,095,391
	3,410,328	4,112,891

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS – 2020

NOTE 21.1. ACCRUED EXPENSES AS AT 31ST DECEMBER

	2020 Rs.	2019 Rs.
Cost of ACCA	13,224	-
Board Meeting Refreshment	-	11,800
Overtime	18,062	30,029
Newspapers	1,060	6,680
Electricity	227,918	692,138
Water	3,240	-
Incentive	-	242,395
Transport incentive	-	535,656
Cleaning Charges	93,771	155,541
Telephone	37,762	19,486
Internet Charges	123,428	61,714
Printing & Stationery	-	735
Professional Fees	-	30,000
EPF	188,045	186,733
ETF	28,207	28,010
PAYE	2,148	20,644
Stamp Fees	825	825
Special Payment / Bonus according to Board approved formula (Note 21.1.1)	1,175,000	1,175,000
Special Payment / Bonus as per the circular No 03/2019 (Note 21.1.2)	-	148,500
ESC	-	77,246
Audit Fees	545,600	345,600
Salaries	580,000	110,000
With Holding Tax	-	4,500
Photo Copy Machine Rental	33,963	105,012
Maintenance of Equipment	77,988	32,963
Staff Wel-fare	8,700	-
Program Support Work Cost	3,000	6,600
Income tax Return Filling fee	50,000	50,000
EOEA Program Cost	-	2,655
Face to face Programme Cost	-	10,800
Fuel-Company Bike	-	1,000
Maintenance of Motor Vehicles	4,980	130
Tea expenses	2,000	3,000
Secretarial Fee	116,409	-
Computer Based Training-DLCCost	57,500	-
	3,392,828	4,095,391

NOTE 21.1.1. Bonus

Provision for bonus / Special payment has been made according to the Board approved formula from 2017 to 2019. DLC has forwarded the above bonus scheme to the PED for their concurrence.

NOTE 21.1.2. Bonus

Bonus for 2019 performance Rs. 148,500/- was paid in 2020. No provision was made for 2020 due to the operating loss faced in current year.

NOTE 22. ADVANCE RECEIVED

	2020	2019
	Rs.	Rs.
Advance Recieived for Public seminar	12,000	12,000
Advance Received for World Bank Program	339,190	-
Advance Received for Staff Disciplinary Program	216,000	-
	567,190	12,000

NOTE 23. RELATED PARTY TRANSACTION

There were no related party transactions during the year.

NOTE 23.1. Transaction with Key Management Personnel

According to Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosures" Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. The board of Directors have been identified as Key Management Personnel of the company.

DISTANCE LEARNING CENTRE LIMITED
TIN : 134008989 0000
YEAR OF ASSESSMENT 2020/2021
COMPUTATION OF INCOME TAX PAYABLE (DRAFT)

(EXPRESSED IN SRI LANKAN RUPEES)

COMPUTATION OF TAXABLE INCOME	**NOTES**		
Assessable Income from Business	***Schedule A***		-
Assessable Income from Investment			
Fixed Deposit Interest Income		7,384,976	-
Interest on Fund Management Account		522,286	
Less Loss Claimed		(7,907,263)	-
TAXABLE INCOME			-
INCOME TAX PAYABLE			
A. Tax on Taxable Income			
Tax on Income Taxable at lower Rate @ 14%		-	-
		-	-
Less : Tax Credits			
Economic Service Charge (ESC)	*6*	512,980	
WHT Credit			
Any Other Relief			(512,980)
Balance Income Tax Payable / or (Income Tax Refund Due)			**(512,980)**

Schedule A

DISTANCE LEARNING CENTRE LIMITED

TIN : 134008989 0000

YEAR OF ASSESSMENT 2020/2021

CALCULATION OF ASSESSABLE INCOME FROM BUSINESS (DRAFT)

(EXPRESSED IN SRI LANKAN RUPEES)

Profit/(Loss) Before Tax as per Financial Statements				(3,799,409)
Less	**Exempt Amounts, Final withholding payments & Other Sources**			
	Fixed Deposit Interest Income		,384,976	
	Interest on Fund Management Account		522,286	(7,907,263)
Add	**Deductions not Allowed**			
	Gratuity Provision	1	392,950	
	Accounting depreciation on PPE		1,528,867	
	Other Provision		670,000	2,591,817
Less	**Deductions Allowed**			
	Gratuity paid		-	
	Capital allowances on depreciable assets	3	1,156,465	(1,156,465)
Less	Loss Claimed			10,271,319
ASSESSABLE INCOME FROM BUSINESS / (BUSINESS LOSS)				-

DISTANCE LEARNING CENTRE LIMITED

NOTICE is hereby given that the Annual General Meeting of the shareholders of Distance Learning Centre Limited will be held on Tuesday the 21st day of February 2022 at 2.30 p.m. at the Registered Office, 4th Floor, No.28/10, Malalasekera Mawatha, Colombo - 07.

A G E N D A

1). Read the notice of convening the meeting.

2). To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company and the Statement of Accounts for the year ended 31st December 2020 with the Report of the Auditors thereon.

3). Appointment Auditors for the ensuing year.

BY ORDER OF THE BOARD

DISTANCE LEARNING CENTRE Limited

COMPANY SECRETARIES

Date: 2nd day of February 2022

DISTANCE LEARNING CENTRE LIMITED

FORM OF PROXY

I/We*... of
.... being a
Shareholder/Shareholders* of Distance Learning Centre Limited hereby appoint
....of
....or failing him/her*

Dr. Serasinghe Pathiranage Geethanganee Damayanthi Pradeepa	of Colombo or failing her
Mr. Kalatuwage Don Neel Ranjith Asoka	of Colombo or failing him
Mr. Karunanayaka Thanannahalage Indika Premaratne	of Colombo or failing him
Ms. Kasthuri Nanayakkarage Nalani Malkanthi Bandara	of Colombo or failing her
Ms. Michelle Alikie Tania Perera	of Colombo

as my/our* Proxy to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company, to be held on .... day ....2022 at 2.00p.m., and at any adjournment thereof and at every poll which may be taken in consequence thereof.

....
Signature of Shareholder

Signed this...............................day of..........................2022

Instructions as to the completion of Proxy Form

1. A member is entitled to appoint a proxy to attend and vote in his/her/their place.
2. A proxy holder need not be a member of the Company.
3. A member wishing to vote by proxy at the meeting may use the form enclosed and interpolate the 'right to speak'.
4. To be valid, the completed form of proxy must be lodged at the registered office of the Company not less than 48 hours before the meeting.
5. In the case of a Company /corporation the proxy must be under it's Common Seal, which should be affixed and attested in the manner prescribed by its Articles.