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Ministry of Education,  
Higher Education and  
Vocational Education

# වාර්ෂික වාර්තාව අුණ්‍යාක්ෂක Annual Report

# 2023



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State Printing Corporation



State Printing Corporation

2023

## ANNUAL REPORT

STATEMENT OF ACCOUNTS  
AND  
REPORT OF THE AUDITOR GENERAL

For the 55<sup>th</sup> year ended 31<sup>st</sup> December 2023  
From 01<sup>st</sup> January 2023 to 31<sup>st</sup> December 2023



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## **Vision**

To become the pioneer in security printing industry, exercise books and stationery production market specially in educational development publication while being the pioneer of the printing industry

## **Mission**

To be committed for the requirement and progression of the public providing printing products at a competitive price in the highest standard of printing industry as an exemplary state corporation equipped with talented, skilled, motivated and satisfied employees.

## Message from the Chairman



In a background where the State Printing Corporation; started in the year 1968, has reached the maturity with its age of 57 years, I consider that I have been fortunate to present the Annual Report and the Account Statements of the year 2023 and to issue a message as the first Chairman of the State Printing Corporation under a People-Friendly Government.

Our Corporation; which always takes efforts to print around 40% of the textbook requirements of the school children spread throughout the island on time with highest quality and finish, proceeds with firm confidence to provide high-quality exercise books under the SPC brand for those children.

In order to direct the future of the State Printing Corporation towards a sustainable development path for a Rich Country - a Beautiful Life, we have planned to initiate several new projects as we require to absorb new strategic ideas in the public sector to suit the modern world. The proceedings will be done within the coming years to strengthen the public finances through a profitable business subsequent to the establishment of the performance-based separate

business units. Also, in line with "Clean Sri Lanka"; a government policy, I and the Board of Directors have initiated the background required to implement the said program in the State Printing Corporation. In the fulfillment of all these tasks, I recall with great honor the Hon. Prime Minister and the Minister of Education, Higher Education and Vocational Education of the Democratic Socialist Republic of Sri Lanka; Dr. Harini Amarasuriya who is continuously supporting me by supervising our institution, and I remember with great gratitude the Secretary to our Ministry and the Board of Directors.

Similarly, the efficiency of the institution should be improved in order to build the well-being of the institution, and it is required to march forward with all the employees of the institution to reach that purpose and I recall the support received from all the employees with immense gratitude.

A handwritten signature in black ink, appearing to read "T. M. D. N. Ujitha Bandara".

Mr. T. M. D. N. Ujitha Bandara  
Chairman  
State Printing Corporation

Panaluwa  
Padukka

Hon. Minister  
Ministry of Education, Higher Education and Vocational Education  
Isurupaya  
Battaramulla

Hon. Minister,

Following reports that cover the period up to 31 December 2023 are presented herewith for your information on behalf of the Board of Directors in accordance with the conditions stipulated in the Section 14 of the Finance Act No. 38 of 1971.

01. Annual Report on the activities of the State Printing Corporation
02. Financial Statements included with the Statement of Financial Position and the Comprehensive Income Statement subjected to the audit
03. The opinion of the Auditor General

Yours Sincerely



Chairman  
State Printing Corporation

## 2023 Board of Directors

### Chairman

Mr. A. D. Nimal Dharmarathna

### Directors

1. Mr. **Palitha Deshapriya Weerasooriya**
2. Mr. **Thilak Hettiarachchi**
3. Mr. **G. R. Aruna Bimsara**
4. Mr. **Shashika Karunadasa**
5. Mrs. **Nimali Jayasundara**
6. Mr. **N. M. Arachchi**

# 2023 Executive Officers

**General Manager (Act.)**

Mr. Tharaka Dewapriya

**Works Manager**

Mr. T. M. R. N. Tennekoon

**Supplies Manager**

Mr. E. V. K. Keerthiratne

**Finance Manager (Act.)**

Mr. M. S. S. Mohotti

**Manager (Admin. & HRD) (Act.)**

Mr. P. K. Thilak Mahinda

**Deputy Works Manager**

Mr. S. D. Kumarasinghe

**Internal Auditor (Act.)**

Mr. Niron Amarasena

**Deputy Works Manager (Security Printing)**

Mr. M. A. Kothalawala

**Asst. Manager (Sales) (Act.)**

Mrs. H. P. Priyanka Weerasinghe

**Asst. Manager (IT)**

Mr. R. M. A. P. B. Rajakaruna

**Asst. Manager**

**(Legal/Secretary to the Board)**

Mrs. A. L. R. Madhukani

**Asst. Manager (Publication) (Act.)**

Mr. A. W. Rajasooriya

**Asst. Manager (Supplies)**

Mr. U. Anil Jayakantha

**Accountant**

Mr. W. A. A. S. Jayasundara

**Asst. Manager Works (Maintenance)**

Mr. N. G. L. Chandimal

**Accountant**

Mr. N. U. S. de Silva



# 2023 STATE PRINTING CORPORATION

## REPORT OF THE BOARD OF DIRECTORS

In terms of Section 14 of the Finance Act No. 38 of 1971, the Board of Directors of the State Printing Corporation is pleased to present its 55th report that includes the proceedings of the Corporation for the year ended 31st December 2023.

12 board meetings were held during the year 2023.

We are pleased to have been able to achieve a historic financial progress in 2023 for the first time in the history of State Printing Corporation after the year 1968. This achievement was caused by the foresight and efforts of the management of the corporation subsequent to a thorough study of various avenues. For the first time in the history of the Printing Corporation, it has been able to generate an income of more than Rs. 8000 million and thereby generate a profit of over Rs.2000 million. The main reason for this is the ability of producing textbooks related to the years 2023 and 2024 during the year 2023. This progress has been achieved by the ability of generating an income of nearly Rs.7000 million and gaining a high margin through the said project. Before the year 2022, the Corporation had experienced a severe financial crisis due to the continuous losses for many years, and however the said financial setback has been able to be overcome due to the progress achieved this year. The importation of papers and printing materials required for the production of textbooks through the Indian Credit Line jointly by the Ministry of Education and the Educational Publications Department in the year 2023 with the full support of the Minister of Education, and thereby being able to solve the issue of working capital for the production have resulted in the achievement of this progress. The value of raw materials imported through the Indian Credit Line is nearly a sum of Rs. 4300 million, and the said value has been paid and settled by the Corporation in the year 2023. Also, the

Corporation has been able to pay off the external debts and liabilities amounting to over Rs.1200 million that were to be paid at the end of 2022 and the taxes due in the past few years are also being paid. The State Printing Corporation was able to print and deliver the books on time without any delay and without imposing any late charges. For that purpose, the management took timely actions and decisions to procure time, labor, machines and other physical resources on time effectively and efficiently which is the main cause of this achievement. Accordingly, the accounts of the Corporation for the year 2023 have been handed over to the audit on the due date and the arrangements have been made to execute the future proceedings to prepare the Action Plans and Corporate Plans that include future plans. The promotions of the employee that had been suspended for a long time in the Corporation were able to be provided after the receipt of the formal approval in the year 2023. Being motivated thereby, the employees are taking efforts to give their contribution to the Corporation for the forthcoming years. All the trade unions represented by the staff of the Corporation supported this progress and this progress was achieved through the commitment of the Minister of Education, the Secretary to the Ministry of Education, the Educational Publications Commissioner, the Board of Directors and the Management Board of the Corporation as well as its staff. The composite report including the progress and the related particulars of the major business sectors of the corporation is as follows.

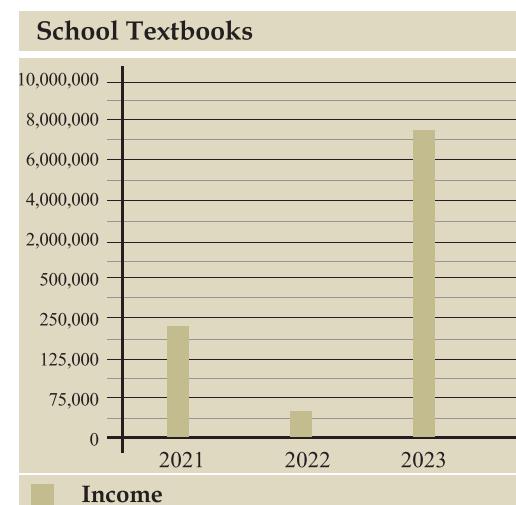
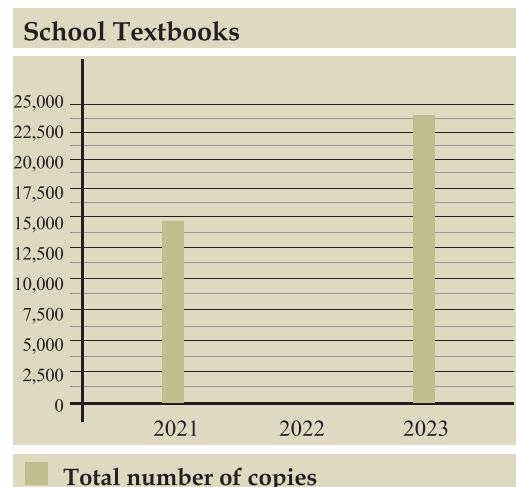
## 01. Production Division

### 1.1 School Textbooks

With the adding up of machines to the production division of the corporation, the capacity of its book printing division has increased rapidly. Accordingly, the corporation is with the sufficient capacity to print the entire textbook requirement and is able to provide this capacity by operating the machines of the corporation throughout the year. In the year 2023, the corporation has been able to print and supply a total of 23.9 million textbooks as 10.6 million textbooks related to the year 2023 and 13.3 million books related to the year 2024. Accordingly, the corporation has been able to print and supply 30% from the total quantity of textbooks in the year 2023 and 40% from the total quantity of textbooks in the year 2024. Through that task, the corporation has earned an income of Rs. 7470.8 million and a gross profit of Rs. 3363.1 million. The raw materials required for the textbook printing division were imported through the Indian Credit Line and all the money spent for that purpose has now been settled to the Ministry of Education. This progress has been achieved as it was able to double the revenue while a fixed staffing cost of the corporation was being maintained by printing textbooks for two years in the same year. Also, the corporation has been able to achieve the efficiency of the production division by fully utilizing the machines related to the textbook division and completely using the labor unique for those machines as well as the purchase and supply of raw materials at the lowest cost in the required time.

The number of copies of school textbooks printed in the year under review and the income received from those are shown below with a comparison to the years 2021/2022 .

School Textbooks	2021 ('000)	2022 ('000)	2023 ('000)
No. of copies	14,900	-	23,928
Income - Rs.	1,186,918	41,569	7,470,886



## 1.2 Other Printing Tasks

As the main printing press gave priority and spent time to the production of textbooks, the time to execute other printing services has been limited. However, the corporation accepted orders for the printing of examination papers in varied provinces, and the NorthWestern and Southern Provincial Councils were the main among those provinces. Besides, the corporation has carried out the direct printing requirements of the customers who have been dealing continuously. It has been possible through this to generate an

income of Rs. 158.3 million which is also an increase compared to the last year.

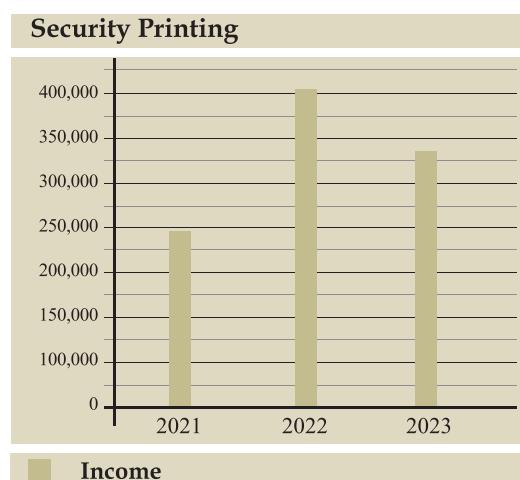
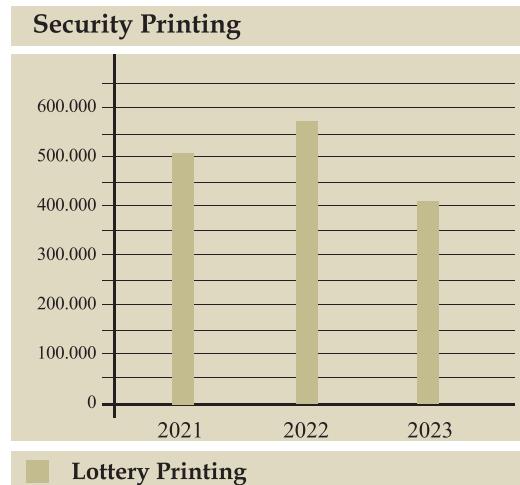
The printing products with high quality have been able to be provided through the new four-color printing machine received by the printing division of the corporation, and the production contribution of the said machine has given an impact on status. This progress has been achieved through the ability of providing raw materials and other facilities required for printing without any complication in respect of the working capital.

## 1.3 Security Print Division

A separate unit for the security printing has also been set up in the main press of the corporation and three printers suitable for security printing have been installed in that department. The lottery tickets are mainly being printed through that for the National Lotteries Board, and the Mahajana Sampatha Lottery is also being printed and provided continuously. Although the said division showed some inefficiency during the last few years, the necessary arrangements have been made to print it at the right time and at the right quality during the year under review. Some quantity of the papers and printing materials required for the manufacturing activities of the division were also imported through the India Credit Line. As the cost of the raw materials imported through the Indian credit line was increased, the division was being maintained at a loss-making level. However, the corporation has prioritized it considering to be a necessary task. Specially, in respect of security printing activities, the Corporation had made arrangements to print and supply the vouchers related to the project of providing free school footwear to the school children by the Ministry of Education, and the Corporation is with the ability to carry out such printing endeavors. A comparative report that includes the

quantity of lottery tickets printed and the revenue in the year under review and the year 2021/2022 is given below.

Lottery Printing	2021 ('000)	2022 ('000)	2023 ('000)
No. of copies	510,285	566,498	408,494
Income - Rs.	247,229	405,863	335,581



## 1.4 Exercise Books and Stationery Production Division

What is given below is a summary report of the revenue and production volume of exercise books and other stationery produced in the year 2023.

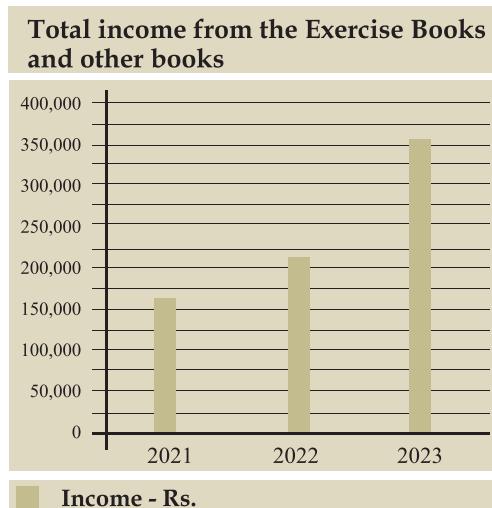
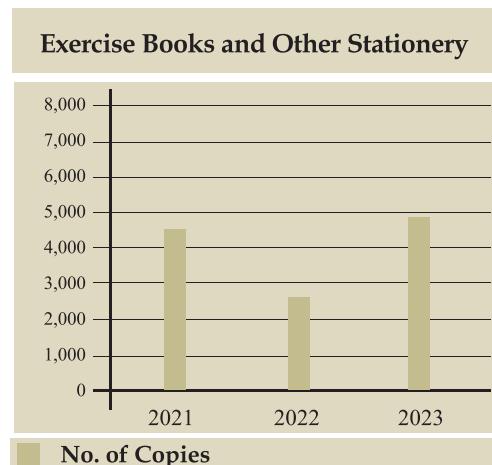
Description	Production Quantity	Value Rs.
Exercise Books (80 pages)	3,769,956	Rs.340,381,139.00
CR Books (80 Page CR Books)	946,481	Rs.1,385,475.00
Other Stationery Production (unit - B5)	10,060	Rs.1,385,475.00
North,Western and Central Provincial Question Papers	4,268,281	Rs.35,108,573.50
<b>Total</b>		<b>Rs.545,425,407.50</b>

Although the production of that division was hindered as the raw materials required for the production of exercise books encountered with complications due to the economic situation prevailed in the year 2022, it was able to operate the said division by importing the necessary raw materials through the Indian Credit Line. The 1250 tons of paper required to the division were imported through the Indian Credit Line and the production activities were started from these raw materials. In the year 2023, a concessionary system was executed to provide exercise books to the school children, and the productions were limited due to the capacity of the machine presently available in the division. Although the price of paper imported through the Indian Credit Line was high, the corporation had to reduce the prices in the market to match with the prices of the competitors in order to maintain the market with competing institutions with the gradual decrease in the price of paper in the market. The division experienced some financial setback as the cost of the paper imported through the Indian Credit Line was high and the book price in the market had to be reduced. However, the paper was strategically used to produce textbooks to avoid that situation. The proceedings have been done thereby to reduce the loss. Although, it was planned to buy a machine in the year 2020 to

improve the activities of that division, it was not possible to be realized. However, it is intended to accomplish those works the year 2024. Also, while improving the production capacity, the necessary plans have been made to establish a network of dealers across the country to sell those products and accordingly the required plans to improve those products and performance have been prepared.

The production of the Stationery Division in the year under review compared to the years 2021 and 2022 is as follows.

Exercise Books & Other Stationery	2021 ('000)	2022 ('000)	2023 ('000)
No. of copies of book	4,595	2,627	4,868
Income - Rs.	164,341	216,910	355,293



## 02. Financial status of the Corporation

The financial status of the corporation as at 31.12.2022 could be improved very positively in the year 2023 and the uncertainties about the going concern of the corporation in the year 2022 could be avoided. The bank loans obtained by the corporation during and before the year 2022 had exceeded the capital of the corporation and all such loans have been able to be settled by the end of the year 2023. Although, the corporation has continuously defaulted the payments of tax, the measures are being taken to be released from the said liability also by paying taxes in installments as per the agreements entered into with the Inland Revenue Department in 2023.

Even if the total assets of the corporation amounted to Rs. 1614.1 million in the year 2022, that amount has been able to be increased to Rs. 4056.7 million in the year 2023. A summary of the values of the fixed assets owned by the corporation is given below. The value of those fixed assets has increased through the revaluation of the buildings and the vehicles of the corporation and thereby the overall asset value has increased.

Fixed Assets	2021 Rs. ('000)	2022 Rs. ('000)	2023 Rs. ('000)
Initial Value (cost)	1,176,497	1,533,601	2,103,437
Net value at the end of the year	1,035,427	1,172,812	1,714,035

## 03. Financial facilities

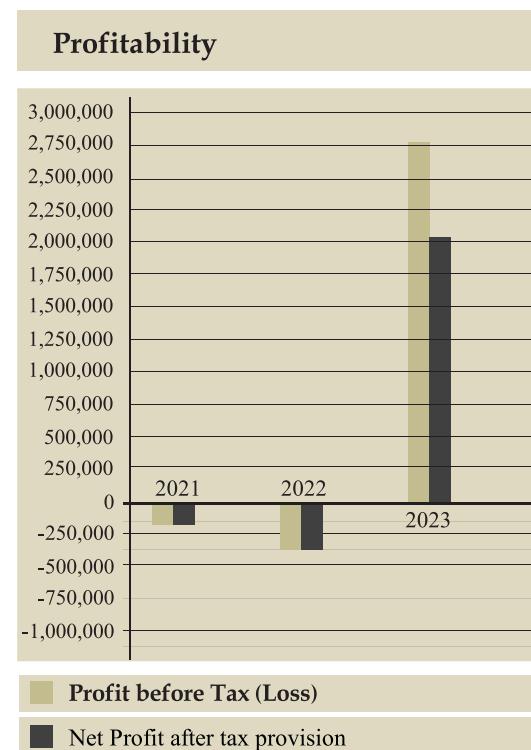
The People's Bank acts as a main bank of the corporation and the People's Bank has provided a financial facility of Rs.1365 million as short-term and long-term guaranteed overdrafts for the

business proceedings of the corporation. For that purpose, the financial facilities are provided taking lands of the corporation as securities and a treasury bond issued by the Treasury.

## 04. Financial performance of the Corporation

The corporation has continuously incurred losses from the year 2015 to the year 2022 and a post-tax profit of Rs. 2030.5 million has been earned in the year 2023 according to the accounts. This is the highest profit in the history of the corporation and has led to the complete avoidance of the financial setback of the corporation. An analysis on that matter is given below.

Profitability	2021 Rs. ('000)	2022 Rs. ('000)	2023 Rs. ('000)
Pre-tax profit	(208,096)	(380,702)	2,794,248
After the tax	(208,096)	(380,702)	2,030,569



## 05. Tax liability

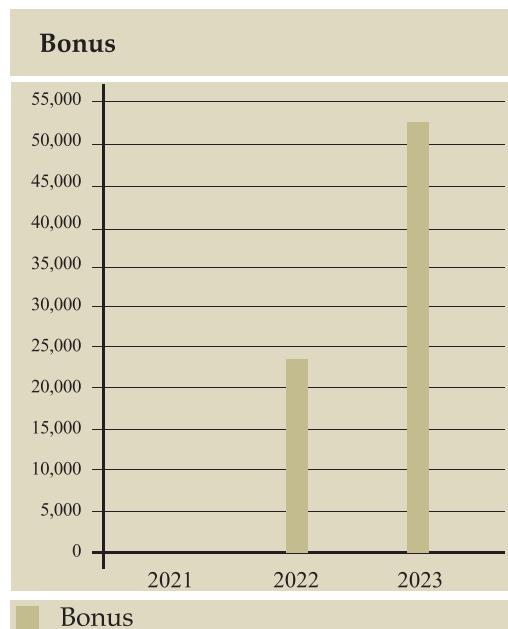
The tax payments of the Corporation did not happen due to the loss incurred until the year 2022 in respect of all the taxes including corporate tax, social security levy, stamp duty and advance tax on the income of individuals, according to the Corporation Act

and the Inland Revenue Act. However, with the achievement of the profitable level in the year 2023, the allocation for taxes was made and the tax payment activities were done.

## 06. Payment of production incentives to the employees of the Corporation

The approval was granted by the Board of Directors to pay the employees a two-month salary as an incentive to encourage them for their efforts and dedications with a financial profit being obtained by the Corporation. Accordingly, the corporation paid incentives to the employees in December 2023. The report including the details about that matter is given below.

Bonus	2021 Rs. ('000)	2022 Rs. ('000)	2023 Rs. ('000)
	-	23,891	52,572



## 07. Settlement of bank loans and other liabilities of the Corporation

Although the uncertainty about the going concern of the corporation had been mainly caused by the bank loans and other liabilities, the corporation settled the loans owed to external creditors and banks by realizing the concept going concern while avoiding that situation in the year 2023. Accordingly, a summary on how the corporation has paid the previous years' loans and other liabilities in the year 2023 is given below.

	2021 Rs. ('000)	2022 Rs. ('000)	2023 Rs. ('000)
1. Short term Loans	1,024,101	916,746	59,032
2 Debtors	666,418	279,666	172,419
3 Long term Loans	79,301	64,528	-

## 08. Employee Welfare Activities of the Corporation

The total number of employees in the management level and other levels of the corporation is nearly 480, and the management of the Corporation

continuously provides incentives, medical benefits, carry out varied welfare activities, provides interest reimbursement for housing loans and transport facilities for welfare of the employees.

	Welfare	2021 Rs. ('000)	2022 Rs. ('000)	2023 Rs. ('000)
01	Transport facilities for employees	8,146	4,266	7,699
02	Incentives for employees	-	1,733	52,572
03	Payment of health support benefits	9,088	5,118	5,061
04	Miscellaneous welfare activities of employees	17,134	8,409	13,938
05	Rebate of employees housing loans	-	719	964
	<b>Total</b>	<b>34,368</b>	<b>20,245</b>	<b>80,054</b>

## 09. The particulars of Staff

A summary report including the particulars of approved staff, actual staff and the vacant staff of the corporation is given below. The approval had been received from the Treasury to fill the existing vacancies in the staff of the

corporation from the internal staff of the corporation and to give promotions internally. Accordingly, the interviews have been conducted for the relevant promotions.

Classification of Employees	Approved Cadre	Actual Cadre	Vacancies
Senior Level	29	12	17
Territory Level	29	13	16
Secondary Level	329	171	158
Primary Level	295	286	09
<b>Total</b>	<b>682</b>	<b>482</b>	<b>200</b>

## 10. Conclusion

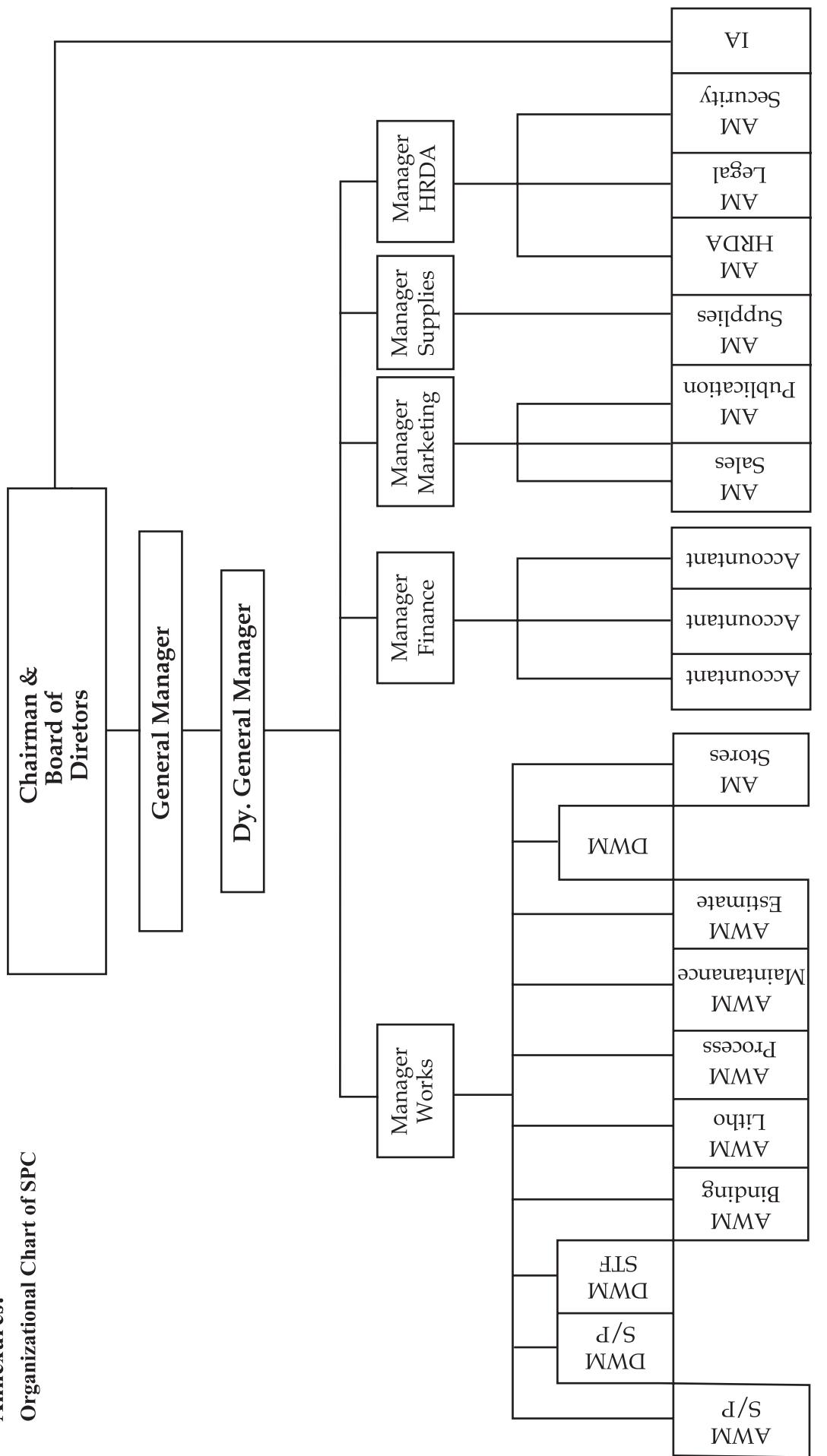
The State Printing Corporation has achieved a historic financial achievement in the year 2023 as a state-owned commercial enterprise by terminating the financial setbacks prevailed for years and receiving the continuous support from the government. In order to materialize this achievement, the Minister of Education, the Secretary to the Ministry of Education, the Commissioner of Educational Publications and the Department of Public Enterprises have

given a huge support. The entire staff, board of directors and management of the corporation made a great dedication as a public business institution. We, as the Board of Directors, wish energy and courage to maintain the State Printing Corporation successfully with efficiency and effectiveness as a public enterprise having the capability to further serve the people of the country, and specially the school children for their future progression.

# State Printing Corporation

## Annexures:

## Organizational Chart of SPC



## Compliance Report

No	Requirement of concerned	Status of Compliance Compatible / Not Compatible	If not Compatible, reasons in brief	Accurate measures proposed to avoid the non-compliance in future
1	<b>Submission of following Financial Statements / Accounts as at the due date</b>			
1.1	<b>Annual Financial Statements</b>			
1.2	Performance Reports	Compatible		
2	Maintenance of Books and Documents (F.R445)	Compatible		
2.1	Maintaining Fixed Assets Register in updated manner	Compatible		
2.2	Maintaining Personal Emoluments Register in updated manner	Compatible		
2.3	Maintaining Audit Queries Register in updated manner	Compatible		
2.4	Maintaining Internal Audit Reports in updated manner	Compatible		
2.5	Preparing all monthly accounts and presenting to the Director Board.	Compatible		
2.6	Maintaining Inventory Register in updated manner	Compatible		
2.7	Maintaining Stock Register in updated manner	Compatible		
2.8	Maintaining Losses and Damages Register in updated manner	Compatible		
2.9	Maintaining Liability Register in updated manner	Compatible		
3	<b>Delegating the tasks for financial control (F.R 135)</b>			
3.1	Financial powers have been delegated within the institution	Compatible		
3.2	Awareness has been made about the delegation of financial powers within the institution	Compatible		
3.3	Powers have been delegated so that each transaction is approved through two or more officers	Compatible		
4	<b>Preparation of Annual Plans</b>			
4.1	Preparation of Annual Action Plan	Compatible		
4.2	Preparation of Annual Procurement Plan	Compatible		
4.3	Preparation of Annual Internal Audit Plan	Compatible		
4.4	Preparation of Annual Estimates and presenting to the Director Board as at the due date	Compatible		

No	Requirement of concerned	Status of Compliance Compatible / Not Compatible	If not Compatible, reasons in brief	Accurate measures proposed to avoid the non-compliance in future
<b>5</b>	<b>Audit Query</b>			
5.1	All Audit Queries have been answered as at the date prescribed by the Auditor General	Compatible		
<b>6.</b>	<b>Internal Inquiry</b>			
6.1	Preparation of Internal Audit Plan at the beginning of the year subsequent to the discussion with Auditor General	Compatible		
6.2	Each Internal Audit Report has been answered within one-month period	Compatible		
6.3	As per the sub-section 40 (4) of the National Audit Act No.19 of 2018, the copies of all internal audit reports have been presented to the Management Audit Department	Compatible		
6.4	As per the Financial Regulation 134 (3), the copies of all internal audit reports have been presented to the Auditor General	Compatible		
<b>7</b>	<b>Audit and Management Committees</b>			
7.1	As per the DMA Circular 1-2019, at least 04 Audit and Management Committees have been maintained within the year	Compatible		
<b>8</b>	<b>Asset Management</b>			
8.1	As per the paragraph 07 of the Asset Management Circular No.01/2017, the particulars about purchases and disposals of the assets have been presented to the Comptroller General's Office	Compatible		
8.2	As per the paragraph 13 of the aforesaid circular, a suitable liaison officer has been appointed to coordinate the implementation of the provisions stipulated in the said circular and the particulars of the said officer have been reported to the Comptroller General's Office	Compatible		
8.3	As per the Public Finance Circular 05/2016, the board of surveys have been conducted and the relevant reports have been presented to the Auditor General on due date.	Compatible		
8.4	The surpluses, deficits and other recommendations revealed by the annual board of survey have been dealt with during the period mentioned in the circular	Compatible		
<b>9</b>	<b>Vehicle Management</b>			
9.1	Daily running charts and monthly summary reports for the pooled vehicles have been prepared and presented to the Auditor General as at the due date	Not Compatible		This will be rectified in the year 2024
9.2	Vehicles have been disposed within a period of less than 06 months after being condemned	Not Compatible		This will be rectified in the year 2024
9.3	Vehicle Logbooks are maintained in updated manner	Compatible		
9.4	Proceedings are done regarding each vehicle accident as per F.R 103, 104, 109 and 110	Compatible		
9.5	Re-inspect the fuel consumption of the vehicles as per the provisions stipulated in the paragraph 3.1 of the Public Administration Circular No.2016/30 dated 29.12.2016	Not Compatible	The inspection could not be done due to the fuel shortage	The inspections of fuel consumption is done from the year 2023

No	Requirement of concerned	Status of Compliance Compatible / Not Compatible	If not Compatible, reasons in brief	Accurate measures proposed to avoid the non-compliance in future
<b>10</b>	<b>Bank Account Management</b>			
10.1	Bank Reconciliation Statements have been made and certified as at the due date, and presented for the audit			
10.2	The dormant bank accounts brought forward in the year under review or from the previous years have been settled			
10.3	The proceedings have been made as per the Financial Regulations regarding the balances revealed and to be adjusted by the bank reconciliation statements and the said balances have been settled within a month			
<b>11</b>	<b>Human Resource Management</b>			
11.1	Maintaining the staff within the limit of approved staff			
11.2	The duty lists have been given in writing to all the members of the staff			
<b>12</b>	<b>Providing Information to the Public</b>			
12.1	An Information Officer has been appointed as per the Right to Information Act and the regulations, and a register of providing information is being maintained in updated manner			
12.2	Information about the institution has been given through its website and the facilities to convey the appreciations / allegations from the public have been made through the said website or alternative means			
<b>13</b>	<b>Procurement of Human Resource Plan</b>			
13.1	Human Resource Plan has been prepared			
13.2	A training opportunity not less than 12 hours per year for each member of the staff has been assured in the above Human Resource Plan			
13.3	Annual Performance Agreements have been signed for the entire staff			
13.4	A senior officer has been appointed assigning the responsibilities of preparing Human Resource Development Plan, Capacity Development Program Improvement, Skill Development Program Implementation			
<b>14</b>	<b>Responding to Audit Paragraphs</b>			
14.1	The defects pointed out by the audit paragraphs issued by the Auditor General for the previous years have been rectified			

## **Sustainable Development Goals**

Among the objectives of the State Printing Corporation established by the State Printing Corporation Act No. 24 of 1968, the objectives such as printing school textbooks of the Educational Publications Department which are distributed free of charge for school children, executing necessary printing works for the institutions of the public sector are main. The corporation proceeds with the aim of producing high quality and high-level school textbooks at a low cost and providing those books to the entire generation of children in order to improve the education of the country.



# 2023

## STATE PRINTING CORPORATION

### Comprehensive Income Statement For the year ended 31<sup>st</sup> December - 2023

	Notes	2023 Rs.	2022 Rs.
Revenue	08	8,323,244,160	824,836,307
Cost of Sales	09	(4,902,908,869)	(841,265,053)
EPD / NLB Quality Losses & Late Charges		(27,700,143)	(22,603,608)
<b>Gross Surplus</b>		<b>3,392,635,148</b>	<b>(39,032,354)</b>
Other Operating Income	10	94,493,667	13,111,053
Selling & Distribution Expenses	11	(37,703,712)	(37,737,028)
Establishment & Administrave Expenses	12	(220,424,218)	(159,898,028)
Other Operations Expenses	13	(74,210,585)	(4,313,189)
<b>Operating Profit</b>		<b>3,154,790,298</b>	<b>(227,869,546)</b>
Finance Income	14	14,834,896	3,963,562
Other Income -Genaral Tesuary Grant Acquired ( Amortisation 2023 Jan-Dec )		31,122,237	21,243,200
Finance Expenses	14.1	(229,657,771)	(178,040,017)
SSCL		(176,841,478)	
<b>Surplus/(Deficit) for the year before tax</b>		<b>2,794,248,182</b>	<b>(380,702,801)</b>
Income Tax	15	(763,678,827.36)	-
<b>Surplus/(Deficit) for the year after tax</b>		<b>2,030,569,355</b>	<b>(380,702,801)</b>
Other Comprehensive Income			
Profit/(loss) Revaluation of Land		532,491,630	-
Profit/(loss) Revaluation of Motor Vehicle		66,089,975	-
<b>Total Surplus/(Deficit) for the year</b>		<b>2,629,150,960</b>	<b>(380,702,801)</b>

**STATE PRINTING CORPORATION**  
**Statement of Financial Position**  
**As at 31<sup>st</sup> December - 2023**

	( Note No )	2023 (Rs.)	2022 (Rs.)
<b>ASSETS</b>			
NON CURRENT ASSETS			
Property, Plant & Equipment	16	1,714,035,288	1,172,812,215
<b>TOTAL NON CURRENT ASSETS</b>		<b>1,714,035,288</b>	<b>1,172,812,215</b>
CURRENT ASSETS			
Inventories	17	1,259,427,556	196,077,951
Trade Receivables	18	936,518,912	180,354,066
Other Receivables	19	27,252,915	18,409,464
Pre payments		1,632,858	925,272
Bank - Fixed Deposit (Short Terms)		-	25,636,644
Interest Receivable - Bank FD		-	2,948,214
Cash & Cash Equivalents	20	117,844,459	17,015,662
<b>TOTAL CURRENT ASSETS</b>		<b>2,342,676,701</b>	<b>441,367,273</b>
<b>TOTAL ASSETS</b>		<b>4,056,711,989</b>	<b>1,614,179,488</b>
<b>EQUITY &amp; LIABILITIES</b>			
Issued Capital		15,000,000	15,000,000
Revaluation Reserve		1,299,933,257	701,351,652
Retained Earnings		856,191,260	(1,163,063,864)
<b>TOTAL EQUITY</b>		<b>2,171,124,516</b>	<b>(446,712,212)</b>
<b>NON CURRENT LIBILITIES</b>			
Retirement Benefit Obligation		192,758,668	145,793,663
Bank Long Term Loan		-	-
General Treasury (Machineries Grant)		355,509,711	386,631,948
<b>TOTAL NON CURRENT LIBILITIES</b>		<b>548,268,379</b>	<b>532,425,611</b>
<b>CURRENT LIBILITIES</b>			
Trade Payables	21	107,030,942	215,138,113
Other Payables	22	65,389,937	64,528,476
Tax Payables	23	339,857,169	234,109,923
Income Tax Provision - 2023		763,678,827	-
Bank Long Term Loan - (Current Liability Amount)		-	24,663,200
Bank FD Loan -( Maturity on June 21/2023)		-	23,000,000
Payable Interest for Bank FD Loan		-	2,062,123
Interest Bearing Borrowings		59,032,000	916,746,059
Bank Usance Loans - ( Credit LC )		2,330,218	7,128,102
Bank Overdraft - PB1/PB 2		-	41,090,093
<b>TOTAL CURRENT LIBILITIES</b>		<b>1,337,319,094</b>	<b>1,528,466,089</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>4,056,711,989</b>	<b>1,614,179,488</b>

I certify that these financial statements of the Corporation comply with the requirements of the Finance Act No. 38 of 1971

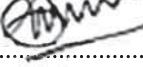
  
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M.S.S Mohotti  
Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board of Directors and signed on their behalf. The accounting policies on pages 06 and 10 and notes on pages 10 to 24 form an integral part of these financial Statements.

  
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Nimal Dharmarathna  
Chairman/Director

  
.....

N. M. S. P. Karunadasa  
Director  
Annual Report - 2023

**STATE PRINTING CORPORATION**  
**Statement of Changes in Equity For the year ended 31<sup>st</sup> December - 2023**

	<b>Issued Capital (Rs)</b>	<b>Governmet Grant for Machineries (Rs)</b>	<b>Revaluation Reserve (Rs)</b>	<b>Revenue Reserve (Rs)</b>	<b>Total (Rs)</b>
<b>Accounts 2022</b>					
Balance as at 01st January 2022	15,000,000	210,294,414	808,011,707 (106,660,055)	(931,669,314) 106,660,055 42,648,196	101,636,806 0 42,648,196
Prior Year Adjustment for Land Reserve					
Prior Year Adjustment - Others					
Government Capital Grant - 2022					
General Tesuary Grant Amortisation for 2022					
Profit/(Loss) for the year (after taxation)					
Balance as at 31st December 2022	<b>15,000,000</b>	<b>386,631,948</b>	<b>701,351,652</b>	<b>(1,163,063,864)</b>	<b>(60,080,264)</b>
<b>Accounts 2023</b>					
Balance as at 01st January 2023	15,000,000	386,631,948	701,351,652	(1,163,063,862) (11,314,233)	(60,080,262) (11,314,233)
Prior Year Adjustment / Add					
General Tesuary Grant Amortisation for 2023					
Revalutation Profit - 2023 - Land					
- Motor Vehicle					
Profit/(Loss) for the year (after taxation)					
Balance as at 31st December 2023	<b>15,000,000</b>	<b>355,509,711</b>	<b>1,299,933,257</b>	<b>856,191,260</b>	<b>2,526,634,228</b>

**STATE PRINTING CORPORATION**  
**Statement of Cash Flows**  
**For the Year Ended 31<sup>st</sup> December - 2023**

	<b>2023</b> <b>Rs</b>	<b>2022</b> <b>Rs</b>
<b>Cash Flows from Operating Activities</b>		
Net Profit / (Loss) before taxation	<b>2,794,248,182</b>	<b>(380,702,801)</b>
Adjustment for:		
Depreciation on Fixed Assets	84,175,871	73,144,873
Other Income-Treasury Grant Acquire 2022	(31,122,237)	(21,243,200)
(Profit)/Loss of Non Current Assets ( PPE )	-	-
Prior Year Adjustments ( Effect to Cash Flow )	(11,314,232)	42,648,196
Finance Expenses	229,657,771	178,040,017
Fixed Deposit Interest Receivable	2,948,214	(2,948,214)
Fixed Deposit Interest Payable	(2,062,123)	2,062,123
Gratuity Provision made during the year	58,518,274	12,837,317
Provisioned EPD Late charges paid	-	(9,343,150)
Provision for Doubtful Debtors	4,579,788	5,046,385
Revaluation Expenses included in Revaluation Profit	(1,918,370)	-
Operating Profit before Working Capital Changes	<b>3,127,711,139</b>	<b>(100,458,454)</b>
Changes in items of Working Capital		
(Increase)/ Decrease in Inventories	(1,063,349,605)	131,793,513
(Increase)/ Decrease in Trade Receivables	(760,744,634)	502,469,244
(Increase)/ Decrease in Other Receivable & Prepayment	(9,551,037)	6,054,625
Increase / (Decrease) in Current Liabilities	(6,296,348)	(224,815,057)
Cash generated from operations	<b>1,287,769,515</b>	<b>315,043,871</b>
Employee Retirement Benefit Paid	<b>(11,553,270)</b>	<b>(30,333,140)</b>
Net Cash Flows / (Used in) from Operating Activities	<b>1,276,216,245</b>	<b>284,710,731</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales of PPE	-	-
Purchasing of PPE	(24,898,969)	(12,948,427)
Fixed Deposit	25,636,644	(636,644)
Net cash flows from Investing Activities	<b>737,676</b>	<b>(13,585,071)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds received / Paid for borrowings (Net Barrowings)	(882,377,259)	(138,189,371)
Interest Paid	(229,657,771)	(178,040,017)
Bank Loan Against FD	(23,000,000)	23,000,000
Net cash flows from Financing Activities	<b>(1,135,035,030)</b>	<b>(293,229,388)</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	<b>141,918,890</b>	<b>(22,103,728)</b>
Cash & Cash Equivalents at the beginning of the period	<b>(24,074,431)</b>	<b>(1,970,703)</b>
Cash & Cash Equivalents at the end of the period ( Note 19)	<b>117,844,459</b>	<b>(24,074,431)</b>

STATE PRINTING CORPORATION

## Notes to the Financial Statements

### as at 31<sup>st</sup> December 2023

#### CORPORATE INFORMATION

##### 1.1 Reporting Entity

State Printing Corporation was incorporated in 1968, under the Act of parliament No. 24 of 1968 with subsequent amendments No 24 of 1978, No. 51 of 1981 and No. 07 of 1998.

The management and control of the Corporation is vested to the Board of Directors. It is located at Panaluwa in Padukka.

##### 1.2 PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS

The Corporations' principal activities are printing of school text books, manufacturing of exercise books, publications and other printing works.

#### 2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

##### 2.1 STATEMENT OF COMPLIANCE

The Statement of Financial Position, Statement of Comprehensive Income, Changes in Equity and Cash Flows, together with Accounting policies and notes have been prepared in accordance with LKAS and SLFRS and in compliance with finance Act NO.38 of 1971.

##### 2.2 BASIS OF MEASURMENT

The financial statements have been prepared based on accrual basis and under the historical cost, except for the following matters:

- Interest income is recognized as it accrues in the Statement of Comprehensive Income.
- When the Assets have been revalued.
- Employee benefit is measured using the projected unit credit method.

##### 2.3 GOING CONCERN

A material uncertainty existed that continued losses of the corporation have generated from previous years up 2022 year may adversely affected to corporation's net assets.

The Board Directors of Corporation observed that goning concern issue was resolved due to the surplis genarared in year 2023. The corporation paid all liabilities to the banks and other liabilities in Year 2023 from operating profit and net assets coming to plus value resloving uncertainty.

The Management is satisfied that they have the resources to continue in business for the foreseeable future. Furthermore, the 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 continue to be prepared on the going-concern basis.

##### 2.4 FUNCTIONAL CURRENCY

The financial statements are presented in Sri lankan Rupees,which is the corporations currency.

All the financial information's presented in Rupees have been rounded to the nearest Rupee.

## 2.5 COMPARATIVE INFORMATION

The accounting policies have been consistently applied by the Corporation and they are consistent with those used in the previous year. The previous year's figures and phrases have been rearranged whenever necessary, to conform to the current presentation as indicated.

Material correction of errors were retrospectively restated in the previous year Financial Statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Property Plant and Equipment

Property, Plant and Equipment are stated at cost or revalued amount net of accumulated depreciation.

PPE were revalued by Valuation Department on the respective dates as given below.

Land and Buildings From	02.01.2017 to 06.01.2017
Office Equipment	
Furniture and Fittings	
Computer Accessories	
Plant and Machinery	From 16.01.2017 to 30.01.2017
By SPC Appointed Revaluation Committee	
Motor and Other Vehicles	From 13.01.2016 to 14.01.2016

When consider the financial situation of corporation it is not possible to conduct revaluation of assets once in two years as prescribed in SLAS. However steps are taken to adapt with SLAS since 2023/24.

Corporation are revalued Motor Vehicles and there revalued value has taken in to the Accounts in 2023.

But revaluation of computers and other accessories started and not completed. It is expected to adjusted in 2024 year financial statements.

#### 3.1.1 Depreciation

Depreciation is calculated on straight line basis over the estimated useful lives of all Property Plant and Equipment.

The estimated useful lives for the current and comparative years are as follows;

Buildings	40 years
Plant Machinery Tools & Equip.	13.33 years
Motor & Other Vehicles	4 years
Office Equipment's & Furniture	10 years
Computers & Accessories	3 years

#### 3.2 Inventories

Inventories are valued at the lower of cost and realizable value.

All inventory items are measured on first in first out method.

#### 3.2.1 Orient web offset printing machine was provided to the state printing corporation under the expenditure head of the Ministry of Education [126/1/2/18/2201 (ii) ] for the year 2021 at a cost of Rs.100.8 Million.

The Lombardi Printing Machine which received Rs. 116.5 Million under the same heading was received in the year 2020 and was capitalized in the year 2021. New Four Colour Sheet Fed offset Printing Machine was received to the corporation during this year(2022) under the expenditure head of the Ministry of Education cost of Rs.198Mn

#### 3.3 Taxation

##### 3.3.1 Income Tax

Income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the Commissioner General of Inland Revenue.

The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the date of the statement of financial position.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. No 10 of 2006 and subsequent amendments there to.

### 3.4 CASH & CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, cash in transit and cash at bank balances. Bank over draft are included as a component of cash and cash equivalent for the purpose of the statement of cash flow.

Cash and cash equivalents are short term , highly liquid held to, meet short term cash commitments and other than investments or other purposes.

## 4. FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

### 4.1 Financial Assets

#### 4.1.1 Trade Receivables

Trade Receivables are shown in the Financial Statements at their Fair Value.

The policy of provision for bad and Doubtful debtors / Fair Value.

No bad and bad debt provision is made for the debts incurred by the corporation for the last two years.

The corporation itself allocates a provision of between 30%-50% for balances more than ten years old and has been determined based on the analysis of the recoverability of old loans. It is the policy of the Corporation to set aside a provision of 1% - 20% depending on recoverability for balances between 2 years and 10 years.

#### 4.1.2 Investments

### 4.2 Financial Liabilities

#### 4.2.1 Mortgage of Property

All the banking facilities including bank overdraft, short Term loans, letters of credit and bank guarantees obtained from Peoples' Bank Corporate Banking Division, against property mortgage bonds covering Land & Building and Fixed Machinery under Mortgage Bonds No. M.B - 979/3063/3243/1147/422/5789 from time to time.

In addition to these securities a Treasury Guarantee as reference no : TO/REV/TG/522 dated 07.09.2018 & 07/09/2021 stipulating following projects have been submitted to Peoples' Bank to obtained the bank credit facilities.

Name of the Project	Secured Amount ( Rs. )	Date of Expiry
For overdraft, Letter of Credit and Letter of Guarantee Facility	1,165 mill.	05.09.2022
for Providing Financial Allocations for the Renovation and Upgrading Activities	185mill.	15.09.2023

#### 4.2.2 Capital commitments Contingent Liability

- All material capital commitments and contingent liabilities are considered and necessary adjustments or disclosures are made in these financial statements.
- Existing legal matters - Kesara Lanka Arbitration matter

According to the arbitration award given by the arbitrators we have to pay Rs. 151,571,090.42 as follows

Not less than 6 million on or before 15<sup>th</sup> day of each month commencing from 15<sup>th</sup> January 2023.

Not less than 12 million on or before 15<sup>th</sup> day of each month commencing from July 2023.

Total amount of Rs. 151,571,090.42 should be finished on or before 31<sup>st</sup> of March 2024. The payment has made according to the arbitration decision throughout the year and final payment will be done march 2024.

c) 248/19 FR matter

Former Marketing Manager Mr. Thilak Perera has filed a fundamental Right case in Supreme Court regarding the interdiction. Leave has been granted and case has been fixed for arguments.

- d) 33/1516 LT matter - Former Marketing Manager Mr Thilak Perera has filed a labour case in Homagama Labour Tribunal regarding the termination. Trial is going on.
- e) DMR 5233/19 - Case was filed against Mr.Anju Perera who is a debtor of Gampaha Outlet .From the beginning of the case we came to know that he has passed away. Out laid by case and ask to take steps to identify the heirs.
- f) H. S Pathiraja - Outlet OIC of Gampaha ,taken to custody according to the complaint done against him regarding the fraud that he has done during his service period. Mr.Pathairaja has been arrested and has been granted bail.
- g) 23340/M civil case filed against H.S Pathiraja in Homagama District court and summons returnable date is 12th of March 2024.
- h) According to the HC/107/19 case filed against Mr. S.M.L.P Wijeyrathna in the Gamapaha High Court, he has agreed to pay the relevant amount in installments.
- H) According to the B/13370/18 case filed against Mr.H.K Siripala in the Maligakanda Magistrate Court has been granted bail.

4.3.1 Capital

Initial capital of Rs. 15 millions was contributed by the General Treasury at beginning of the operation of SPC

4.3.2 Revaluation Reserve

This reserve includes surplus generated from revaluations of Land & Motor Vehicles in 2023 and surplus generated from the balance part of PPE in 2023 as shown below.

	2016 (Rs.)	2017/18 (Rs.)	2023 (Rs.)	Total As at 31/12/2023 (Rs.)
Motor Vehicles	36,015,363		66,089,975	102,105,338
Land		270,630,553	532,491,630	803,122,183
Buildings		158,049,568		158,049,568
Plant Machinery Tools & Equip.		246,979,194		246,979,194
Office Equipment's & Furniture		(8,785,874)		(8,785,874)
Computers & Accessories		(1,537,152)		(1,537,152)
	<u>36,015,363</u>	<u>665,336,289</u>	<u>598,581,605</u>	<u>1,299,933,256</u>

5. Retirement Benefit Obligations

5.1 Gratuity

The Corporation is liable to pay Gratuity in terms of the payment of Gratuity Act No. 12 of 1983.

The liability recognized in the statement of financial position is the present value of the defined benefit obligation as at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognized immediately in other comprehensive income.

- 5.2 Defined Contribution Plans - Employees Trust Fund and Employees Provident Fund Employees are eligible for the Employees Provident Fund and Employees Trust Fund in accordance with respective statutes and regulations. The Corporation contributes 12% and 3% of the gross emoluments of employees to the employees Provident Fund and employees Trust fund respectively.

## 6. STATEMENT OF COMPREHENSIVE INCOME

### 6.1 Revenue Recognition

All Revenues are recognized on accrual basis.

#### Interest Income

5% interest is charged from the loans granted to the Corporation employees.

Interest income from Fixed Deposit are recognized as accrual basis to the account.

Investments in fixed deposit are done by short term basis considering working capital Requirement in the year 2023.

### 6.2 Expenditure Recognition

#### Recurrent Expenditure

All expenditures incurred in the running of the Corporation and maintaining the property and equipment in a state of efficiency has been charged to revenue in arriving at the surplus/deficit for the year.

#### Capital Expenditure

All expenditure incurred in the acquisition, extension or improvement of the property and equipment of a permanent nature, in order to carry on or increase the earning capacity of the Corporation have been treated as capital expenditure.

### 6.3 Borrowing Costs

All borrowing costs are recognized as expenses in the period in which they are incurred except borrowing cost incurred to obtain machinery which has been capitalized up to level of performance from the respective machines.

## 7.0 Changes in Expenses according to Sub Business Units

In year 2021, expenses of Staff Welfare, Employee Medical and Housing Loan Interest charged under Other Operating Expenses (Note No.12) in the Financial Statements and Sales Outlets Salaries & Wages, EPF, ETF, Incentive Payments had charged in under Administration Expenses, now (2022) it has charged under Selling and Distributional expenses.

Further in 2021, Lottery printing expenses had charged to Main Press working account but from the year (2022) , expenses related to Lottery printing unit has charged Specific Business Unit of Lottery Printing.

8.0 In the year 2023, the state printing corporation carried out book printing for the year 2023 and 2024 for which the necessary paper printing materials were imported through the Indian Credit Line. The Ministry of Education provided the necessary funds through that budget head acting as import matters and imported the necessary raw materials to the Corporation through the Indian credit line system and entering into agreements with the three institutions namely Department of Education

Publications, State Printing Corporation and Ministry of Education. It has arranged to pay the Ministry of Education at the value invoiced to the Department of Education Publications. Accordingly, the entire value Rs. 4,329,970,335/- of imports through the Indian credit line has been paid in the year 2023.

9.0 Due to quality issues of glue and wire imported through Indian credit line, the quantity is being forced to be repatriated and it is not reported due to this event occurs after the balance sheet date and unable to calculate its exact value to reconcile the debtor and creditor balances.

**STATE PRINTING CORPORATION**  
**Notes to the Financial Statements**  
**For the year Ended 31<sup>st</sup> December - 2023**

			<b>2023</b> (Rs.)	<b>2022</b> (Rs.)
<b>08. REVENUE/TURNOVER</b>		<b>Note No.</b>		
Income from Main Press				
Text Books	24.1.1	7,470,886,455	41,569,625	
Job Works	24.1.2	158,344,083	151,078,705	
NLB Lotteries	25.1	335,581,574	405,863,648	
Income from Stationery Factory	26.1	355,293,732	216,910,849	
Publication	27.1	1,341,378	798,985	
Income from Other Sales	28.1	1,796,938	8,614,495	
		<b>8,323,244,160</b>		<b>824,836,307</b>
<b>09. COST OF SALES</b>				
Main Press		<b>Note 24</b>		
Raw materials consumed	2.1	3,574,439,856	58,958,987	
Direct labour	2.2	245,361,236	149,347,018	
Direct factory expenses	2.3	78,301,919	19,064,426	
Indirect factory expenses	3	120,534,939	82,940,813	
Other expenses/Stock Adjustment	5	63,254,647	32,249,981	
		<b>4,081,892,597</b>		<b>342,561,225</b>
Security Printing		<b>Note 25</b>		
Raw materials consumed	2.1	226,383,244	181,161,787	
Direct labour	2.2	43,589,848	57,035,104	
Direct factory expenses	2.3	30,208,576	16,715,678	
Indirect factory expenses	3	37,444,001	62,382,164	
		<b>337,625,669</b>		<b>317,294,733</b>
Stationery Factory		<b>Note 26</b>		
Raw materials consumed	2.1	525,336,845	13,926,204	
Direct labour	2.2	42,775,566	30,436,869	
Direct factory expenses	2.3	7,803,182	1,243,154	
Indirect factory expenses	3	12,705,929	11,677,238	
Other expenses/Stock Adjustment	5	(108,837,261)	115,378,689	
		<b>479,784,260</b>		<b>172,662,154</b>
Cost of Publication unit			2,714,813	2,391,152
Cost of Other Sales unit		<b>Note - 27.3</b>		
			891,531	6,355,789
<b>TOTAL COST OF SALES</b>			<b>4,902,908,869</b>	<b>841,265,053</b>

	2023 ( Rs.)	2022 ( Rs.)
10. Other Operating Income		
Factory Wastepaper & Sundry Items	81,166,072	12,851,553
Tender Deposit & Registrations	894,500	259,500
Income - Credit Line R/M Handing	12,433,095	
	<b><u>94,493,667</u></b>	<b><u>13,111,053</u></b>
11. SELLING & DISTRIBUTION EXPENSES		
Salaries & wages - Marketing & Sales	18,248,320	22,406,557
Overtime to staff - Marketing & Sales	1,048,397	327,084
Employees' Provident Fund - Marketing & Sales	2,155,355	2,834,134
Employees' Trust Fund- Marketing & Sales	781,333	644,884
Incentive Payments - Marketing & Sales	190,000	277,500
Meal Allowance/Staff Welfare	905,023	1,083,375
Employees Medical Scheme	620,360	665,715
Vehicle Allowance	-	104,417
Employees Housing Loan Interest	13,496	6,754
Rent- Sales Outlets	1,941,144	2,274,447
Rates	70,692	27,264
Water Bill Payments - Sales Outlet	39,373	30,483
Electricity - Sales outlet	192,365	88,930
Telephone Exp.& Internet - Sales Outlet	201,863	150,110
Up-Keep of Motor Vehicles	3,665,001	1,626,442
Under Provision for Bad Debts	4,579,788	5,046,385
Bad Debts	702,671	-
Advertisement	255,000	-
Sales Promotion / Exhibition Expenses	1,083,505	11,522
Maint. Of Sales outlet	81,750	3,440
Insurance Sales-outlets	128,137	-
Transport Finished Goods	800,140	127,585
<b>Total</b>	<b><u>37,703,712</u></b>	<b><u>37,737,028</u></b>

	Year ended 31/12/2023(Rs.)	Year ended 31/12/2022 (Rs.)
<b>12. ESTABLISHMENT &amp; ADMINISTRATION EXPENSES</b>		
Upkeep of Land & Buildings	3,351,588	612,944
Maintenance of Office Equipment	2,810,263	1,203,144
Depreciation - Office Equipment	1,943,178	1,857,791
- Computers & Software	2,461,510	1,928,558
Salaries & Wages	84,295,157	92,132,025
Overtime to Staff	16,971,708	9,452,407
Employees' Provident Fund	10,652,231	11,836,350
Employees' Trust Fund	2,662,906	3,022,740
Incentive Payments	958,500	1,069,687
Meal Allowance/Staff Welfare	12,253,624	4,170,410
Vehicle Allowance	4,270,070	3,877,441
Employees Medical Scheme	2,094,755	2,460,870
Employees Housing Loan Interest	178,389	413,156
Chairman's Emolument	1,099,413	882,507
Board Director's Fees	524,000	110,000
Postage	376,956	328,214
Telephone	1,171,470	1,232,816
Printing & Stationery	3,113,612	3,379,668
Press Notices & Publication	1,580,188	1,556,802
Travelling & Subsistence	959,448	481,616
News Papers and Periodicals	166,530	119,780
General Office Expenses	168,495	192,563
Provision for Audit Fees	1,048,800	912,000
Miscellaneous Expenses	377,664	61,876
Legal & Consultancy	475,713	887,835
Entertainment	263,620	108,597
Provision for Gratuity Expenses	58,518,274	12,837,317
Staff Training	510,010	201,200
Audit & Management Committee Fees	203,372	37,000
Internet / Email	438,932	424,707
Procurement Committee Fees	371,500	-
Upkeep of Motor Vehicle 20%	3,665,001	1,626,442
Board Meeting Expenses	106,918	23,484
Membership fees	30,000	10,000
Donations	187,775	-
Computer Repair Charges	63,935	64,450
Registration Charges as Supplier	98,714	138,359
Cultivation Project Exp		243,272
	<b><u>220,424,218</u></b>	<b><u>159,898,028</u></b>
<b>13. OTHER OPERATING EXPENSES</b>		
Staff Transport	7,699,118	4,266,439
Special Incentive Payment	52,572,803	-
Leave Encashment	13,938,664	-
Staff Awards	-	46,750
<b>Total</b>	<b><u>74,210,585</u></b>	<b><u>4,313,189</u></b>
<b>14. FINANCE INCOME</b>		
Interest Received by Distress Loans	194,492	177,328
Interest Received by Bank - FD & Savings	14,640,405	826,376
Interest Receivable- Fixed Deposit	-	2,959,858
	<b><u>14,834,896</u></b>	<b><u>3,963,563</u></b>

	2022 ( Rs.)	2021 ( Rs.)
<b>14.1 FINANCIAL &amp; OTHER CHARGES</b>		
Bank Guarantee & Other Charges	5,350,022	3,793,727
Bank Overdraft Interest	7,126,780	8,906,445
Bank Loan Interest - STL	210,877,086	154,915,633
Bank Loan Interest - ( Long Term )	3,248,104	8,227,134
Fine Charges	187,680	134,955
Interest - Fixed Deposit	2,868,100	2,062,123
<b>Total</b>	<b>229,657,771</b>	<b>178,040,017</b>

**15 PROJECTED INCOME TAX COMPUTATION FOR THE YEAR OF ASSESSMENT 2023/24  
BASED ON ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2023**

	Note	Rs.
Profit from Trade or Business	A	2,844,217,490
Interest Income		-
Profit from any Other Source		-
Statutory Income		2,844,217,490
( - ) Less Deduction from Total Statutory Income		
Deductible losses from Trade or Business	B	(1,184,046,126)
Interest,Annuities,Ground Rent & Royalties Paid		
<b>Taxable Income</b>		<b>1,660,171,364</b>
Tax Thereon		
Income Tax	@ 28%	464,847,982
Gross Tax Payable		<b>464,847,982</b>
TAX ON DISTRIBUTABLE PROFIT	C	<b>298,830,845</b>
( Deemed Dividend Tax )		
TOTAL TAX PAYABLE		<b>763,678,827</b>
Less : Tax Credits		
Economic Service Charge		-
<b>BALANCE TAX PAYABLE</b>		<b>763,678,827</b>

**STATE PRINTING CORPORATION**  
**NOTES TO THE INCOME TAX COMPUTATION - 2023**

Note A	Note No.	Rs.
PROFIT FROM TRADE OR BUSINESS		
Net Profit as per Accounts		2,794,248,182
Add :		
Disallowable Expenses		
Depreciation	01	84,175,871
Royalties		134,138
Entertainment		263,620
Donations		187,775
Legal Expenses		475,713
Provision for bad Debtors		4,579,788
Provision for Gratuity		58,518,274
Provision for Audit Fees		1,048,800
Fine Charges		187,680
Advertisements	02	127,500
		149,699,159
		2,943,947,341
Less :		
Capital Allowances	03	83,845,782
Gratuity Paid during the year	04	11,553,270
Audit Fees Paid		4,420,800
		(99,819,852)
<b>Profit from Trade or Business</b>		<b>2,844,127,490</b>

**NOTE : B**

**LOSSES**

Losses brought forward from the previous year ( if any ) - 2018/19	356,979,517
Losses brought forward from the previous year ( if any ) - 2019/20	135,824,993
Losses brought forward from the previous year ( if any ) - 2020/21	43,867,066
Losses brought forward from the previous year ( if any ) - 2021/22	247,653,807
Loss incurred during the year - 2022/23	399,720,743
a) Total Losses	<b>1,184,046,126</b>
b) Total Statutory Income - 2023/24	2,844,217,490
100% of Total Statutory Income	1,184,046,126
Deductible loss (Lower of a or b)	(1,184,046,126)
Balance loss that can be carried forward to next year, if any	<b>0</b>

**NOTE : C**

Deemed Dividend Tax ( Inland Revenue Act No. 10 of 2006 Section 61 ( I )c )	
Taxable Income	1,660,171,364
Less : Income Tax	(464,847,982)
	1,195,323,382
<b>Deemed Dividend Tax ( 25% of balance profit )</b>	<b>298,830,845</b>

**STATE PRINTING CORPORATION**  
**Notes to the Financial Statements**  
**As at 31<sup>st</sup> December - 2023**

**16. PROPERTY, PLANT AND EQUIPMENT**

<b>Description</b>	<b>Revaluations for the Year 01.01.2022</b>	<b>Treasury Grant for Acquisition of Machineries</b>	<b>Additions/ Revaluations during the year</b>	<b>Disposals during the year</b>	<b>Cost/Revaluation As at 31.12.2022</b>	<b>Additions during the year 2023</b>	<b>Additions during the year 2023</b>	<b>Disposals during the Year-2023</b>	<b>As at 31.12.2023</b>
At Cost									
Land	271,500,000	-	-	-	271,500,000	805,900,000			805,900,000
Building	166,600,000	-	-	-	166,600,000				166,600,000
Plant Machinery & Tools	798,360,265	6,861,441	197,580,734	-	1,002,802,440	-	9,450,143	-	1,012,252,583
Motor Vehicles & M/Cycles	55,563,000				66,100,000		66,100,000		
Office Equipment's & Furniture	16,237,024	5,045,496	-		21,282,520	-	2,526,996	-	23,809,516
Computer & Accessories	12,238,735	1,041,490	-		13,280,225	-	12,921,829	-	26,202,054
Electronic Reinstallations	2,572,951	-	-		2,572,951	-	-	-	2,572,951
<b>Total</b>	<b>1,323,071,975</b>	<b>12,948,427</b>	<b>197,580,734</b>	<b>-</b>	<b>1,533,601,136</b>	<b>872,000,000</b>	<b>24,898,969</b>	<b>-</b>	<b>2,103,437,105</b>
Accumulated Depreciation									
	<b>Revaluations/C for the Year 01.01.2022</b>	<b>Annual Depreciation 2023</b>		<b>Disposals during the year</b>	<b>Accumulated Depreciation 31.12.2022</b>	<b>Annual Depreciation 2023</b>		<b>Disposals during the year</b>	<b>Accumulated Depreciation 31.12.2023</b>
Building	20,825,000	4,165,000	-	24,990,000	4,165,000				29,155,000
Plant Machinery & Tools	195,772,082	65,193,524	-	260,965,606	75,606,183				336,571,789
Motor Vehicles & M/Cycles	55,562,976	-		55,562,976(\$5,562,975.50)	-				0
Office Equipment's & Furniture	5,925,315	1,857,792	-	7,783,107	1,943,178				9,726,285
Computer & Accessories	6,985,725	1,928,558	-	8,914,283	2,461,510				11,375,792
Electronic Reinstallations	2,572,950	-		2,572,950	-				2,572,950
<b>Total</b>	<b>287,644,047</b>	<b>73,144,874</b>	<b>-</b>	<b>360,788,921</b>	<b>816,437,025</b>	<b>84,175,871</b>	<b>-</b>	<b>389,401,817</b>	
<b>Written Down Value</b>									<b>1,714,035,288</b>

**STATE PRINTING CORPORATION**  
**Notes to the Financial Position**  
**As at 31<sup>st</sup> December - 2023**

	<b>2023</b> ( Rs.)	<b>2022</b> ( Rs.)
<b>17. INVENTORIES</b>		
Raw materials	1,003,872,106	102,230,178
Consumable	9,245,305	9,055,094
Spare parts	60,419,712	49,524,755
Hardware	1,296,296	2,167,511
Finished goods	89,648,384	11,075,844
Work in Progress	86,553,547	22,024,569
Goods In Transit	8,392,206	-
<b>Total</b>	<b><u>1,259,427,556</u></b>	<b><u>196,077,951</u></b>
<b>18. TRADE RECEIVABLES</b>		
Trade Debtors	1,008,219,259	249,599,596
Less : Provision for bad debt	(74,186,627)	(69,606,839)
Other Debtors	2,486,280	361,309
<b>Total</b>	<b><u>936,518,912</u></b>	<b><u>180,354,066</u></b>
<b>19. OTHER RECEIVABLES</b>		
Staff Loan and Advances ( Note 19.1)	20,165,837	5,546,041
Deposits & Receivables ( Note 19.2)	6,911,996	12,744,125
Sales Control Accounts ( Note 19.3 )	175,082	119,298
	<b><u>27,252,915</u></b>	<b><u>18,409,464</u></b>
<b>19.1 LOAN AND ADVANCES</b>		
Staff Distress Loan	15,850,691	1,122,764
Staff Festival Advances	1,563,000	1,702,000
Staff Salary Advances	-	10,000
Creditors Advance for Payments	2,752,146	2,711,278
<b>Total</b>	<b><u>20,165,837</u></b>	<b><u>5,546,042</u></b>
<b>19.2 DEPOSITS &amp; RECEIVABLE</b>		
Deposits receivable	6,759,487	12,234,388
Add: Other Receivables	152,509	509,737
<b>Total</b>	<b><u>6,911,996</u></b>	<b><u>12,744,125</u></b>
<b>19.3 SALES CONTROL ACCOUNT</b>		
Sales Control Ac	175,082	119,298
<b>Total</b>	<b><u>175,082</u></b>	<b><u>119,298</u></b>
<b>20. CASH &amp; CASH EQUIVALENTS</b>		
Cash at Bank	112,541,648	16,606,664
Cash in Transit	5,278,811	381,998
Cash in Hand	24,000	27,000
	<b><u>117,844,459</u></b>	<b><u>17,015,662</u></b>

	2023 (Rs.)	2022 (Rs.)
For the purpose of statement of Cash Flow, Cash & Cash Equivalents comprise the followings		
Cash at Bank	112,541,648	16,606,664
Cash in Transit	5,278,811	381,998
Cash in Hand	24,000	27,000
	<b>117,844,459</b>	<b>17,015,662</b>
Bank Overdrafts	-	(41,090,093)
	<b>117,844,459</b>	<b>(24,074,431)</b>
<b>21. TRADE PAYABLES</b>		
Trade Creditors	103,841,901	212,083,210
EPD Indian Credit Line Facility Loan	-	-
Other Creditors ( Royalty, Consign & Other)	1,909,382	1,775,244
Other Creditors - Debt	1,279,659	1,279,659
<b>Total</b>	<b>107,030,942</b>	<b>215,138,113</b>
<b>22. OTHER PAYABLES</b>		
Accrued Expenses	56,846,704	63,191,013
Deposit Payable	3,143,233	1,337,463
Provision for Staff Stationery	5,400,000	-
	<b>65,389,937</b>	<b>64,528,476</b>
<b>23. TAX PAYABLES TO IRD</b>		
ESC	23,342,409	23,342,409
VAT	77,720,630	124,642,025
NBT	80,840,239	80,840,239
Income Tax	5,000,000	5,000,000
WHT	-	158,950
WHT 10% Payable	126,300	126,300
SSCL Payable	152,827,591	-
	<b>339,857,169</b>	<b>234,109,923</b>

**STATE PRINTING CORPORATION  
PRODUCTION ACCOUNT ( MAIN PRESS )  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

		<b>As at 31/12/2023 (Rs.)</b>	<b>Year ended 31/12/2022 (Rs.)</b>
24. (1)	INCOME FROM PRINTING		
(1.1)	Text Books	7,470,886,455	41,569,625
(1.2)	Job Works	158,344,083	151,078,705
(1)	Total Income	<b>7,629,230,538</b>	<b>192,648,330</b>
	Charges Deducted from Income		
(1.1.1)	Deduction Made by EPD L.Chages/Qu.Losses	22,079,618	2,135,021
(1.1.2)	Provision for EPD L.Chages/Qu.Losses	-	-
(1.1.3)	Deduction Made for Job Works	2,245	-
(1.4)	Total Charges Deducted from Income	<b>22,081,863</b>	<b>2,135,021</b>
(1.5)	Total Income Received ( 1 - 1.4 )	<b>7,607,148,675</b>	<b>190,513,309</b>
(2)	FACTORY EXPENSES - DIRECT		
(2.1)	Consumption of Raw materials	3,574,439,856	58,958,987
	Labour - Direct :		
	Salaries & Wages	111,224,677	109,387,477
	Overtime to Staff	29,992,405	6,489,018
	Piece Work	73,946,324	5,200,992
	Employees' Provident Fund	14,427,085	14,247,829
	Employees' Trust Fund	3,606,774	3,405,613
	Incentive Payments	1,349,750	1,175,260
	Meal Allowance/Staff Welfare	6,562,680	5,350,662
	Employees Medical Scheme	3,584,634	3,492,890
	Employees Housing Loan Interest	666,906	597,277
(2.2)	Total Direct Labour	<b>245,361,236</b>	<b>149,347,018</b>
	Other Factory Expenses - Direct		
	Consumption of Consumable Items	26,100,659	4,758,418
	Consumption of Spare Parts	16,721,310	1,819,573
	Consumption of Hardware	3,411,589	4,961,153
	Electricity Direct	32,068,361	7,525,282
(2.3)	Total Other Factory Expenses - Direct	<b>78,301,919</b>	<b>19,064,426</b>
(2)	TOTAL DIRECT EXPENSES [ 2.1 + 2.2 + 2.3 ]	<b>3,898,103,011</b>	<b>227,370,431</b>
(3)	FACTORY EXPENSES - INDIRECT		
	Salaries & Wages	21,045,039	24,913,387
	Overtime to Staff	13,798,614	7,833,191
	Employees' Provident Fund	2,538,351	3,042,950
	Employees' Trust Fund	634,588	917,081
	Incentive Payment	224,000	275,750
	Meal Allowance/Staff Welfare	2,446,687	1,264,412
	Maintenance of Plant & Machinery	22,394,436	4,406,246
	Outside Job Works	2,376,456	365,287
	Maint. of Barcoding System & Modification	-	-
	Electricity	3,563,151	836,142
	Insurance - Workmen	229,229	114,932
	Insurance - Fire/Plant & Machinery	1,200,097	490,816
	Sample & Paper Testing Charges	13,160	7,165
	Hiring Charges For Machinery	-	636,938

	As at 31/12/2023 (Rs.)	Year ended 31/12/2022 (Rs.)
Non Refundable Tender Deposits	158,430	90,000
Up - keep of Motor Vehicles		
Maintenance	9,464,960	2,499,204
Fuel and oil	7,982,662	4,967,023
Insurance	877,383	665,983
Less :-		
20% Tfr. to P & L A/c. Administration Expenses	(3,665,001)	(1,626,442)
20% to Selling & Distribution a/c	(3,665,001)	(1,626,442)
20% to Stationery Factory a/c	(3,665,001)	(1,626,442)
20% to Security Printing a/c	<u>(3,665,001)</u>	<u>(1,626,442)</u>
Depreciation		
Buildings	2,505,000	2,505,000
Plant & Machinery	43,742,700	33,615,074
( 3 ) Total Indirect Expenses	<u>120,534,939</u>	<u>82,940,813</u>
( 4 ) COST OF PRODUCTION [ 2 + 3 ]	<u>4,018,637,950</u>	<u>310,311,244</u>
Add : Opening stock		
Work in progress	19,842,090	50,271,369
Opening stock		
Finished goods	-	2,796,150
Less : Closing stock		
Work in progress	(45,370,890)	(19,842,090)
Closing stock		
Finished goods	-	-
Less:		
Value of own printing Trf to Admin Print & Sta	(3,072,265)	(3,347,218)
Damage Stock	5,453,414	-
Stock Shortage - Spare Parts	15,981,605	-
Stock Shortage - Hardware	1,588,321	-
Stock Excess - Spare Parts	(1,976,017)	-
Stock Excess - Hardware	(1,250)	-
Input VAT Disallowed	70,809,639	2,371,770
( 5 ) Stock Adjustment	<u>63,254,647</u>	<u>32,249,981</u>
( 6 ) Total Cost of Production	<u>4,081,892,597</u>	<u>342,561,225</u>
( 7 ) SSCL	<u>162,121,149</u>	<u>-</u>
( 8 ) GROSS WORKING PROFIT [ 1.2 - 6 - 7 ]	<u>3,363,134,929</u>	<u>(152,047,916)</u>

**STATE PRINTING CORPORATION  
PRODUCTION ACCOUNT (SECURITY PRINTING)  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	<b>Year ended 31/12/2023 (Rs.)</b>	<b>Year ended 31/12/2022 (Rs.)</b>
<b>25. INCOME FROM PRINTING</b>		
1 Lottery Printing -NLB	335,581,574	405,863,648
( 1.1 ) Deduction Made by NLB L.Chages & Printing Errors	5,618,280	20,468,587
( 1.2 ) Total Income Received ( 1 - 1.1 )	<b>329,963,294</b>	<b>385,395,061</b>
<b>( 2 ) FACTORY EXPENSES - DIRECT</b>		
( 2.1 ) Raw Materials Consumed	<b>226,383,244</b>	<b>181,161,787</b>
( 2.2 ) Labour - Direct :		
Salaries & Wages	31,544,326	35,680,919
Overtime to staff	5,149,072	13,026,876
Employees' Provident Fund	3,367,305	4,240,838
Employees' Trust Fund	841,827	1,060,210
Incentive Payments	260,500	348,000
Meal Allowance/Staff Welfare	1,626,923	1,770,195
Employees Medical Scheme	768,100	876,980
Employees Housing Loan Interest	31,796	31,086
<b>( 2.2 ) Total Direct Labour</b>	<b>43,589,848</b>	<b>57,035,104</b>
( 2.3 ) OTHER FACTORY EXPENSES - DIRECT		
Consumption - Consumable	6,543,094	8,867,892
Spare parts	16,524,671	2,013,356
Hardware 20%	852,897	1,653,718
Electricity 15%	6,287,914	4,180,712
<b>( 2.3 ) ( 4 ) Total Other Direct Factory Expenses</b>	<b>30,208,576</b>	<b>16,715,678</b>
<b>( 2 ) TOTAL DIRECT EXPENSES [ 2.+2.2+2.3 ]</b>	<b>300,181,668</b>	<b>254,912,569</b>
<b>( 3 ) FACTORY EXPENSES - INDIRECT</b>		
Salaries & wages	3,124,970	2,176,117
Overtime to staff	144,367	174,612
Employees' Provident Fund	363,341	219,339
Employees' Trust Fund	90,835	54,836
Incentive payments	19,500	19,750
Vehicle Allowance	412,500	297,500
<b>Total Indirect Labour</b>	<b>4,155,513</b>	<b>2,942,154</b>
Outside Job Works	2,656,599	26,083,805
Non Refundable Tender Deposits	-	124,000
Maint.Of Plant & Machinery	-	65,000
20% Maint.Of Motor Vehicle	3,665,001	1,626,442
Maint. of Barcoding System & Modification	-	5,235,000
Insurance - NLB Lottery	376,092	-
Depreciation		
Building		1,252,500
1,252,500		
Plant & Machinery	25,338,296	25,053,263
<b>( 3 ) Total Indirect Expenses</b>	<b>37,444,001</b>	<b>62,382,164</b>
<b>( 4 ) COST OF PRODUCTION [ 2 + 3 ]</b>	<b>337,625,669</b>	<b>317,294,733</b>
<b>( 5 ) SSCL</b>		
	<b>7,131,108</b>	
<b>( 6 ) GROSS WORKING PROFIT [ 1.1 - 4 - 5 ]</b>	<b>(14,793,483)</b>	<b>68,100,328</b>

**STATE PRINTING CORPORATION  
PRODUCTION ACCOUNT ( STATIONERY FACTORY )  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

		<b>31/12/2023 (Rs.)</b>	<b>31/12/2022 (Rs.)</b>
26	( 1 ) INCOME FROM SALE OF STATIONERY	<b>355,293,732</b>	<b>216,910,849</b>
	( 2.1 ) Raw Materials Consumed	<b>525,336,845</b>	<b>13,926,204</b>
	( 2.2 ) Labour - Direct :		
	Salaries & wages	24,760,966	22,319,896
	Overtime to staff	10,977,625	2,114,145
	Employees' Provident Fund	3,270,444	2,856,132
	Employees' Trust Fund	817,611	714,033
	Incentive Payments	291,750	210,750
	Meal Allowance/Staff Welfare	1,873,190	1,289,615
	Employees Medical Scheme	709,700	750,070
	Employees Housing Loan Interest	74,280	91,228
	Vehicle Allowance	-	91,000
	( 3 ) Total labour	<b>42,775,566</b>	<b>30,436,869</b>
	(2.3 ) Factory Expenses - Direct		
	Consumption of Consumable Items	3,314,560	464,795
	Consumption of Spare Parts	1,555,937	23,109
	Electricity	2,932,684	755,250
	( 2.3 ) Total direct factory expenses	<b>7,803,182</b>	<b>1,243,154</b>
	( 2 ) TOTAL DIRECT EXPENSES [ 2 .1+2.2+2.3 ]	<b>575,915,592</b>	<b>45,606,227</b>
	( 3 ) Factory expenses - Indirect		
	Salaries & wages	3,229,786	3,852,473
	Overtime to staff	774,723	169,271
	Employees' provident fund	470,360	478,511
	Employees' trust fund	117,590	119,628
	Incentive payments	36,250	40,750
	Electricity	325,854	83,917
	Depreciation		
	Buildings	407,500	407,500
	Plant & machinery	6,525,188	6,525,188
	( 3 ) Total Indirect Factory expenses	12,705,929	11,679,260
	( 4 ) Cost of production [ 5 + 6 ]	588,621,521	57,285,487
	ADD: Opening Stock		
	Work in Progress	2,182,479	20,128,421
	Finished goods	6,406,194	102,785,342
	Less: Closing Stock		
	Work in progress	(41,182,657)	(2,182,479)
	Finished goods	(80,741,211)	(6,406,194)
	Damage Stock (Warakapola)	-	(602,520)
	Less;		
	Stationery Trf to Staff Welfare ,Donation & Others	(2,489,116)	(30,575)
	Value M/V transferred from SPC working account 25%	3,665,001	1,626,442
	Stock Short - R/M	36,800	-
	Stock Short - Consumable Items	214,429	-
	Stock Short - Spare Parts	3,076,222	-
	Stock Excess - Spare Parts	(1,022)	-
	Stock Excess - Consu	(4,380)	-
	Damage Stock ( Loss ) Warakapola	-	60,252
	( 5 ) Opening/Closing & Stock Adjustment	(108,837,261)	115,378,689
	( 6 ) <b>TOTAL COST OF PRODUCTION</b>	<b>479,784,260</b>	<b>172,664,176</b>
	( 7 ) <b>SSCL</b>	<b>7,549,992</b>	<b>-</b>
	( 8 ) <b>GROSS WORKING PROFIT [ 1 - 6 - 7 ]</b>	<b>(132,040,520)</b>	<b>44,246,673</b>

**STATE PRINTING CORPORATION  
INCOME AND EXPENDITURE ACCOUNT PUBLICATION UNIT  
FOR THE YEAR ENDED 31ST DECEMBER 2023**

	<b>31/12/2023 (Rs.)</b>	<b>31/12/2022 (Rs.)</b>
27 (1) INCOME	<b>1,341,378</b>	<b>798,985</b>
less; Cost of Production :		
Opening -Stock	2,849,885	3,114,875
Less; Closing stock	(2,156,972)	(2,849,885)
Cost of Production	<b>692,913</b>	<b>264,990</b>
Trf to Staff Welfare ,Donation & Others		
(2) Add- Expenses		
Salaries & wages	1,363,851	1,594,841
Overtime to staff	157,405	-
Employees' Provident Fund	175,602	203,422
Employees' Trust Fund	43,901	50,856
Incentive payments	14,500	18,750
Meal Allowance/Staff Welfare	70,815	91,125
Employees Medical Scheme	61,688	50,110
Vehicle Allowance	-	16,935
Royalties	134,138	78,545
Donation - PUB	-	36,270
Printing & Stationery - PUB	-	(14,692)
(3) Total Cost of Production	<b>2,714,813</b>	<b>2,391,152</b>
( - ) SSCL	<b>16,767</b>	<b>-</b>
<b>EXCESS(LESS) OF EXPENDITURE OVER INCOME</b>	<b>(1,390,202)</b>	<b>(1,592,167)</b>

**STATE PRINTING CORPORATION  
TRADING ACCOUNT (OTHER SALES UNIT) AS AT 31-12-2023**

	<b>31/12/2023 (Rs.)</b>	<b>31/12/2022 (Rs.)</b>
28. (1) INCOME	<b>1,796,938</b>	<b>8,614,495</b>
Less; Cost of sales :		
Opening stock	1,819,765	6,360,996
Purchases	5,846,246	1,847,008
Add ; (Stock Short)/ Printing & Statinery	(24,279)	(32,450)
Less; Closing Stock	(6,750,201)	(1,819,765)
(2) Cost Of Sales	<b>891,531</b>	<b>6,355,789</b>
( - ) SSCL	<b>22,462</b>	<b>-</b>
<b>GROSS PROFIT</b>	<b>882,946</b>	<b>2,258,706</b>



# 2023 REPORT OF AUDITOR GENERAL



## ජාතික විගණන කාර්යාලය තොසිය කණකකාය්පු අභ්‍යවලකම් NATIONAL AUDIT OFFICE



Chairman  
State Printing Corporation

**The Auditor General's Report on the financial statements of the State Printing Corporation and its other legal and regulatory requirements for the year ended 31 December 2023 as per the Section 12 of the National Audit Act No.19 of 2018**

### Financial Statements

#### 1.1 Qualified Opinion

The audit of the financial statements of the of State Printing Corporation for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 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 material accounting policy information, 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 and Finance Act, No.38 of 1971. My report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

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

#### 1.2 Basis for Qualified Opinion

- (a) The period of useful life of 355 items of Property, Plant and Equipment (Computer Devices) worth Rs.7,978,105 of which the value had been totally zero and however are being used further had not been re-estimated and recorded in the books as per the paragraph 51 of the Sri Lanka Accounting Standard No.16.
- (b) Even if the expenditure amounting to Rs.1,918,370 incurred for the re-valuation of the land and the vehicles in the year under review should be identified as an other expenditure in the Income Statement, the Corporation had shown it by deducting from the revaluation profit. Consequently, other expenditures are understated by Rs. 1,918,370, and the surplus and the revaluation reserves had been understated by the said amount in the year under review.
- (c) The deferred taxes had not been calculated when the income tax expenditure was calculated by the Corporation as per the Paragraph 6 of the SriLanka Accounting Standard No.12 (LKAS12). According to the information received for the audit, the calculated deferred tax value was Rs.26,892,587. Accordingly, the tax expenditure had been devalued by Rs. 26,892,587 due to the non-calculation of deferred taxes. Consequently, the surplus of the year under review had also been devalued by Rs. 26,892,587.

(d) The Digital Printing Machine worth Rs.7,900,000 that had been acquired by the Corporation on 14 October 2021 without carrying out a due investment evaluation and installed in Narahenpita outlet had remained idle without being used for any income generation activity from the date of purchase to the date of audit; 30 April 2024. For the machine that was not used so, the accumulations of Rs.1,333,125 had been accounted as depreciations as at 31 December 2023 with Rs.592,000 of the year under review.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 Annual Report 2023 of the State Printing Corporation**

Other information means the details included in the annual report 2023 of the Corporation expected to be given to me after the date of this audit report, but not included in financial statements and my audit report on those statements. The management is responsible for these other details.

My opinion on financial statements does not cover other details and I do not express any certification and opinion on that matter.

My responsibility about the financial statements in relation to my audit is to read the other details when possible to have and seek whether those details are quantitatively matching with financial statements or my knowledge gained by the audit or by other means.

When I read the Annual Report of the year 2023, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further uncorrected misstatements exist, those will be included in my report to the Parliament in pursuance of the provisions in Article 154 (6) of the Constitution that will be tabled in due course.

### **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 Public Sector Accounting Standards 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 ability of the Corporation for continuous existence and it is a responsibility of the management to have accounts on the basis of continuous existence and disclosing the details related to the continuous existence of the Corporation except if the management intends to liquidate the Corporation or if the actions are taken to stop the operations when other alternatives are not available.

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

As per Sub-section 16 (1) of the National Audit Act No. 19 of 2018, the Corporation 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 Corporation.

### **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 uncertainties throughout the audit. I also:

- Designed and performed the appropriate audit procedures, identified and assessed the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- Obtained 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 internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concluded on the appropriateness of using the basis of continuous existence of the Corporation for accounting based on the audit evidence obtained on whether a material uncertainty exists related to events or conditions that may cast significant doubt the ability of continuous existence of the Corporation. 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, my opinion should be modified. However, continuous existence can be ceased due to the future events or conditions.
- Evaluated 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 inform the parties in charge of governance about the important findings of my audit, main internal weaknesses of the governance and other particulars.

## 2. Report on Other Legal Requirements

2.1 Special provisions are included in relation to the following requirements of the National Audit Act No.19 of 2018.

2.1.1 The details and clarifications required for the audit were obtained by me except the impact caused by the particulars described in paragraph 1.2 of this report as per the report specified in the Section 12(a) of the National Audit Act No.19 of 2018, and the due basis for financial reporting has been maintained as revealed by my inspection.

2.1.2 The financial statements of the Corporation are compatible with the previous year in line with the requirement of the Section 6(1) (d) (iii) of the National Audit Act No.19 of 2018.

2.1.3 The recommendations made by me in the previous year according to the requirement indicated in the Section 6(1) (d) (iv) of the National Audit Act No.19 of 2018 have been included in the financial statements presented.

2.2 Based on the procedures followed and the evidences obtained as well as due to being limited to quantitative facts, nothing enough was caught by my attention to express the following statements.

2.2.1 A certain member of the Director Board of the Corporation has a connection directly or by other means outside the normal business condition regarding an agreement related to the Corporation as per the requirement stated in the Section 12(d) of the National Audit Act No.19 of 2018.

2.2.2 It has been proceeded in contrast to a certain relevant written law or other general or special provisions issued by the Board of Governance as per the requirement mentioned in the Section 12 (f) of the National Audit Act No.19 of 2018.

2.2.3 It had been proceeded as not compatible with the powers, duties and functions of the foundation as per the Section 12 (g) of the National Audit Act No.19 of 2018.

2.2.4. As per the requirement stipulated in the section 12 (h) of the National Audit Act No.19 of 2018, the resources of the Corporation had not been used thriflty, efficiently and effectively within timeframes except the following observations.

<b>Reference to laws, rules/orders</b>	<b>Non-compliance</b>
(a) Section 17 of Social Security Contribution Levy Act No. 25 of 2022.	Although the registration should be done for the Social Security Levy before 01.01.2022, the State Printing Corporation has been registered for this levy on 02.03.2023 with a delay of five months. Although the levy of each month should be paid before 20th of next month as per the calendar of the levy, the corporation had paid the levy by 31 December 2023 with a delay from 16 days to 310 days.
(b) Section 09 of Social Security Contribution Levy Act No. 25 of 2022.	Due to the payment of levy with delays without proceedings as per the provisions, an assessment report had been issued by the Department of Inland Revenue on 23.11.2023 including the levies to be paid for the quarters 2240, 2310 and 2320 and a 10% penalty amount. Accordingly, as the proceedings had not been done with a proper management of levy, an additional penalty amount of Rs. 8,839,774 had to be paid.
(c) Section 08 (1) of Social Security Contribution Levy Act No. 25 of 2022.	According to the Social Security Contribution Levy Act, the returns should be furnished to the Department of Inland Revenue before 20 days after the end of each relevant quarter. However, any return for the first quarter of the year 2022 and for all the quarters of the year 2023 had not been presented by the Corporation.
(d) Inland Revenue Act, No. 24 of 2017 and subsequent amendments	<p>(i) The Inland Revenue Act No. 24 of 2017, subsequent amendments made thereto, and the Gazette Notifications should be taken as a basis for calculating the income tax of the assessment year 2022/2023. However, the Corporation had used a ratio of 28 percent instead of the 30 percent tax for calculating the tax, the interest amounting to Rs.14,834,896 had not been considered in tax calculation, and a sum of Rs.298,830,845 as the Deemed Dividend Tax not mentioned in the new act had been included within the tax payable in the tax calculation. Consequently, the tax liability of the corporation had not been identified correctly.</p> <p>(ii) As per the Section 19 of the Inland Revenue Act No.24 of 2017, a person who pays the tax for a year of assessment should file an estimate of tax payable for the year with the Commissioner-General by the date for payment of the first tax instalment. However, the State Printing Corporation had not done a quarterly tax payment or had not even presented an estimate on tax.</p> <p>(iii) The interest income gained from the fixed deposit in the current year is Rs.14,640,405. As per 6(d) (ii) of the first schedule of the Inland Revenue (Amendment) Act No.45 of 2022, 5% Advance Income Tax (AIT) should be deducted by the respective finance institute for the fixed deposit interests with effect from 01 January 2023, and the said value can be deducted as tax liability in the tax calculation. However, the corporation had taken the retention guarantees from the People's Bank related</p>

		to the advance account of Rs.732,020 which was a 5% of the interest income received from the fixed deposit, and the said value had not been accounted.
(e)	Inland Revenue Act, No. 24 of 2017	The Act stated in the Note about the tax under No.3.3 of the note revealed in the financial statements is the Old Income Tax Act No.10 of 2006, and no revelation had been made about the Inland Revenue Act No. 24 of 2017; which is the new Act.
(f)	Financial Regulation 757 (2)	The actions had not been taken by the Accounting Officer to get the clarifications from the responsible officers as per the Financial Regulation 102 and 108 regarding the spare parts stock deficit balance amounting to Rs.15,981,605 and hardware stock deficit balance amounting to Rs.1,588,321.

### 2.3 Other Particulars

- (a) The Digital Printing Machine (Konica Minota) worth Rs.7,900,000 that had been acquired by the Corporation on 14 October 2021 and installed in Narahenpita Outlet had remained idle from the date of purchase to the date of audit; 30 April 2024. Further, this machine had been shifted in April 2022 without a written approval from the responsible parties of the Corporation and installed in the Process Division of the Corporation by paying a sum of Rs.135,000 to the agency. Also, the machine had been damaged by the rats due to the negligence of the officer who was trained for the operation of this machine, and a sum of Rs.2,361,500 had been spent to repair it. The required actions had not been taken by the Corporation until 30 May 2024 to conduct an inquiry as per the Sections 103 (1) (c), (f), (g) of the Financial Regulations to specify the responsible persons and to recover the amount related there to.
- (b) The debtor balance as at 31 December of the year under review had been shown as Rs.1,008,219,259. The actions had not been taken by the Corporation to settle the debtor balances; included in the above balance, amounting to Rs.177,816,278 existing from a period from 4 to 11 years even by the end of the year under review.
- (c) Since the Corporation did not complete the printing orders as at the expected date in the year under review, an amount of Rs.22,079,818 related to textbook printing of the Educational Publications Department, an amount of Rs.5,618,280 related to lottery printings of the National Lotteries Board and a sum of Rs.2,245 for other printing tasks amounting to a total of Rs.27,700,343 had been paid as late charges and fines.
- (d) While the approval had been granted by the Department of Public Enterprises to recruit the Finance Manager of the Corporation on internal basis in the year under review, the interview board was required to verify the qualifications related to the recruitment on internal basis and give the relevant decision. However, they had given decisions by verifying the qualifications related to the external applicants. Further, as per the note given by the Interview Board, the approval from the Treasury and the Board of Directors should be obtained prior to the appointment of Finance Manager, only the approval from the Board of Directors had been obtained in appointing the Finance Manager.
- (e) As per the approved recruitment procedure, it is stated that the General Manager of the Corporation should have the experience of “clustering the professionals from varied fields and directing them as a group and managing the human resource and other resources appropriately and efficiently”. However, it was not confirmed in the perusal of the personal file that the officer who was appointed as the General Manager on 01 January 2024 was with the experience specified in the above recruitment procedure, and it was verified to the audit that he had experience only in supply sector. The interview board and the director board had not perused those qualifications.





# 2023

STATE PRINTING CORPORATION

## COMMENTS ON FINANCIAL STATEMENTS

### 1. Financial Statements

#### 1.1 Qualified Opinion

#### 1.2 Basis for the Qualified Opinion

- (a) A formal group was appointed before the end of the financial year 2023 to proceed in line with the Sri Lankan Accounting Standards, and its final report could not be completed before the end of the financial year 2023 and the lifetime was calculated only in the category of cars as well as included in the financial reports 2023. These activities were completed during the first quarter of 2024 and the adjustments were made to the financial statements of the Corporation.
- (b) As this is an expense incurred for the revaluation, the actions have been taken to deduct it from the profit generated thereby and to account.
- (c) According to Sri Lanka Accounting Standard No. 12, the calculation of deferred tax will be done considering about the tax base and accounting base. The actions will be taken to correct the necessary adjustments on this in the year 2024.
- (d) This machine had been installed in the Rajawasala outlet in the year of purchase (2021) and it has been used for printing activities according to the receipt of orders. With the closure of that outlet, the machine was taken to the Head Office of the Corporation and became inactive. Afterwards, it was repaired and is being used for printing activities in the Process Division of the Corporation. This machine was related to the income generation task and has again been used for that purpose.

2.2.4 (a) A request letter was submitted by the Chairman to the Commissioner of Inland Revenue on 27.03.2023 giving reasons for the exemption of the social security levy payable by the corporation, and the arrangements are made to submit a Cabinet Memorandum was presented to the Ministry of Education on 23.05.2023 with the view to obtaining a Cabinet Decision.

Although a relief was expected by presenting the Cabinet Memorandum, no relief was gained. Consequently, even with a delay, the payments of social security levy have been started with effect from 26.09.2023 and all the levies related to the year 2022 and all the taxes due up to November 2023 have now been paid.

The social security levy amount related to the last quarter of the year 2022 has been fully paid. In respect of the social security levy amount due for the second quarter of the year 2023, the discussions were held with the Department of Land Revenue and it was agreed therein that a quantity of 40% from the total amount payable is paid in the year 2023 and the remaining 60% is paid in equal 06 installments in June 2024, and the said amount is also about to be paid completely.

A request has been made on 03.06.2024 to pay the arrears of social security levy related to the last quarter of 2023. As per the agreement made, the arrangements are being made to pay that amount.

The State Printing Corporation, which does not receive any government funding, are procuring raw materials such as paper, ink and printing plates for the printing of textbooks, and paying the VAT also without any deficit settling the overdue tax amounts in the previous years while paying essential payments such as employee salaries, employee provident funds and employee trust funds and gratuities, and had paid the social security levy which is of two categories as 85% and 50% without any deficit.

(b) As stated in No. 1 above, the actions are being taken to pay the Social Security Levies continuously negotiating with the Department of Inland Revenue.

Although 85% social security levy should be paid for the school textbooks manufactured by the State Printing Corporation, the Pricing Committee for School Textbooks does not allow the social security levy to be added to the production price of the textbooks. Consequently, the levy cannot be included in the production price of the books. Therefore, the corporation has to unilaterally bear the 85% levy amount due for the books. It is an additional responsibility assigned to the corporation along with the essential payments such as procurement of printing materials, payment of employee wages etc.

Consequently, as the taxes have to be paid using the income received by the Corporation with a proper management, the social security levies are being paid continuously at present even if some delays have occurred.

(c) According to the agreements entered with the Department of Inland Revenue by negotiating with the said department, the actions are taken to pay the social security levy and the arrangements have been made to complete the payment of social security levy related to the month of December 2023 in 06 equal installments.

Although there was a delay in submitting the tax returns within the period given to take measures to withdraw the taxes, the necessary steps have been taken to submit the tax returns that should be prepared quarterly in the future without delay.

(d) (e) Although the Department of Inland Revenue had sent the amendments to the relevant Tax Acts by post during the previous years, this has been overlooked within the previous period as it did not happen so related to the past period and due to the expansion of the current tax processing activities. However, what has been included in the financial statements 2023 is only a provision for taxes. This matter will be taken into consideration when preparing the income tax reports to be sent to the Department of Inland Revenue in relation to the financial year 2023/24 and the actions will be taken to prepare and present the tax reports obtaining instructions from the qualified tax officers.

(f) The officer who was in charge of the machine spare parts of the work division suddenly became ill, and the subject officer who was entrusted with the duties had meager knowledge to accurately identify the spare parts of the machine, and the computer software used in the store had complications. That situations were the main reason for this shortage in the stock of spare parts related to the work division of the main warehouse. Accordingly, this situation was also caused by the problems in identifying those parts that were physically available in the annual board of survey. However, the officer; who was in charge of the warehouse at that time, has given a timeframe up to 7 May 2024 for the maintenance manager to identify the spare parts, and some of those spare parts has been identified to date. Accordingly, a formal report has been obtained on the findings and deficiencies occurred in respect of the documents. Consequently, the necessary steps have been taken to recover the damage or loss caused to the Corporation due to the deficiency that cannot be identified anymore from the involved persons in accordance with the Financial Regulations 102 and 108.

(a) Any information about the relevant debtor balance of Rs. 1,106,537,792/= is not available in the institution, and there is a balance in the accounts. Since there is not enough information to find out at least from which year the balance is existing from, there is an issue of collecting these balances. Also, as this balance includes the debtor balance that is existing from the commencement of the corporation, it has been very difficult to identify those balances.

However, the details about the balances to be recovered after the year 2015 up to the year 2019 are available in the Accounts Division and the maximum efforts are being taken to recover those balances.

The debtor balances in the closed outlets are also very old debtor balances. The recovery of these debtor balances has been difficult due to lack of information. However, the accounts department continues to collect the debtor balance finding the available information as much as possible.

The value of this U.V. Lamp 02 should be revised as Rs. 318,937.43. Two U.V. Lamps have been sent again to the Corporation by the respective supplier for these damaged goods (U.V. Lamp 02) and it has also been damaged in transportation. Since a specific decision had not been received regarding this matter at the time of preparing the financial statements, it was accounted as a stock loss. The discussions were in progress to settle the related transaction at the time of accounting, and two new bulbs were obtained from the suppliers after the suppliers were convinced about the related damage. Accordingly, a financial loss has not been occurred and the arrangements will be made to include the relevant adjustments in the accounts of the year 2024. The other stock losses are the stocks which have been disposed and irrecoverable.

2.3 (a) A digital printing machine was purchased for the Rajawasa building in Narahenpita in order to convert the outlets into smart outlets quickly as per a concept of the government. The maximum production of the machine could not be obtained to the said venue due to the lack of customer arrival to reach the expected targets of the trade at that location. Consequently, this machine was brought to the location of Corporation in Panaluwa during the year 2022.

Since several shredders are available in the corporation, the shredder required for the digital printer purchased in 2021 was not needed to purchase. As the person who was trained for this machine was placed in Narahenpita outlet, it was not possible to get the maximum service from her. Consequently, she has been attached to the main factory in Panaluwa and used for the necessary works of the digital printer. This was a project implemented with the objective of diversifying the corporation's income, and it is currently being used successfully for the production of textbook and other commercial printing works.

The digital printer purchased in the year 2021 was brought from the Narahenpita outlet to the head office as per the instructions of the then Chairman of the Corporation as the expected production (due to non-arrival of customers) could not be gained by setting up at the Narahenpita outlet, and it was placed in the Process Division of the Panaluwa factory. It is operated under the supervision of Assistant Works Manager of Process Division.

This digital printer was installed in a separate air-conditioned place in the Process Division of the Main Press in Panaluwa along with officers of JDC institution, and rodenticides are applied to the said place on monthly basis to protect it from rats. The rodenticides are often applied to the other machines of that sort and office premises. The management of the corporation has taken maximum safety measures for the protection of this machine.

Even if this digital printer has been kept safely, its sensitive wires have been destroyed by rats. Consequently, the machine was taken back by the JDC Printing Technologies; which is the agent of this machine, and it has been restored and is in working condition at present. Generally, the rat control measures are taken monthly for such printers and office premises. Although the management has taken maximum measures to protect this machine, this is a natural damage caused by the animals.

(b) Any information about the relevant debtor balance; Rs. 106,537,792/=, is not available in the institution, and there is a balance in the accounts. Since there is no sufficient information to determine at least the year from which the balance exists, there is a problem with recovering these balances. Also, as this balance includes the debtor balance that existed since the beginning of the corporation, it has been very hard to identify those balances.

However, the details about the balances to be recovered after the year 2015 till the year 2019 are available in the accounts department, and the maximum possible efforts are being taken to recover those balances.

The debtor balances in closed outlets are also very old debtor balances. As the details required to recover these debtor balances are not available, the recoveries have become very difficult. However, the Accounts Division is continuing to collect the debtor balance by finding the available information as much as possible.

2.3 (c) The reason for being unable to deliver the textbooks as per the scheduled date was the delay of obtaining the required paper, boards, printing discs and other printing materials until the end of April under the Indian credit line even though the book printing order had been given at the beginning of 2023. After the related raw materials were received on 17 April 2023 under the Indian credit line, all the Departments of the Corporation took maximum efforts to print the textbooks and deliver the order with the intention of minimizing the fine amount.

The payment has been done by deducting a value of Rs.2,866,609/= due to the reduction of pages when the pages more than the expected number of pages are printed. This is not disadvantageous to the corporation as the deductions from the estimated price have been made by comparing the relevant actual copies.

Due to the shortage of 120gsm Art Paper which is specific to the machine for lottery printing and the crisis situation related to the financial status of the Corporation at the beginning of 2023, the printing activities were done using 70gsm paper (with the approval of the National Lottery Board). Consequently, the production activities could not be done with the maximum efficiency of the machine causing the delays of supplying the lotteries.

Since the water base ink was used for the machine due to the complications prevailed in respect of importing the machine-specific Felxo ink within the first few months in the year 2023, the machine errors occurred and an additional time was spent to inspect all the tickets. Consequently, the delays have occurred as the lotteries could not be supplied to the Lotteries Board before the due date.

The proceedings have been done to print and supply the lotteries overcoming the delays by May 2023.

Only one officer has been qualified for the post of General Manager and only one officer has been qualified for the post of Deputy General Manager (the then Works Manager). As it was found in advance that the post of Work Manager would remain vacant and the State Printing Corporation is a production based organization, it was decided to conduct the interview in advance for the post of work manager by using the same interview panel called for the posts of General Manager and Deputy General Manager in order to avoid the hindrance to the continuity of the production process due to the vacancy of the post of the Work Manager also as it was surely confirmed that there would be a vacancy in the future.

Although the Board of Directors and the Department of Public Enterprises had decided at several occasions to amend the recruitment procedure of the corporation, it got delayed continuously. With the aim of bringing justice to the senior officers who worked in the corporation and the officers who have obtained

higher educational qualifications, the interview board contributed to the internal officers of the corporation to reach the current progress. The management decided to conduct the interviews in a situation where the internal officers have contributed to bring the corporation up to the current level of progress and completed the educational qualifications and shown a higher level of performance during their acting period.

The State Printing Corporation encountered severe financial crisis till 2022 and a remarkable progress was achieved in the year 2023 due to the dedication and interest of the then managers served in the Corporation. Therein, it has been successful due to the tasks performed in organized manner being integrated by all departments called works division, finance division and marketing division. Also, this progress has been achieved discharging the duties assigned to higher posts on acting basis by the majority of internal officers in the top management level. Taking those circumstances into consideration, the formal approvals were obtained for these three officers who were close to the qualifications stated in the recruitment procedure. Also, the formal approvals were obtained for all vacant posts in other work and office divisions and the interviews were conducted as well as the appointments were given based on the decision of the Board of Directors.

The management decided to call applications internally considering the decisions of the Board of Directors on 29.08.2022 and 15.05.2023 and the Interview Board decisions to appoint to act in the post of Finance Manager from November 2022, the progress of performing the duties in the post of Finance Manager (Actg) by the Board of Directors and the prior decisions taken by the Board of Directors.

A request was made to the Management Services Department through the Line Ministry on 11.16.2023 to amend the recruitment procedure of the corporation according to the decisions of the board of directors taken on 04.11.2022 and 29.08.2023. Accordingly, it has been presented with the recommendations of the Ministry to amend the external and internal qualifications and experience belonging to the H.M 1:1 category. In response to that, the Management Services Department has informed on 04.12.2023 to amend the qualifications and experience in 1:3 and 2:1 posts in addition to H.M 1:1 of the H.M category. Consequently, the actions were taken to call for the interview calling applications internally during the said process.

While the aforesaid amendment process is underway, this decision has been taken by the interview board considering all the internal and external qualifications, the existing weaknesses in the current recruitment procedure and the content of the new recruitment procedures.

The provisions have been made to give the opportunity to internal officers having external qualifications in the SOR forms related to public enterprises. Also, since the prior approval of the Department of Public Enterprises had been obtained and the officer representing the Treasury in the interview panel also had no objection for the appointment to this post, the appointment has been made according to the powers of the Board of Directors as the appointing authority in accordance with the Corporation Act. Moreover, since the measures have been taken to amend the recruitment procedure of the Corporation and the Management Services Department has informed to submit the amendments, this decision has been implemented by the Board of Directors. Further, the appointment was made subsequent to consulting the Director General of Establishments of the Ministry of Public Administration at a Director Board meeting.

- (e) The permanent post of General Manager of the Corporation had remained vacant for many years, and even if the proceedings were done by deploying external

officers on a short-term basis from time to time, the need of a Permanent General Manager existed persistently for a long time as a manufacturing institution.

Accordingly, with the permission of the Management Services Department, the applications were called internally and the Supply Manager; who was at the senior management level, has been selected through an interview panel as he has fulfilled the all the qualifications included in the recruitment procedures.

He is a holder of Special Degree in Public Administration and Management from the University of Sri Jayewardenepura and has studied the Management, Human Resource Management, Accountancy, Auditing and Economics as the subjects for the Degree. Also, since he has completed his Postgraduate Degree, he has been selected as an applicant who studies Management. Formerly, he has acted in the said post at two occasions during the challenging period of Corona epidemic.

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# ANNUAL

# REPORT

