වාර්ෂික වාර්තාව

வருடாந்த அறிக்கை

Annual Report

2016

ජාතික ව්‍යවසාය සංවර්ධන අධිකාරිය

தேசிய தொழில்முயற்சி அபிவிருத்தி அதிகாரசபை

National Enterprise Development Authority

කර්මාන්ත හා වාණිජ කටයුතු අමාත්‍යාංශය

கைத்தொழில் மற்றும் வர்த்தக அமைச்சு

Ministry of Industry and Commerce

Introduction

National Enterprise Development Authority (NEDA) established in 2006 under the act no.17 of 2006.The mandate of this organization to facilitate the Small and Medium Enterprise (SME) in Sri Lanka. The authority act legislates to empower the SMEs with providing the infrastructure, financial and policy level support to local enterprises.

The authority engaged with various activities at the regional as well as the National level with the instructions and guidance of the line ministry. NEDA was listed under the Ministry of Investment Promotion and Enterprise Development from 2006 to 2010. NEDA listed under the Ministry of Industries & Commerce in the year 2010 & it is managing from the Ministry of Industry & Commerce to date.

NEDA initiated various programs, projects and activities from the Divisional Secretariat level for the SME community. It links with the public and private institutions such as public & private banks, Business Chambers Non-governmental organizations (Local &International) organizations etc. The objectives of these programs are to provide basic needs such as financial assistance, training, advisory support etc. for grass root level SMEs.There were regional level officers located at the Divisional Secretariat (DS) level to coordinate SMEs at the DS division level.

Vision

"Creating a dynamic and sustainable competitive Enterprise Sector, this will contribute to the economic, political and social aspirations of the nation"

Mission

"To facilitate and proactively support development, growth and competitiveness of NEDA's Enterprises as an integral part of the national economy of Sri Lanka"

Objectives

- ✓ Stimulate the growth, expansion and development of Sri Lanka's economy by encouraging, promoting and facilitating small and medium enterprise development within Sri Lanka.
- ✓ Stimulate and encourage the establishment and operation outside Sri Lanka of enterprises designed with view to internationalizing domestic enterprises capable of penetrating foreign markets for the fulfillment of the objectives of the act of NEDA.
- ✓ Formulate policies, plans, promotional incentives appropriately designed and effectively support and promote trade and development in industry and agriculture.
- ✓ Empowerment of people of human capital development with technical skills as an integral component of enterprise development.
- ✓ Develop infrastructure facilities required to meet the development needs
- ✓ Facilitate the access of entrepreneurs to finances required for enterprise development and operation.
- ✓ Establish a Technology Development Fund to promote research and development in connection with product development, technological enhancement and commercialization of patents.
- ✓ Facilitate regional economic development.

Board of Directors

- Mr. Omar Kamil - Chairman/ Director General
- Mr. AnuraBandara - Director, Planning, Ministry of Industry & Commerce- Board Member
- Mrs. H.A.T. Erandhi - Assistant Director, Ministry of Finance& Planning- Board Member
- Mr. Anver Musthapa - Board Member
- Mr. Sanjeewa Dikwella - Board Member
- Mr. M.S.M. Nadheer - Board Member
- Mr. S. Anandarasa - Board Member

30.11.2021

Hon.Wimal Weerawansha
M.P Minister of Industries
Ministry of Industries
No.73/1,
Galle Road
Colombo 03.

Hon.Sir,

<u>Annual Report 2016</u>

In terms of section 14(2) of the Finance Act No.38 of 1971, I submit the following documents.

1. The progress report of the National Enterprise Development Authority for the year 2016
2. Balance sheet as at 31st December 2016, Income and expenditure statement for the year ended 31st December 2016 and cash flow statement for the year ended 31st December 2016
3. Report of the Auditor General

Yours sincerely,

Sunil Jayarathna
Chairman/ Director General

Table of Content

Development Programs-2016

1.0 Entrepreneurial Information Dissemination /Communication

1.1 Preparation of newsletter & SME Guide book

NEDA has completed softcopy of SME Guide book (Details of machinery producers) for SMEs and as well as Business Development service Providers. It includes information on machinery suppliers and it will be very useful document to guide them for establishing successful enterprise (About 200 pages). NEDA has planned to publish it on 2017.

NEDA publish newsletters for entrepreneurs and BDS providers in quarterly. NEDA published one newsletter for 2016. In addition, NEDA is maintaining web site and sme.lk & ye.lk web sites. It will be beneficial for MSMEs.

1.2 Preparation of MSME data base

NEDA is maintaining MSME database at Divisional Secretariat level and it updates annually. It includes contact details of Micro, Small and Media entrepreneurs operating in regional areas.

1.3 "Vyavasayake Udanaya" Rupavahini program

NEDA has under taken various steps to promote this SME sector and NEDA is implementing entrepreneur education program through electronic media (Rupavahini Chanel).

Program objectives;

1. Providing business information to entrepreneurs & BDS Providers
2. Minimizing gap between entrepreneurs & BDS providers
3. Development of Attitudinal & entrepreneurial culture among entrepreneurs
4. Technology transferring
5. Promote services of BDS providers
6. Improving business knowledge in different field.
7. Solutions for business issues faced by entrepreneurs (Entrepreneurs has ability to forward their business issues)

Business information & business knowledge will be reached to entrepreneurs quickly & effectively through electronic media. Program has been arranged to provide case studies, field observations & advertisement through panel discussion. TV program is telecasting weekly through Rupavahini. NEDA has telecasted 39 programs in 2016.

2.0 Business Support Service Network: Registering and providing license for BDS providers

Business support services should work with the local community providing high quality customer driven advice, guidance, support and training, not only to the unemployed and entrepreneurs including the micro, small and medium business community. These services are provided by individual consultant as well as institutes which are providing Business Development Services (BDS). Entrepreneurs need to support services regard to business startup, expansion, exporting, funding, education or training and other business support services. But, there is no proper mechanism to provide such support services for entrepreneurs and no proper networking between entrepreneurs & BDS providers. In addition to that some BDS providers have lack of capacities to deliver quality services. NEDA wish to provide capacity development program for them to develop their capabilities and improve service qualities. In 2016, NEDA listed out BDS providers as given bellow. Details were collected from paper advertisement and via Development Officers.

Type of BDS Provider	No. of applications
Trainer/ consultant - Entrepreneurship	25
Trainer/ consultant - Technical	64
Machinery Producers	110
Privet Banks	17
Comparatives	50
Public Banks	34
NGOs/ Semi government	39

Table 1 : Registered BDS Providers

3.0 Regional Entrepreneur Awarding Ceremonies

National Enterprise Development Authority conducts Entrepreneur Award Ceremonies with the objective of recognizing, rewarding and motivating these enterprises, who have profoundly contributed to the economic development of Sri Lanka. Four award ceremonies were conducted in four provinces with collaboration of District Chambers/ government institutes. (Sabaragamuwa, North Central, Western and Central). And also, two ceremonies were arranged in North & East and it will completed in 2017.

The purposes of this Award are to:

- Recognize and reward outstanding entrepreneurs in the region
- Motivate and Encourage entrepreneurs to enhance their contribution to the Economic Development of the Province

.

Picture 1 : Signing service Agreement

4.0 District & Regional Enterprise Forums

District and Regional enterprises Forums are established to develop proper mechanism for providing Business Development Services to the entrepreneurs at District and Divisional Secretariat (DS) level. It consists of governmental and nongovernmental BDS (Business Development Services) providers, Chambers and Trade or Business associations of the district.

NEDA has planned to establish District and Regional Enterprise Forums at District and Divisional Secretariat level. Objectives of DEF & REF:

- Build up relationship among Business Development Service (BDS) Providers at DS level
- Facilitate Public Private Dialogue
- Establish proper coordination between DEF/REF and SME associations
- Develop a system to provide Business Development Services to entrepreneurs through DEF/REF forum
- Collecting business issues from DS level forum to National level forum and take actions for solutions
-

Up to 2016, NEDA has established 14 DEF and 88 REF

Picture 2 : Regional Enterprise Forums

5.0 Issue tracker

The issue tracker software is a tool to track issues in the SME sector and report issues for relevant institutions for solutions. There is a separate server at NEDA with Sri Lanka Telecom to run this system.

6.0 National & Regional Industrial Fairs

Industrial Fairs are proposed with the purpose of the development of MSME sector at regional level. Objective of this BDS fair is to bridge the gap between BDS providers and the Medium & Small Scale Entrepreneurs (MSEs), develop the business network for the SME development and promote products of Small & Medium Entrepreneurs in the region and establishment of marketing linkages.

In 2016, NEDA has conducted two Industrial Fair in Kurunegala and Hambanthota Districts. NEDA planned Industrial Fair in Ampara district under guidance of Ministry of Industry & Commerce but it was not implemented. NEDA completed entrepreneurship development training for 270 entrepreneurs in Ampara district under Ampara Industrial Fair.

Picture 3 : Industry Fair – Kurunegala

7.0 Market Linkage Program

NEDA has planned to introduce SMEs to Super market Chain as suppliers by facilitating them to qualify as suppliers. Hence, NEDA identifies potential suppliers through Development officers and assess the quality and supply capacity of them. NEDA supports to improve on quality of the products and provide financial support.

NEDA completed four technical training in Kurunegala, Anuraghapura, Ampara and Kandy Districts for 155 beneficiaries. And, NEDA provided financial grant for 28 beneficiaries in Kurunegala district.

Picture 4 : Packaging training - Kurunegala

8.0 Establishment of Incubation and Technology Transfer Centre (ITTC)- Makadura

Incubation and Technology Transfer Centre (ITTC) is a venue that minimize the risk involved in engaging a new product or service line by reducing the initial capital to be invested backed by professional backing.

The objective of this project is to facilitate Micro and Small Industries in the area and start-up businesses of graduates passed out from the university until they grow up to the level of their self-sustainability.

New technologies and new products are developed at Universities and Research & Development Organizations, but most of those products are confined to research level as they are not entrepreneurial or they are not in touch with SMEs who are willing to explore such opportunities.

SMEs are reluctant investing in new product lines due to risk involvement in marketing. These products require new machineries, investment for most of those machineries are beyond the capacities of SMEs who are at early stages of their businesses.

ITTC facilitates the startups with required machineries and equipment together with novel business ideas derived from research and development activities of Wayamba University of Sri Lanka (WUSL) and surrounding research institutions. The ITTC creates a situation where those research institutions, WUSL will get an opportunity to interact with the MSMEs in the area. Further, Academia of the University are also encouraged to become entrepreneurs by the ITTC by allowing them to use the facilities at ITTC to incubate their research findings. In addition, the association between Research Officers and Academia of WUSL together with MSMEs will pave the way to identify problems faced MSMEs and focus their research in resolving problems associated with those MSMEs.

A feasibility study has been conducted by National Enterprise Development Authority (NEDA) in association with WUSL to understand the operational modality of the ITTC in terms of facilities to be available and services expected by the MSMEs in the area. As a result of the study, a proposal has been prepared indicating enterprise sectors to represent at the ITTC.

NEDA and WUSL entered in to a MOU for the establishment, management and operation of the ITTC. ITTC will be a company registered at the Registrar of Companies and managed by a Board of Management.

In 2016, NEDA has completed 90 % of construction activities and machinery instalments.

9.0 Conduct certificate course and workshop for MSMEs

NEDA has started one certificate program with the collaboration of University of Jayawardanapura. (for 35 entrepreneurs)

10.0 Regional Enterprise Development Program

SMEs in regional level play major role in the Sri Lankan economy. NEDA has identified that they have lack of knowledge on entrepreneurship, marketing, technical and financial management. They have faced with financial barriers to start / expand their business. NEDA Development Officers are working at regional level and they are identifying these entrepreneurs who required advanced knowledge & skills. Hence NEDA has planned to implement short term training and fallow up services for those entrepreneurs in regional level in all districts with the support of Development Officers.

Output:

1. Trained selected new & existing entrepreneurs based on their requirements (eg. Entrepreneurship, technical, marketing, record keeping. etc.)
2. Providing follow up services & business counseling

NEDA trained 11523 entrepreneurs under this program in 2016.

District	No. of training	No. of beneficiaries
Anuradhapura	21	380
Polonnaruwa	1	52
Badulla	23	393
Kaluthra	7	88
Hambanthota	27	839
Mathara	71	1904
Kegalle	23	537
Puttalama	49	1609
Rathnapura	22	465
Kurunegala	72	1119
Colombo	2	5
Mathale	11	232
Monaragala	7	360
Ampara	13	405
Batticaloa	7	145
Jaffna	11	355
Killinochchi	3	110
Vavuniya	3	5
Trincomalee	5	215
Mulathivu	01	30
Gampaha	42	856
Galle	41	1392
Nuwara Eliya	8	27
TOTAL	**469**	**11523**

Table 2 : Regional Training programs

Picture 5 : Training programs –Kurunegala

11.0 Women Entrepreneurship Development program

Sri Lankan women have recently taken an active role in the business sector of the country. However, they are seemed competing on an equal footing with the men, in the business field. But still the number of female entrepreneurs is relatively low. However, the situation has now changed and there is evidence to prove that Sri Lankan women significantly contribute in economic sector of the country. Especially, in the business sector in Sri Lanka,it has shown significant progress over the men during the last few decades. A large number of women has started their own businesses and most of them have been able to meet with success. But they have very lack of knowledge on entrepreneurship, marketing, technical and financial management. And also, they have faced with financial barriers to start / expand their business.

Hence , NEDA implements Women Entrepreneurship Development Program at regional level in all districts with the support of Development Officers.

NEDA conducted training programs 10935 women entrepreneurs under this program.

District	No. of Training	No. of Beneficiaries
Anuradhapura	22	380
Polonnaruwa	1	30
Badulla	8	146
Kaluthra	25	189
Hambanthota	22	580
Mathara	52	1317
Kandy	26	910
Kegalle	30	665
Puttalama	55	1492
Rathnapura	19	645
Kurunegala	74	960
Colombo	2	30
Mathale	13	580
Monaragala	9	210
Ampara	18	560
Batticaloa	10	254
Jaffna	20	345
Killinochchi	4	71
Vavuniya	7	480
Trincomalee	2	105
Mulathivu	2	60
Gampaha	3	86
Galle	41	810
Nuwara Eliya	1	30
TOTAL	**466**	**10935**

Table 3 : Women entrepreneurship development Training

Picture 6 : Technical training – Puttalam

12.0 Graduate Entrepreneurs (UpadhidariVyavasayakeUdanaya)

NEDA promotes, supports, encourages and facilitates enterprise development within Sri Lanka with special emphasis to the Small and Medium Enterprise (SME) Sector of the country. It provides services such as entrepreneurship development, financial facilitation, marketing linkages, Research & Development and Infrastructure development to entrepreneurs and Business Development Service Providers.

NEDA launches entrepreneurship Development Program with Universities for graduates to engage them for business field. And it is named as “UpadhidariVyavasayakeUdanaya” which is to promote business for graduates.

Program Objective: To encourage graduates for business field and create them for successful entrepreneurs

Implementation**:** National Enterprise Development Authority (NEDA) and University - CGU

Target group: Final year students in universities who are interested in the field of business.

Facilities through the program**:**

- Capacity Development Trainings (Entrepreneurship development, Business management and marketing. etc……)
- Technology transferring (Based on the requirements)

- Market linkages
- Financial facilities to start/ expand business
- Exposal visits
- Business counseling and fallow ups

NEDA conducted entrepreneurship development training for 168 graduates in Wayamba, Peradeniya and Ruhuna Universities

13.0 Financial Statements

13.1 Statement of Comprehensive income

Page 1

NATIONAL ENTERPRISE DEVELOPMENT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER	Note	2016 Rs.	2015 Rs.
UTILIZATION OF GRANTS FOR PROGRAMME			-
Grant Attributable for the Year	16	31,614,270	15,079,892
Programme Expenses	9	31,614,270	15,079,892
Surplus / (Deficit) for the Year from Program		-	-
OPERATION			
Recurrent Grants from General Treasury		19,202,159	19,055,872
Amortization of Government Grants	14	5,631,434	5,438,072
Other Income	7	18,548,872	252,102
Total Income		43,382,465	24,746,046
Administrative Expenses	8	25,333,872	25,359,441
Other Project Expenses	9	44,000	
Total Expenses		25,377,872	25,359,441
Net Surplus / (Deficit) for the Year		18,004,593	(613,396)

13.2 Statement of Financial position

NATIONAL ENTERPRISE DEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER	Note	2016 Rs.	2015 Rs.
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	10	11,988,452	14,690,973
Current Assets			
Receivables	11	-	-
Deposits and Advances	12	30,890,400	2,703,648
Prepaid Expenses	13	83,187	49,371
Festival Advance		10,000	11,250
Cash and Cash Equivalents		18,498,850	593,251
Total Current Assets		49,482,436	3,357,519
Working Progrees B.Express Ltd		18,387,668	
Saving Accounts -Grativity		521,567	
Total Other Current Assets		18,909,235	
TOTAL ASSETS		80,380,125	18,048,492
EQUITY AND LIABILITIES			
Equity			
Accumulated Surpluses		18,564,910	2,132,443
Total Equity		18,564,910	2,132,443
Non-Current Liabilities			
Government Grant	14	9,225,134	12,503,095
Retirement Benefits Obligation	15	521,567	415,824
Total Non-Current Liabilities		9,746,701	12,918,919
Current Liabilities			
Grant for Programme	16	34,650,594	822,387
Accrued Expenses	17	1,479,581	2,174,746
Contract liabilities	18	4,326,007	-
Ministry Incubator Project	19	11,612,332	
Total Current Liabilities		52,068,514	2,997,133
TOTAL EQUITY AND LIABILITIES		80,380,125	18,048,492

The Notes on pages 05 to19 from an integral part of these financial

I certify that these financial statements of the Athority comply with the Sri Lanka Accounting Standards.

....
Accountant

Signed by:

....
Mr.Anushka Gunasinghe
Chairman/ Director General

The Board of Directors are Responsible for Preparation and Presentation of these financial statements.

Approved and signed for and behalf of the Board of Directors

....

Director **Director**

13.3 Statement of changes in Equity

NATIONAL ENTERPRISE DEVELOPMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Accumulated Surpluses Rs.	Total Rs.
Balance as at 01 January 2015	**3,705,071**	**3,705,071**
Net Deficit for the year	(613,396)	(613,396)
Adjstment for the Year 2014	(959,232)	(959,232)
Balance as at 31 December 2015	**2,132,443**	**2,132,443**
Net Deficit for the year	18,004,593	18,004,593
Adjstment for the Year 2015	(1,572,126)	(1,572,126)
Balance as at 31 December 2016	**18,564,910**	**18,564,910**

Note

Due to the understatement of program expense in the practice of recognizing unsettled advances in the Statement of Financial policies have been revised by charging those expenses in the corresponding year in the statement of Profit to Loss by re-stating the previous year.

14.0 Auditor General's Report

In terms of the Section 14 (2) (c) of the Finance Act No. 38 of 1971, Auditor General's Report on the Financial Statements of the National Enterprise Development Authority (NEDA) for the year ended 31st December 2016.

In terms of the Section 13 (1) of the Finance Act No. 38 of 1971 and Section 20 (2) of the National Enterprise Development Authority Act No. 17 of 2006 to be read in conjunction with the provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka, an Audit was conducted on my order accompanying Financial statements of National Enterprise Development Authority (NEDA) which comprise the statement of financial position as at 31st December 2016 and the statement of Comprehensive income, Changes in Equity and the statement of Cash Flow for the year ended and the summery of significant Accounting Policies and other explanatory notes. The report on the transactions of the Authority has been tabled in Parliament on 23 July 2019 in all three languages due to delays in submitting financial reports. In accordance with the Section 14 (2) (c) of the Finance Act, this report sets out my views and observations that I intend to proclaim along with the Annual Report of the Authority.

1.2 Management's Responsibility for the financial statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I have conducted my audit in accordance with Sri Lanka Audit Standards in line with the International Audit Standards (ISSAI 1000-1810) of the Supreme Audit Institutions. Those standards require that I comply with the requirements of ethics and perform the audit to obtain reasonable assurance whether the financial statements are free from quantitative misstatements.

An audit includes examining, on test basis evidence supporting the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments; the Auditor considers internal control relevant to the entity's preparation of the Financial Statements that give a fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates bade by the management, as well as evaluating the overall presentation of the financial statements. Subsections (3) and (4) of Section 13 of the Finance Act No. 38 of 1971, confer arbitrary powers on the Auditor General to determine the scope and extent of the audit.

1.4 The basis for the authenticated **opinion**

My opinion is substantiated based on the facts set out in paragraph 2.2 of this report.

2. Financial Statements

2.1 Statistics oriented opinion

I am of the view that, besides the impact of paragraph 2.2 of the report, the financial position of the National Enterprise Development Authority as at 31st December 2016 and its financial performance and cash flow for the year ended in a fair and equitable manner in accordance with Sri Lanka Accounting Standards.

2.2 Commenting on Financial Statements

2.2.1 Non-compliance with Sri Lanka Accounting Standards

LKAS 16 Property, Plants and equipment

The residual value of an asset and the useful life span should be reviewed at the end of each financial year and if the expected conditions differ from the previous estimates, that changes should be accounted as a change in LKAS- 8, accounting estimate. However, the residual value and useful life span of currently in use machinery, cars, office equipment, furniture and fixtures, library books, accounting software and computers and computer peripherals that written value of Rs. 11,988,452 as at December 31 2016 had not been reviewed.

2.2.2 Accounting deficiencies

(a) The balance of Rs. 593,251 had been credited to the accumulated fund instead of entering into the cash book when recording the opening balance of the corresponding year. Accordingly, the accumulated fund balance and the cash balance were indicated as less as that amount.

(b) It had been calculated as Rs. 3,603,679 in the financial statements even though the actual balance of the depreciation allocation account for furniture equipment was Rs. 3,772,538 at the end of the corresponding year and thereby, had occurred deficit of Rs. 168,859 out of the actual balance of the financial statement.

(c) There was a deficit of Rs.3,072 in the depreciation account and the depreciation allocation account balance in the financial statements due to non-availability of depreciation for a computer machine worth of Rs. 14,750 purchased in the corresponding year.

(d) Expenditure incurred on the maintenance and repair of the office premises of the Authority which was established in a rented building during the year 2014 and the corresponding year was respectively Rs.1,280,282 and Rs.56,250 had been included as fixed assets instead of maintenance expenditure in the financial statements and thereby, had calculated Rs. 390,412 for depreciation. Accordingly, the holding value of fixed assets had been increased by Rs. 946,120 at the end of the year.

(e) The following observations are made regarding the cash flow statement.

   (i) The following differences were observed between the cash flow statement submitted by the audit and the cash flow statement submitted by the institution.

	As per the cash flow statement submitted by the Organization	As per the cash flow statement submitted by the Audit	Difference
	Rs.	Rs.	Rs.
Net cash generated from operational activities	7,085,721	(27,013,373)	34,099,094
Net cash generated from financial activities	31,561,019	66,181,680	34,620,661
Changes in Cash and cash equivalent during the year	17,905,599	18,427,166	521,567

(ii) The adjustment of Rs.1,572,126 related to the previous year and over-depreciation of Rs. 575,440 had not been calculated to the net surplus of the corresponding year when preparing the cash flow statement.

(iii) The growth of liabilities for contracts was Rs. 15,938,339.00 during the corresponding year and it had been stated as the reduction in the cash flow statement.

(iv) The amount of Rs. 18,387,668 for depreciation of the grants received for the incubator projects during the corresponding year had not been calculated to the net surplus of the year.

(v) Although cash receipts and payments for programmes must be stated under the financial activities, net value of it had been stated in the cash flow statement as changes in working capital.

(vi) The balance of Rs. 521,567 in the savings account opened for gratuity payments had not been recorded in cash and cash equivalents or under investment activities.

2.2.3 Unmatched control accounts

The bank acquisition statements prepared from March to November of the year was not matched with the balance in the cash book.

3. Financial Review

3.1 Financial results

The financial result of the Authority for the year ended 31st December 2016 was indicated as surplus of Rs. 18,004,593 while the previous year's deficit was Rs. 613,396 according to the submitted financial statements. Consequently, the financial result of the year had been increased by Rs. 18,617,989 when compared to the previous year. The major impact on the above surplus was the amount of Rs. 18,387,668 for depreciation of the grant received for a project under the Ministry of Industries during the corresponding year which have been indicated as the profit of the year.

3.2 Submitting Financial Statements

In terms of the Section 6.5.1 of Government Business Circular No. 12, dated 2nd June 2003, Financial Statements and the Draft Annual Report must be submitted to the Auditor General within 60 days of the end of each financial year. However, the financial statements of NEDA for the corresponding year had been submitted to the Audit on 21st December 2020.