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ஆண்டறிக்கை
ANNUAL REPORT

2019

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சிரம வாசனா நிதியம்
SHRAMA VASANA FUND

www.svf.gov.lk

Content Page

Corporate Information

Financial Information

Vision & Mission.

Vision

"Satisfied Work Force"

Mission

"Providing welfare to the labour community and creating a rich work environment by filling the shortcomings of existing mechanisms in a disaster"

Basic Values and Ethics

- Ensuring the ethical commitment in order to provide an efficient and effective to the client benefiting from the Shrama Vasana fund
- Providing advance qualitative service subject to the rules, regulations and methodologies of the shrama Vasana fund while providing services to the client
- Creating better awareness among the clients regarding the services provided by the Shrama Vasana fund

Shrama Vasana Fund

The Shrama Wasana Fund established under the Act No. 12 of 1998 is an institution established for labour welfare under the Ministry of Labour and Trade Union Relations. The Srama Wasana Fund has been implemented various welfare programmes under 7 objectives from its initial stage and thereby arrangements have been made in order to upgrade the Sri Lankan employees.

The contribution of National Lotteries Board as the major income source for the Shrama Wasana Fund has been timely increased due to the sales of lottery "Jathika Sampatha" and the related services to be provided for labour welfare have also been increased thereby.

Objectives of the Shrama Vasana Fund

(a) To promote the welfare of the employees

(b) To provide financial aid and other assistance to employees when a place of work is closed down without prior notice

(c) To provide medical and other facilities to employees in times of emergency

(d) To provide temporary assistance to employees when inquiries are instituted against them

(e) To provide financial assistance and other benefits to employees or their dependents in times of distress

(f) To give awards to persons who have rendered out excellent services to employee welfare

(g) To provide financial relief to obtain legal assistance to employees where proceedings in respect of termination of employment of an employee or of an industrial dispute, is initiated or pending under the provisions of any written law, before the Commissioner General of Labour, a Labour Tribunal, an Arbitrator or an Industrial Court or any court of law

Administrative Structure of Shrama Vasana Fund

The Shrama Vasana Fund has been established under the Shrama Vasana Act No. 12 of 1998 and chaired by the Secretary to the Ministry of Labour. According to the Shrama Vasana Fund Act, the entire responsibility of administration process of fund has been entrusted to the Board of Directors and the fund management and all the related matters has been entrusted to the Board of Directors.

Board of Directors of the Shrama Vasana Fund in Year 2019

Name	Position
Mr. R. P. R. Rajapaksha	Chairman
Mr. A. Wimalaweera	Member
Ms. H. M. P. C. Kumarihami	Member
Mr. V. G .Wijesiri	Member
Mr. D. M. Gunasekara Banda	Member
Mr. E. A. Narada Edirisinghe	Member
Mr. D. R. Jayalath	General Manager / Shrama Vasana Fund

Sub Committees Established in the Shrama Vasana Fund

1. Internal Audit and Management Committee,
2. Benefit Committee,
3. Progress Review Committee,

Internal Audit and Management Committee

The Internal Audit and Management Committee of the Shrama Vasana Fund is an independent division. The committee consists of two members of the Board of Directors, a representative of the Treasury, a representative of the Auditor General as an observer, the Chief Financial Officer of the Line Ministry, and the General Manager of the Shrama Vasana Fund, and the Accountant.

The main objective of this committee is, provide necessary advice on tasks such as institutional administration of the Fund, promoting efficiency and productivity based on the objectives of the Shrama Vasana Fund, the Corporate Plan and the criteria / recommendations of the Action Plan, ensure compliance with the rules and regulations affecting the credibility of financial statement reporting in conducting accounting activities, prevention of fraud and deficiencies, and ensure compliance with laws and regulations affecting functions such as asset protection.

The Head / Chairman of the Internal Audit Committee reports directly to the Chairman of the Fund and these audit reports are submitted to the Audit Committee.

The Audit Committee 2019 of the Shrama Vasana Fund consists of the following members.

1. Ms. H. N. P. C. Kumarihami	Treasury Agent / Chairperson of the Committee
2. Ms. M. V. K. Peries	Chief Financial Officer Ministry of Labour / Committee Membe
3. Mr. D. M. V. H. Jayathilaka	Audit Superintendent / Auditor General Representative / Committee Member
4. Mr. D. R. Jayalath	General Manager Shrama Vasana Fund
5. Ms. M. L. Jayamali	Accountant Shrama Vasana Fund
6. Mr. G. Rupakaran	Internal Auditor, Ministry of Labour / Committee Member
7. Mr. A. W. P. Silava	Internal Auditor - Shrama Vasana Fund / Committee Member

Basic Functions of the Audit and Management Committee

1. Review and evaluate the existing accounts of the Shrama Vasana Fund to improve the accounting and reporting process.

2. Investigate the impact of any problems that may arise in order to achieve the pre-determined objectives of the Fund.

3. Specifically, aware if the assets are safe from damage and fraud

4 Investigate the necessity of transactions and the benefits of the transaction, investigate the reports of profit and loss and expense deductions incurred due to waste and abnormal over-spending, disposal of assets.

5. Take measures for the audit committee meeting and formulate the audit decisions and distribute them among the Heads of Divisions who need to take the relevant action.

6. Submit reports to the Auditor General's Department.

7. Conduct special inquiries at the request of the Chairman or members of the Board of Directors of the Fund.

8. Assist and make recommendations to various committees appointed by the Chairman / Board Members of the Fund.

Benefit Committee

Beneficiaries are selected through a Beneficiary Committee based on the criteria approved by the Board of Directors for the programmes such as awarding scholarships, providing medical assistance and providing legal aid as per the objectives of the Shrama Vasana Fund.

The Benefit Committee consists of the General Manager of the Fund, an Officer of the Legal Division of the Line Ministry and a Professional Physician. This committee helps in selecting the beneficiaries according to the correct methodology.

Progress Review Committee

A committee set up with the approval of the Hon. Board of Directors of the Shrama Vasana Fund on the advice of the Audit from time to time. The main function is to look into the day to day activities of the Shrama Vasana Fund. The Committee consists of the Manager, the Accountant and the Assistant Manager of the Fund and in particular, the committee examines the day-to-day activities, the preparation of completed files, the planned work and the actual situation and gives necessary advice to avoid mistakes and shortcomings. This committee has been assisted in maintaining the files of the Fund without any shortcomings and in conducting the programmes systematically.

Issues Discussed at the Audit and Management Committee and Action Taken –

First Quarter

Serial No.	Matter Discussed	Decision	Action Taken
01	Appointment of an Internal Auditor for the Shrama Vasana Fund	As the post of Internal Auditor of the Shrama Vasana Fund has become vacant, the General Manager of the Fund stated that the Secretary of the Ministry has informed that an officer from the Department of Labour has been appointed to fill the vacancy. As Audit Superintendent has stated that it would be more appropriate to conduct an internal audit of the Shrama Vasana Fund by the Internal Audit Division of the Ministry until then, and therefore the Chief Internal Auditor agreed with the same.	A new Grade 1 Accountant will be appointed by the Office of the Commissioner of Labuor Compensation as the new Internal Auditor and will currently conduct internal audits.
03	Action Plan and Budget for Year 2019	The General Manager of Shrama Vasana Fund informed that the Committee that the Action Plan and Budget for the year 2019 have been sent to the Treasury before 15th September.	The Action Plan and Budget for the year 2019 prepared in relation to the Shrama Vasana Fund has been sent to the Treasury before 15th September.
04	Internal Audit Plan 2019	The Government Audit Superintendent stated that it is the responsibility of the institution to maintain the implementation of the internal audit plan and that it is stated in the Audit Act.	Presented the Internal Audit Plan prepared for the second and third quarters of year 2019. The internal audit plan is revised and maintained with more focus on system audit than financial audit.
08	Web base System	The General Manager stated that the Shrama Vasana Fund has inquired about the progress of the implementation of the Web base system and has completed up to Web base stage 3.	By the end of 2019, three stages of the system have been completed, enabling the organization to carry out its operations using computer software.

09	Financial Statements of Shrama Vasana Fund for the Year 2018	The Chief Internal Auditor inquired into the purchase and re-audit of the computer equipment mentioned in the financial statement and the appointment of committees for the same purpose. The General Manager inquired whether the Sri Lanka Accounting Standards should be used in the preparation of annual accounts or whether the Sri Lanka Public Sector Accounting Standards should be used. The Audit Superintendent said that the Sri Lanka Public Sector Accounting Standards should be used for the Shrama Vasana Fund and that the policies of the institution should be formulated in accordance with the standards and disclosed in the accounts. The Government Audit Superintendent said that a circular has been issued stating that transactions of less than Rs. 5,000 / - should not be capitalized in the financial statements and should be identified as non-capital expenditure, and therefore inclusion in the inventory alone would sufficient.	Training of subject officers of the Institute on New Public Accounting Standards will correct the deficiencies and maintain accurate accounts.
10 05	Preparation of Files	The Audit Superintendent said that there was a delay in the preparation of files for all the programs conducted by the Shrama Vasana Fund. The General Manager informed the Committee that a Progress Review Committee has been set up to oversee the proper preparation of the files and to oversee it accordingly and submit its reports to the Board on a monthly basis.	Work has already been done to rectify the errors in the file preparation of all the programes by setting up a Progress Review Committee to oversee it and submit its reports to the Board of Directors on a monthly basis.
11	Conducting Programmes	The Audit Superintendent said that programmes should be planned island wide in order to carry out programmes according to the	The programmes carried out in accordance with the Five-Year Corporate Plan will be referred to the

06		Corporate Plan.	Board of Directors and the programmes determined by the Board will be implemented island wide.
12	Conducting Programmes	The Audit Superintendent inquired as to whether the objectives of the Shrama Vasana Fund were being achieved in the prosthetic limb programmes and whether the hands and feet (Limbs) were being given to the right people after conducting medical examinations. The General Manager stated that the limbs provided so far have been given to the correct beneficiaries after conducting medical examinations and in future it has been decided to pay the selected institution in two installments by publishing newspaper advertisements and registering the institutions. The Audit Superintendent also stated that in the case of empowerment programmes, the goods should be delivered to the beneficiaries in a proper manner using a systematic method of delivery to the beneficiaries.	Due to technical errors in the previous prosthetic limb programme, it has been discontinued and now it is possible to publish two newspaper advertisements and register the institutions who is providing prosthetic limbs and action has been taken to pay the selected institution in two installments (subject to a maximum of Rs. 50,000 / -).

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Second Quarter

Serial No.	Matter Discussed	Decision	Officer Responsible
.01	Final Audit Report of the Auditor General for the Year 2018	The Audit Superintendent stated that the Auditor General has issued a qualified opinion regarding the financial statements for the year 2018. That is, the financial statements were declared to be correct subject to few factors mentioned therein.	The institution will be maintained in accordance with the Establishments Code, Financial Regulations, Procurement Guidelines, and correcting the areas that need to be rectified as per the instructions of the Board of Directors.
02	Lottery Revenue	The Audit Superintendent stated that lottery revenue will continue to decline in 2019. The General Manager stated that the decline in revenue was due to the disturbance created in April. That it is going to increase again.	Discussed with the Board of Directors and briefed the Board of Directors on future course of action.
03	Action Plan	The Audit Superintendent stated that the programmes should be done according to the action plan of an organization and if it changes, action should be taken to update the action plan. The General Manager stated that all the programs have been carried out in accordance with the action plan and a decision should be taken by paying more attention to the less progressive programmes.	In this regard, a committee appointed by the Board of Directors has directed the Board to plan future programmes according to the reports of the Committee.
04	Human Resource Management	The Audit Superintendent stated that action should be taken in 2019 as per the circular issued in 2018 regarding human resource management.	A Human Development Plan for the year 2019 has been prepared and relevant activities have been carried out.

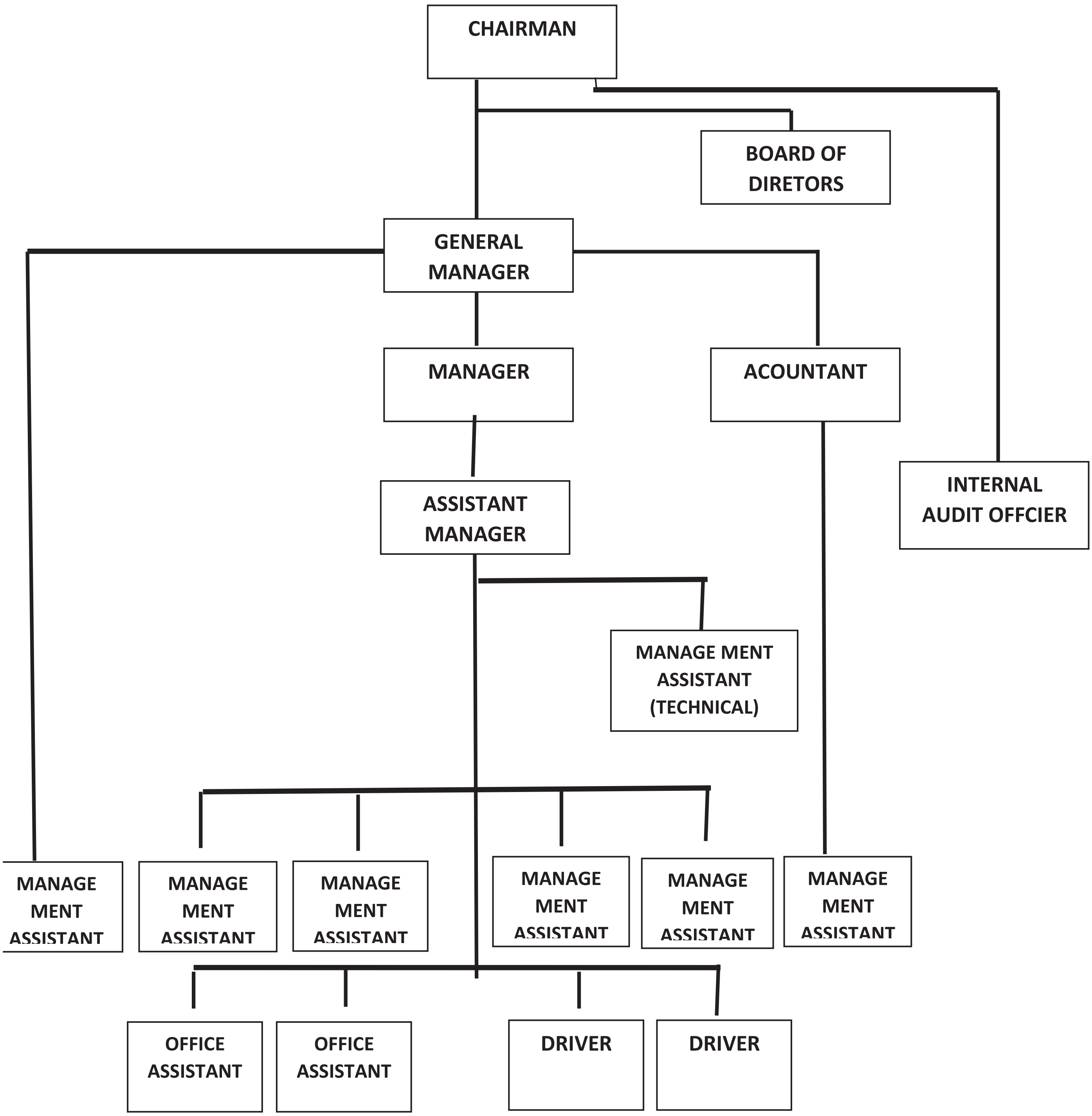
Third Quarter

Serial No.	Matter Discussed	Decision	Officer Responsible
01	Asset Assessment	The Audit Superintendent stated that the relevant asset class in the detailed audit report of the last year dated 31.12.2018, should be revalued in place of the relevant fixed asset item as per Public Sector Accounting Standards 07. The Director of the Ministry of Finance said that this should be rectified next year.	At present, the asset class itself has been recalculated according to the new standards.
02	Reservations for Gratuity	The Audit Superintendent stated that the allocation for gratuity was based on the basic salary only. It was stated that the gratuity should be calculated on the basis of the salary as per the circular issued by the Commissioner of Labour.	Allocation of gratuity has been made based on the salary as per the circular issued by the Commissioner of Labour.
03	Disclosures in Financial Statements	The Audit Superintendent stated that disclosures of cases filed against the institution should be made in accordance with state accounting standards.	Madushanka, a Management Assistant and Dushmantha Piyadasa, a Short Hand Typist, who worked for the Shrama Vasana Fund in 2013, were formally sacked in 2016 for misconduct. According to the complaint filed by them in the Labour Tribunal, the above case is currently pending in the Borella Labour Tribunal.
04	Annual Action Plan	The Audit Superintendent stated that some of the programmes included in the action plan have not been implemented. The Chief Financial Officer stated that they should be referred to the Board of Directors and action should be taken to revise the action plan.	This is being discussed and revised from time to time at the meeting of the Audit and Management Committee and at the meeting of the Board of Directors.

Fourth Quarter

Serial No.	Matter Discussed	Decision	Officer Responsible
Amendment of the Shrama Vasana Fund Act			
01	Amendment of the Shrama Vasana Fund Act	The General Manager stated that the amendments to the Shrama Vasana Fund Act were approved. The other members asked what the new amendments were. According to the Shrama Vasana Act, the lottery should be called "Shrama Vasana". Today it is released under the name "Jathika Sampatha". According to the new amendment, it can be issued under any name, the General Manager said. The law states that legal aid must be provided to an "employer." However, the General Manager stated that it was amended to "employee" as legal aid should be provided to the employee. The General Manager said that the Act could not be used for marketing promotion activities to increase lottery sales and the new amendment amended the Act to allow spending on advertising activities.	The draft required for the amendment has been sent to the Attorney General's Department and the necessary work is in progress.

Organizational structure as at 31.12.2019



Contributions towards Shrama Vasana Fund

(a) All such sums of money as may be voted by Parliament for the purpose of carrying out the objects of the Fund

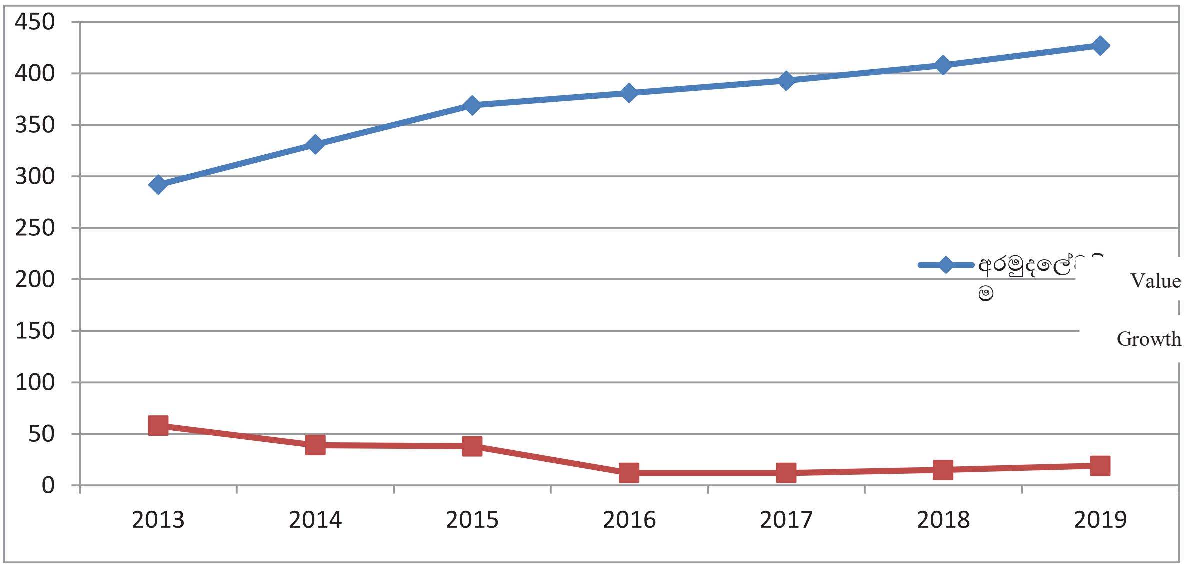
(b) All sums of money received as grants, gifts or donations from local or foreign sources

(c) All sums of money received as income from investments made by the Fund

(d) All sums of money derived by the Fund in the exercise of its powers, and discharge of its functions, under this Act, including the proceeds of the lotteries referred to in section 13.

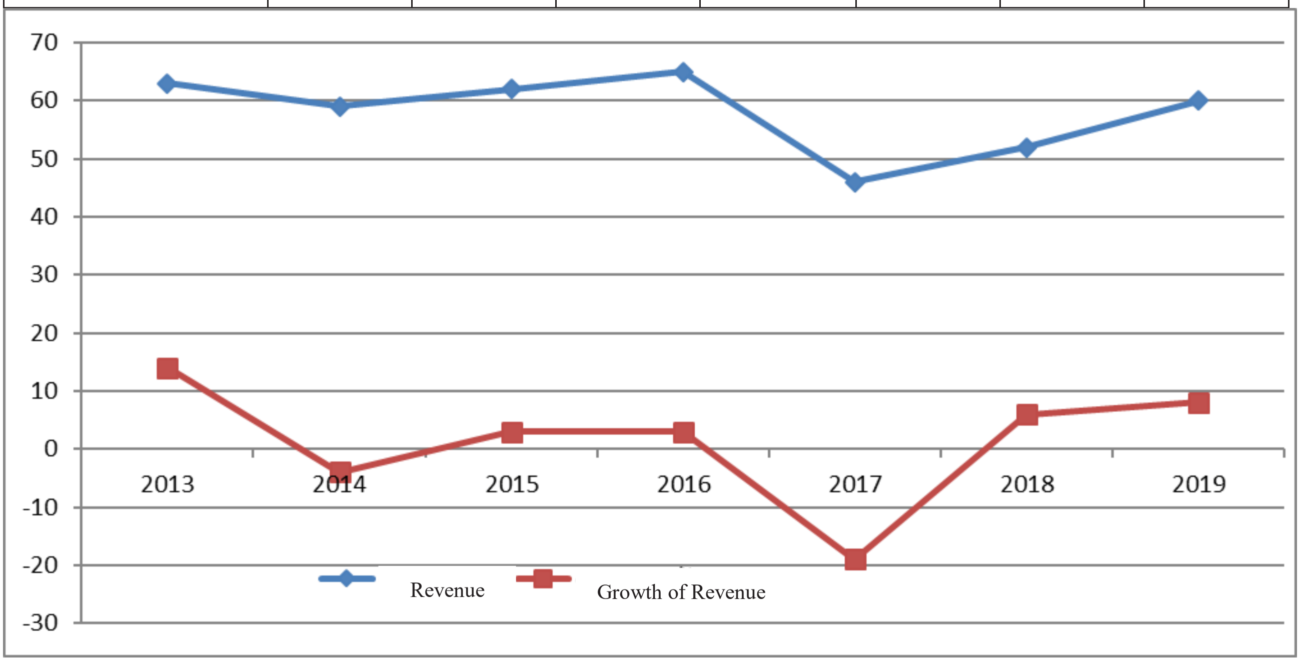
The Growth of Shrama Vasana Fund (Rs. Mn.)

Year	2013	2014	2015	2016	2017	2018	2019
Value of Fund	292	331	369	381	393	408	427
Growth of Fund	58	39	38	12	12	15	19

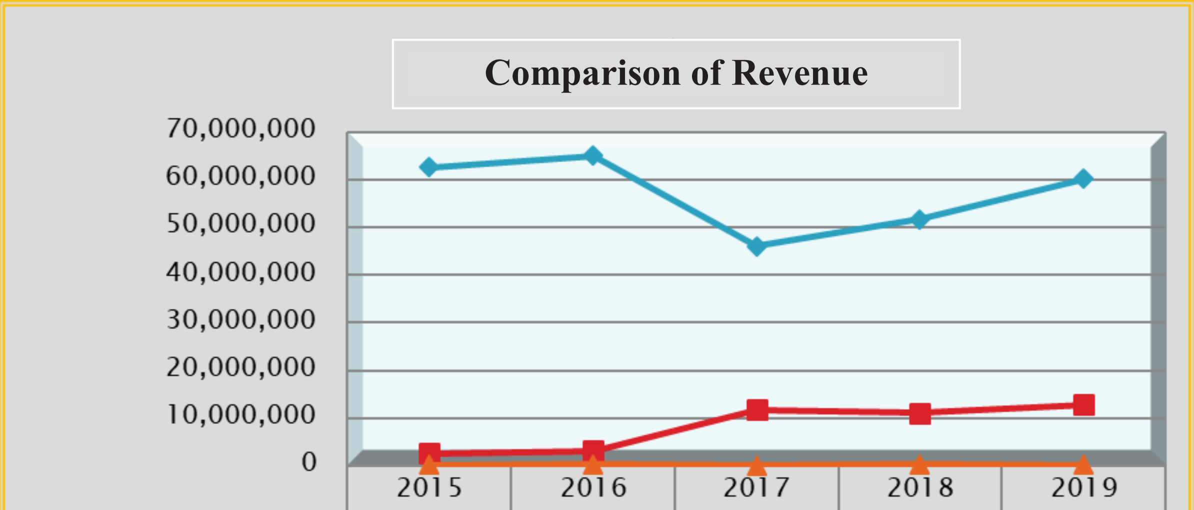


Lottery Revenue (Rs. Mn.)

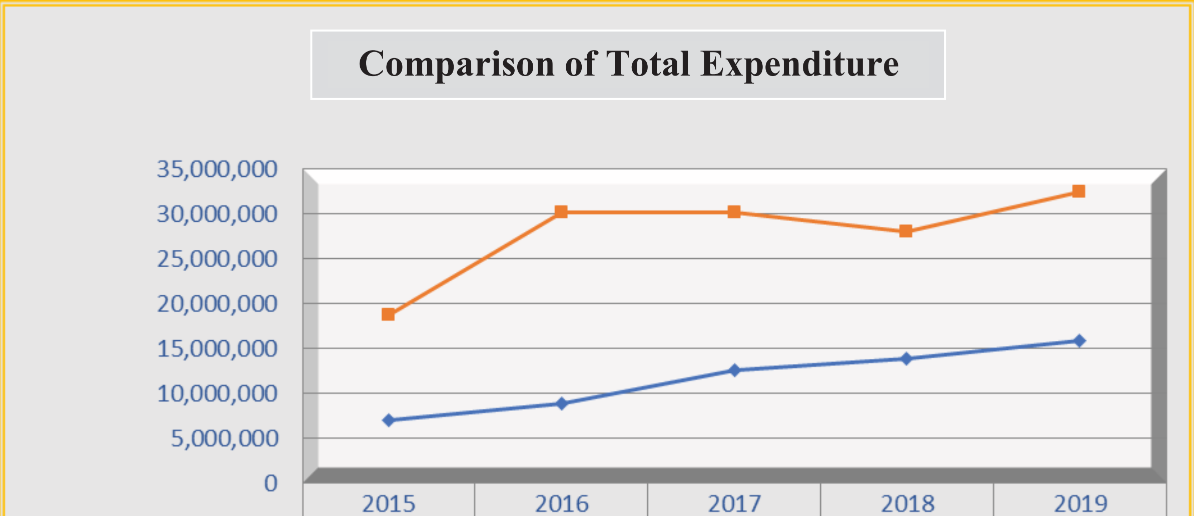
Year	2013	2014	2015	2016	2017	2018	2019
Revenue	63	59	62	65	46	52	60
Growth of Revenue	14	-4	3	3	-19	6	8



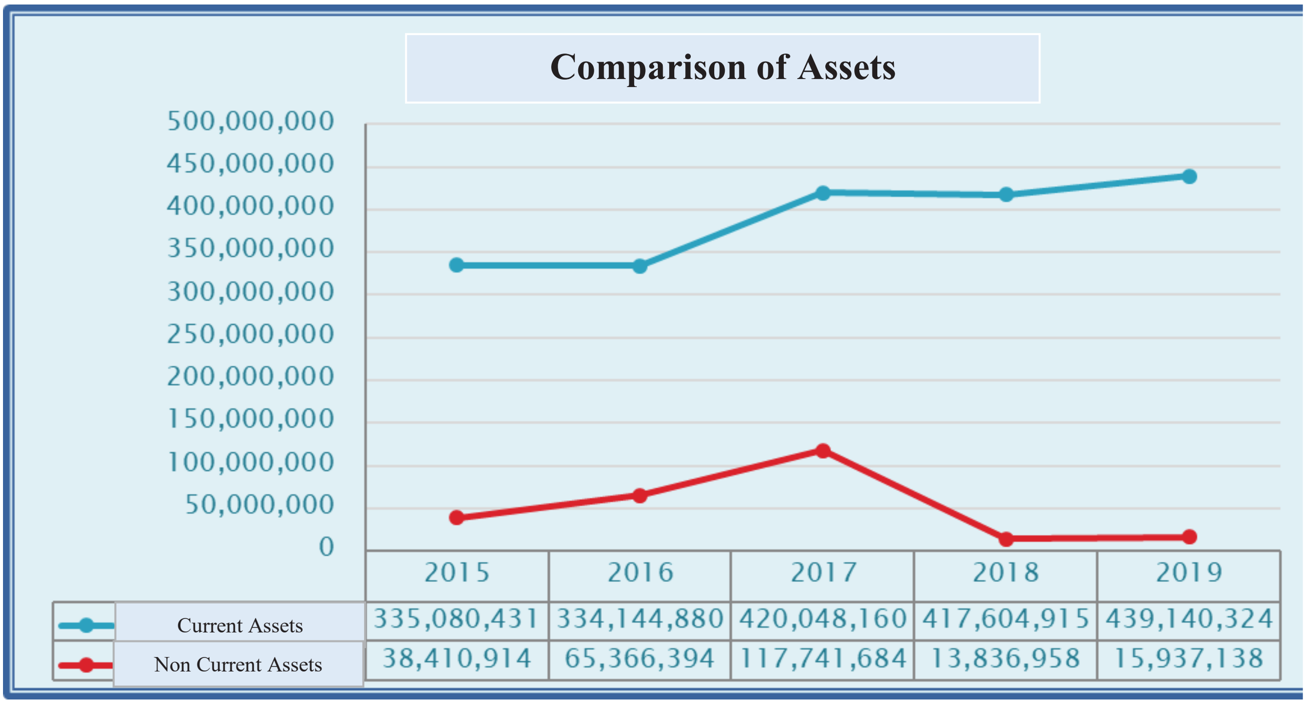
Financial / Performance Review



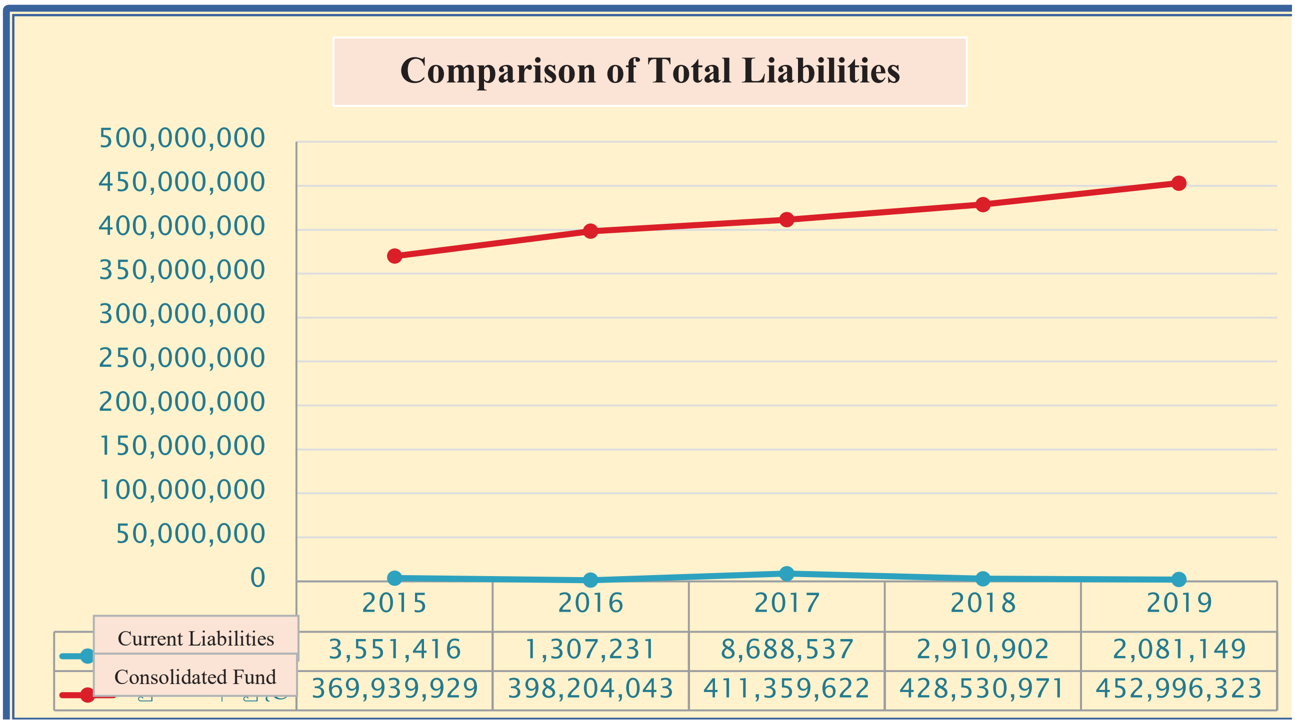
	2015	2016	2017	2018	2019
Lottery Revenue	62,609,140	65,101,330	46,038,539	51,766,720	60,221,340
Fixed Deposit Interest	2,624,822	3,113,002	11,778,989	11,104,892	12,889,709
Other	164,379	294,836	110,293	370,109	135,408



	2015	2016	2017	2018	2019
Admin. Expenses	7,109,721	8,952,149	12,609,705	13,931,486	15,849,845
Targeted Expenses	18,829,460	30,267,660	30,178,504	28,071,637	32,556,007



	2015	2016	2017	2018	2019
Current Assets	335,080,431	334,144,880	420,048,160	417,604,915	439,140,324
Non Current Assets	38,410,914	65,366,394	117,741,684	13,836,958	15,937,138



	2015	2016	2017	2018	2019
Current Liabilities	3,551,416	1,307,231	8,688,537	2,910,902	2,081,149
Consolidated Fund	369,939,929	398,204,043	411,359,622	428,530,971	452,996,323

Highlights of Shrama Vasana Fund 1998 - 2019

The Shrama Vasana Fund was established on 31st March 1998 and was managed by a very small staff of General Manager and three staff members. Thus until about the year 2010 the work of the Fund in the midst of many difficulties was carried out on very few facilities.

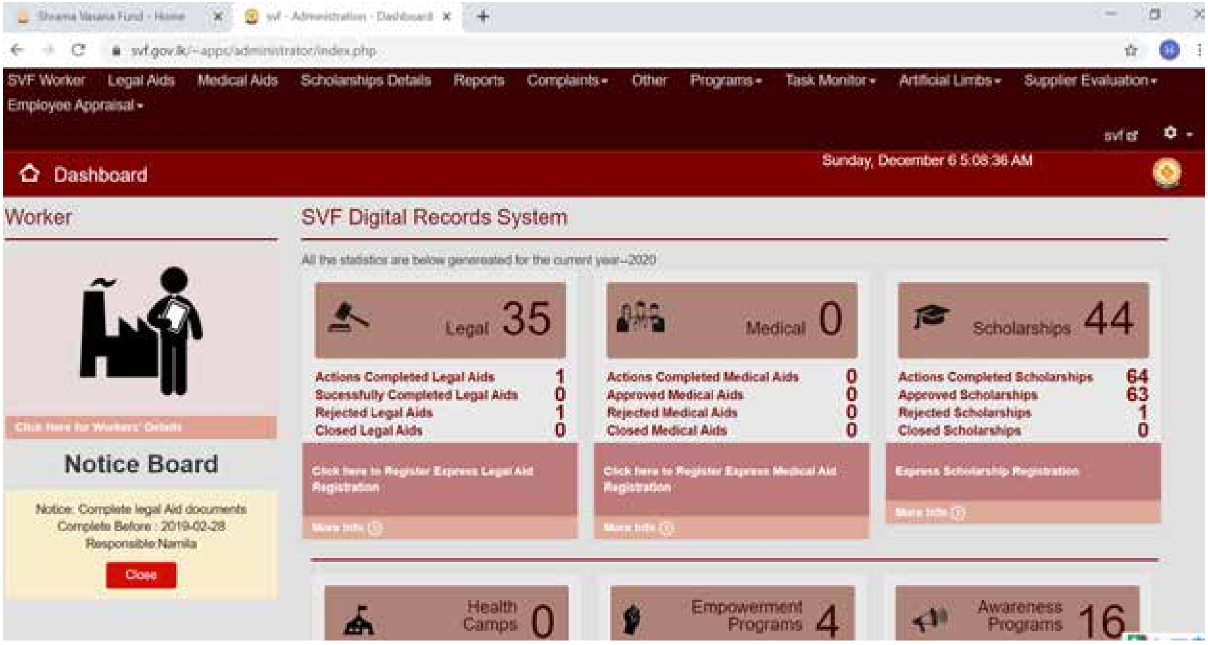
Since 2010, the Fund has been constantly updating its staff, recruiting new staff, purchasing resources for the Fund, conducting employee training and development programmes, and updating them, with the aim of maintaining the Fund's services covering the entire island more than prior instances. The conversion of the lottery of “Sharama Vasana Instant” into a "Jathika Sampatha-Saturday" lottery and the expansion of lottery promotions increased the percentage of the Fund achieving its objectives on increased lottery sales.

It has been worked with the District Labour Offices and Labour Engineering Offices to take the Fund and its functions to the beneficiaries and posters featuring the work of the Fund were displayed in all Labour Tribunals, District and Divisional Secretariats in Sri Lanka, which made the public aware of the Fund and led to an increase in lottery sales.

The Shrama Vasana Fund was awarded the first ISO International Quality Certificate in 2018 by one of the institutions under the Ministry with the objective of providing services in a more productive manner while working in line with the objectives of the Fund.

Computer Base Working Invironment has been established in the Shrama Vasana Fund expanding corporate activities and enabling officers to perform their duties in an online system using computerized methods to make many tasks easier and faster and to provide the required information to the beneficiaries. It also provides information to the beneficiaries expeditiously using the Digital Recording System.

It is planned to participate in the National Productivity Competition in the coming year and to implement the 5-S concept, which aims to carry out the functions of the Fund efficiently and effectively.



Computer Base Information System

TÜV NORD

CERTIFICATE

Management system as per
ISO 9001 : 2015

In accordance with TÜV NORD CERT procedures, it is hereby certified that

SHRAMA VASANA FUND
Ministry of Foreign Relations,
Skills Development & Employment and Labour Relations,
97, Jawatta, Colombo - 00500,
Sri Lanka

applies a management system in line with the above standard for the following scope

Provision of Resources for the Welfare of Sri Lankan Labour Force and their related Parties

Certificate Registration No.44 100 20392795
Audit Report No.2.5-9718/2020

Valid from 13.02.2020
Valid until 12.02.2023

Certification Body
at TÜV NORD CERT GmbH

Mumbai, 13.02.2020

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH Langemarckstrasse 20 45141 Essen www.tuev-nord-cert.com

TUV India Pvt. Ltd., 801, Raheja Plaza – 1, L.B.S. Marg, Ghatkopar (W), Mumbai - 400 086, India www.tuv-nord.com/in

IAF DAkkS

Awarding ISO International Quality Certificate

Upcoming Challenges and Responsibilities of Shrama Vasana Fund

The “Jathika Sampatha” lottery, which is the main source of income for the Shrama Vasana Fund, has become less 'competitive' due to the fact that more lotteries have become more competitive and the value of the money value offered for first prize through such various lotteries has become very high with compered to this lottery. As this situation adversely affects the growth of the Fund, it has been decided to increase advertising and marketing activities to increase lottery sales. Discussions are also underway to design an easy methodology so that customers can purchase tickets online. In the future, the focus will be on obtaining foreign aid and capital, without based only on lottery revenue alone.

The Shrama Vasana Fund Act No. 12 of 1998 was amended as No. 15 of 2019 during this year so as to minimize problems in programme planning, especially to ensure that the dependents of the employees are also the beneficiaries and had the ability to deliver the benefits of the Fund cover the families of the employees. Through this amendment, the Shrama Vasana Fund has also been empowered to promote lottery sales and promotions of same.

Social and Environmental Responsibilities

Scholarships are awarded to the children who are studying of employees who became helpless or die due to occupational accidents in factories / institutions while conducting awareness programmes island wide on identifying hazardous factories and minimizing occupational accidents in order to prevent such accidents by taking precautionary measures. For this reason, there has been a decrease in industrial accidents and a reduction in the number of industrial deaths over the past few years, and a growing culture of risk reduction in institutions has been reported.

It is evident from the relevant feedback models that both the employer and the employee have been able to use their services more effectively due to the motivation of the employees through programmes such as conducting health workshops on non-communicable diseases and providing spectacles for the employees.

An awareness programme was organized in line with National Tree Planting Day, on "The Importance of Tree Planting to Reduce Global Warming". Necessary arrangements were made to plant trees in the home gardens of all the staff in the absence of an environment for tree planting within the premises of Shrama Vasana.

Programme Review of the Shrama Vasana Fund

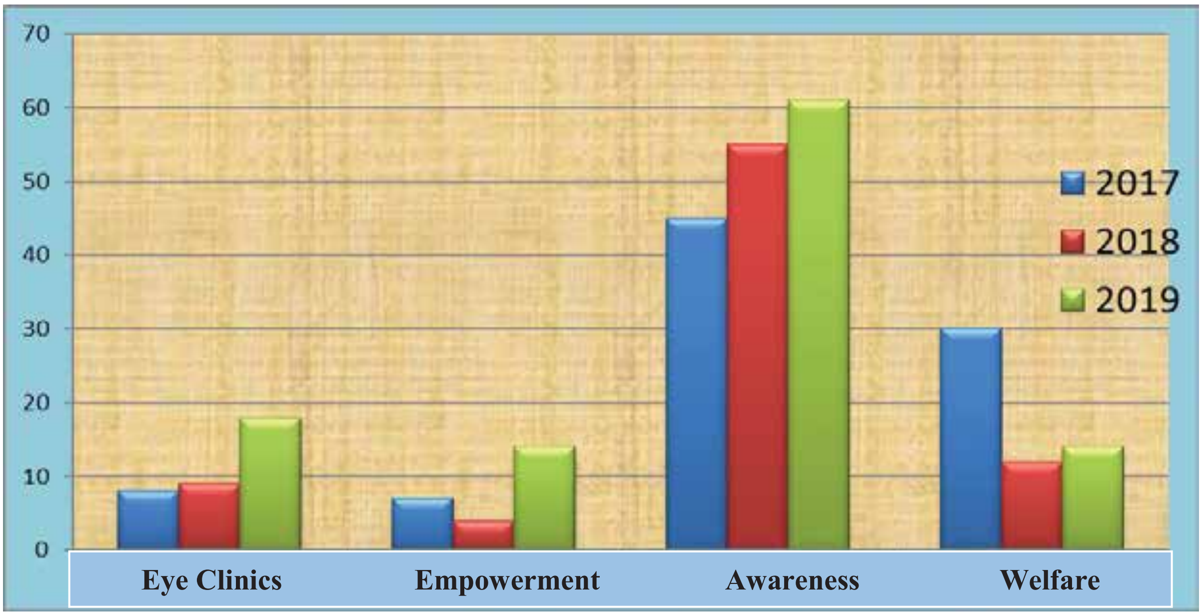
The Shrama Vasana Fund is set up to cover private sector employees and does not cover the self-employed persons. Depending on the financial capacity of the Shrama Vasana Fund, various programmes are implemented within each limits. With the increase in financial capacity, further expansion of services beyond those limits is taking place year by year.

Due to the current political stability following the end of the internal conflict in Sri Lanka and the widening of inter-relations between Sri Lanka and the international community, a large number of foreign investments have been made in Sri Lanka due to the peaceful atmosphere prevailing in the country.

As a result, more factories were set up in Sri Lanka and as a result, more people were given employment opportunities. Due to these reasons, the active workforce in Sri Lanka today is around 9 million. Aiming at the growing workforce, the Shrama Vasana Fund is increasing the number of programmes implemented for various purposes year after year in order to enhance employee welfare.

Due to the unfortunate terrorist attack in our country on 21st April 2019 (Easter Day), lottery revenue was reduced. Also, some of the programmes planned for year 2019 under the corporate plan were difficult to carry out at the required level subject to the existing security conditions.

However, the activities of the Fund were carried out to the fullest extent within the budget limits planned as per the proposals of the Hon. Board of Directors.



Some of the Major Programmes conducted Annually by the Shrama Vasana Fund

The programmes conducted by the Shrama Vasana Fund for the year 2019 can be categorized under several main categories.

- Conducting awareness programmes, (Mitigation of Occupational Accident and others)
- Empower members of low-income working families.
- Conducting Medical Camps - (Eye Clinics)
- Providing school equipment for the children who are studying in low income working families and their dependents.
- Awarding Shrama Vasana Scholarships to the children of employees who have died due to occupational accidents.
- Providing legal aid to employees who have been unfairly dismissed.
- Providing medical assistance to employees suffering from occupational diseases.
- Providing necessary facilities to promote the welfare of the employees.
- In addition, the staff of the Shrama Vasana Fund was directed to conduct regular training programmes with a view to providing an efficient and effective service.

1. Awareness Programmes

Overview

Promoting the welfare of the employees is one of the primary objectives of the establishment of the Shrama Vasana Fund. Over the past few years, it has become clear that many of the industrial accidents in Sri Lanka are due to negligence on the part of employees and a lack of usage of safety equipment.

For these reasons, as a precautionary measure, after identification of hazardous factories where accidents have been reported and factories at risk level in recent years and training workshops and awareness programmes were conducted by knowledgeable engineers in that regard.

Awareness programmes on labour laws and regulations were also conducted through experienced resource persons in the field with the aim create aware among employees as well as employers on problematic situations.

These awareness programmes were very successful, and made aware employees and the employer community about labour laws and regulations, and raising awareness about occupational safety and health and the potential for industrial accident mitigation.

(Annexure for Information - Page No 65 -67)

Shrama Vasana Awareness Programme – 29th January 29 2019 - Emerald (Pvt) Ltd.

Awareness programme for certified officers on testing of high hazard pressure machines

2. Empowerment programmes

Overview

These programmes are aimed at empowering working families, especially low income families. These programmes are implemented year by year to cover each province of Sri Lanka and to strengthen the economy of working families by selecting one person from each of the low income families and training them for self-employment in a sector of their choice or in a sector suitable to their area and provides with them the necessary equipment to continue said industry.

(Annexure for Information - Page No 65 -67)

Empowerment Programme - Regional Department Office of Rubber Development, Kegalle

Empowerment Program - Divisional Secretariat – Padaviya

Empowerment Programme – Unawatuna, Watake - Reed Training Center

3. Medical Camps

Overview

Several health workshops were conducted to identify and address poor health conditions for employees. In particular, medical camps were organized on non-communicable diseases, where it was felt that many workers suffered from certain health problems and did not have a proper understanding of them. This was investigated and they were sent to the clinics as per the requirements and the necessary advice was given.

In addition, eye examinations were held targeting employees and appropriate spectacles were provided to them, while other visually impaired employees were counseled and referred to an eye clinic in hospitals.

Through this, many employees were able to carry out their duties easily. These programmes are organized annually to cover the Sri Lanka island wide, according to a pre-determined plan.

(Annexure for Information - Page No 65 -67)

Eye Camp - Industrial Park - Mirijjawila

Eye Camp - Jaffna

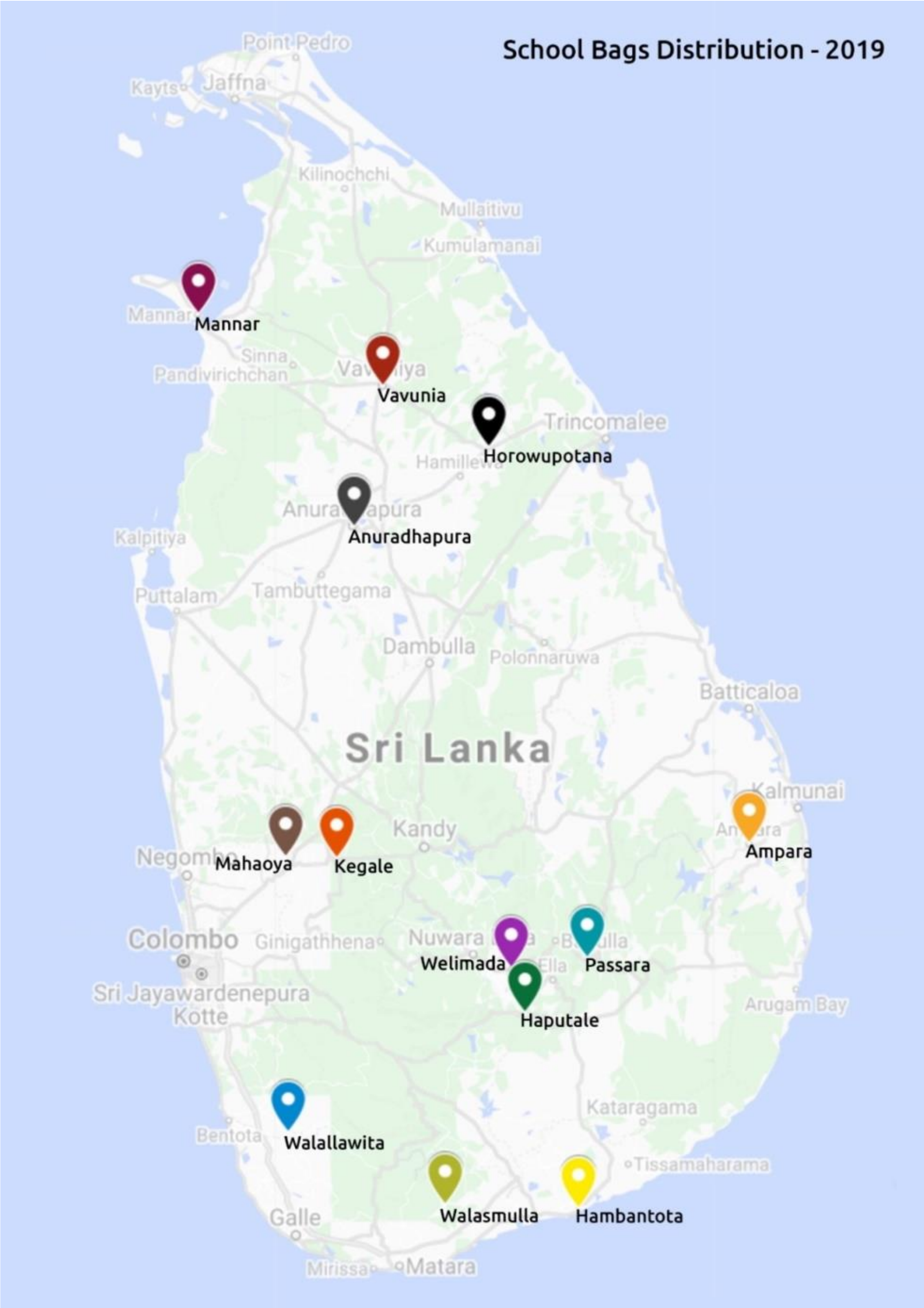
4. Distribution of School Equipment Programme

Overview

Educational assistance is provided to the children of the employees who are engaged in studying. These programmes are implemented under 02 sections.

Under this, school books will be provided to the children in low income working families who pass the scholarship examination and school books will be given to the children who represent the low income working families in general.

Low income working families in remote areas of Sri Lanka are selected for this purpose. Information is obtained from the Divisional Labour Offices, Divisional Secretariat Zones and Education Offices in the area and school bags, books and equipment are distributed to the selected children.
This programme is being carried out year by year covering all the districts of Sri Lanka.



(Annexure for Information - Page No 65 -67)

Distribution of School Equipment Programme – District Secretariat – Ampara

Distribution of School Equipment Programme – Lunugamwehera

5. Death Accident Scholarship Programme

Overview

These programmes are implemented for the children of working people who have died or become completely disabled due to factory accidents in Sri Lanka.

Beneficiaries are identified based on information obtained through factory inspection engineers and through the Office of the Commissioner of Labour Compensation on industrial accidents occurring in a particular factory, workplace or service station, and the children of employees who have died or become completely disabled (Children from pre-school education to university or higher education, ie ages 3-25) are eligible for this programme and a fixed deposit of Rs.50,000/= and educational equipment will be provided for such children.

Death Accident Scholarship Programme

Death Accident Scholarship Programme and Arms Giving Ceremony

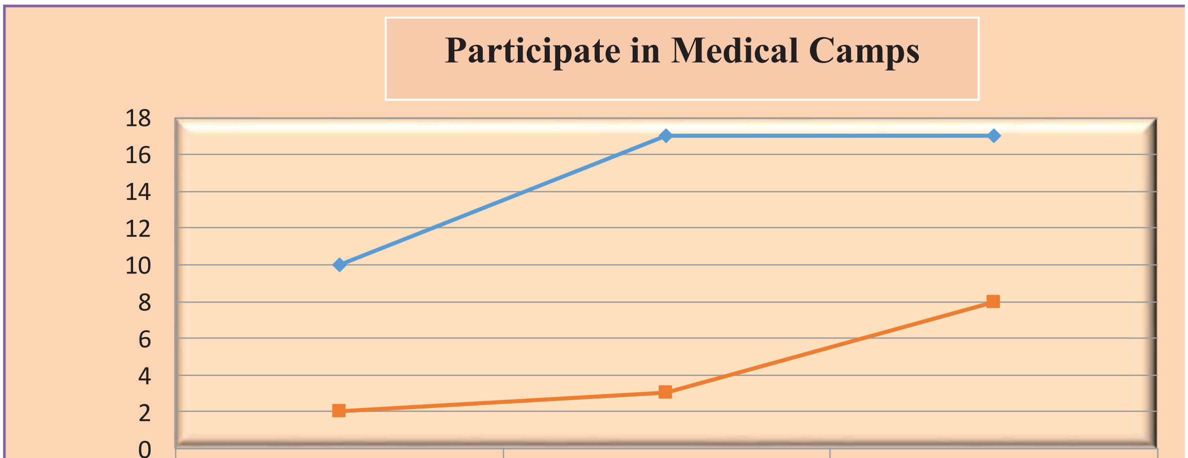
6. Employee Welfare Programme

Overview

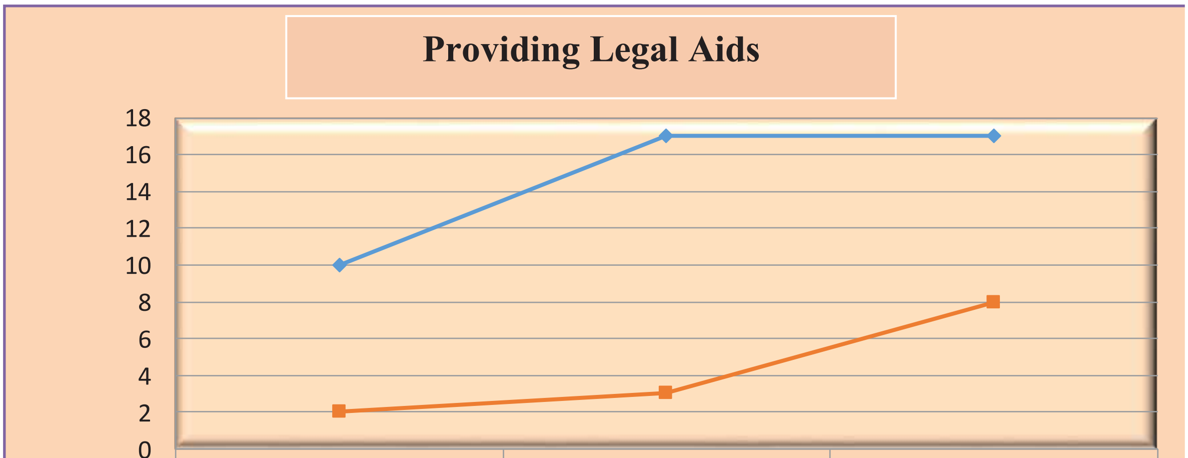
Provides necessary support services to the employees with the objective of creating a productive and satisfied workforce. Employee Motivation Programmes such as modernizing playgrounds for the needs of employees, upgrading health facilities, providing other support facilities, organizing social talks and workplace collaboration competitions etc with the Department of Labour etc are herein implemented, targeting Export Processing Zones or Investment Zones where there are a large number of employees or residents.

Opening of Volleyball Ground - 22nd February 2019 - Export Processing Zone, Pallekele

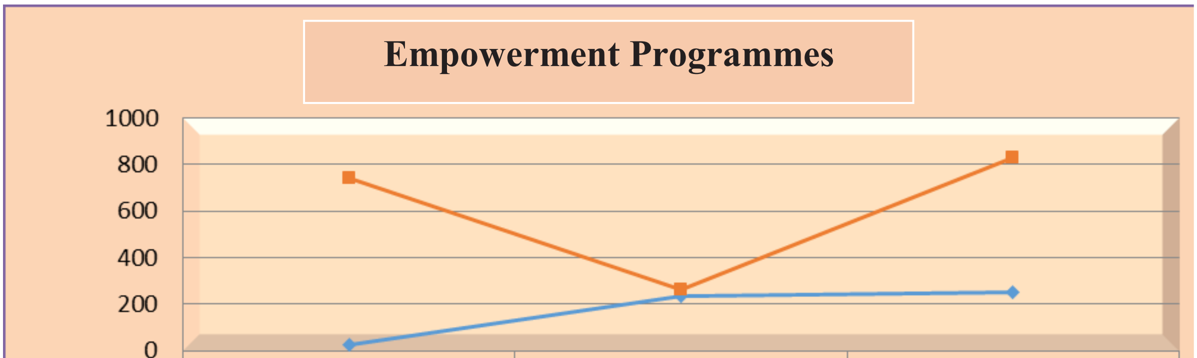
Beneficiary Composition of the Fund, Based on Gender



	2017	2018	2019
Male	10	17	17
Female	2	3	8



	2017	2018	2019
Male	10	17	17
Female	2	3	8



	2017	2018	2019
Male	23	235	250
Female	740	261	829

FINANCIAL INFORMATIONS

Shrama Vasana Fund

2

Shrama Vasana Fund
Statement of Financial Position
as at December 31st ,2019

		Rs. 2019	Rs. 2018
Assets			
Current Assets			
Cash and Cash Equivalents		3,802,821.01	1,731,446.25
Inventories	Note 04	858,552.69	2,439,264.83
Deposit in Postal Machine		-	13,535.00
Investment in Fixed Deposit		95,000,000.00	107,000,000.00
Receivables	Note 03	339,478,950.32	306,420,669.22
		439,140,324.02	417,604,915.30
Non-Current Assets			
Investment in ISO & Web site ,Web Base System		2,774,958.00	2,745,258.00
Intangible asset	Note 02	28,850.23	23,269.18
Plant Machinary & Equipment	Note 01	13,133,340.24	11,068,431.62
		15,937,148.47	13,836,958.80
Total Assets		455,077,472.49	431,441,874.10
Liabilities			
Current Liabilities			
Payables	Note 06	132,044.57	1,190,742.38
Provision	Note 07	1,949,104.00	1,720,160.00
Total liabitilies		2,081,148.57	2,910,902.38
Net Assets		452,996,323.92	428,530,971.72
Accumulated Surpuls	Note 05	452,996,323.92	428,530,971.72
Total net Assets		452,996,323.92	428,530,971.72

The Accounting Policies and notes on pages 06 to 11 from an integral part of this financial statement.The Board of Directors of an entity is responsible for the preparation and presentation of these Financial Statements in accordance with the Sri lanka public sector Accounting Standards(SLPSAs).These financial statements were approved by the Board of Directors and signed on their behalf.

Chairman	Director	General Manager	Accountant
D.M.S. Abayagunawardena	A.Wimalaweera	D.R.Jayalath	M.L.Jayamali
ShramaVasana Fund	ShramaVasana Fund	ShramaVasana Fund	ShramaVasana Fund

. M. Sarath Abayagunawa
ecretary
inistry of Skills Development
ment & Labour Relations

A. WIMALAWEERA
Commissioner General of Labour
Department of Labour
Colombo 05

D. R. Jayalath
General Manager
Shrama Vasana Fund
Ministry of
Labour & Labour Relations

M. LAKMINI JAYAMA
Accountant
Shrama Vasana Fund
Ministry of
Labour & Labour Relation

Final Account 2019
"Shrama Vasana Fund" No 97, Jawaththa Road, Colombo 05

Shrama Vasana Fund

3

Shrama Vasana Fund
Statement of Financial Performance
As at December 31st ,2019

		Rs. 2019	Rs. 2018
Revenue			
Income	Note 09	73,246,457.89	63,241,723.15
Total Revenue		73,246,457.89	63,241,723.15
Expenses			
Administration Expences	Note 10	15,849,845.47	13,931,486.84
Depreciation	Note 11	1,983,224.05	2,000,515.06
Expenditure for objective of fund	Note 12	32,556,007.49	28,071,637.74
Other Expenditure	Note 13	1,024,642.02	-
		51,413,719.03	44,003,639.64
Surplus for the Year		21,832,738.86	19,238,083.51

Shrama Vasana Fund
Statement of Changes in Funds
For the Year Ended December 31, 2019

		Accumulated Fund	Total
Balance as at 31st December 2017		411,359,622.84	411,359,622.84
Prior year adjestment		(1,661,340.43)	(1,661,340.43)
Gratuity provission	**14.4**	(387,044.00)	(387,044.00)
Inquary salary and festival advance	**14.5**	(18,350.20)	(18,350.20)
Surplus for the year		19,238,083.51	19,238,083.51
Balance as at 31st December 2018		428,530,971.72	428,530,971.72
Prior year adjestment	**Note 14**	2,632,613.34	2,632,613.34
Surplus for the year		21,832,738.86	21,832,738.86
Balance as at 31st December 2019		**452,996,323.92**	**452,996,323.92**

Shrama Vasana Fund

5

Shrama Vasana Fund
Cash flow Statement
For the Year Ended December 31, 2019

	Rs. 2019	Rs. 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	21,832,738.86	17,576,743.08
Adjustments		
Working capital adjustment Fixed deposit	2,692,741.10	-
EPF & ETF arrears	(585,673.10)	-
ETF surcharge	(95,489.28)	-
	23,844,317.58	-
Non-cash movements		
Depreciation	1,973,103.05	2,000,515.06
Amortisation	10,121.00	-
Revalue loss/Profit	-	(157,154.23)
Investment Interest	(12,889,709.06)	(11,104,892.32)
Distress Loan Interest	(51,460.44)	(34,996.90)
Repo investment interest	(70,178.39)	(110,766.23)
Other income	(13,770.00)	(224,347.70)
Increase/Decrease in working Capital		
(Increase)/Decrease of other payables	(1,058,697.81)	(1,591,621.07)
(Increase)/Decrease of Provission	228,944.00	(4,591,408.38)
(Increase)/Decrease of other receivables	(33,058,281.10)	(8,412,871.53)
(Increase)/Decrease in Inventories	1,580,712.14	981,112.10
Net cash flows from operating activities	(19,504,899.03)	(5,669,688.12)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchasing of Plant,Machinary & equipment	(739,938.00)	(1,323,300.00)
Investment Interest	10,196,967.96	11,104,892.32
Distress Loan Interest	51,460.44	34,996.90
Repo investment interest	70,178.39	110,766.23
Other income	13,770.00	224,347.70
Deposit Postal Machine & Insurance	13,535.00	307,203.94
Investment of Web Base & ISO	(29,700.00)	(685,000.00)
Research & Development	-	295,175.00
Software Development	-	549,000.00
Staff Trainning	-	225,490.00
Investment Fixed Deposit	12,000,000.00	(4,000,000.00)
Net cash flows from investing activities	21,576,273.79	6,843,572.09
Net increase/(decrease)in cash and cash equivalents	2,071,374.76	1,173,883.97
Cash and cash Equivalants at beginning of period	1,731,446.25	557,562.28
Cash and cash Equivalants at end of period	3,802,821.01	1,731,446.25

Final Account 2019

"Shrama Vasana Fund"No 97, Jawaththa Road, Colombo 05

Shrama Vasana Fund
Accounting Notes for Major Accounting Policies and Financial Statements
Notes for Financial Statements – 2019

01. General Information

The Shrama Vasana Fund is incorporated by the Shrama Vasana Fund Act No. 12 of 1998 and the Shrama Vasana Fund (Amendment) Act No. 15 of 2019.

Shrama Vasana Fund is located at No. 97, Jawatte Road, Colombo 05.

The nature of the main activities and operations

As mentioned in the Act, the main functions of the Shrama Vasana Fund are as follows.

1. Promoting the welfare of the workers under the promotion of the welfare of the employees and their dependents. Provides financial and material relief to the working community with the objective of creating a satisfied and productive workforce.
   - Awareness of the working community, empowerment of members of their families and their families, welfare of working families and provision of necessary medical facilities to them.
2. Providing financial and other assistance to the employees who were employed in the event of closure of the institutions without prior notice. Under this, technical education is provided to those who lose their jobs.
3. Providing medical and other facilities to the employees and their dependents in case of emergencies.
   - Medical relief Occupational safety and health awareness, provision of prosthetic limbs.
4. Providing temporary assistance to employees when investigations are initiated against them.
   - Under this, a legal aid scheme will be implemented, through which legal aid will be provided under three stages.
5. Providing financial and other assistance to employees or their dependents in case of disaster.
   - Awarding of Death Accident Scholarships.
6. Awarding prizes to those who have rendered outstanding service to the welfare of the employees.

Summary of Important Accounting Policies

1. General Accounting Policies

1.1 Reporting Unit

The Shrama Vasana Fund is incorporated by the Shrama Vasana Fund Act No. 12 of 1998 and the Shrama Vasana Fund (Amendment) Act No. 15 of 2019.

1.2 Authorization Date for Issuance

The Board of Directors has approved the issuance of financial statements on 21st February 2020.

1.3 Period of Reporting

The financial term of the Shrama Vasana Fund represents a period of 12 months from 01st January 2019 to 31st December 2019.

1.4 The Basis on Preparation of Financial Statements

1.4.1 Statement of Conformity

These financial statements include a statement of financial position, a statement of financial performance, a statement of change of title, a statement of cash flow and a note of statements. Financial statements has prepared and submitted in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAS) issued by the Chartered Institute of Accountants of Sri Lanka on the accrual basis of Financial Statements Accounting.

1.4.2 The Basis of Measurement

Financial statements are prepared on the basis of historical costs for the revaluation of assets. The inflation factors affecting these accounts have not been calculated.

1.4.3 Comparative Information

All the values reported in the financial statements are disclosed according to the previous years so that comparative information, including quantitative and detailed information, can be understood and compared with the financial statements for the current year.

The comparative figures have been revised to confirm the presentation of the current year when necessary.

1.4.4 Functional and Presentation Currency

These financial statements are presented in Sri Lanka Rupee, the Functional and Presentation Currency of the Shrama Vasana Fund

1.4.5 Use of Accounting Estimates and Judgments

Judgments, decisions and assumptions need to be used in the preparation and submission of financial statements and due to their uncertainty, there may be a need to make specific adjustments to the balances that will be carried forward for future periods.

The following determinations and assumptions have been made by the management which have a significant impact on the financial statements in the process of applying the accounting policies of the Shrama Vasana Fund.

a) Effective lifetime of real estate and equipment

The effective lifespan of an asset, the methodology of depreciation, is determined by management based on the best estimate, and therefore they are uncertain.

Some changes in accounting estimates and critical judgments are revealed in the notes to the financial statements.

b) Continuity

The fund continues to operate as the Board of Directors has not identified anything significant that could jeopardize the continued existence of the Shrama Vasana Fund.

The financial statements are prepared on a basis of sustainability and the accounting policies are in effect throughout the period.

1.5 Assets and Basis of Asset Valuation

1.5.1 Property, Plants and Equipment (PPE)

a) Identification and Measurement

Based on whether the property, plant and equipment has the desired future economic benefit to the institution or its cost can be reliably measured in accordance with Public Sector Accounting Standards No. 07 on the property and equipment, assess their depreciation and related damages, judging and depreciating their capacitance and the damages associated with them are identified.

In the initial stage, the property, plant and equipment are estimated at its cost.

b) Cost

The cost of the property, plant and equipment includes its purchase cost and any costs that may directly contribute to its intended use and level of work.

The cost after deducting the cumulative depreciation from the cost of the property, plant and equipment is shown.

Assets received as gifts are credited to the Accumulation Fund and debited to the Property, Plant and Equipment Account.

c). Subsequent Expenses

Subsequent expenses incurred for the purpose of acquiring, expanding or enhancing fixed assets in order to maintain or increase the earning capacity of assets, are considered capital expenditure

d). Depreciation

When assets other than land are depreciated, property, plant and equipment items are depreciated in a straight linear manner over the life of each segment. Depreciation is made from the time the asset is used until the date of its disposal.

Depreciation is made at the following depreciation rates.

Vehicles	10%
Machinery	20%
Air conditioner	20%
Audio-visual equipment	25%
Computers	25%
Furniture and Fittings	10%
Office Equipment	7.5%
Software	20%

e). Intangible Assets

Intangible assets are non-physical assets with a monetary value.

f). The Basis of Identification

It identifies non-physical assets that can be measured more reliably than the cost of an asset and that asset flows into the business of future expected economic benefits.

•. Accounting software

The accounting software purchased by the institution measures the acquisition cost and deducts the cumulative amortization from the cost.

g) Amortization of Intangible Assets

Adjusts to the income statement is made by amortization the intangible assets in a straight line basis from the date of use of the assets over the productive lifetime.

h). Asset Revaluation

Revaluation of all property, plants and equipment except vehicles are repurchased by a committee of professionally qualified persons recognized by the Government. (SLAPS 07)

The car no. KO 7519 handed over to the Fund has been evaluated by the Valuation Department of Government. All new revaluation values are presented in the financial statement for the current year.

i). Removal

The existing value of the property, plant and equipment is identified for disposal when they are sold or when they do not provide the expected future economic benefits. Disposal of capital items is accounted for in accordance with Sri Lanka Accounting Standards (SLAPS 07).

1.5.2 Inventory

Inventory is expressed as either the cost or the net realizable value. Issuance is made at the average cost at which the stock is weighed.

1.5.3 Accounts Receivable

Accounts receivable are the value of all bills for all uncollectible values. Accounts Receivables consist mainly of interest received from the Department of Treasury Operations and fixed deposits.

a) Cash Receivables from the Department of Treasury Operations

The main source of income for the Shrama Vasana Fund is 10% of the proceeds from the sale of “Jathika Sampatha” Lotteries. Lottery income received each month is credited to the Consolidated Fund by the Lotteries Board and issued quarterly according to the annual requirements of the Fund.
This represents the amount to be received to the Fund in the name of the Shrama Vasana Fund in the Consolidated Fund.

b) Fixed Deposit Cash Receivables

The fixed deposits maintained in four state banks under the name of Shrama Vasana Fund are the money that should have been received for the year however, has not been received so far.

15.4 Investments

Investments consist of short-term investments of less than one year and long-term investments of more than one year. It represents short-term investments made in fixed deposits for a period of three months, six months and one year, as well as long-term investments made up to the web site of Shrama Vasana Fund and computerized database system and certification.

1.5.5 Cash and Cash Equivalents

Consists of cash and cash equivalent in hand and bank deposits.

1.6 Liabilities and Provisions

All quantitative liabilities for the date of balance sheet are included in the financial statement and adequate provisions have been made for liabilities that exist on the balance sheet but cannot be valued accurately.

Liabilities payable on demand within one year from the date stated in the Financial Statement are considered current liabilities under the Financial Statement. Liabilities payable one year after the date of the Financial Statement are treated as non-current liabilities.

1.6.1 Retirement Benefits Liabilities and Provisions

a) Defining the Gratuity Benefit Plan

According to the Gratuity Act No. 12 of 1983, the Shrama Vasana Fund is liable to pay the gratuity. The calculated allocations are shown in the financial statement.

b) Definition of Contribution Plans - Employees Provident Fund and Employees Trust Fund

All employees who are eligible for Employees Provident Fund Contributions and Employees Trust Fund Contributions are covered by the relevant Contribution Funds in accordance with applicable policies and regulations.

The Fund contributes 12% of the employee's total salary to the Employees Provident Fund contribution and 3% to the Employees Trust Fund contribution.

c) Allocation for Legal Aid

One of the objectives of the Shrama Vasana Fund is to provide legal aid while the first legal aid installment is paid when the case is being heard and the second installment is to be paid upon receipt of the case order. These reservations are made for cases that have not been finalized during the year.

1.7 Uncertain Expenses

The Case of the Labour Tribunal

Two former employees of the Shrama Vasana Fund have filed lawsuits in the Labour Tribunal under Nos. 02/788 and 789.

1.8 Statement of Financial Performance

1.8.1 Income / Revenue

A gross outflow of economic benefits or service potential resulting from an increase in the nature of receipts or net assets / mass during the period of reporting. Income and interest income are accounted for on accrual basis and the income Jathika sampatha lottery, income of fixed deposit interest are the main in income.

1.8.2 Expenditure

A decrease in economic benefits or service viability during the reporting period, either due to the nature of the flows or the nature of the assets consumption or the nature of the liabilities.

The work of the Shrama Vasana Fund is all about the nature of the capital and dividends involved in maintaining the Fund's objectives and maintaining its capital assets.

1.9 Incidents after Date of Balance Sheet

Necessary adjustments and disclosures have been made in the financial statements, taking into account significant quantitative incidents occurring after the date of balance sheet.

1.10 Cash Flow Statement

Cash flow is adjusted using the "indirect method" in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAS 2).

Shrama Vasana Fund

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Note 01
Plant machinary & Equipment
01-1

Cost	Restated balance as at 01.01.2019	Additions	Transfer /Acquistions	Disposal/write off/Adjestment	Balance as at 31.12.2019
Vechicle	9,382,500.00		3,500,000.00	-	12,882,500.00
Machinary & Equipment	512,380.00	-	-	411,330.00	101,050.00
Audio & Video Visual	694,384.00	-	-	479,584.00	214,800.00
Air Conditioners	1,279,824.99	-	-	1,099,824.99	180,000.00
Computers	2,655,797.50	721,825.50	-	1,429,097.50	1,948,525.50
Furniture and Fittings	1,527,445.87	-	125,500.00	1,023,445.87	629,500.00
Office Equipment	337,225.57	18,112.50	-	208,225.57	147,112.50
	16,389,557.93	739,938.00	3,625,500.00	4,651,507.93	16,103,488.00

01-02

Depreciation	Restated balance as at 01.01.2019	Charge for the period	Disposal/write off/Adjestment	Balance as at 31.12.2019
Vechicle	1,831,160.00	1,016,880.14	-	2,848,040.14
Machinary & Equipment	309,490.65	63,121.78	368,736.53	3,875.90
Audio & Video Visual	209,470.25	140,065.23	339,236.85	10,298.63
Air Conditioners	1,255,925.19	31,326.32	1,280,347.40	6,904.11
Computers	966,387.32	565,574.42	1,445,181.77	86,779.97
Furniture and Fittings	589,122.00	133,772.49	710,821.89	12,072.60
Office Equipment	159,570.90	22,362.67	179,757.16	2,176.41
	5,321,126.31	1,973,103.05	4,324,081.60	2,970,147.76

Note 02

Intangible Asset	Cost as at 01.01.2019	Additions	Disposal/write off/Adjestment	Balance as at 31.12.2019
Soft Ware	55,500.00		25,500.00	30,000.00
	55,500.00	-	25,500.00	30,000.00

Amortisation	as at 01.12.2019	Charge for the period	Disposal/write off/Adjestment	Balance as at 31.12.2019
Soft Ware	32,230.82	10,121.00	41,202.05	1,149.77
	32,230.82	10,121.00	41,202.05	1,149.77

Note 03

Other Receivables	
Treasary Operation Department	332,106,120.18
Festival Advance	8,750.00
Distress Loan	1,169,250.00
Interest on Fixed Deposit Investmen	6,191,830.14
Refundable deposit	3,000.00
	339,478,950.32

Final Account 2019

"Shrama Vasana Fund"No 97, Jawaththa Road, Colombo 05

Shrama Vasana Fund

8

Note 04

Inventories

Stationary	435,343.01
Programe Item	423,209.68
	858,552.69

Inventories has been measurement on Weighted Average Cost

Note 05

Cumulative Fund as at 01.01.2019	431,163,585.06
Surplus for the year 2019	21,832,738.86
Cumulative Fund as at 31.12.2019	452,996,323.92

Note 06

Other payable

Welfare programe payable	31,700.00
Telephone Payable	26,271.17
Other Payable	18,470.00
water & electricity Payable	2,840.04
Over Time Payble	52,763.36
	132,044.57

Note 07

Provission

Provision for Legal Aid	455,000.00
Provission Financial assistance Arbit	10,000.00
Provission Legal Assistance appeals	100,000.00
Staff Gratuity Provission	1,151,604.00
Provision for web base system	32,500.00
Provission for Audit Fee	200,000.00
	1,949,104.00

Note 08

Fixed Assets has been depreciated on Straight line basis

Following Rates are used.

Vehicle	10%
Machinary & Equipment	20%
Air Conditioners	20%
Audio & Video Visual	25%
Computers	25%
Furniture and Fittings	10%
Office Equipment	7.5%
Soft ware	20%

Depreciable value of final assets have been depreciated up to scrap value Rs.1

Note 09

Income

Shrama vasana Lottery Income	60,221,340.00
Fixed Deposit Investment Income	12,889,709.06
Distress Loan Interest Income	51,460.44
Repo Investment Income	70,178.39
Other Income	13,770.00
	73,246,457.89

Final Account 2019

"Shrama Vasana Fund"No 97, Jawaththa Road, Colombo 05

Shrama Vasana Fund

9

Note 10
Administrative Expenditure

Salary & wages	5,590,332.81
E.P.F.	1,544,266.80
E.T.F.	231,634.02
Cost of Living Allowance	1,425,765.00
Other Allowance	224,140.00
Chairman Allowance	230,403.21
Practical trainee Allowance	206,000.00
Directors Allowance	547,400.00
Board Secreatary Allowance	24,000.00
Allowance for Internal Auditor	38,806.00
Professional Allowance	132,000.00
Bonus	412,369.00
Staff Gratuity	156,444.00
Overtime & Holiday pay	807,221.02
Domestic Travelling & Sub	139,703.00
Transport Charges	78,124.00
Fuel	40,153.00
Stationery & Others	797,498.66
Postal Expenses	32,810.04
Telephone Expenses	305,014.00
Entertainment Expenses	43,949.00
Refreshment & Other	199,521.78
Sundry	7,744.32
Others	156,421.65
Audit Expenses	200,000.00
Water & Electricity	70,793.96
Other Service	492,276.74
Maintance & Repair expence	760,335.73
Staff Welfare	175,000.00
Training of Staff	779,717.73
	15,849,845.47

Note 11
Depreciation

Depreciation on Vehicle	1,016,880.14
Depreciation on Computers	565,574.42
Depreciation on Air Conditioners	31,326.32
Depreciation on Audio & Video Visu:	140,065.23
Depreciation on Furniture and Fittin	133,772.49
Depreciation on Office Equipment	22,362.67
Depreciation on Machinary & Equip	63,121.78
Amortisation on Soft ware	10,121.00
	1,983,224.05

Shrama Vasana Fund 10

Note 12

Expenditure to achive targets of the fund

Health camp Programme	9,433,841.18
Empowerment programme	4,751,765.35
Awarness Programme	1,113,159.00
Welfare programme	9,234,460.45
Artificial Legs & Limbs Programe	46,500.00
Technical education programme	11,600.00
Medical Assistance Programme	550,000.00
Legal Aid Programme	580,000.00
Legal assistance for appeals	320,000.00
Financial assistance for arbitration	30,000.00
Legal aid Scholership for children	45,189.20
Scholarship programme	6,439,492.31
	32,556,007.49

Note 13

Other Expenditure

Lottery Sale Public Awarness	954,642.02
Iso review	70,000.00
	1,024,642.02

Note 14

Prior year adjustment

EPF & ETF arrears	(585,673.10)
Assets sales loss	(5,376.00)
ETF surcharge	(95,489.28)
Acquistions of vehicle KO 7519	3,500,000.00
Asset Revalue loss	(306,348.28)
Acquistions furniture	125,500.00
	2,632,613.34

14.1

EPF & ETF Arrears and Surcharge

ETF & ETF has calculated on Basic salary of not considering for the cost of living allowance since 2005 to 2016 have been adjusted EPF & ETF Arrears and surcharge.

14.2

Acquistions vehicle Ko 7519

Ministry of Labour has trasfer Ko 7519 to the shrama vasna Fund Vehicle No.Ko 7519 Yaris has been valued by Department of Government Valuation.

Acquistions Furniture

Transferred furniture from ministry of labour ,Adjusted fair market Value.

14.3

Revaluation of Fixed Assets

Revaluation Fixed Assets & Intangible assets on 22.10.2019

Shrama Vasana Fund 11

14.4
Gratuity provission
Gratuity has calculated on basic salary of not considering for cost of living Allowance for 2018 have been adj

14.5
Inquary salary and festival advance
The board of directors of Shrama Vasna fund has decided to Allocated all the dues after the festival advance

Note 15
Case in labour Tribunal
Two Former employess of shrama vasana fund have file a case in labour Tribunal No.02/788.789/2018

Note 16
Comparative Information
Prior years figures have been restated where necessary to confirm to the current year's presentation.

Note 17
Directors Interests in Contracts
No Director of the Board has any material direct or indirect interest in the contracts of the Board.

Note 18
Directors Responsibility
The Directors take responsibility for the Preparation and Presentation of Financial Statements.

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

My. No : LEW/A/SVF/2/2019/2

Date : 28 August 2020

Chairman

Shrama Vasana Fund

Auditor General's Report on the Financial Statements of the Shrama Vasana Fund for Year Ended 31 December 2019 in Terms of Section 12 of the National Audit Act No. 19 of 2018

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Shrama Vasana Fund for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial performance, statement of changes in equity and cash flow statement and notes to financial statements for the year then ended including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 12 (4) of the Shrama Vasana Fund Act, No. 12 of 1998 and provisions of the National Audit Act, No. 19 of 2018. My report to be tabled in Parliament in real time, in terms of Article 154 (6) of the Constitution.

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In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the financial statements give a true and fair view of the financial position of the Shrama Vasana Fund as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Qualified Opinion

(a) In terms of Section 53 of Sri Lanka Public Sector Accounting Standard 7, the revaluation loss of Rs. 306,348 resulted by revaluation of assets in the year under review should be indicated in the Revaluation Reserve Account. However, without indicating so, the annual surplus adjusted by the Accumulated Fund as prior year adjustments, had been overstated by that amount.

(b) In terms of Sri Lanka Public Sector Accounting Standard 7, the useful life of fixed assets had not been annually reviewed. As such, fixed assets costing Rs. 430,420 fully depreciated as at the end of the year under review, were still being used. Action had not been taken to revise the estimated error in terms of Sri Lanka Public Sector Accounting Standard 3.

(c) A motor vehicle valued at Rs.3,500,000 transferred to the Fund by the Ministry of Labour, Trade Union Relations and Skills Development and wooden furniture and equipment valued at Rs.125,500 vested in the Fund by the Department of Labour, in the year 2019 had been adjusted to the accumulated profit as prior year adjustments, instead of identifying those as capital grants.

(d) The value of fixed deposits of Rs.2,692,741 as working capital adjustments under operating activities in the cash flow of the year under review, had not been confirmed in audit.

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 Responsibilities of Management and Those Charged with Governance for the Financial Statements

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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 determines 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 Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

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

1.4 Auditor's Responsibility for Audit of Financial Statements

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Overall, my objective is to provide a reasonable certification that the financial statements are free from frauds and material misstatements whether due to fraud or

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error and to issue an audit report with my opinion. Even though fair certification is a high-level guarantee, it does not always ensure that disclose adequate misstatements while auditing in terms of the Sri Lanka Audit Standards. Frauds and errors are likely to result in substantial misstatements, either individually or collectively, and are expected to affect the economic decisions made by users based on same financial statements.

I have been audited in terms of Sri Lanka Auditing Standards with professional judgment and professional compliance. Furthermore,

- My opinion is based on obtaining adequate and appropriate audit evidence to avoid risks of fraud or errors, by planning audit procedures that are appropriate in the circumstances, when identifying and assessing the risks of material misstatement that could be occurred in financial statements due to fraud or error. The impact of fraud is stronger than the impact of material misstatement and misconduct, forgery, intentional avoidance or internal controls avoidance could be led to fraud.
- Even though understanding on the internal control of the corporation has been obtained to design audit procedures that are appropriate in the circumstances, however does not intend to state opinion on the effectiveness of internal control.
- The fairness of accounting policies and accounting estimates applied and the appropriateness of related disclosures made by management have been evaluated.
- The relevance of using the basis of continuance of institution for accounting has been determined based on the audit evidence obtained as to whether there is sufficient uncertainty about the existence of the corporation due to the incidence or circumstances. If I have concluded that there is sufficient uncertainty, then it should be focused in my audit report on the disclosures in the financial statements and if such disclosures are inadequate, my opinion has to be modified. My conclusions are based on audit evidence

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- obtained up to the date of the auditor's report. However, continuity of the corporation could be ended on future incidence or circumstances.
- The presentation, structure and content of the financial statements that include disclosures have been evaluated and has been evaluated that the transactions and incidence based for the same are appropriately and reasonably included in financial statements

The governing parties have been made aware on key audit findings, key internal control deficiencies and other issues that identified during my audit.

2. Report on Other Legal and Regulatory Requirements

The National Audit Act No. 19 of 2018 contains special provisions relating to the following requirements.

- In accordance with the requirements of Section 12 (a) of the National Audit Act No. 19 of 2018, I have obtained all the details and explanations required for the audit, except for the effects of the matters described in the section for the basis of qualified opinion of my report and as shown by my inquiry, the corporation has been maintained proper financial records.

- In accordance with the requirements of Section 6 (1) (d) (III) of the National Audit Act No. 19 of 2018, the financial statements of the corporation are consistent with the previous year.

- In accordance with the requirements of Section 6 (1) (d) (III) of the National Audit Act No. 19 of 2018, the recommendations made by me in the previous year are consist in the financial statements of the corporation.

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Nothing came to my attention as much as the following statement with the measures followed and the evidence obtained and the limitation made to substantial matters.

- In accordance with the requirements of Section 12 (d) of the National Audit Act No. 19 of 2018, any member of the Governing Body of the Corporation has directly or otherwise connected with the Corporation in any contract or proceeding outside the ordinary course of business.

- In accordance with the requirements of Section 12 (f) of the National Audit Act No. 19 of 2018, the company has acted non- compliance with any applicable written law or any other general or special provisions issued by the Board of Governors of the Corporation.

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Reference to Laws, Rules, Regulations etc.	**Description**
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(a) Government Procurement Guidelines of 2006 (i) Guideline 7.9.9	In the procurement of 3 desktop computers for Rs. 565,405, the Fund had obtained verbal clarifications from a bidder relating to technical matters for rejecting the bidder who had submitted the lowest bid. However, clarifications in writing had not been sought from the bidder as specified in the Guidelines.

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(ii) Guideline 3.4.3 (c)	Despite the availability of registered suppliers, goods valued at Rs. 127,700 had been purchased from external institutions.
(b) Section 2.1 of Public Enterprises Circular No.PED 3/2015 of 17 June 2015	Even though the Executive Directors and the Chairman deployed in the Fund are not entitled for sitting allowances at Board Meetings, contrary to that, the Chairman had been paid a sum of Rs.42,000 as sitting allowances at 07 Board Meetings in the year 2019.

- In accordance with the requirements of Section 12 (g) of the National Audit Act No. 19 of 2018, the corporation has acted non-compliance with the powers, duties and functions of the corporation.

- In accordance with the requirements of Section 12 (h) of the National Audit Act No. 19 of 2018, the resources of the Fund have not been procured and utilized in a timely manner, efficiently and effectively in accordance with relevant regulations.

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2.1 Other Audit Observations

The following observations are made.

(a) Out of functions which should have been executed by the Fund according to the Action Plan of the year 2019, seven functions for which a sum of Rs.2.41 million was allocated, had not been executed. Even though the said functions could not be implemented due to the nature of the aforesaid programmes and the weaknesses in the scope in the preceding year and the year under review, they had been continuously included in the Annual Action Plan by the Management without taking it into consideration.

(b) According to the Annual Action Plan, the number of programmes on providing medical assistance, distribution of artificial limbs and increasing lottery sales planned to be implemented during the year under review, was 85 and the estimated sum therefore was Rs.3.3 million. However, only 15 of those programmes had been conducted by the end of the year under review and a sum of Rs.1.3 million had been spent therefor. As such, it was observed that even though the physical performance stood at 17 per cent, the financial performance was 39 per cent.

Sign by:

W. P. C. Wickramarathna

Auditor General

Review of the Board of Directors regarding the Audit Report 2019

Actions taken with referred to the Auditor General's Report on the Financial Statements and Other Regulatory Requirements of the Shrama Vasana Fund for Year Ended 31 December 2019 in Terms of Section 12 of the National Audit Act No. 19 of 2018

1. **Financial Statements**

1.2. (a) Action will be taken in future to write off the revaluation loss against the Revaluation Reserve Account and to deduct the balance from the income statement of the current year.

(b) At the Annual Board of Survey of the year 2019, revaluation of assets was carried out after determining the assets to be revalued. As all classes of assets were revalued during the year 2019, in future the revaluation of all relevant assets will be carried out before completing of deprciation.

(c) In making prior year adjustments, action will be taken in future to remove the motor vehicle bearing No.KO 7519 valued at Rs.35,000,000 transferred by the Ministry of Labour and wooden furniture and equipment valued at Rs.125,500 vested in the Fund by the Department of Labour in the year 2019, from the capital and make adjustments in a separate account as Government donations, remove the depreciations of the assets and to maintain the closing balance of the year as the reserve.

(d) A control account was prepared to calculate the amount of fixed deposit interest to be credited to the income statement for the year, using the fixed deposit interest due in the previous year for the current year and the fixed deposit interest income due in the next year for the review year. The following are the reasons for same.

Due to the fact that the lottery income due to the consolidated fund is received by the fund in installments quarterly during the year, due to the investment during the year and the maturity of the middle of the year, that interest income also has to be included in the income statement as the income of the year.

As the interest income from fixed deposits of the year calculated through maintaining a control account by the surplus of the year taken to the cash flow statement and the difference between the receivable fixed deposit interest accounts of the current year and the preceding year as well are indicated under deductions and additions of working capital, the opening and closing balances of interest on fixed deposits of Rs.2,692,742.10 are once again deducted from the cash flow statement. As it effects the tallying of the cash flow statement, the above sum has been added to the surplus of the cash flow statement as an adjustment made to the working capital.

2. (a).I. In the procurement of desktop computers, letters of quotation had been forwarded to 11 institutions and quotations had been submitted only by 4 institutions. Out of them, the institution which had submitted the lowest quotation had priced a computer as Rs. 124,500.00. Further, as compared with the quotations submitted by all other institutions, a difference of Rs.35,000 was shown only in the quotation submitted by this particular institution. Accordingly, as per the verbal instructions of the Procurement Committee and the General Manager of the Shrama Vasana Fund, the officer in charge of the subject has made enquiries from the said institution by telephone, before the Technical Committee, on further details regarding the technical specifications. The said institution has responded by stating that even though the officer who prepared the documents had marked and sent that all specifications will be provided with, in the preparation of quotations, the quotation relating to the software named, Microsoft Office Package (Lifetime) had not been added.

ii. In calling for quotations relating to production of short eats and LED bulbs, the institutions providing with the relevant set of equipment were listed in Yellow pages and Rainbow pages and therefore, quotations were invited y from the Sri Lanka State Trading (General) Corporation and other institutions that registered. As such, quotations were called from the Sri Lanka State Trading (General) Corporation and other institutions registered therein. During the course on mushroom cultivation, all the kits (sealer, polythene 1 Kg, scale 5 Kg, water can 7l, spray can 1) were not available on the Yellow page, Rainbow pages and therefore, quotations were invited only from the Sri Lanka State Trading (General) Corporation that registered.

The Secretary to the Ministry has stated at a meeting relating to mobile service that it is appropriate to get all printing purposes relating to the mobile service, carried out by one institution. Accordingly, as the Ministry had called for quotations relating to printing from the institutions listed in Rainbow pages, the Shrama Vasana Fund has called for quotations from the same institution relating to printing of handbills, posters and banners as well.

b). The former Secretary to the Ministry had retired by now and it had been decided by the Board of Directors that recovery of money from him as unfair. However, the sitting allowance is not claimed by the Chairman from January 2020.

2.1. a), b), The Board of Directors was briefed from time to time, on non-receipt of applications on programmes for which expected progress indicated in the Action Plan of years 2018/2019, could not be achieved. As such, a committee has been appointed for taking necessary action and the report thereof had been sent to the Secretary and is expected to be forwarded to the Board of Directors in future.

D. M. S. Abayagunawardena
Chairman
Shrama Vasana Fund

Annexure - 01

List of Programmes carried out by Shrama Vasana Fund in the Year 2019.

1. Awareness programmes

- 2019-01-17 Hawupe Estate Tea Factory, and Neelagama Estate Tea Factory
- 2019-01-25 Visionco Pvt. Ltd. and Leoch Lanka Pvt Ltd
- 2019-01-28 and 29 - Galoya Plantation, Hingurana, Ampara Daya Apparel Export (Pvt) Ltd., Namal Oya Mahaweli Authority, Rambakenoya Zonal Office, Mahaoya. Binthennapattu Multipurpose Co-operative Society, Mahaoya.
- 2019-01-29 Emerald (Pvt) Ltd. Kottawa & Orange (Pvt) Ltd.
- 2019 -01-31 D.S.I. Company Navinna & Ceylon Biscuit Ltd Kottawa.
- 2019-02-14 Samson's & Sons (pvt) ltd - Galle & Amari Hotel.
- Awareness Programme of Certified Officers on Inspection of High Hazard Pressure Machines, 2019-02- Auditorium, Department of Labour.
- 2019-02-21Veera Fashion, and Ceylon National Industries Randenigala.
- 2019-02-26 Raja Fishing Goods, Omanthai Red Max, Vavuniya.
- 2019-02-28 and 2019-03-01 Texwin Cloth (Pvt) Ltd, Lankapura Apparal (Pvt) Ltd, SMK Millin Engineering (pvt) Ltd, Menaka Rice Product (Pvt) Ltd. Polonnaruwa.
- 2019-03-29 Sun Ken Constructions, and Rainco Apparel Kandy and Kadugannawa.
- 2019-03-29 Miriswaththa Estate Kalutara.
- 2019-04-09 Spring View Tea Factory - Lellupitiya.
- 2019-05-23 Industrial Park- Mirijjawila.
- 2019-06-11 District Secretariat - Ratnapura.
- 2019-08-29 Hydramani Garment pvt Ltd - Agalawatta.
- 2019-07-09 District Labour Office - Kalutara.
- 2019-07-23 Ambrosia Tea Factory - Welimada.
- 2019-07-24 - El-Teb, Gonakelle Tea Factory, Shawlands Tea Factory.
- 2019-09-26,27 Coconut Cultivation Board Wariyapola, Export Processing Company - Galgamuwa, S.L Cocoa Fiber Company - Kobeigane - Potential Viscom Company - Ratmalwewa, Silva Furnitures Company - Wariyapola.

- 2019-10-07 Board of Investment of Sri Lanka Auditorium on 07-10-2019 - Avissawella.
- 2019-09-10 Laugfs (Pvt) Ltd - Colombo 05.
- 2019-11-10 - Mannar.
- 2019-12-10 Rowood Lanka Ltd, Jayani Fasion Garments, Dumra Tex Kurunegala.
- 2019-12-10 Department of Labour - Narahenpita.
- 2019-12-17 Samson Rubber Factory (Pvt) Ltd, Finagle Lanka (Pvt) Ltd, Ravi Industrial (Pvt) Ltd - Gampaha.
- 2019-12-31 Melwa Rolling (Pvt) Ltd, Tinpak (Pvt) Ltd, Raksha Apperal (Pvt) Ltd - Gampaha.
- 2019-12-17 MAS Kreeda Institute - Mahiyanganaya.

2. Empowerment Programmes

- 07th February 2019 at the Kegalle Regional Rubber Development Department Office.
- 11th February 2019 at the Sri Ananda Bodhi Temple, Watagoda, Kandy.
- 02nd April 2019 - Divisional Secretariat - Padaviya.
- 24th May 2019 at the Unawatuna Fence Reed Training Center.
- 30th May 2019 - Labour Office - Jaffna.
- 31st May 2019 - Kandyan Reach Hotel, Kurunegala .
- 27th and 28th July 2019 - Central College - Welimada.
- 6th August 2019 - Koslanda Temple.
- 03rd September 2019 - Divisional Secretariat, Kuliyapitiya.
- 7th September 2019 - Koslanda Ariyawansaramaya.
- 08th November 2019 - Hatton.
- 20th and 21st November 2019 - Matugama / Sooriyawewa.
- 16th December 2019.Municipal Council Hall, Trincomalee.

3. Medical Camps (Eye Clinics)

- 06th March 2019 - Peenkanda Estate - Nivithigala.
- 05th April 2019 - Sugar Factory - Pelwatta.
- 06th April 2019 - Divisional Secretariat - Moneragala.
- 18th June 2019 - Industrial Park - Mirijjawila.
- 29th June 2019 - Diana Factory - Matale.
- 04th July 2019 - Pradeshiya Sabha Office - Passara.
- 04th July 04 2019 - District Labuor Office - Polonnaruwa.
- 05th July 2019 - Divisional Secretariat - Lunugala.
- 07th August 2019 - Meegahakiula Temple.
- 12th September 2019 - Divisional Secretariat - Bibila Medagama.
- 19th September 2019 - Economic Center - Keppetipola and Ratnodagama Community Hall - Uva Paranagama.
- 23rd September 2019 - Nachurab Institute on - Panadura.
- 29th July 2019 - Hydramani Garment Factory - Mundalama and Bobby Garment Factory – Kalpitiya.
- 18th July 2019 - Office of the Deputy Commissioner of Labour - Jaffna / Mannar.
- 17th October 2019 - BOI Zone - Katunayake.

4. Distribution of School Equipment Programme

- Distribution of School Equipment Programme - 2019-11-26 - District Secretariat Office - Ampara.
- 2019-11-28, 29 - Rajapuragoda College and Lunugamvehera College - Hambantota.
- 2019-12-05 - Morakewa Maha Vidyalaya - Horowpathana.
- 2019-12-05 - Warakapola Library Auditorium - Kegalle.
- 2019-12-13 - Zonal Education Office, Passara.
- 2109-12-14 - Divisional Secretariat, Walasmulla.

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