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நிதி அமைச்சு
MINISTRY OF FINANCE

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ANNUAL REPORT
- 2020 -

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சிரம வாசனா நிதியம்
SHRAMA VASANA FUND

Annual Report – 2020

Compilation :
Shrama Vasana Fund

Publication :
Shrama Vasana Fund Publication Committee

Annual Report
2020

Shrama Vasana Fund

Content

Corporate Information

Financial Information

Shrama Vasana Fund

The Srama Vasana 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 Vasana Fund has been implemented various welfare programmes under 6 objectives from its initial stage and thereby arrangements have been made in order to upgrade the Sri Lankan employees.

The main source of funding for the Shrama Vasana Fund is proceeds from the Jathika Sampatha Lottery, which is implemented on Thursdays and Saturdays by the National Lotteries Board. This revenue is determined by the sales of lotteries and the number of programmes implemented will increase in yearly manner, according to the status of revenue of the fund.

Objectives of the Fund

01 To promote the welfare of the employees

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

03 To provide medical and other facilities to employees in times of emergency

04 To provide temporary assistance to employees when inquiries are instituted against them

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

06 To give awards to persons who have rendered out excellent services to employee welfare

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.

Vision and Mission

Vision

"Contented Sri Lankan Workforce"

Mission

"To facilitate in creating a work environment enriched with welfare and assisted with relief, by carefully assessing the gaps and filling the same"

Basic Values and Ethics

- Ensuring the ethical commitment in order to provide an efficient and effective service to the clients benefiting from the Shrama Vasana Fund.

- Providing advanced qualitative service subject to the rules, regulations and methodologies of the Shrama Vasana Fund while providing services to the clients.

- Creating better awareness among the clients regarding the services provided by the Shrama Vasana Fund.

Work Environment of SVF

The office of SVF is located in the 2nd floor of the NIOSH building in Jawatta Road, Colombo 05. The floor area is only 1500 square feet. The office area is air-conditioned. This office is easily accessible by a vehicle, but would be difficult for some of the clients, as it is not located in a major bus route. Present space availability is sufficient to accommodate the present staff but not enough space for stores.

Resource of SVF

Human resources - General Manager, Manager, Accountant, Assistant Manager, Eight Management Service Officers, two Office Assistants, two drivers.

Equipment - Sixteen seater van, one Motor Car, thirteen computers, two photocopiers, one fax machine, Seven laptops, three televisions, three black and white printers, a colour printer, five AC machines, a camera, a voice recorder and a finger print machine

Furniture and Fittings - Thirteen tables, thirteen chairs, one sofa set, a tender box, conference table with chairs.

Goodwill and Image of SVF - The projects and programmes hitherto implemented by the SVF have certainly contributed to the of workers and for the promotion of worker welfare. Therefore, there is some reputation and image created and maintained since its inception. However, there is a significant gap between what has been done and what could have been done. The SVF has not been sufficiently visible until now. The name “Shrama Vasana” is known more as a lottery than a government service organization.

SWOT Analysis

The purpose of careful scanning the external environment is to recognize opportunities and threats affecting the SVF. Examination of the internal environment is to identify its strengths and weaknesses. The SWOT analysis facilitates determination of strategic direction, goals and objectives within the framework provided and objects specified in the Act.

Strengths

- Substantial size of the fund and growth potential; the main source being a successfully launched and well established lottery.
- Ability to expand the fund through various activities and from various sources other than lottery revenue.
- Backing of two strong government institutes; Ministry of Labour and Labour Relations and National Lotteries Board with the support of Department of Labour.
- Strong legal framework backed by an act of Parliament.
- Availability of a Board of Trustees constituted with experienced and competent members representing tripartite constituents.
- Availability of a qualified and competent staff.
- Having ISO 9001:2015 Quality Control System.
- Having a Website & Web based system.
- Having a Van & Motor Car.

Weaknesses

- Inability to cater to the entire market, market being very large and the organization being small, not having adequate staff or required resources for a decentralized operation
- Not having a clear idea about the clientele
- Not having made a major impact to the client group in the past
- Not known by the client group to which the services of the fund are offered or the general public
- Sale of the Shrama Vasana Lottery is not increasing to expand operations.
- Lottery sales proceeds being currently taxed
- No branches and therefore has to depend on the Department of Labour for outside operations
- Processes have been developed, but the problems still arise due to non-adhering to the process at times for various reasons.

Opportunities

- Market is large and there is a possibility of expansion of scope as per the broad mandate given to the Fund by the act of incorporation

- There is a large number of INGOs who are willing to fund the third world workforce in improving their lives, which can be tapped to enhance the fund and its activities (though this is to reduce with country moving towards the middle income category)

- There is a possibility to establish a link between the beneficiaries and income source (lottery) by declaring those who have purchased lottery tickets can produce those with the benefit application to get a certain priority

Threats

- There is competition among lotteries and there is so many in the market

- Because the fund is linked with the lottery it is difficult to get the treasury to allocate additional funds above the lottery income

- Managing the lottery currently depends on the sole discretion of the National Lotteries Board in which there is no SVF representation

- Income of the exiting lotteries go down, due to the introduction of new lotteries to the market.

Challenges and Responsibilities

Challenges and Responsibilities

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 that 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".

Administrative Structure

The Shrama Vasana Fund established under the Shrama Vasana Fund Act No. 12 of 1998 (as amended by 07 of 2019) is coming under the purview of the Ministry of Finance and the Fund is chaired by the Secretary to the Line Ministry which owns the Fund. 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.

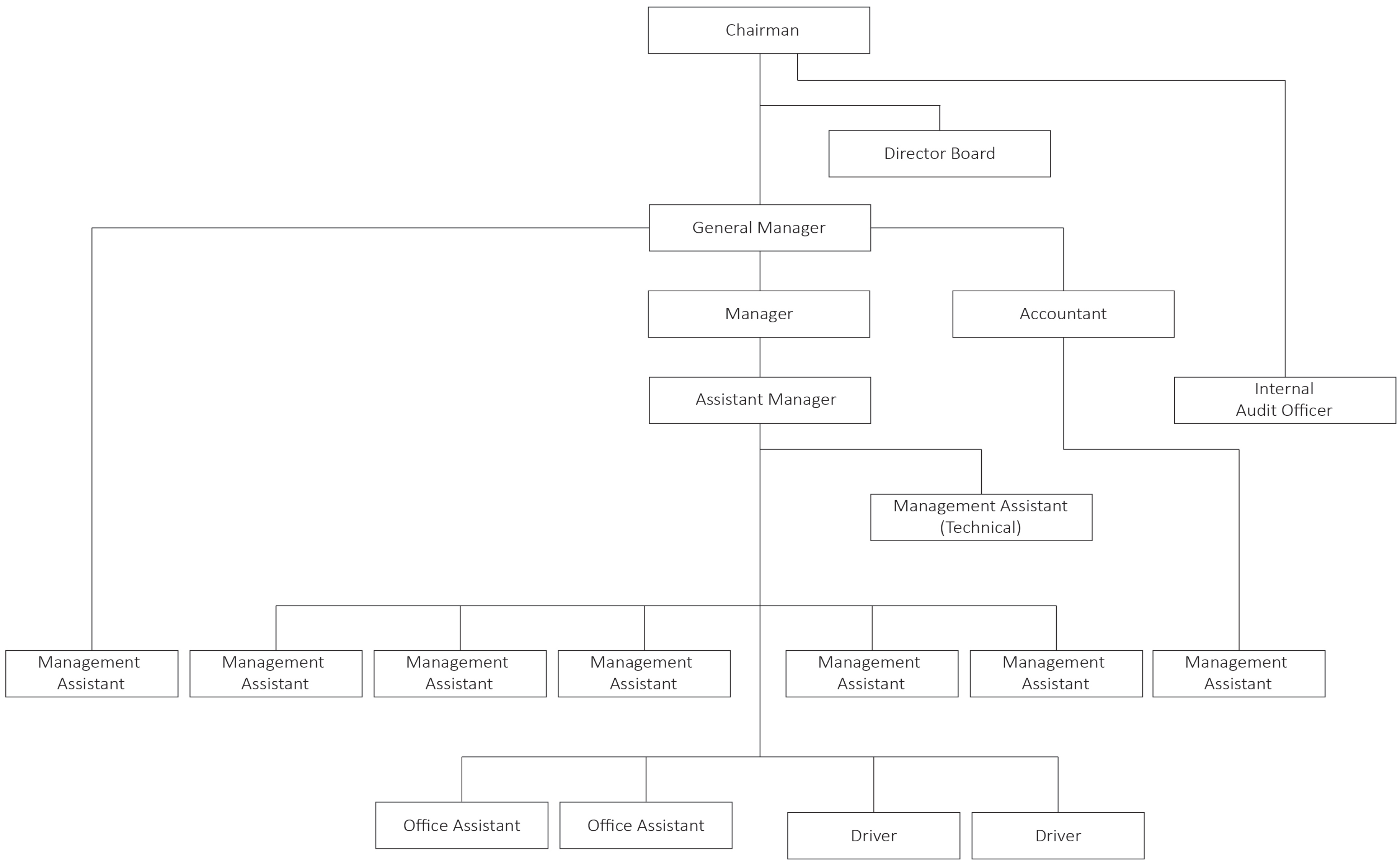
Board of Directors of the Shrama Vasana Fund in the Year 2020

Name	Position
Mr. Jude Nilukshan	Chairman
Mr. B. K. Prabath Chandrakeerthi	Member
Ms. B. C. B. Thilakarathne	Member
Ms. Y. K. Shiromi Jeewamala	Member
Mr. Lalith Kannangara	Member
Mr. Sudhantha Bandara	Member
Ms. P. D. M. S. Gamage	Member
Mr. B. R. C. Gunawardena	Member

Cadre Composition- 31.12.2020

Senior Level		Tertiary Level		Secondary Level		Primary Level		Total		
Approved Cadre	Existing Cadre	Approved Cadre	Existing Cadre	Approved Cadre	Existing Cadre	Approved Cadre	Existing Cadre	Approved Cadre	Existing Cadre	Vacancies
01	01	04	03	08	08	04	04	17	16	01

Organizational Structure- 31.12.2020



Sub Committees

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, providing 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 2020 of the Shrama Vasana Fund consists of the following members.

Name	Position
Ms. B.C.B.Thilakarathne	Treasury Agent / Chairperson of the Committee
Mr. Susantha Bandara	Member
Mr. Lalith Kannangara	Member

Basic Functions of the Audit and Management Committee

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

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

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

04. 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.

05. 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.

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

07. Conduct special inquiries at the request of the Chairman or Members of the Board of Directors of the Fund.

08. 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 assists 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.

Decisions of the Audit and Management Committe.

Matters Discussed at the Audit and Management Committee referred to the first quarter and the Actions & Decisions Taken

Serial No.	Matter Discussed	Decision	Actions Taken
01	Revenue of Lotteries	The General Manager stated that the Lotteries Board contributes 10% of the revenue of lotteries to the Shrama Vasana Fund and there is no legal basis in this regard. The General Manager stated that he could discuss the matter further since he will be a member of the Board of Directors as a General Manager of the Board of Lotteries, in the future.	The General Manager of the Lotteries Board was appointed as a member of the Board of Directors. So far, the lottery has been run 2 times a week to increase revenue of lotteries.
02	Financial Statements	The Chief Financial Officer stated that since the financial statements are subject to change until they are submitted for audit purposes, and therefore, they may be further amended if required.	The financial statements have been submitted to the Auditor General on the due date.
03	Internal Audit Plan - 2020	The Internal Audit Plan 2020 presented by the Internal Auditor of the Shrama Vasana Fund was discussed. The Representative of the Treasury stated that the audit of accounts should also be included in the Internal Audit Plan.	The Internal Auditor has included the audit of accounts in the Internal Audit Plan of the Shrama Vasana Fund and has already completed it.
04	Sustainable Development Programme	The Chief Internal Auditor of the Ministry stated that the relevant circulars on the Sustainability Theory Programme, Human Resource Development Plan, Information Act, Citizens' Charter should be examined and accordingly, action should be taken if it is applicable to the Shrama Vasana Fund.	The Sustainability Theory Programme, Human Resource Development Plan, Information Act, Citizens' Charter have already been prepared.

Matters discussed at the Audit and Management Committee referred to the second quarter and actions & decisions taken

Serial No.	Matter Discussed	Decision	Actions Taken
01	Action Plan for Year 2020	The General Manager said that it has been instructed to implement the action plan of this year in three phases and to modify and implement according to the revenue received.	Due to the current expansion of the Corona epidemic, future funding plans have been prepared, based on the Fund's revenue.
02	Scholarship Programme	It was stated that 100 scholarships have been planned for the year and it is planned to award 50 scholarships under the first phase.	These scholarships have already been awarded.
03	Action Plan of Shrama Vasana Fund	It was stated that the updated Action Plan should be submitted to the Board of Directors for its approval.	The Action Plan has been updated and submitted to the Board of Directors and approval has been granted for the same.
04	Lottery Agreement	The Audit Superintendent stated that it should be received 10% of the lottery revenue and there should be an agreement for that, according to the Act. The Lotteries Board has stated that the agreement should be made with the Treasury. The Audit Superintendent further stated that this is an issue.	A letter has been sent to the Treasury in this regard and reminder letters have also been sent.
05	Updating the documents related to the programmes implemented	The Audit Superintendent inquired whether the documents related to the expenditure of the programmes implemented, were not updated at the same time. The General Manager stated that a Progress Review Committee has been appointed for this purpose and will act in accordance with its recommendations.	The Progress Review Committee has set up a mechanism in order to bring this to the attention of the staff.
06	Action Plan of the Board of Survey and Procurement Plan	The Chief Financial Officer inquired about updating the Action Plan of the Board of Survey and Procurement Plan.	The Action Plan of the Board of Survey and Procurement Plan have been updated.

Matters discussed at the Audit and Management Committee referred to the third quarter and actions & decisions taken

Serial No.	Matter Discussed	Decision	Actions Taken
01	Shrama Vasana Fund Act	The Audit and Management Committee was informed that the Shrama Vasana Fund has been specified under the Regulations to be implemented under the Ministry of Labour and the Ministry of Finance, subject to the provisions of the Gazette Notification No. 2187/27 and dated 09.08.2020 Therefore, the Audit Superintendent stated that obtaining written advice on how to implement the institution will assist on avoiding the issues that arise in the future. The Committee requested to obtain a written explanation from the Ministry of Finance in this regard.	As per the instructions of the Audit and Management Committee, requested for a clarification from the Ministry of Finance and reminder letters have been sent.
02	Internal Audit Reports	The Committee inquired as to whether the audit queries had been issued by the Internal Audit Division of the Shrama Vasana Fund. The General Manager stated that an Internal Auditor had not been appointed to the fund at that time.	An Internal Auditor has now been appointed.

03	Auditor General's Report for the Year 2019 - Obtaining Feedback	The Auditor General inquired as to whether the task done by the Fund was properly received by the beneficiaries and the receipt of feedback, since the Shrama Vasana Fund is a welfare institution. The General Manager said that all the programmes of the Shrama Vasana Fund have been updated on the website of the Fund and feedback leaflets are sent to the beneficiaries in every three months & 12 months to get their feedback and that would be posted on the website. An Explanation in this regard was presented to the committee, citing the example of the spectacles distribution programme through the website. The General Manager stated that a presentation will be made at the next meeting on how all programmes to be implemented using the information system.	A system of sending feedback every 03 months, 06 months and 12 months to track the progress of programmes is being carried out through the website.
04	Obtaining Building Facilities for the Shrama Vasana Fund	The Committee informed the General Manager to inquire from the Ministry of Finance regarding the floors of the 'Mehewara Piyasa Building' which has been assigned to the Ministry of Finance for the establishment of the Shrama Vasana Fund.	Discussions are underway to get more space for the office of the Shrama Vasana Fund.

Analytical Report- (2016 – 2020)

01. Revenue

- The Shrama Vasana Fund established under the Shrama Vasana Fund Act No. 12 of 1998 is an institution established for the welfare of employees. The main source of funding for the welfare activities implemented by the institution is proceeds from the 'Jathika Sampatha' Lottery, which is implemented on Thursdays and Saturdays.

- The lottery, which was launched under the name 'Shrama Vasana', was renamed as 'Jathika Sampatha' in the year 2010. The revenue of lottery which was 28 million at the end of the year 2010 was gradually increased to 63 million at the end of the year 2013, through various strategies.

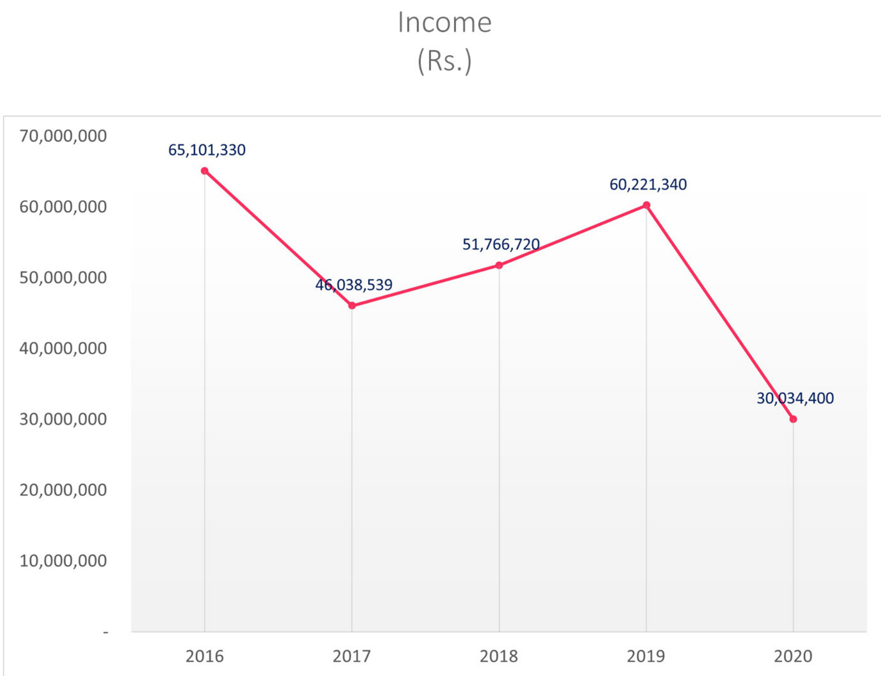
- In the year 2016, the Shrama Vasana Fund conducted a special draw of 'Jathika Sampatha'. Thereby, the revenue increased upto 65 million at the end of the year 2016.

- In December 2016, the price of a lottery ticket was increased from Rs.20 to Rs.30. Although, it was re-decreased from Rs.30 to Rs.20, however it has been taken several months to minimize the damage occurred to the sales of lottery. Therefore, by the end of the year 2017, the revenue was decreased to 46 million.

- The revenue, which maintain at 46 million at the end of the year 2017, gradually increased to 51 million in the year 2018. Then, with the onset of Easter Attack in the year 2019, revenue of lottery has been reduced for several months.

- The Act of Shrama Vasana Fund has been amended in the year 2019 and thereby, it could be provided benefits to the employees as well as their dependents. Since the General Manager of the National Lotteries Board and the Commissioner General of Labour were officially become members of the Shrama Vasana Fund, the stability of Fund became further strengthen. At the end of the said year, the revenue of lottery was increased upto 60 million.

- Revenue of lottery has continued to grow until February 2020, and the Corona (Covid) disaster has been caused to drop it to 30 million by the end of the said year.



Graph 01

02. Programmes

- The revenue of lottery in the year 2016 was around 65 million (95%) and it has been highly focused on eye clinics, distribution of school equipment and granting scholarships programme, etc.

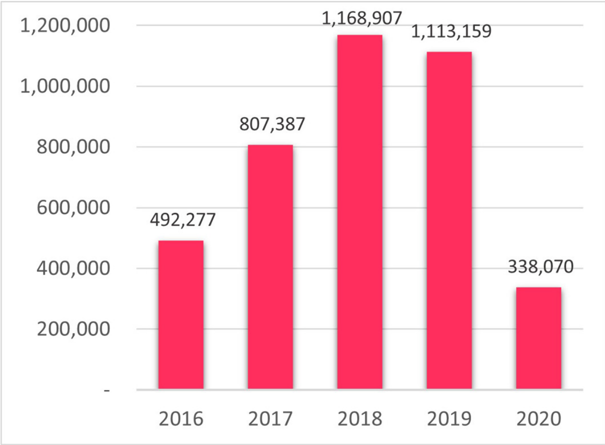
- The revenue of lottery in the year 2017 was around 46 million (79%), and it has been highly focused on development of sports facilities, health facilities and conducting seminars for scholarship examination, distribution of school equipment, and empowerment programmes in Investment Zones under welfare programmes.

- The revenue of lottery in the year 2018 was around 51 million (81.86%), and programmes such as eye clinics and distribution of school equipment, conducting seminars for scholarship examination, under welfare programmes have been implemented.

- The year 2019 could be considered as the year in which the Shrama Vasana Fund has so far implemented the largest number of programmes. These include eye clinics, empowerment programmes, distribution of school equipment, conducting mobile services, and conducting seminars for scholarship examination etc.

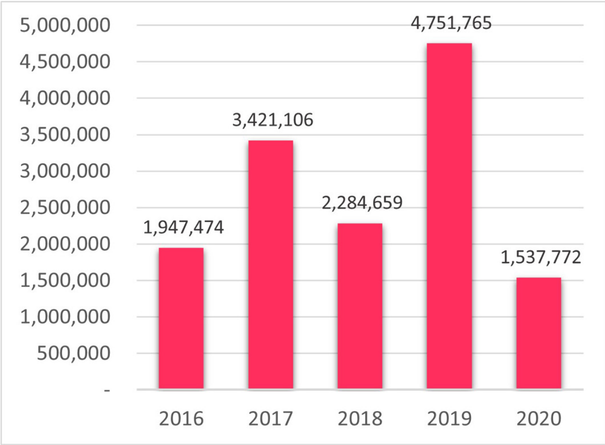
- It could be able to implement several number of empowerment and awareness programmes in the first quarter of the year 2020, and subsequently it was difficult to implement programmes due to the Corona (Covid) epidemic. However, it has been increased of providing legal aid to those who have lost their jobs due to the Corona epidemic. In addition, there it has been increased of providing fatal accident scholarships.

Awarness Programme
(Rs.)



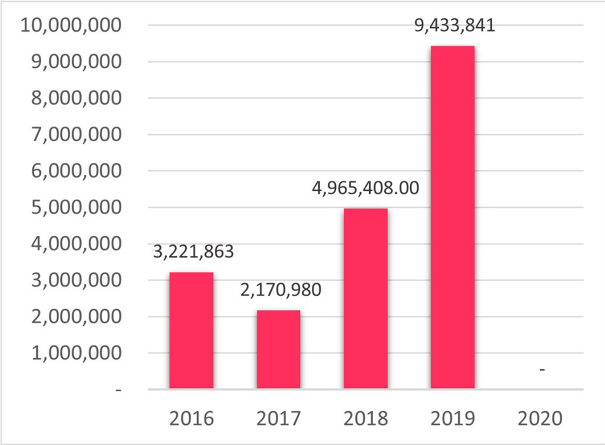
Graph 01

Empowerment Programme
(Rs.)



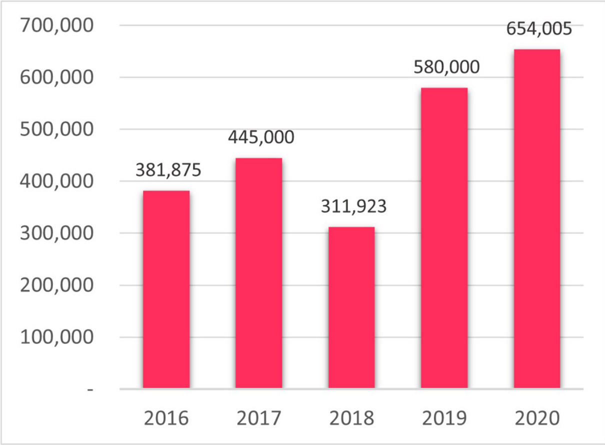
Graph 02

Helth Camp Programme
(Rs.)



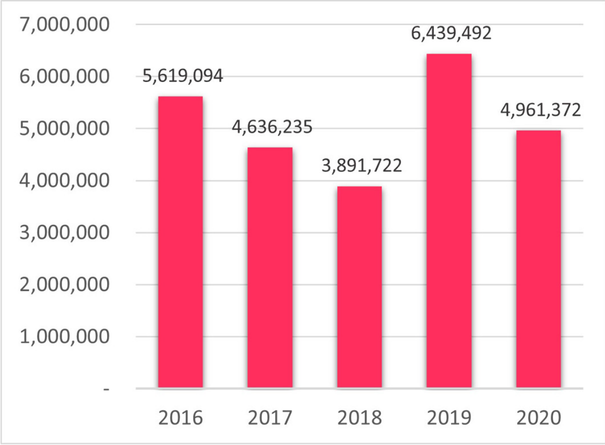
Graph 03

Legal Aid Programme
(Rs.)



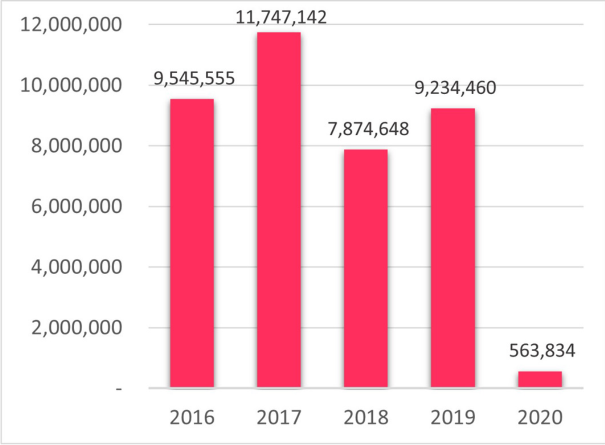
Graph 04

Scholarship Programme
(Rs.)



Graph 05

Welfare Programme
(Rs.)



Graph 06

03. Productivity and Tendencies

- In the year 2016, the Shrama Vasana Fund was developed a web based information system under 3 phases. Under this, the data of the programmes implemented by the Shrama Vasana Fund could be entered into this system. Furthermore, it could be followed up the beneficiaries, could be checked whether the relevant services have been received by them, and also could be informed the beneficiaries through the SMS Notification service, and thus decreasing the printing of paper for the above purposes, providing the service in a short period of time etc, are profitable.

- In the year 201, it was applied for ISO 9001: 2015 quality certification and obtained the certificate. Accordingly, formalizing the application forms and all other documents related to the services provided by the Shrama Vasana Fund and thereby facilitating the services which provide to the beneficiaries, are profitable.

- In the year 2020, it has been applied for the Productivity Award conducted by the National Productivity Secretariat and received the Commendation Certificate of appreciation. Accordingly, benefits were obtained by the company as well as the employees working in the company.

04. Advertising and Promotion

- The main source of income for the Shrama Vasana Fund is the 'Jathika Sampatha' Lottery. In order to advertise and promote the Shrama Vasana Fund and 'Jathika Sampatha' Lottery, distribution of printed umbrellas, leaflets, key tags, caps, T-shirts with the Sharama Vasana logo has been carried out mostly in the year 2016 and 2017, in line with the lottery sales during the programmes implemented by the Shrama Vasana Fund.

- In order to make the beneficiaries aware of the objectives of the Shrama Vasana Fund, advertising was carried out in the year 2016, 2017, 2018 through newspaper advertisements, press releases, etc and it is currently promoting through digital technologies such as Facebook and YouTube. This would allow to get more advertisings with less expenses.

- There are two accounts as Facebook account and YouTube account under the name of Shrama Vasana Fund. It is timely to make aware on the Shrama Vasana Fund and the services provided by Fund through publishing videos and photographs in those accounts.

Financial Performance Review

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

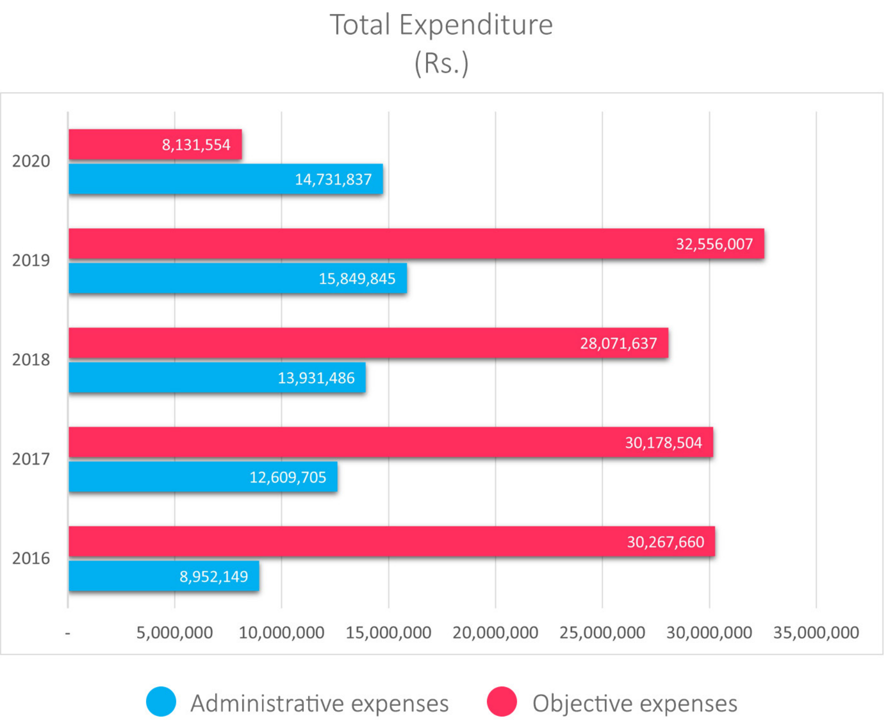
(d). All sums of money derived by the Fund in the exercise of its powers, and discharge of its functions, under this Act, including the proceeds of the lotteries referred to in section 13.

The Shrama Vasana Fund has been established covering private sector employees and not covered the persons those who are self-employed. Various programmes are implemented in different boundaries based on the financial capacity of the Shrama Vasana Fund. In line with increasing financial capacity, further expansion beyond such boundaries is being carried out annually.

Total Expenditure (Rs.)

	2016	2017	2018	2019	2020
Administrative Expensess	8,952,149	12,609,705	13,931,486	15,849,845	14,731,837
Objective Expensess	30,267,660	30,178,504	28,071,637	32,556,007	8,131,554

Table 01

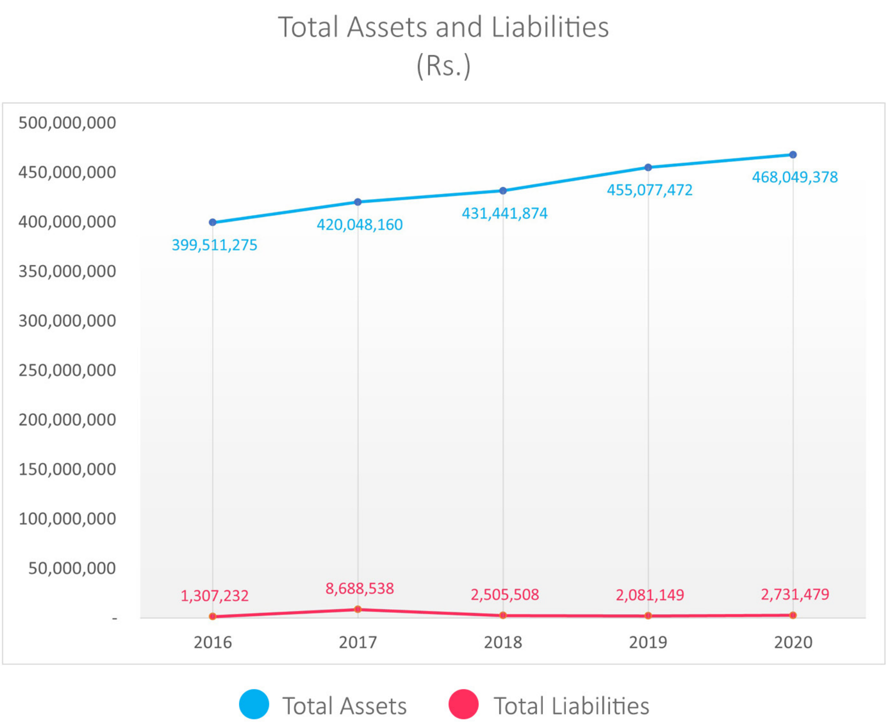


Graph 07

Total Assets and Liabilities (Rs.)

	2016	2017	2018	2019	2020
Total Assets	399,511,275	420,048,160	431,441,874	455,077,472	468,049,378
Total Liabilities	1,307,232	8,688,538	2,505,508	2,081,149	2,731,479

Table 02

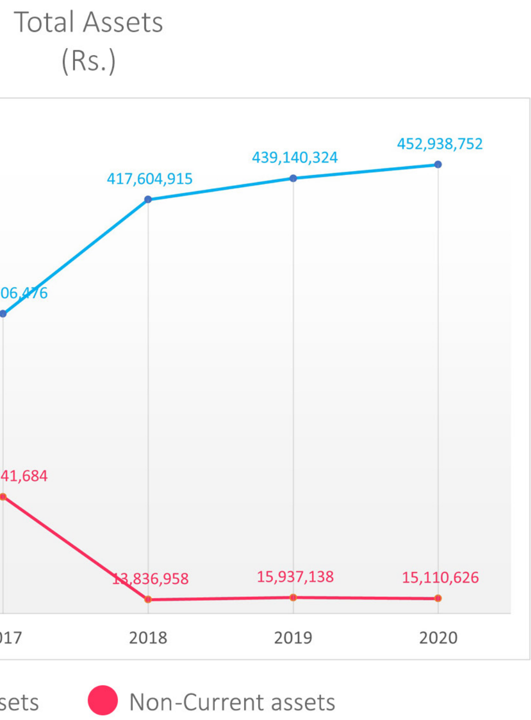


Graph 08

Total Assets (Rs.)

	2016	2017	2018	2019	2020
Current Assets	334,144,880	302,306,476	417,604,915	439,140,324	452,938,752
Non-Current Assets	65,366,394	117,741,684	13,836,958	15,937,138	15,110,626

Table 03



Graph 09

Highlights of Shrama Vasana Fund 1998- 2020

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 year 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 the year 2016 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 Environment 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.

Digital Information System of the Fund

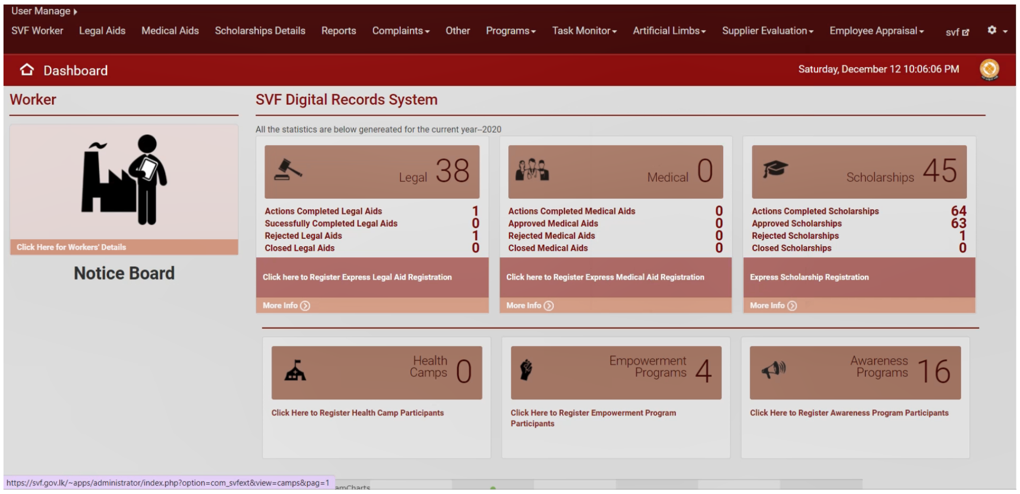


Image 01

The Shrama Vasana Fund was Awarded the ISO Quality Certificate


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 Deutsche Akkreditierungsstelle D-ZM-12007-01-00

Image 02

Performance of Shrama Vasana Fund in 2020

With the onset of 2020, the effects of the Covid 19 epidemic that affected over the world also affected in Sri Lanka. In the face of this epidemic, the Shrama Vasana Fund was not able to achieve the performance planned for year 2020.

This was mainly due to the reasons of imposition of travel restrictions in the country, temporary closure of certain areas, and performance of essential duties adapting to the schedules of shift of services.

Furthermore, many programmes of the Shrama Vasana Fund were not able to perform at the expected level due to factors such as travel restrictions and the security of those institutions, in the context of conducting those programmes in the premises of factories and workplaces outside the institution.

Also, the annual revenue of the Shrama Vasana Fund has declined sharply, due to the decline in sales of lotteries which is the main source of revenue of the Fund. Therefore, it was decided to revise the programmes planned for the year 2020 as per the instructions of the Board of Directors.

In the midst of such circumstances, the programmes implemented by the Shrama Vasana Fund up to now, in the year 2020 are as follows.

01. Awareness Programmes

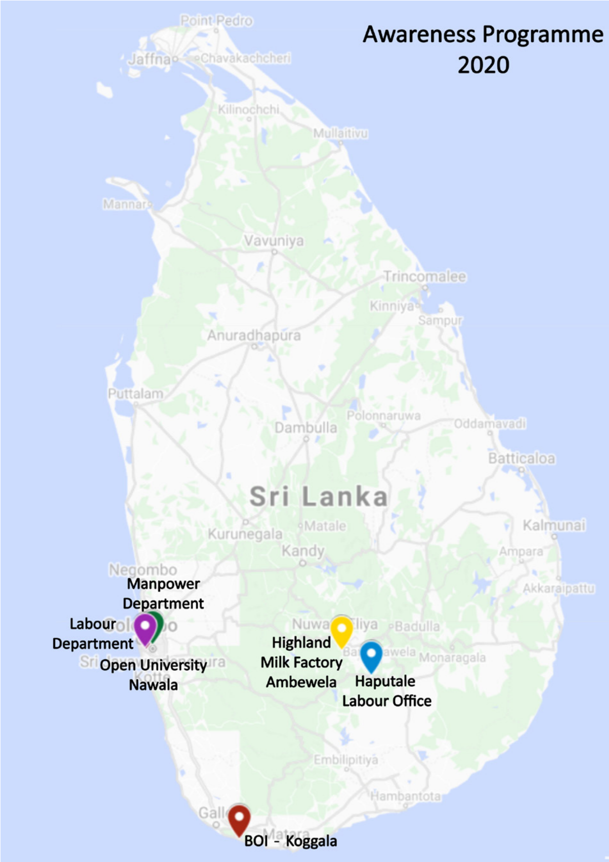
Overview

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.



Map 01

Images: Awarness programmes conducted by the Shrama Vasana Fund

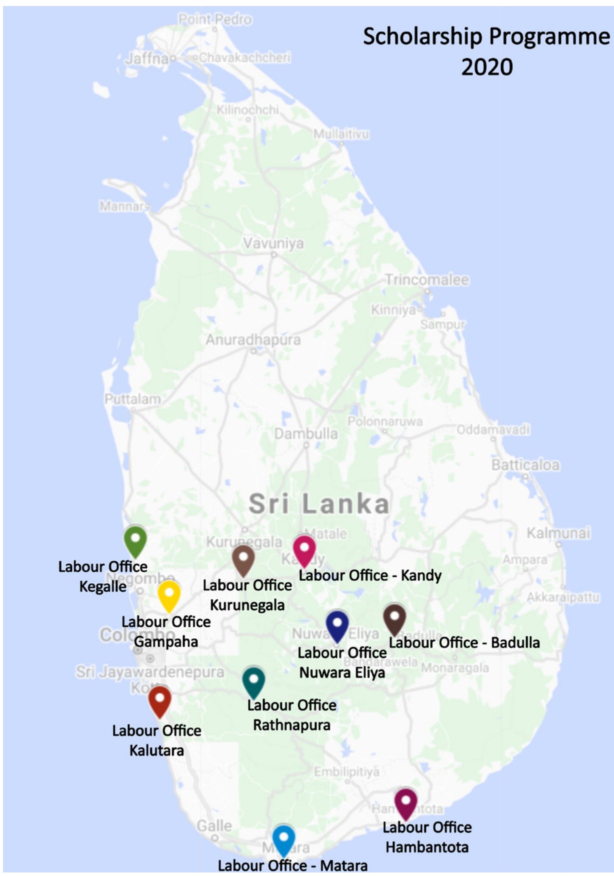
02. Fatal Accident Scholarship Programme

Overview

These programmes are implemented for the children of working people who have deceased 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 deceased 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.

Due to the prevailing epidemic situation, Fatal Accident Scholarship Programme in this year was held on 06th, 08th, 09th and 10th June 2020 at the Regional Labour Offices in Matara, Hambantota, Kalutara, Gampaha, Kurunegala, Kandy, Kegalle, Nuwara Eliya, Badulla and Ratnapura.



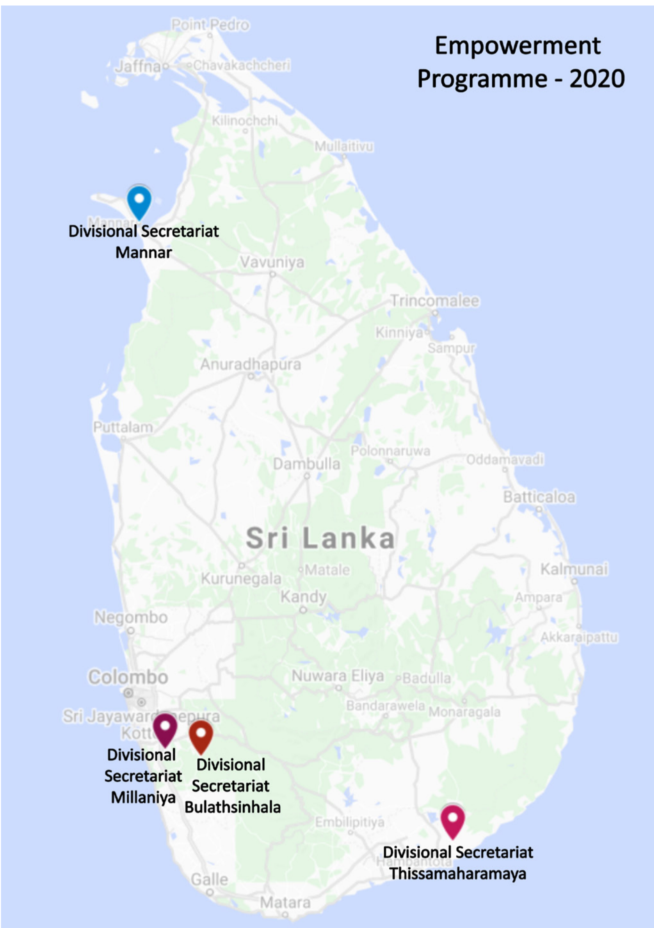
Map 02

Images: Scholarship programmes conducted by the Shrama Vasana Fund

02. Empowerment programme

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.



Map 03

Images: Empowerment programmes conducted by the Shrama Vasana Fund

In the face of the prevailing epidemic, an artificial leg was provided and legal aid was provided for 24 legal aid workers and for one person on legal aid for appeals, in the year 2020.

Financial Information

Shrama Vasana Fund Statement of Financial Possition as at December 31st, 2020			
Assets		(Rs.) 2020	(Rs.) 2019
Current Assets			
Cash and Cash Equivalents	Note 03	2,104,691.77	3,802,821.01
Inventories	Note 05	1,495,145.07	858,552.69
Fix Deposit		113,000,000.00	95,000,000.00
Receivables	Note 04	336,338,915.56	339,478,950.32
		452,938,752.40	**439,140,324.02**
Non-Current Assets			
Investment		2,774,958.00	2,774,958.00
Intangible Assets	Note 02	22,850.23	28,850.23
Plant Machinary and Equipment	Note 01	12,312,817.53	13,133,340.24
		15,110,625.76	15,937,148.47
Total Assets		**468,049,378.16**	**455,077,472.49**
Liabilities			
Current Liabilities			
Payables	Note 07	159,412.88	132,044.57
Provission	Note 08	1,239,500.00	797,500.00
Non-Current Liabilities			
Staff Gratuity Provission		1,332,566.50	1,151,604.00
Total Liabilities		2,731,479.38	2,081,148.57
Net Assets		**465,317,898.78**	**452,996,323.92**
Accumulated Surpuls	Note 06	461,692,398.78	449,370,823.92
Reserves			
Government grant		3,625,500.00	3,625,500.00
Total net Assets		**465,317,898.78**	**452,996,323.92**

The Accounting Policies and notes on page 32 to 41 from an integral part of this financial statement. The Board Directors of an entry 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,
Jude Nilukshan,
Shrama Vasana Fund.

Director,
B.K.P. Chandrakeerthi,
Shrama Vasana Fund.

General Manager,
D.R. Jayalath,
Shrama Vasana Fund.

Accountant,
M.L. Jayamali,
Shrama Vasana Fund.

Shrama Vasana Fund Statement of Financial Performance as at December 31st, 2020			
Revenue		(Rs.) 2020	(Rs.) 2019
Income	Note 10	37,802,624.87	73,246,457.89
Total Revenue		37,802,624.87	73,246,457.89
Expenses			
Administration Expences	Note 11	14,731,836.98	15,849,845.47
Depreciation	Note 12	2,054,339.30	1,983,224.05
Expenditure for objective of fund	Note 13	8,131,553.92	32,556,007.49
Other Expenditure	Note 14	554,378.00	1,024,642.02
		25,472,108.20	51,413,719.03
Surplus for the year		**12,330,516.67**	**21,832,738.86**

Shrama Vasana Fund Statement of Changes in Funds as at December 31st, 2020			
		Cumulative Fund (Rs.)	**Total** (Rs.)
Balance as at December 31st, 2018		428,530,971.72	428,530,971.72
Prior year adjustment		2,632,613.34	2,632,613.34
Acquistions of vehicle KO 7519-Government grant	Note 15.1	(3,500,000.00)	(3,500,000.00)
Acquistions furniture-Government grant	Note 15.1	(125,500.00)	(125,500.00)
Surplus for the year		21,832,738.86	21,832,738.86
Balance as at December 31st, 2019		449,370,823.92	449,370,823.92
Prior year adjustment	Note 15	(8,941.81)	(8,941.81)
Surplus for the year		12,330,516.67	12,330,516.67
Balance as at December 31st, 2020		461,692,398.78	461,692,398.78

Shrama Vasana Fund Cash flow Statement for the year ended December 31st, 2020			
CASH FLOW FROM OPERATING ACTIVITIES		(Rs.) 2020	(Rs.) 2019
Surplus for the year		12,330,516.67	21,832,738.86
Adjustment			
EPF and ETF arrears		-	(585,673.10)
ETF surcharge		-	(95,489.28)
		12,330,516.67	21,151,576.48
Non-cash movements			
Depreciation		2,048,339.30	1,973,103.05
Amortisation		6,000.00	10,121.00
Investment Interest		(7,600,124.14)	(12,889,709.06)
Distress Loan Interest		(44,120.73)	(51,460.44)
Repo investment interest		(23,200.00)	(70,178.39)
Other Income		(100,780.00)	(13,770.00)
Increase/Decrease in working Capital			
(Increase)/Decrease of other payables		27,368.31	(1,058,697.81)
(Increase)/Decrease of provission		622,962.50	228,944.00
(Increase)/Decrease of other receivables	Note 01	(357,266.00)	(30,365,540'00)
(Increase)/Decrease in Inventories		(636,592.38)	1,580,712.14
Net cash flows from operating activities		6,273,103.53	(19,504,899.03)
CASH FLOWS FROM INVESTING ACTIVIES			
Purchasing of plant, Machinary & equepment		(1,276,513.40)	(739,938.00)
Investment Interest		11,097,424.30	10,196,967.96
Disaster loan interest		44,120.73	51,460.44
Repo investment interest		23,200.00	70,178.39
Other income		100,780.00	13,770.00
Receipt from Property, plant and equepment sale		39,755.00	-
Deposit Postal Machine & Insurance		-	13,535.00
Investment of Web Base & ISO		-	(29,700.00)
Investment Fixed Deposit		(18,000,000.00)	12,000,000.00
Net cash flows from investing activities		(7,971,233.37)	21,576,273.79
Net increase/(decrease) in cash and cash equivalents		(1,698,129.24)	2,071,374.76
Cash and cash equivalants at beginning of period		3,802,821.01	1,731,446.25
Cash and cash equivalants at end of period		2,104,691.77	3,802,821.01

Note 01 : Restated Working capital adjustment Fixed deposit and Other receivable 2019

Accounting Policy

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 January 2021.

1.3 Period of Reporting

The financial term of the Shrama Vasana Fund represents a period of 12 months from 01st January 2020 to 31st December 2020.

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 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 credited 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 simple 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	07.5%
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 depreciation from the cost.

g) Depreciation of Intangible Assets

Adjusts to the income statement is made by gradually depreciating the assets in a simple way 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 Stock

Stock is expressed as either the cost or the net gain 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.

1.5.4 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 Reservations

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.

1.7.1 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 sanpatha lottery, income of fixed deposit interest are the main in income.

1.7.2 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.

1.8 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.

1.9 Cash Flow Statement

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

(Rs.)

Note 01

Plant machinary & equipment

01-01

Cost

	Restated balance as at 01.01.2020	Additions	Desposal/ writeoff/ Adjestment	Balance as at 31.12.2020
Vehical	12,882,500.00	-	-	12,882,500.00
Machinary & Equipment	101,050.00	-	2,000.00	99,050.00
Audio & Video Visual	214,800.00	7,300.00	-	222,100.00
Air Conditioners	180,000.00	-	-	180,000.00
Computers	1,948,525.50	1,103,331.80	45,333.00	3,006,524.30
Furniture and Fittings	629,500.00	127,596.60	5,000.00	752,096.60
Office Equipment	147,112.50	38,285.00	4,000.00	181,397.50
	16,103,488.00	1,276,513.40	56,333.00	17,323,668.40

01-2

Depreciation

	Restated balance as at 01.01.2020	Charge for the period	Desposal/ writeoff/ Adjestment	Balance as at 31.12.2020
Vehical	2,848,040.14	1,288,250.00	-	4,136,290.14
Machinary & Equipment	3,875.90	19,971.75	239.56	23,608.09
Audio & Video Visual	10,298.63	54,123.84	-	64,422.47
Air Conditioners	6,904.11	36,000.00	-	42,904.11
Computers	86,779.97	568,664.82	6,793.03	648,651.76
Furniture and Fittings	12,072.60	67,812.39	423.72	79,461.27
Office Equipment	2,176.41	13,516.50	179.88	15,513.03
	2,970,147.76	2,048,339.30	7,636.19	5,010,850.87

Note 02
Intangible Asset

	Cost as at 2020.01.01	Additions	Desposal/ writeoff/ Adjestment	Balance as at 31.12.2020
Software	30,000.00	-	-	30,000.00
	30,000.00	-	-	30,000.00
Amortisation				
Software	1,149.77	6,000.00	-	7,149.77
	1,149.77	6,000.00	-	7,149.77

Note 03
Cash and Cash Equivalents

Peoples Bank- 119100103693128	2,094,691.77
Peoples Bank- 119100293693128	10,000.00
	2,104,691.77

(Rs.)

Note 04 **Other Receivables**	
Treasary Operation Department	332,140,520.18
Festival Advance	10,000.00
Distress Loan	1,490,866.00
Interest on Fixed Deposit Investment	2,694,529.38
Refundable deposit	3,000.00
	336,338,915.56
Note 05 **Inventories**	
Stationary	642,406.04
Programe Item	852,739.03
	1,495,145.07
Inventories has been measurement on Weighted Average Cost	
Note 06 **Cumulative Fund**	
Cumulative Fund as at 01.01.2020	449,361,882.11
Surplus for the year 2020	12,330,516.67
Cumulative Fund as at 31.12.2020	**461,692,398.78**
Note 07 **Other Payable**	
Telephone Payable	27,282.37
Other Payable	130,453.78
Water and Electricity Payable	1,676.73
	159,412.88
Note 08 **Provission**	
Provission for Legal Aid	687,000.00
Provission Financial assistance Arbitration	20,000.00
Provission for Legal Assistance appeaps	-
Provission for Web Based System	32,500.00
Provission for Audit Fee	500,000.00
	1,239,500.00

(Rs.)

Note 09 **Fixed Assets has been depreciated on Straight line basis**	
Vehical	10%
Machinary & Equipment	20%
Air Conditioners	20%
Audio & Video Visual	25%
Computers	25%
Furniture and Fittings	10%
Office Equipment	7.50%
Software	20%
Depreciable value of final assets have been depreciated up to scrap value Rs.1	
Note 10 **Income**	
Shrama Vasana Lottery Income	30,034,400.00
Fixed Deposit Investment Income	7,600,124.14
Distress Loan Interest Income	44,120.73
Repo Investment Income	23,200.00
Other Income	100,780.00
	37,802,624.87

(Rs.)

Note 11 Administrative Expenditure	
Salary and wages	6,762,442.11
EPF	1,751,155.80
ETF	262,673.37
Cost of Living Allowance	1,497,600.00
Other Allowance	230,160.00
Chairman Allowance	207,725.00
Practical Trainee Allowance	42,096.77
Directors Allowance	326,470.00
Board Secreatary Allowance	15,000.00
Allowance for Internal Auditor	30,000.00
Professional Allowance	180,000.00
Staff Gratuity	180,962.50
Overtime & Holiday Pay	155,445.72
Domestic Travelling & Sub	66,915.19
Transport Charges	276,282.00
Stationery & Others	430,608.17
Postal Expenses	24,660.00
Telephone Expenses	290,708.81
Entertainment Expenses	32,347.90
Refreshment & Others	130,409.25
Sundry	12,542.50
Others	21,371.00
Audit Expenses	300,000.00
Water & Electricity	39,472.61
Other Service	337,053.38
Maintance & Repair Expence	647,234.90
Staff Welfare	204,000.00
Training Staff	276,500.00
	14,731,836.98

Note 12 Depreciation	
Depreciation on Vehicle	1,288,250.00
Depreciation on Computers	568,664.82
Depreciation on Air Conditioners	36,000.00
Depreciation on Audio & Video Visual	54,123.84
Depreciation on Furniture and Fittings	67,812.39
Depreciation on Office Equipment	13,516.50
Depreciation on Machinary & Equipment	19,971.75
Amortisation on Software	6,000.00
	2,054,339.30

(Rs.)

Note 13 **Expenditure to achive targets of the fund**	
Empowerment Programme	1,537,772.17
Awarness Programme	338,070.00
Welfare Programme	563,834.68
Artificial Legs & Limbs Programme	46,500.00
Legal Aid Programme	654,005.04
Legal Assistance for appeals	30,000.00
Scholarship programme	4,961,372.03
	8,131,553.92
Note 14 **Other Expenditure**	
Lottery Sale Public Awarness	336,119.00
ISO Review	218,259.00
	554,378.00
Note 15 **Prior year adjustment**	
Assets sales loss	(8,941.81)
	(8,941.81)
15.1	
Transfer of car number KO 7519 and Furiture assigned by the Department and Ministry of Labour to the State Reserve Account from the Cumulative Fund	
Note 16	
People's Bank Narahenpita Branch maintains two current accounts under the name of Chairman Shrama Vasana Fund. Current Account No. 119100293693128 has been opened for a Electronic card as a debit card to be replenished with Rs. 10,000.00	
Note 17 **Comparative Information**	
Prior years figures have been restated where necessary to confirm to the current year's presentation.	
Note 18 **Directors Interests in Contracts**	
No Director of the Board has any material direct or indirect interest in the contracts of the Board.	
Note 19 **Directors Responsibility**	
The Directors take responsibility for the Preparation and Presentation of Financial Statements.	

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මගේ අංකය / எனது இல. / My No. LEW/A/SVF/6/2020/3 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 30 June 2021

Chairman
Shrama Vasana Fund

Auditor General's Report on the Financial Statements of the Shrama Vasana Fund for Year Ended 31 December 2020 in Terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Shrama Vasana Fund for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 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.

In my opinion, except for the effects of the matters described in the section for the basis of qualified opinion of my report, the financial statements give a true and fair view of the financial position of the Shrama Vasana Fund as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව இல. 306/72, பொல்தூவ வீதி, பத்தரமுல்லை, இலங்கை. No. 306/72, Polduwa Road, Battaramulla, Sri Lanka.
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1.2 Basis for Qualified Opinion

The following observations are made.

(a). Although the fixed deposit interest income for the year under review was stated in the financial statements as Rs. 7,600,124, the interest income as per the schedule was Rs. 8,591,293. Accordingly, the difference of Rs. 991,169 has been observed between the fixed deposit interest income in the schedules and financial statements for the year under review.

(b). The interest due on a fixed deposit of Rs. 05 million which was invested during the year under review has been overstated due to miscalculation.

(c). Action had not been taken to depreciate on the identified percentage referred to computer software called Web Site System with the cost of Rs. 2,774,958 which was prepared including the fixed assets of Rs. 3,625,500 transferred to the Fund as Government Grant as at 31st December 2020 and details of the programmes planned and conducted by the Fund.

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

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.

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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 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 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.

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2. Report on Other Legal and Regulatory Requirements

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

2.1.1 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.

2.1.2 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.

2.1.3 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.

2.2 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.

2.2.1 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.

2.2.2 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
(a). Shrama Vasana Act No 12 of 1998 and Shrama Vasana (Amendment) Act No 15 of 2019	
(i). Sub Section 3:4: (2)	Although a certain amount of money as determined by the Board, on granting legal assistance and financial relief to the employees, for litigation related to the termination of employment of an employee who has been assigned or is being tried under the provisions of any written law before the Commissioner General of Labour, a Labour Tribunal, an arbitrator or a Labour Court or any other court, should be subject the rules made for the purpose of the Act, however the rules for granting this legal aid had not been prepared until 31st December 2020.
(ii). Sub Section 13:1 and 13:2(a)	Although the provisions should be included regarding the number of lotteries may agree by the Fund and the Lotteries Board, types of lotteries and how to deal with unclaimed prizes in such lotteries, and the amount of money to be allocated to the Fund from lottery proceeds, however the Fund and the National Lotteries Board had not reached an agreement with such provisions.
(iii). Sub Section 14:1	Although the Board had prepared and submitted the Rules which the Board deems necessary for matters related to the execution of the powers, functions and tasks of the Board, or consequent facts therein to the Ministry of Finance, however the rules have not published in the Gazette till 08th April 2021.

(b). **<u>Section 16:2 of the National Audit Act No 19 of 2018</u>**	Although the Chief Accounting Officer should submit the annual financial statements along with the annual performance reports to the Auditor General, performance report with the financial statements had not submitted.

2.2.3 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.

2.2.4 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.

(a). Due to the failure of identifying the bank balance required to be maintained for the successful operation of the Fund and the method of investing the surplus cash in the short term, Rs. 2 million up to Rs. 14 million remained in the current account at the end of each month of the year under review. As a result, the fund had lost interest income which could have earned.

(b). The fixed deposits of Rs. 95,000,000 invested in three State Banks during the year under review had matured and no action had been taken to select the most profitable investment options by comparing interest rates on reinvestment.

(c). An estimate of Rs. 6,250,000 was prepared for the distribution of school bags and kits to 2,500 children of employees who lost their employment due to Covid-19 and the Commissioner General of Labour had called for the necessary information and applications covering 11 labour areas, and accordingly, more than 330 applications had been received as at 31st December 2020. Although fulfilling those social responsibilities is a matter of urgency as well as said programme is more suitable for the purposes of sub-section 6 (e) of the Act, however the programme had not been implemented till 15th March 2021.

(d). A Committee was appointed on 15th August 2017 to conduct an Appreciation Ceremony for individuals who have rendered outstanding service to the welfare of the employees and the relevant Committee Report was delayed by 06 months. Although 10 persons should be selected to represent the three parties as 03 employers, 4 employees and 3 government representatives as per the prior decision of the Board of Directors, however only 10 of the longest-serving individuals engaged in trade union activities over 35 years have been selected through newspaper advertisements as decided by the appointed committee. Although Rs. 708,897 had been spent on the initial expenses including pre-videotaping, newspaper advertisements, committee membership allowances till 31st December 2020, the festival had not been held until 15th March 2021.

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2.3 Other Audit Observations

The following observations are made.

(a). Only an internal audit plan for the year 2020 had been prepared and however, no internal audits had been carried out and reports had not been issued. Further, the post of Internal Auditor of the Fund had been vacant after March 2020.

(b). 10 bulk items of equipment valued Rs. 60,464 which purchased for distribution for programmes prior to 2016 remained in stock as immovable bulk items until 31st December 2020.

(Sign. Illegible)
W. P. C. Wickramarathna
Auditor General

Board of Directors' Review

Auditor General's Summary Report on the Financial Statements of the Shrama Vasana Fund for Year Ended 31 December 2020 in Terms of Section 12 of the National Audit Act No. 19 of 2018

1.2

(a) It is noted to accurately mention the adjustments made to the previous year in future accounting statements.

(b) The defects will be corrected and action will be taken to rectify it in the accounts in the year 2021.

(c) Necessary measures have been taken to consolidate government grants on the identified percentage in the statements of accounts.

In the financial statements for the year 2021, the web-based system will be removed from investments, will be accounted for as intangible assets, and will be depreciated within a specified period. Further disclosures will be made in the statements of accounts.

2.2.2(a)

I Draft for Rules prepared in terms of the Section 5 (2A) applicable to the formulation of rules in accordance with the provisions of the Labour Welfare Fund Amendment Act No. 15 of 2019 and in terms of Section 14 of the Shrama Vasana Fund Act No. 12 of 1998, have been referred with the approval of the Board of Directors, to the Ministry of Finance for publication in the Gazette. (1.5.a.i.ii). As mentioned in the audit queries, the relevant rules have been referred to the Ministry of Finance with the compilation of facts mentioned in Section 3(3) of the Labour Welfare Act Act No. 15 of 2019 and Section 3(3)g(ii) of the Labour Welfare Act Act No. 12 of 1998, for consideration in publishing in the Gazette. Accordingly, it will be examined whether such task should be implemented.

II A draft of the agreement to be made with the Lotteries Board since 2017 has been submitted to the Ministry of Finance and although it has been informed the Ministry of Finance annually from 2017 to date regarding same, not yet agreed in this regard. However, it was verbally mentioned that an opportunity will be given to discuss this in the future.

III Reminder letter dated 30.08.2021 has been sent to the Ministry of Finance regarding to be gazetting this expeditiously.

(b)

Action is being taken to submit the performance report along with the financial statements to the Auditor General, from 2021 onwards and the performance report for the year 2020 has been submitted to the Auditor General and the Ministry of Finance before 31.08.2021.

2.2.4

(a) Approval has been granted by the Board of Directors on 20.04.2021 to obtain interest income on short term investments in People's Bank Treasury Unit as REPO, when the cash book bank account balance exceeds Rs. 5 million and to earn interest by investing in demand deposits, when it is less than Rs. 5 million. Action has been taken to invest in REPO, when the bank balance is more than Rs. 5 million and to invest in short term investments such as demand deposits, when the current balance is less than Rs. 5 million. Action has been taken to obtain interest income by investing as demand deposits in People's Bank on 21.08.2021.

(b) According to Circular PED 2/2018, interest rates will be called from State Banks, will and will be invested in a state bank that offers a higher interest rate after comparing them. In such cases that the banks are closed, restriction of the attendance of the bank officials due to the epidemic situation in the country, then, action has been taken under the guidance of the Board of Directors to invest in the same bank without losing interest to the institution at least for a day and accordingly, arrangements were made to invest in the People's Bank itself, which had a high interest rate at the time. However, in order to maintain transparency, measures have been taken so far, to call interest rates from State Banks in 2021 and invest in banks with higher interest rates.

(c) It was decided not to implement the programme as per the instructions given by the Board of Directors since it would not be practical to provide school equipment when schools have been closed for a long time due to the Covid 19 epidemic.

(d) Issues have been arisen during the implementation of this programme in this year, due to the Covid-19 epidemic in the country. Expenditure had to be allocated through the Annual Action Plan for the implementation of this programme and the relevant estimate had to be revised and to get approved. Due to the inability to continue the ceremony, the event has been scheduled to be held on 29th September 2021 under the patronage of the Hon. Prime Minister and however it had to be postponed further due to the lack of suitable environment in the country for such programmes and lack of opportunity for such matters according to health guidelines. When the opportunity arises to organize this event in the future, it will be brought back to the attention of the Board of Directors and will be prepared and approved proper estimates in this regard.

A committee appointed with the approval of the Board of Directors, under the guidance of the present Secretary to the Ministry of Labour, to review the eligibility of the selected beneficiaries, has re-examined the list of beneficiaries and submitted the recommendations for compliance with the criteria for the approval of the Board of Directors.

The matters inquired by the Audit were referred to the Board of Directors and it has been re-approved by the Board of Directors to conduct that programme for Labour leaders.

A Committee consisting of 03 officers was appointed by the Board of Directors of the Shrama Vasana Fund for this programme. The Board of Directors also decided to evaluate the Trade Union Leaders on the recommendations of the committee. Accordingly, a newspaper advertisement was published by that party and applications were called and the top 10 scorers were approved by the Board of Directors on 22.03.2018. The trade union leader selected, on the special request of the Hon. Minister of Labour was approved by the Board of Directors on 24.07.2018. At the request of the present Minister of Labour, a committee was appointed by the Secretary to the Ministry of Labour to re-examine the transparency of this selection methodology and abtained a report on 19/01/2021.

These expenses were incurred for the video containing the details of the beneficiaries to be evaluated and it is informed that this can be utilized for future programmes and this programme will be implemented on a future date given by the Hon. Prime Minister, following the health guidelines.

2.3

(a) Letter dated 04.10.2021 with regard to the appointment of an Internal Auditor for the Shrama Vasana Fund has been sent by the Ministry of Finance.

(b) Certain items in this stock have been handed over to the National Lotteries Board by letter dated 18.10.2021.

The remaining few items will be used for future scholarship programmes as soon as simplifying the health guidelines.

Jude Nilukshan
Chairman
Shrama Vasana Fund

Annxure

Performance of the Shrama Vasana Fund for the Year 2020

01. Awareness Programmes

- On 17th and 18th February 2020
  - Pitaratmale Tea Factory,
  - Summer Fashion Institute,
  - Dambethenna Tea Factory,
  - Haputale Estate Tea Factory,
  - Labour Office- Haputale,
  - Glenore State- Haputale
- Open University- Nawala on 27th February 2020
- BOI- Koggala on 6th March 2020
- Highland Factory- Ambewela on 6th and 7th March 2020
- Department of Manpower on 17th July 2020
- 10th Floor, Department of Labour on 21st July 2020

02. Fatal Accident Scholarship Programmes

- 06th, 08th, 09th, 10th June 2020
  - Labour Office - Matara,
  - Labour Office - Hambantota,
  - Labour Office - Kalutara,
  - Labour Office - Gampaha,
  - Labour Office - Kurunegala,
  - Labour Office - Kandy,
  - Labour Office - Kegalle,
  - Labour Office - Nuwara Eliya
  - Labour Office - Badulla,
  - Labour Office - Ratnapura,

Total Expenditure Rs. 2,891,705.00

03. Empowerment Programme

- Divisional Secretariat, Mannar, on 14th February 2020
- Divisional Secretariat, Millaniya on 20th February 2020,
- Divisional Secretariat, Bulathsinhala on 13th February 2020,
- Divisional Secretariat, Tissamaharama on 18th February 2020,