



திற்புணுதா சஂலர்஁தா ஁ா வாதீதீதா துத்புணு துதாாாாா  
Ministry of Skills Development and Vocational Training  
திறன்கள் வுருத்தி ஁ற்றும் துாழிற்பயிற் அ஁ைச்சு

# வாரீகை வாரீதாவ ஆண்டு அறிகுைக Annual Report 2016

சீதாசதீதா திற்புணுதா சஂலர்஁தா துரதுதூ  
திறன் ஁ே஁்பாட்டு நிதி லி஁ிடெட்  
Skills Development Fund Limited

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# COMPANY BACKGROUND

Name of the Institution	:	Skills Development Fund Ltd
Status	:	Fully Government owned Company
Ministry	:	Ministry of Skills Development and Vocational Training
Address	:	354/2,7 <sup>th</sup> Floor “Nipunatha Piyasa” Elvitigala Mawatha Narahenpita Colombo 05.
Web	:	<a href="http://www.skillsdevelop.lk">www.skillsdevelop.lk</a>
Email Address	:	<a href="mailto:info@skillsdevelop.lk">info@skillsdevelop.lk</a>
Telephone	:	011 2507274
Fax	:	011 2055601
Bankers	:	Bank of Ceylon Peoples Bank



# About Us

# **SKILLS DEVELOPMENT FUND LIMITED**

## **THEME**

Excellence & Success through People Development.

## **VISION**

To be the Nation's Leader in Skills Development.

## **MISSION**

To Enhance Nation's Enterprise Competitiveness through Skills Development.



## **ESTABLISHMENT OF THE ORGANIZATION**

The Skills Development Fund Limited (SDFL) was first established in 1998 as a pilot project on a recommendation by the Presidential Task Force on Technical Education and Vocational Training. During this pilot phase the Fund was sponsored by the ILO and the UNDP.

On 20<sup>th</sup> August 1999, the SDFL was incorporated as a limited liability company under the Companies Act No 17 of 1982, bearing registration number N (PBS) 832.

The cabinet approved an investment of Rs.100 million in September 1999 in ordinary shares in the company which was invested in secure investment by the SDFL. It was suggested that the income caused from this investment and from the operations of the company would be sufficient to meet the recurrent expenditure. This arrangement was to ensure that the SDFL will be self-sustaining and also the initial investment of the government, Employers Federation of Ceylon and other investors is safeguarded.

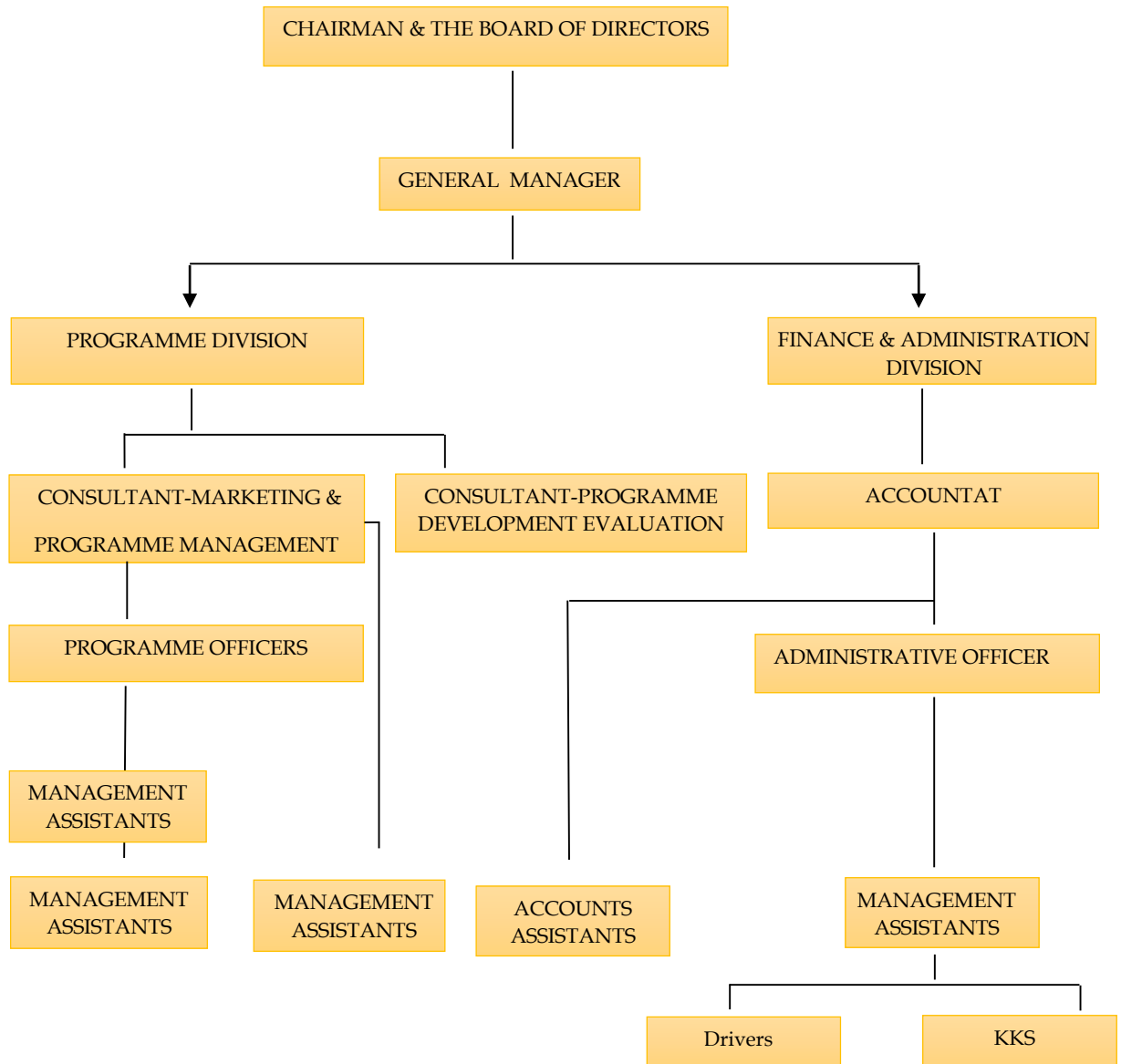
The SDFL was re-registered under the new Companies Act No.07 of 2007 - bearing Registration No. PB 833.

## **PRIME OBJECTIVES**

The broad objectives of the SDFL as set out in the Memorandum of Association are:

- ✓ Support Job Entry Training, Skills Up-grading and Re-training of employees.
- ✓ Expand and improve enterprise based training to facilitate the development of a highly trained and skilled workforce.
- ✓ Provide linkages between training institutions and the employers

# ORGANIZATION STRUCTURE



# THE CADRE OF SKILLS DEVELOPMENT FUND

The Staff As at 31.12.2016

Designation	Approved Cadre	Existing Cadre
01. Chairman/CEO	01	01
02. General Manager	01	01
03. Programme Consultant	02	01
04. Accountant	01	01
05. Programme Officer	02	01
06. Administrative Officer	01	00
07. Management Assistants	20	21
08. Drivers	02	04
09. Peon	03	04
<b>Total</b>	<b>33</b>	<b>34</b>



## BOARD OF DIRECTORS –2016

The Board of the Skills Development Fund Ltd comprises 12 directors appointed by the Secretary of the general treasury whose details are given below.



01. Mr. H.M. Wimalasooriya (Chairman)
02. Mr. M.A.S.H. Perera (Director for the Treasury)
03. Mr. N. Poorna perera
04. Mr. D.L.D. Chinthaka Nishantha
05. Mr. K. Roopasinghe Arachchi
06. Mr. D.M.S. Nadee Kumara
07. Mr. D.D.K. Chandrakeerthi
08. Mr. L.A.D.T. Pushpakumara
09. Mr. D.W.C. Kannangara
10. Mr W.A.S.S.Gunasinghe
11. Mr. L.R.A. Kinsly Perera
12. Mr. P.G.D. Nishantha Premalal

## PERFORMANCE REVIEW

### PROGRAMMES

The Mission of Skills Development Fund Limited is to build a stronger and more competitive training organization in Sri Lanka to support both public and private sector employers in making choices that help them live productive and rewarding lives and to improve their quality of life at work, supporting a flexible, national labour market, increasing participation in the training.

The Skills Development Fund delivers a range of training programs and services that affect employees throughout their employment through programs that support human resource and skills development, in assisting their employers to fulfill their visions and missions, In the past year, the Skills Development Fund made changes design and innovation, and implementing new business processes that promote

efficiency and collaboration across organizations. Introducing training on bid evaluation, Salary conversion, Financial Leadership, Supply chain Management etc, SDFL's approach has focused on better aligning its activities with a set of priorities; achieving its fiscal targets, modernizing the way it does business and ensuring that both the employers and employees of government and Private sector are receiving the best service.

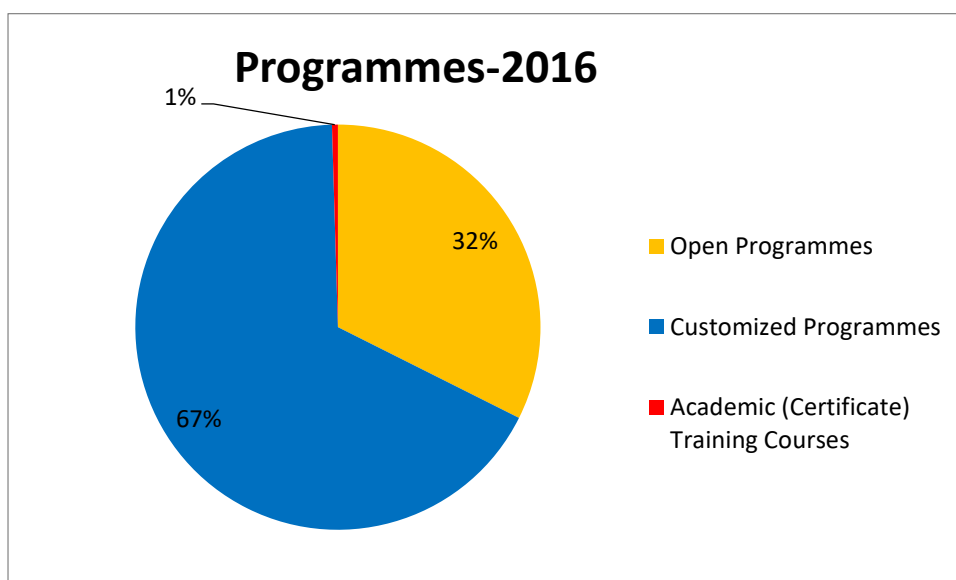
The Skills Development Funds Efforts in 2016-17 to improve efficiency and effectiveness of programs and professional courses underlie some important achievements that have a direct impact on employees of public and private sector. Continued modernization of training programs while delivering on a sizeable agenda to over 8,596 participants.

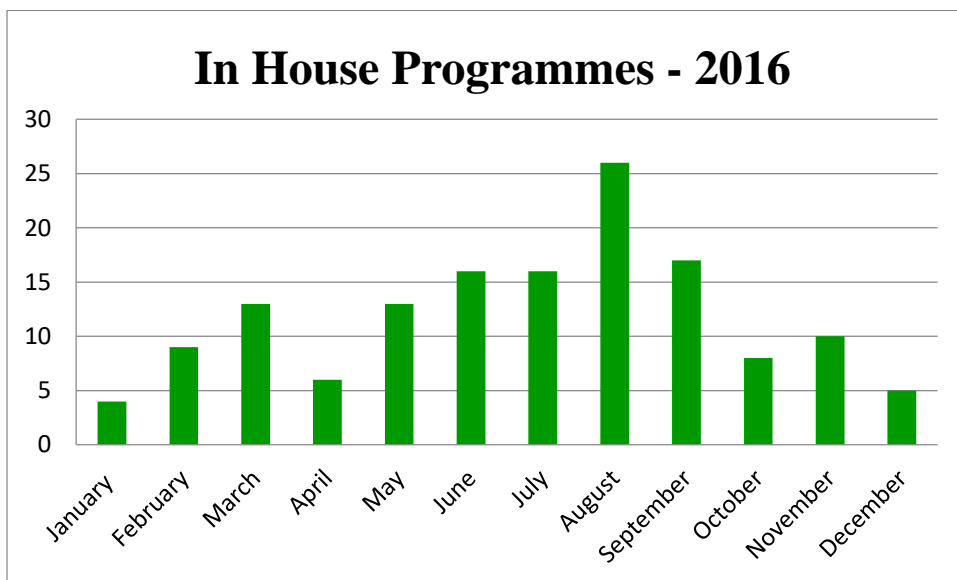
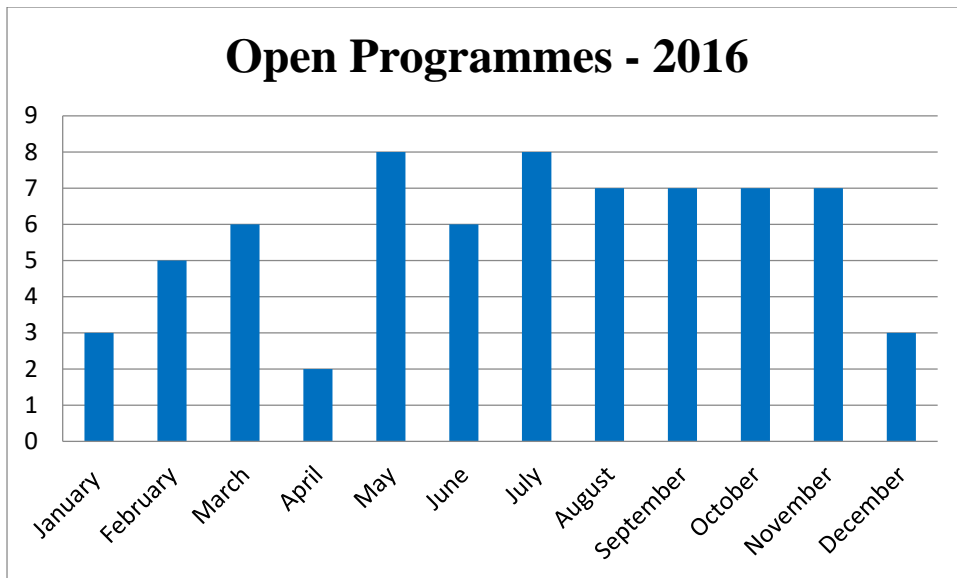


The numbers of programmes conducted during 2016 under different types are given below:

<b>Types of Programmes</b>	<b>No. Of Programmes</b>	<b>No. Of Participances</b>
<b>Open Programmes</b>	<b>69</b>	<b>2,369</b>
<b>Customized Programmes</b>	<b>143</b>	<b>6,211</b>
<b>Academic (Certificate) Training Courses</b>	<b>1</b>	<b>16</b>
<b>Total</b>	<b>213</b>	<b>8,596</b>

The complete list of workshops and programmes conducted during 2016 is given in the next pages.





## **PROGRAMME INCOME, EXPENDITURE & PROFIT**

Besides the interest of bank / treasury deposits which is the main source of income of the SDFL a considerable income is earned from the programmes and consultancy services. The following table indicates the income, expenditure and profits generated from different types of programmes carried out in 2016.

<b>2016 (Mn)</b>		
<b>Income</b>	<b>Expenditure</b>	<b>Profit</b>
<b>44.37</b>	<b>19.10</b>	<b>25.27</b>

As far as the year 2016 is concerned all the programmes have been conducted at a profit of Rs.25.27 million That is certainly due to the commitment of the programme staff and the other support staffs of the SDFL.

***SDFL***

**FINANCIAL STATEMENTS**

For the year ended 31<sup>st</sup> March 2017  
(2016/2017)

**SKILLS DEVELOPMENT FUND LTD**

Ministry of Skills Development & Vocational Training

"Nipunatha Piyasa". 07<sup>th</sup> Floor, 354/2, Elvitigala Mw,

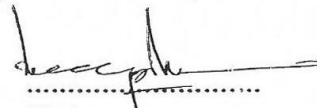
Colombo 05

**SKILLS DEVELOPMENT FUND LTD****"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.****STATEMENT OF FINANCIAL POSITION  
AS AT 31ST MARCH 2017**


		2016/2017		2015/2016	
	Note	Rs.	Cts.	Rs.	Cts.
<b><u>ASSETS</u></b>					
<b><u>NON CURRENT ASSETS</u></b>					
Property, Plant & Equipment	06	12,795,014.79		11,518,131.73	
Fixed Deposit-Scholarship Fund		3,689,507.57		3,398,214.54	
<b><u>CURRENT ASSETS</u></b>					
Inventory		-		295,844.20	
Investments	07	147,376,213.49		112,934,583.96	
Trade & Other Receivables	08	21,618,257.91		12,373,180.99	
Cash & Cash Equivalents	09	(4,462,437.31)		45,845,677.50	
<b>TOTAL ASSETS</b>		<b>181,016,556.45</b>		<b>186,365,632.92</b>	
<b><u>EQUITY &amp; LIABILITIES</u></b>					
<b><u>CAPITAL &amp; RESERVES</u></b>					
Stated Capital	10	102,001,520.00		102,001,520.00	
Revenue Reserves		479,890.00		479,890.00	
Other Reserves		(297,303.29)		(297,303.29)	
Retained Earnings	11	70,633,127.66		77,692,595.78	
<b>TOTAL EQUITY</b>		<b>172,817,234.37</b>		<b>179,876,702.49</b>	
<b><u>NON CURRENT LIABILITIES</u></b>					
Retirement Benefit Obligations	12	2,087,767.10		1,591,256.14	
Deffered Tax		486,768.00		486,768.00	
Skills Development Provident Fund	15	3,305,351.57		3,014,058.54	
<b><u>CURRENT LIABILITIES</u></b>					
Trade & Other Payables	13	2,319,435.41		1,396,847.75	
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>181,016,556.45</b>		<b>186,365,632.92</b>	

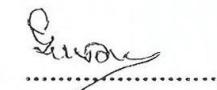
It is Certified that the Financial Statements have been prepared in compliance with the requirements of Companies Act No. 7 of 2007

  
.....  
**Accountant**

  
.....  
**Chairman**

The Board of Directors are responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board of Directors of Skills Development Fund Limited.

  
.....  
**Director**

  
.....  
**Director**

**SKILLS DEVELOPMENT FUND LTD**  
**"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST MARCH 2017**

		2016/2017		2015/2016	
	Note	Ks.	Cts.	Ks.	Cts.
Revenue	01	52,963,915.00		51,624,800.00	
Direct Cost	02	(34,268,023.37)		(29,223,183.64)	
Gross Profit/(Loss)		18,695,891.63		22,401,616.36	
Other Income / (Expenses)	03	1,728,000.00		-	
		20,423,891.63		22,401,616.36	
Administration & Establishment Expenses	04	(42,883,007.72)		(33,505,138.16)	
Earnings Before Interest & Tax		(22,459,116.09)		(11,103,521.80)	
Net Financial Income	05	15,399,647.97		7,823,666.31	
Profit Before Taxation		(7,059,468.12)		(3,279,855.49)	
Income Tax		-		58,997.00	
Net Profit /(Loss) For the Year		(7,059,468.12)		(3,220,858.49)	
Other Comprehensive Income					
Defined Benefit Plan Acturial Gains/ (Losses)				-	
Total Comprehensive Income for the year		(7,059,468.12)		(3,220,858.49)	
Earnings Per Share	14	(0.69)		(0.32)	

The Accounting Policies & Notes form an integral part of these Financial Statements.  
*Figures in Bracket indicate deductions*

**SKILLS DEVELOPMENT FUND LTD****"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST MARCH 2017**

	2016/2017 Rs. Cts.	2015/2016 Rs. Cts.
<b>CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES</b>		
Net Profit / (Loss) before Taxation	(7,059,468.12)	(3,279,855.49)
<b>Adjustments for</b>		
Depreciations	4,170,575.34	3,627,484.27
Interest Income	(15,399,647.97)	(7,823,666.31)
Finance Cost	164,701.73	64,990.00
Gratuity provision	496,510.96	519,869.70
<b>Operating Profit before Changes in Working Capital</b>	<b>(17,627,328.06)</b>	<b>(6,891,177.83)</b>
(Increase) / Decrease in Inventory	-	(295,844.20)
(Increase) / Decrease in Trade & Other Receivables	343,657.00	(2,884,181.12)
Increase / (Decrease) in Trade & Other Payables	-	536,596.66
(Increase) / Decrease in Payable to Ministry Of Youth	-	(264,347.46)
<b>Net Cash Generated from Operating Activities</b>	<b>(17,283,671.06)</b>	<b>(9,798,953.95)</b>
Gratuity Paid	-	(279,650.00)
Tax Paid	(343,657.00)	-
Finance Cost Paid	(164,701.73)	(64,990.00)
<b>Net Cash Flow from Operating Activities</b>	<b>(17,792,029.79)</b>	<b>(10,143,593.95)</b>
<b>CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>		
Investments in Fixed Deposits	-	44,987,986.85
Interest Income Received	15,399,647.97	7,823,666.31
Acquisition of Property, Plant & Equipment	(5,447,458.40)	(394,807.86)
Sales Proceeds of Property, Plant & Equipment	-	-
Investments of Scholarship Fund - Fixed Deposit	-	(198,214.54)
<b>Net Cash Generated from Investing Activities</b>	<b>9,952,189.57</b>	<b>52,218,630.76</b>
<b>CASH FLOW /(USED IN) FROM FINANCING ACTIVITIES</b>		
Payment of Dividends	-	-
<b>Net Cash Generated from Financing Activities</b>	<b>-</b>	<b>-</b>
<b>Net Cash Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(7,839,840.22)</b>	<b>42,075,036.81</b>
<b>Cash &amp; Cash Equivalents at the beginning of the period</b>	<b>45,845,677.50</b>	<b>3,770,640.69</b>
<b>Cash &amp; Cash Equivalents at the end of the period</b>	<b>38,005,837.28</b>	<b>45,845,677.50</b>
<b>Cash &amp; Cash Equivalent</b>		
Cash at Bank - BOC-801	(4,711,016.05)	(49,765.95)
Bank of Ceylon - A/C No.764148708	161,076.00	161,076.00
Call Deposit	(12,497.26)	45,667,626.20
Cash in Hand	100,000.00	66,741.25
	<b>(4,462,437.31)</b>	<b>45,845,677.50</b>



**SKILLS DEVELOPMENT FUND LTD****"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2016**

	<b>2016/2017</b>		<b>2015/2016</b>	
	<b><u>Rs.</u></b>	<b><u>Cts.</u></b>	<b><u>Rs.</u></b>	<b><u>Cts.</u></b>
<b><u>Note - 01</u></b>				
<b><u>Revenue</u></b>				
Programme Income	22,828,500.00		51,624,800.00	
Customised Programmes	30,120,415.00			
Academic Training Courses	15,000.00			
	<b>52,963,915.00</b>		<b>51,624,800.00</b>	
<b><u>Note - 02</u></b>				
<b><u>Cost of Sales</u></b>				
Advertising - Programmes	742,669.00		10,822.00	
Resource Personal Fees-Open Prog.	2,846,980.00		8,470,660.00	
Resource Personal Fees-Customized	4,277,170.00			
Resource Personal Fees-Academic	216,925.00			
Prog Development Cost	4,206,332.00		3,197,000.00	
Postage - Programmes	265,115.00		298,895.00	
Programme Relevant cost	5,546,184.95		4,308,008.63	
Travelling & Daily Subsistence - Programmes	392,521.00		213,468.00	
Hall Charges	751,088.00		289,135.68	
Material - Customised	296,319.00		848,500.00	
Refreshments-Open Prog.	4,809,437.10		11,737,742.73	
Refreshments-Customized	5,798,235.07			
Refreshments-Academic	123,919.70			
Course Fee-Refund	-		23,500.00	
Stationery & Printing - Customised	31,500.00		75,674.00	
Fuel-Programme	59,640.00			
OBT Programme Expenses	296,000.00			
(-) Closing Stock of Stationery & Others	-		(250,222.40)	
Other Programme Expenses	64,000.00			
Public Seminar Expenses	20,000.00			
CSR Programme Expenses	191,460.00			
Subsistence	2,052,000.00			
Foreign Travelling	1,280,527.55			
	<b>34,268,023.37</b>		<b>29,223,183.64</b>	
<b><u>Note - 03</u></b>				
<b><u>Other Income</u></b>				
Consultancy & Other Services	1,728,000.00			
	<b>1,728,000.00</b>			



**Note - 04****Administration & Establishment Expenses**

Salaries & Allowances	17,654,871.00	15,171,166.00
Chairman's Allowances	900,000.00	450,000.00
Chairman's Vehicle Allowances	400,000.00	150,000.00
Chairman's Entertainment Allowances	60,000.00	25,000.00
EPF	2,117,958.00	1,820,580.00
ETF	532,178.00	455,125.00
Over Time	520,905.00	305,948.00
On the Job Trainee - Payments	-	4,500.00
Staff Welfare	1,113,955.00	726,764.00
Other Allowances	588,000.00	162,624.00
Gratuity	496,510.96	519,869.70
Staff Bonus	360,000.00	360,000.00
<b><u>Depreciations</u></b>	-	-
Furnitures & Fittings	245,624.99	231,256.65
Office Equipments	928,267.99	501,765.94
Motor Vehicles	1,912,500.00	1,912,500.00
Computer Equipments	393,210.44	338,359.06
New Office Premises	659,905.25	643,602.62
Web pages	31,066.67	-
Accounting Package Maintenance - MYOB	115,000.00	35,000.00
Audit Fee	166,809.50	151,645.00
Legal, Secrei Services	195,925.13	263,190.27
Other Expenses	-	2,630.00
Postage	42,016.25	42,380.00
Stationery	519,232.92	274,364.81
Printing	995,700.00	900,701.00
Telephone	137,047.89	112,454.51
E-mail & Internet Charges	21,225.00	30,375.00
Transport	840,644.20	353,621.60
Professional Charges	175,000.00	193,929.00
Electricity	928,182.01	1,026,608.82
Water	62,636.87	62,274.20
Janitorial Services	757,056.80	845,026.80
Insurance-Vehicle	131,135.65	147,445.71
Medical Insurance - Staff	741,796.91	-
Security	834,487.50	910,350.00
Staff Training & Development	163,500.00	54,500.00
Staff Recruitments	45,000.00	40,750.00
Fuel	653,097.60	314,185.20
Vehicle Repair & maintenance	1,278,034.00	544,516.00
Maintenance Charges	1,142,123.46	388,840.00
Office Equipment Maintenance	71,500.00	465,007.18
Gifts & Compliments	14,390.00	17,995.00
AC Repair & Maintenance	273,600.00	1,138,599.09
Courier Charges	780.00	2,100.00

Board Members Atten. Allowance	870,215.00	250,000.00
Board Members Travel Allowance	680,000.00	25,000.00
Audit & Mgt Committee Allowance	175,000.00	22,000.00
Computer Maintenance	56,465.00	97,325.00
Bad Debtors-Written Off	112,500.00	414,000.00
Vehicle Hire Charges	30,000.00	-
Donation	426,130.00	54,000.00
News Papers & Periodicals	111,660.00	91,945.00
Festival & Event Expenses	250,434.00	342,968.00
Rate & Taxes	82,320.00	45,360.00
Bank Charges	164,701.73	64,990.00
Loss on FA Disposal	3,551.00	-
Web pages Maintenance	3,450.00	-
Committee Meetings Allowances	685,000.00	-
VAT	10,706.00	-
	<b>42,883,007.72</b>	<b>33,505,138.16</b>

51,439,996.27      33,505,138.16

**Note - 05**

**Net Financial Income**

Interest Income - Staff Loan	98,961.00	90,315.00
Interest Income - Fixed Deposit	14,932,795.78	7,076,229.81
Interest Income - Call Deposit	367,891.19	657,121.50
	<b>15,399,647.97</b>	<b>7,823,666.31</b>

**Note - 07**

**Investments**

Fixed Deposits-BOC	7,376,213.49	4,791,643.04
Fixed Deposits-People's Bank	140,000,000.00	108,142,940.92
	<b>147,376,213.49</b>	<b>112,934,583.96</b>

**Note - 08**

**Other Receivable**

Prepaid Insurance	65,661.68	70,794.97
Prepaid Email Charges	-	21,225.00
Interest Receivable	4,146,217.98	472,415.89
WHT Receivables	102,501.27	65,712.15
Staff Distressed Loan	2,301,538.00	1,955,306.00
Advance	448,000.00	480,000.00
Income Tax Refund	1,296,872.18	953,215.18
Trade Debtors	13,208,103.80	8,354,511.80
Pre Paid Rent - Office Premise	45,360.00	-
Salary Advance	4,000.00	-
Prepaid EPF	3.00	-
	<b>21,618,257.91</b>	<b>12,373,180.99</b>

**SKILLS DEVELOPMENT FUND LTD**

"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2017**

**Note-06**

**Property, Plant & Equipment**

Assets	Rate	Cost				Depreciation					WDV 31.03.2017
		Balance as at 01.04.2016	Additions	(Disposals)	Balance as at 31.03.2017	Balance as at 01.04.2016	Charge For the Year	(Disposals)	Balance as at 31.03.2017		
		Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.	Rs. Cts.		
Furniture & Fittings	10%	2,574,780.44	220,172.50	(15,682.00)	2,779,270.94	1,075,897.33	245,624.99	(10,936.00)	1,310,586.32	1,468,684.62	
Other Office Equipment	20%	3,060,420.14	3,316,488.90	(46,900.00)	6,330,009.04	1,901,466.74	928,267.99	(46,900.00)	2,782,834.73	3,547,174.31	
Motor Vehicles	25%	11,253,125.00	-	-	11,253,125.00	6,471,875.04	1,912,500.00	-	8,384,375.04	2,868,749.96	
Computer Equipments	25%	2,441,049.00	1,281,600.00	(163,750.00)	3,558,899.00	2,036,793.44	393,210.44	(161,715.00)	2,268,288.88	1,290,610.12	
New Office Premises	10%	6,436,026.25	440,378.00	-	6,876,404.25	2,761,236.55	659,905.25	-	3,421,141.80	3,455,262.45	
Web page	25%	-	195,600.00	-	195,600.00	-	31,066.67	-	31,066.67	164,533.33	
		25,765,400.83	5,454,239.40	(226,332.00)	30,993,308.23	14,247,269.10	4,170,575.34	(219,551.00)	18,198,293.44	12,795,014.79	

**Note - 09****Cash & Cash Equivalents**

Call Deposit	(12,497.26)	45,667,626.20
Bank of Ceylon - A/C No. 801	(4,711,016.05)	(49,765.95)
Bank of Ceylon - A/C No. 76148708	161,076.00	161,076.00
Cash in Hand	100,000.00	66,741.25
	<b>(4,462,437.31)</b>	<b>45,845,677.50</b>

**Note - 10****Stated Capital**

Fully Paid Ordinary Shares & One Golden Share	102,001,520.00	102,001,520.00
	<b>102,001,520.00</b>	<b>102,001,520.00</b>

**Note - 12****Retirement Benefit Obligations - Gratuity**

	2016/2017	2015/2016
	Ks. Cts.	Ks. Cts.
Balance at the Beginning of the year	1,591,256.14	1,351,036.44
Charged during the year	496,510.96	519,869.70
Payment made/ transferred to payable during the year	-	(279,650.00)
Balance at the end of the year	<b>2,087,767.10</b>	<b>1,591,256.14</b>

The Company will continue as a going concern. The gratuity liability is not externally funded.

**Note - 13****Accrued Expenses**

Audit Fees Payable	166,809.50	151,645.00
Bills Payable-Security	-	75,862.50
Bills Payable - Electricity	130,510.50	168,670.36
Bills Payable - Water	10,579.87	8,942.55
Bills Payable - Secretary	26,775.02	61,099.35
Bills Payable - Janitorial	58,921.40	58,921.40
Bills Payable - OT/Subsistence & Train Season	408,261.00	195,590.00
Bills Payable - Refreshment	409,387.00	365,655.00
Bills Payable - Resource Person Fee	413,550.00	46,400.00
Bills Payable - Telephone	210,213.30	69,580.77
Bills Payable - News Papers	13,520.00	8,690.00
Professional Fees	175,000.00	-
Non-Represented Cheques over 06 months (801)	149,790.82	134,790.82
Trade Creditor - Course Fee Payables	74,000.00	51,000.00
ETF Payable	1,800.00	-
Salary Payable	17.00	-
Web page payable	70,300.00	-
	<b>2,319,435.41</b>	<b>1,396,847.75</b>



# SKILLS DEVELOPMENT FUND LTD

"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.

† Note-11

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2017

	Stated Capital		Revenue Reserves		Other Reserves		Retained Profit		Total	
	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Balance as at 01st of April 2015	102,001,520.00		479,890.00		(297,303.29)		80,913,454.27		183,097,560.98	
Net Profit During The Year							(3,225,708.49)		(3,225,708.49)	
Balance as at 31st of March 2016	<u>102,001,520.00</u>		<u>479,890.00</u>		<u>(297,303.29)</u>		<u>77,687,745.78</u>		<u>179,871,852.49</u>	
Balance as at 01st of April 2016	102,001,520.00		479,890.00		(297,303.29)		77,692,595.78		179,876,702.49	
Net Profit During The Year							(7,059,468.12)		(7,059,468.12)	
Balance as at 31st of March 2017	<u>102,001,520.00</u>		<u>479,890.00</u>		<u>(297,303.29)</u>		<u>70,633,127.66</u>		<u>172,817,234.37</u>	

**Note - 14****Earnings Per Share**

The calculation of the earnings per share is based on Profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

<b>14.01 Basic Earnings per Share</b>	<b>2016 / 2017</b>	<b>2015 / 2016</b>
	Rs.	Rs.
Profit attributable to Ordinary Shareholders (Rs.Cts)	(7,059,468.12)	(3,225,708.49)
Weighted average number of ordinary shares	10,200,152.00	10,200,152.00
Earnings / Loss Per Shares	<u>(0.69)</u>	<u>(0.32)</u>

**14.02 Diluted Earnings per Share**

There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st March 2016. Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above.

**Note - 15****Skills Development Provident Fund**

	<b>31.03.2017</b>	<b>31.03.2016</b>
	Rs.	Rs.
Scholarship Fund Payable	3,305,351.57	3,014,058.54
	<u>3,305,351.57</u>	<u>3,014,058.54</u>

# SKILLS DEVELOPMENT FUND LTD

"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.

YEAR OF ASSESSMENT 2016/2017

COMPUTATION OF INCOME TAX

TIN NO: 134008326 0000

	Note	2016/2017
	Rs. Cts.	Rs. Cts.
Profit/ (Loss) as Per the Accounts		(7,059,468)
Less: Income which does not from part of profit from trade or business		
Interest Income		(15,399,648)
		(22,459,116)
<b>Add: Disallowed Items</b>		
Depreciation of Fixed Assets	4,170,575	
Donations	426,130	
Advertising (742669*25%)	185,667	
Accounting Loss on Disposals	3,551	
Provision for Gratuity	496,511	
VAT	10,706	5,293,141
		(17,165,976)
<b>Less: Deductions</b>		
Capital Allowance on Fixed Assets	A (3,933,159)	(3,933,159)
		(21,099,135)
Less: Taxable Loss on Disposal of Fixed Assets	B	3,230
<b>Adjusted Loss from Trade or Business</b>		(21,095,905)
Interest Income	B	15,399,648
<b>Total Statutory / ( Loss)</b>		(5,696,257)
Less: Losses B/F from Y/A 2015/2016	20,262,942	
Loss for the year	21,095,905	
Loss Claimable - 35% of Total Statutory Income	-	-
Losses C/F to Y/A 2017/2018	41,358,847	
<b>Assessable Income / Taxable Income (Loss)</b>		(5,696,257)
Tax Payable @ 28%		-
<b>Tax Credits - 2016/2017</b>		
Withholding Tax on Interest Income	(36,789)	
Self Assessment Payments	(343,657)	
<b>Balance Tax Payable / (Refund Claimed)</b>	(380,446)	
<b>Tax Credits - 2015/2016</b>		
Withholding Tax on Interest Income	(65,712)	
Self Assessment Payments	-953,215	
<b>Balance Tax Payable/(Refund Claimed)</b>	-1,018,927	



# SKILLS DEVELOPMENT FUND LTD

"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.

## NOTES TO THE TAX COMPUTATION FOR THE YEAR ENDED 31ST MARCH 2017

### Note - A Capital Allowance

Assets	Year of Purchased	Rate	Cost	Previously Claimed	Claimed for the year	Claimed to date
Computer Equipments (4th year)	2013/14	25%	20,000.00	15,000	5,000	20,000.00
Computer Equipments (4th year)	2013/14	25%	9,750.00	7,313	2,438	9,750.00
Computer Equipments (4th year)	2013/14	25%	58,500.00	43,875	14,625	58,500.00
Computer Equipments (4th year)	2013/14	25%	13,750.00	10,313	3,438	13,750.00
Computer Equipments (4th year)	2013/14	25%	14,500.00	10,875	3,625	14,500.00
Computer Equipments (4th year)	2013/14	25%	33,250.00	24,938	8,313	33,250.00
Computer Equipments (4th year)	2013/14	25%	13,950.00	10,463	3,488	13,950.00
Computer Equipments (4th year)	2013/14	25%	13,500.00	10,125	3,375	13,500.00
Computer Equipments (3rd year)	2014/15	25%	5,000.00	2,500	1,250	3,750.00
Computer Equipments (3rd year)	2014/15	25%	58,000.00	29,000	14,500	43,500.00
Computer Equipments (3rd year)	2014/15	25%	75,000.00	37,500	18,750	56,250.00
Computer Equipments (3rd year)	2014/15	25%	91,000.00	45,500	22,750	68,250.00
Computer Equipments (3rd year)	2014/15	25%	59,500.00	29,750	14,875	44,625.00
Computer Equipments (3rd year)	2014/15	25%	39,000.00	19,500	9,750	29,250.00
Computer Equipments (3rd year)	2014/15	25%	114,000.00	57,000	28,500	85,500.00
Computer Equipments (3rd year)	2014/15	25%	39,000.00	19,500	9,750	29,250.00
Computer Equipments (3rd year)	2014/15	25%	7,000.00	3,500	1,750	5,250.00
Computer Equipments (2nd year)	2015/16	25%	9,500.00	2,375	2,375	4,750.00
Computer Equipments (2nd year)	2015/16	25%	10,500.00	2,625	2,625	5,250.00
Computer Equipments (2nd year)	2015/16	25%	9,850.00	2,463	2,463	4,925.00
Computer Equipments (1st year)	2016/17	25%	523,800.00	-	130,950	130,950.00
Computer Equipments (1st year)	2016/17	25%	69,500.00	-	17,375	17,375.00
Computer Equipments (1st year)	2016/17	25%	179,000.00	-	44,750	44,750.00
Computer Equipments (1st year)	2016/17	25%	14,000.00	-	3,500	3,500.00
Computer Equipments (1st year)	2016/17	25%	101,100.00	-	25,275	25,275.00
Computer Equipments (1st year)	2016/17	25%	17,200.00	-	4,300	4,300.00
Computer Equipments (1st year)	2016/17	25%	7,500.00	-	1,875	1,875.00
Computer Equipments (1st year)	2016/17	25%	69,000.00	-	17,250	17,250.00
Computer Equipments (1st year)	2016/17	25%	137,800.00	-	34,450	34,450.00
Computer Equipments (1st year)	2016/17	25%	14,500.00	-	3,625	3,625.00
Computer Equipments (1st year)	2016/17	25%	30,600.00	-	7,650	7,650.00
Computer Equipments (1st year)	2016/17	25%	117,600.00	-	29,400	29,400.00
Office Equipments (8th year)	2009/10	12.5%	42,500.00	37,188	5,313	42,500.00
Office Equipments (7th year)	2010/11	12.5%	4,400.00	3,300	550	3,850.00
Office Equipments (7th year)	2010/11	12.5%	145,000.00	90,625	18,125	108,750.00
Office Equipments (7th year)	2010/11	12.5%	1,000.00	750	125	875.00
Office Equipments (7th year)	2010/11	12.5%	2,200.00	1,650	275	1,925.00
Office Equipments (3rd year)	2014/15	33.33%	254,800.00	169,849.68	84,950.32	254,800.00
Office Equipments (3rd year)	2014/15	33.33%	16,000.00	10,665.60	5,334.40	16,000.00
Office Equipments (3rd year)	2014/15	33.33%	62,000.00	41,329.20	20,670.80	62,000.00
Office Equipments (3rd year)	2014/15	33.33%	78,000.00	51,994.80	26,005.20	78,000.00
Office Equipments (3rd year)	2014/15	33.33%	94,080.00	62,713.73	31,366.27	94,080.00
Office Equipments (3rd year)	2014/15	33.33%	45,000.00	29,997.00	15,003.00	45,000.00
Office Equipments (3rd year)	2014/15	33.33%	15,500.00	10,332.30	5,167.70	15,500.00
Office Equipments (3rd year)	2014/15	33.33%	48,500.00	32,330.10	16,169.90	48,500.00
Office Equipments (3rd year)	2014/15	33.33%	12,198.00	8,131.19	4,066.81	12,198.00
Office Equipments (3rd year)	2014/15	33.33%	13,750.00	9,165.75	4,584.25	13,750.00
Office Equipments (3rd year)	2014/15	33.33%	35,000.00	23,331.00	11,669.00	35,000.00
Office Equipments (3rd year)	2014/15	33.33%	69,500.00	46,328.70	23,171.30	69,500.00
Office Equipments (2nd year)	2015/16	33.33%	27,500.00	9,166	9,166	18,331.50
Office Equipments (2nd year)	2015/16	33.33%	19,500.00	6,499	6,499	12,998.70
Office Equipments (2nd year)	2015/16	33.33%	44,300.00	14,765	14,765	29,530.38
Office Equipments (2nd year)	2015/16	33.33%	56,900.00	18,965	18,965	37,929.54



Office Equipments	(2nd year)	2015/16	33.33%	13,250.00	4,416	4,416	8,832.45
Office Equipments	(1st year)	2016/17	33.33%	255,000.00	-	84,992	84,991.50
Office Equipments	(1st year)	2016/17	33.33%	56,000.00	-	18,665	18,664.80
Office Equipments	(1st year)	2016/17	33.33%	4,250.00	-	1,417	1,416.53
Office Equipments	(1st year)	2016/17	33.33%	136,500.00	-	45,495	45,495.45
Office Equipments	(1st year)	2016/17	33.33%	11,500.00	-	3,833	3,832.95
Office Equipments	(1st year)	2016/17	33.33%	59,250.00	-	19,748	19,748.03
Office Equipments	(1st year)	2016/17	33.33%	28,000.00	-	9,332	9,332.40
Office Equipments	(1st year)	2016/17	33.33%	2,330,433.90	-	776,734	776,733.62
Office Equipments	(1st year)	2016/17	33.33%	8,256.00	-	2,752	2,751.72
Office Equipments	(1st year)	2016/17	33.33%	99,900.00	-	33,297	33,296.67
Office Equipments	(1st year)	2016/17	33.33%	117,000.00	-	38,996	38,996.10
Office Equipments	(1st year)	2016/17	33.33%	28,000.00	-	9,332	9,332.40
Office Equipments	(1st year)	2016/17	33.33%	5,900.00	-	1,966	1,965.47
Office Equipments	(1st year)	2016/17	33.33%	29,000.00	-	9,666	9,665.70
Office Equipments	(1st year)	2016/17	33.33%	93,000.00	-	30,997	30,996.90
Office Equipments	(1st year)	2016/17	33.33%	19,500.00	-	6,499	6,499.35
Office Equipments	(1st year)	2016/17	33.33%	34,999.00	-	11,665	11,665.17
Office Equipments	(1st year)	2016/17	33.33%	215,112.00	-	71,697	71,696.83
Office Equipments	(1st year)	2016/17	33.33%	48,423.00	-	16,139	16,139.39
Office Equipments	(1st year)	2016/17	33.33%	176,843.00	-	58,942	58,941.77
Furniture & Fittings	(4th year)	2013/14	20%	420,000.00	252,000	84,000	336,000.00
Furniture & Fittings	(4th year)	2013/14	20%	9,607.50	5,765	1,922	7,686.00
Furniture & Fittings	(4th year)	2013/14	20%	22,882.50	13,730	4,577	18,306.00
Furniture & Fittings	(4th year)	2013/14	20%	10,920.00	6,552	2,184	8,736.00
Furniture & Fittings	(4th year)	2013/14	20%	10,752.00	6,451	2,150	8,601.60
Furniture & Fittings	(4th year)	2013/14	20%	285,000.00	171,000	57,000	228,000.00
Furniture & Fittings	(4th year)	2013/14	20%	25,087.50	15,053	5,018	20,070.00
Furniture & Fittings	(4th year)	2013/14	20%	10,080.00	6,048	2,016	8,064.00
Furniture & Fittings	(3rd year)	2014/15	20%	12,577.50	5,031.00	2,516	7,546.50
Furniture & Fittings	(3rd year)	2014/15	20%	14,197.50	5,679.00	2,840	8,518.50
Furniture & Fittings	(3rd year)	2014/15	20%	10,920.00	4,368.00	2,184	6,552.00
Furniture & Fittings	(3rd year)	2014/15	20%	13,776.00	5,510.40	2,755	8,265.60
Furniture & Fittings	(3rd year)	2014/15	20%	16,897.50	6,759.00	3,380	10,138.50
Furniture & Fittings	(3rd year)	2014/15	20%	42,592.50	17,037.00	8,519	25,555.50
Furniture & Fittings	(3rd year)	2014/15	20%	84,380.82	33,752.33	16,876	50,628.49
Furniture & Fittings	(2nd year)	2015/16	20%	31,387.50	6,277.50	6,278	12,555.00
Furniture & Fittings	(2nd year)	2015/16	20%	33,000.00	6,600.00	6,600	13,200.00
Furniture & Fittings	(2nd year)	2015/16	20%	29,700.00	5,940.00	5,940	11,880.00
Furniture & Fittings	(2nd year)	2015/16	20%	71,880.86	14,376.17	14,376	28,752.34
Furniture & Fittings	(2nd year)	2015/16	20%	15,290.00	3,058.00	3,058	6,116.00
Furniture & Fittings	(2nd year)	2015/16	20%	17,399.25	3,479.85	3,480	6,959.70
Furniture & Fittings	(1st year)	2016/17	20%	40,950.00	-	8,190	8,190.00
Furniture & Fittings	(1st year)	2016/17	20%	17,200.00	-	3,440	3,440.00
Furniture & Fittings	(1st year)	2016/17	20%	15,097.50	-	3,020	3,019.50
Furniture & Fittings	(1st year)	2016/17	20%	4,612.50	-	923	922.50
Furniture & Fittings	(1st year)	2016/17	20%	16,177.50	-	3,236	3,235.50
Furniture & Fittings	(1st year)	2016/17	20%	15,007.50	-	3,002	3,001.50
Furniture & Fittings	(1st year)	2016/17	20%	21,127.50	-	4,226	4,225.50
Furniture & Fittings	(1st year)	2016/17	20%	85,680.00	-	17,136	17,136.00
Furniture & Fittings	(1st year)	2016/17	20%	4,320.00	-	864	864.00
Motor Vehicle	(3rd year)	2014/15	20%	7,650,000.00	3,060,000	1,530,000	4,590,000.00
Web page	(1st year)	2016/17	25%	195,600.00	-	48,900	48,900.00
				16,087,996.33	4,722,071	3,933,159	8,655,230.55

**Note B**

Total Sales Proceed

Note

RS.

RS.

3,230.00

**Furniture & Fittings**

Cost

Less: Total capital Allowances Claimed

B.1

15,682.00

(15,682.00)

**SKILLS DEVELOPMENT FUND LIMITED**  
**"NIPUNATHA PITASA", 7<sup>TH</sup> FLOOR, 354/2, ELVITIGALA MAWATHA, COLOMBO 05.**

**NOTES TO THE FINANCIAL STATEMENTS 2016/2017**

**01. GENERAL**

**1.1 Legal Status**

Skills Development Fund Limited is a limited liability Company incorporated and Domiciled in Sri Lanka. The registered Company and principal place of business is located at "NipunathaPiyasa", 7<sup>th</sup> Floor, 354/2, ElvitigalaMawatha, Colombo 05.

**1.2 Principal activities & Nature of business**

During the year, the principal activities of the company were,

- Support job entry training, Skills upgrading and Retraining of employees.
- Expand and improve enterprise based training to facilitate the development of a highly trained and skilled workforce.
- Provided linkage between training institutions and the employers.

**1.3 Date of authorization for issue**

The Financial Statements of Skills Development Fund Limited for the year ended 31<sup>st</sup> March 2016 was authorized for issue by the Board of Directors on 3<sup>rd</sup> August 2016.

**1.4 BASIS OF PREPARATION**

**1.4.1 Statement of compliance**

The financial statements which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes ("financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 07 of 2007.

**1.4.2 Going Concern**

The directors have made an assessment of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

**1.4.3 Basis of Presentation**

The financial statements were prepared on accrual basis and under the historical cost basis

No adjustments have been made for inflationary factors in the financial statements.

#### **1.4.4 Functional and Presentation Currency**

The Financial Statements are presented in Sri Lankan Rupees which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless otherwise stated.

#### **1.4.5 Use of Estimates and Judgments**

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS /LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities income and expenses.

Judgments and estimates are based on historical experience, trends and other factors including expectations that are believed to be reasonable under the circumstances. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes:

Note 12 - Measurement of Retirement Benefit Obligation.

Note 16 - Deferred Taxation

#### **1.4.6 Comparative Information**

The presentation and classification of the financial statements of the previous years have been amended where relevant for better presentation and to be comparable with those of the current year.

### **02. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **02.1 Assets and the Basis of their Valuation**

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



## **2.1.1 Property, Plant & Equipment**

### **2.1.1.1 Recognition and Measurement**

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

The cost for this purpose includes the cost of acquisition and any directly attributable expenditure incurred to bring the asset to its working condition or intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition or its intended use. This also includes cost of dismantling and removing the existing asset.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned. However No Capital Work in Progress exists as at the reporting date.

When property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined as different between the proceeds from disposal and the carrying amount of property, plant and equipment, and are recognized under other income in the statement of comprehensive income.

### **2.1.1.2 Subsequent Expenditure**

Expenditure incurred on existing property, plant and equipment are capitalized when it is expected that such expenses would result in future economic benefits in excess of those originally assessed and its cost can be measured reliably. The carrying amount of the replaced asset is derecognized.

The costs of the day to day servicing/ maintenance of property, plant and equipment are recognized in Comprehensive Income Statement as incurred. When a revalued asset is disposed, the amount included in the revaluation surplus reserve is transferred to retained earnings.

### **2.1.1.3 De-recognition**

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized under other income in statement of comprehensive income.

#### **2.1.1.4 Borrowing cost**

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset. The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 –Borrowing Costs.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income.

#### **2.1.1.5 Depreciation and Amortization**

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

The estimated useful lives for the current and comparative periods are as follows:

Computer Equipment	Over 04 years
Other office Equipment	Over 05 years
Motor Vehicles	Over 04 years
New Office Premises	Over 10 years
Furniture and Fittings	Over 10 years

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

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

#### **2.1.1.6 Impairment of Non-Financial Assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's value in use and its fair value less Cost to sale and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its' recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pretax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken in to account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Comprehensive Income in those expenses categories consistent with the function of the impaired asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of Comprehensive Income.

## **2.1.2 Financial Instruments**

### **2.1.2.1 Financial Assets**

#### **2.1.2.1.1 Initial Recognition and Measurement**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. The Company's financial assets include cash and short term deposits, trade and other receivables and loans and receivables.

#### **2.1.2.1.2 Subsequent Measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### **Financial assets at fair value through profit or loss**

A financial asset at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance costs in the Statement of Comprehensive Income.

The Company did not hold any financial asset designated as financial asset at fair value through profit or loss during the year ended March 31, 2016.



### **Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognized in the Statement of Comprehensive Income in finance costs.

Loan and receivables held by the Company comprise of trade receivables, deposits, advances and other receivables and cash and cash equivalents.

### **Held-to-Maturity Investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Comprehensive Income. The losses arising from impairment are recognized in the Statement of Comprehensive Income in finance costs.

### **Available-for-Sale Financial Investments**

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the Statement of Comprehensive Income in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognized in profit or loss.

#### **2.1.2.1.3 De-Recognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party

under a 'pass through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **2.1.2.1.4 Impairment of financial Assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The Company did not recognize any impairment losses in respect of financial assets for the year ended March 31, 2014, March 31, 2015 and March 31, 2016.

#### **2.1.2.2 Financial Liabilities**

##### **2.1.2.2.1 Initial Recognition and Measurement**

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings, as appropriate. The company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value plus, in the case of loans and borrowings, transaction costs that are directly attributable to the acquisition or issue of such financial liability. The Company's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings. Subsequent Measurement Financial liabilities at fair value through profit or loss financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the Statement of Comprehensive Income. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss. Loans and borrowings after initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Statement of Comprehensive Income when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in financial costs in the Statement of Comprehensive Income.

##### **2.1.2.2.2 De-recognition**

A financial liability is de-recognized when the obligation under the liability is discharged or cancelled or expires.

##### **2.1.2.3 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.



#### **2.1.2.4 Financial Risk Management**

##### **Credit Risk**

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and related parties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

##### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liability when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

##### **Interest Rate Risk**

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

#### **2.1.3 Trade receivables**

Company recognizes trade receivables as financial assets in its statement of financial position when, and only when, the company has a contractual right to receive cash or another financial asset.

Trade receivables are amounts due from customers for commodities sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value. After initial the Company measures Trade receivables at amortized cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

The management ensures that there is no chances of impairment of debtors as many of are state institutions.

#### **2.1.4 Cash & Cash Equivalents**

Cash and cash equivalents comprise cash balances, call deposits, demand deposits and short term highly liquid investment readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the statement of cash flows.

#### **2.1.5 Stated Capital**

The stated capital includes the total of all amounts received by the Company or due and payable to the Company in respect of the issue of Shares and in respect of calls on shares.

#### **2.1.6 Trade Payables**

Company recognizes trade payables as financial liabilities in its statement of financial position when, and only when, the Company has a contractual obligation to deliver cash or another financial asset.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

#### **2.2 Liabilities and Provisions**

Liabilities classified as current liabilities on the statement of financial position are due for Payment on demand or within one year from reporting date. Non-current liabilities are those balances that falls due for payment after one year from reporting date. All known liabilities have been accounted for in preparing these Financial Statements.

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

#### **2.2.1 Employee Benefits**

##### **2.2.1.1 Defined contribution plans - EPF& ETF**

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

The company contributors 12% of gross emoluments of the employees to Employees' provident fund (EPF).

All of the employees are eligible for employees' Trust fund to which the company contributes 3% of gross emoluments of such employees.

#### **2.2.1.2 Defined Benefit Plan – Retirement Gratuity**

Defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, year of service and compensation. The Company has adopted a defined benefit plan as required under the payment of Gratuity Act No.12 of 1983 for all eligible employees.

Actuarial valuation as at 31.03.2016 of the Gratuity liability in respect of the employees of the company has not done the specific time by the company which undertake this assignment. Therefore we couldn't apply the Sri Lanka Accounting Standards. (LKAS 19) for this purposes.

Under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The key assumptions used in determining the Retirement Benefit obligations are given in Note 12.

#### **2.3 Capital Commitments and Contingencies**

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

All material capital commitments and contingent Liabilities are disclosed in Note 18.

#### **2.4 Statement of Comprehensive Income**

For the purpose of presentation of the statement of comprehensive Income the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted in line with the provisions of LKAS 1- presentation of Financial Statements.

##### **2.4.1 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after elimination sales within the Company. The following specific criteria are used for the purpose of recognition of revenue.

##### **2.4.1.1 Rendering of services**

Revenue from rendering of services is recognized in the accounting period in which the services rendered or performed.



#### **2.4.1.2 Interest Income**

Interest income is recognized as the interest accrued (taking in to account the effective yield on the asset) unless collectability is in doubt.

#### **2.4.1.3 Gains or Losses on Disposal**

Gains and losses on disposal of an items of Property ,Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property ,Plant &Equipment and are recognized within the 'other income' in the Statement of Comprehensive Income.

#### **2.4.2 Expenditure Recognition**

##### **2.4.2.1 Operating Expenses**

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit / (loss) for the year. Provision has also been made for impairment of non-financial assets, all known liabilities and depreciation property, plant and Equipment.

Percentage of administration cost is recognized as programme relevant cost and treats as direct cost to arrive gross profit. The Percentages of cost distribution as follows.

Stationery	75%
Telephone	90%
Fuel	60%
Transport	60%
Over time	50%
Stamp Duty	100%

##### **2.4.2.2 Tax Expense**

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

###### **2.4.2.2.1 Current Taxes**

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

###### **2.4.2.2.2 Deferred Taxation**

Deferred taxation is recognized using the Balance Sheet liability method, in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax losses, tax credit and deductible temporary difference, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

The relevant details are disclosed in the Note 16 to the Financial Statements

## **2.5 Statement of Cash Flows**

The Statement of Cash Flows has been prepared using the 'Indirect Method'. Lease rental paid, dividend paid and grants received are classified as financial cash flows while interest received and dividends received are classified as investing cash flows for the purpose of presentation of the Statement of cash flows.

## **2.6 Earnings per share**

The Company presents Basic Earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period

## **2.7 Events after the reporting period**

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





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## கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

### AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය  
எனது இல.  
My No.

VTY/B/SDFL/FA/2016/17

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

28 December 2017

To the Shareholders of the  
Skills Development Fund Limited

#### Report of the Auditor General on the Financial Statements of the Skills Development Fund Limited for the year ended 31 March 2017

The audit of financial statements of the Skills Development Fund Limited ("the Company") for the year ended 31 March 2017 comprising the statement of financial position as at 31 March 2017 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

#### Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal controls as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව. - இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை. - No. 306/72, Polduwa Road, Battaramulla, Sri Lanka

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includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Basis for Qualified Opinion**

- (a) Balance of bank overdraft as at 31 March 2017 amounting to Rs. 4,711,016 had been inappropriately deducted from the current assets in the statement of financial position instead of being shown as current liabilities and as a result, the total assets shown therein had been understated by similar amount.
- (b) Fully depreciated assets costing Rs. 5,485,778 procured during the previous years are being continuously used by the Company without taking action to review the residual value and useful life of those assets, and accounted for accordingly in terms of provisions in **LKAS 16 - Property, Plant and Equipment**.
- (c) The fixed deposit of the Company has been pledged as collateral against the Bank overdraft of Rs.4,711,016 obtained from the Bank of Ceylon. However, no disclosure had been made in the financial statements in this regard in terms of **SLFRS 7- Financial Instruments Disclosures**.
- (d) According to the financial statements presented, a sum of Rs. 3,689,507 was shown as fixed deposit of scholarship fund under Non-current Assets whiles, the corresponding balance of that fund (scholarship fund payable) had been shown as Rs.3,305,351 under Non-current Liabilities. Hence, an unexplained difference of Rs. 384,156 was observed between these two amounts.
- (e) According to Section 32(5) (a) of the Inland Revenue Act, No. 10 of 2006, the adjusted accumulated loss or 35 per cent of total statutory income of a particular year whichever is lower could be deducted when arriving the taxable income. However, in contrary to that, the Company had deducted the entire interest income of Rs. 15,399,648 in computing the taxable income for the year under review. Therefore, the income tax expenditure of Rs.2,802,736 for the year under review had not been recognized in the financial statements.
- (f) An abnormal debit balance of Rs. 297,303 had been continuously brought to the statement of financial position as other reserve under the Capital and Reserves. However, no evidence were made available for audit to verify the accuracy and reliability of this balance.





- ④ The accuracy and reliability of Trade Debtors, Retirement Benefit Obligations and Deferred Tax Liability amounting to Rs.13,208,103, Rs.2,087,767 and Rs.486,768 respectively shown in the statement of financial position as at 31 March 2017 could not be ascertained in audit due to non-availability of age analysis, actuarial valuation report and details of differed tax computation etc.

### **Qualified Opinion**

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of the Skills Developments Fund Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 163(2) of the Companies Act, No.07 of 2007, I state the followings:

- (a) The basis of opinion and scope and limitations of the audit are as stated above.
- (b) In my opinion :
  - Except for the possible effects of the matters described in Basis for Qualified Opinion paragraph, I have obtained all the information and explanations that were required for the audit and as far as appears from my examinations, proper accounting records have been kept by the Company.
  - The financial statements of the Company, comply with the requirements of Section 151 of the Companies Act, No. 07 of 2007.

### **Report to Parliament**

My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

W.P.C. Wickramaratne

Additional Auditor General  
for Auditor General