

2019

வார்டிகை வார்டால
வருடாந்த அறிக்கை

Annual Report

தூரதீர் ஒதெதுதீ துடாசீராதச
வரையறுக்கப்பட்ட துதலைக் கல்வி நிலையம்
Distance Learning Centre



State Owned Institute Under
Ministry of Public Administration



GLOBAL
DEVELOPMENT
LEARNING
NETWORK

GDLN

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Chairperson's Review

Wasantha Perera



It is with great pleasure I am presenting the Annual Report and Audited Accounts for the year ended 31st December 2019 on behalf of the Board of Directors of the Company.

Distance Learning Centre (DLC) has once again, successfully posted increased profits topping the strong growth trend seen in the last four years. Although 2019 has been a very turbulent year DLC continued to excel with projects of national importance in sectors such as Education and IT.

It is important to note that the continued success of DLC financially in the past four years, need to be viewed with the mandate of DLC to be a fully distance and digital learning centre. DLC is mandated to bring the latest thinking in human resources development, through videoconferencing. In line with this, this institution needs to embrace new trends in technology, revolutionizing its internal capabilities and service offerings with the recent changes in digital technology. This journey commenced in 2017, when DLC made use of cloud based technology, for its videoconferencing activities for GDLN. This year DLC has initiated strategic activities to establish distance learning capacity in the computer facilities in the regions. Through this online and virtual learning will be fully integrated into all core products of DLC. What's more, at this juncture, it is strategically important for DLC to explore collaborations with technical service providers along with its re-alignment of the programme staff to upgrade their capacity to deliver digital app based training to clients.

Once again GDLN bestowed the running of its Asia Pacific Secretariat to DLC. In addition, many collaborations at provincial, national level has provided DLC medium to long term learning partners. I hope DLC will pursue this path in the years to come.

Through these changes DLC will continue to demonstrate its adaptability in leveraging emerging technologies, to deliver value to its clients by exceeding in its service expectations.

Finally I wish to thank the staff and the management of DLC for the highly commendable performance in 2019, and wish the team even greater achievements in the years to come.

Wasantha Perera

Chairperson, DLC

Colombo, Sri Lanka

CEO'S Report

Gershaun Arulanantham



This is another year of DLC posting strong year-end profits. The overall higher profitability points the selective collaborative work DLC carried throughout the year, with high value strategic partners while increasing the frequency of its regular programmes.

DLC was setup with the mandate to create unprecedented opportunities in human capital development by bringing the latest thinking to the public and private sectors. However strategically DLC has to deliver more and more of its programmes online as the mandate of reaching the public sector non managerial staff through face-to-face training in Colombo facilities is an impossible task. DLC has already commenced on exploring multiple distance learning locations in the southern district secretariats of the country. DLC's technical staff are appraising the viability of maintaining such centers. The computer resources centres of the district secretariats in Galle and Hambantota were the first such visits that were made,

Another first, was the concept of a platform that could be rented out by any government sector organization to do their training or even the meetings. This platform would be maintained by DLC and will be available for use as and when required by the public sector organisations. DLC is also venturing out to hold its computer based exams outside Colombo in collaboration with private and public sector computer resources centres. However DLC has to overcome the hurdle of funding for its operation in the event it has to increase these services as there will be no high revenue generation from these diversification projects on online deliver and service.

Besides the above projects, DLC also saw an increase in revenue from its facility bookings as well as for Videoconferencing events. The online exams also posted very good revenue with the addition of exam to its portfolio. It is expected that, DLC's staff, having years of experience in technical and test administration capabilities, could further increase the number of exam deliveries every year, especially through its diversification projects.

The strong performance of DLC comes with the untiring efforts of the DLC Team, focusing on the pressing training needs of its partner-clients and a strong determination to constantly drive higher value. As we move into a very turbulent 2020, we hold fast to our values and resolute willingness to be an organization that is guided by innovation, driven by customer insights. Through all these we aim to create unprecedented opportunities for individuals and groups whom we serve.

Gershaun Arulanantham
CEO, DLC

Colombo, Sri Lanka

An overview of DLC

DLC is one of the premier training institutions established by the Government of Sri Lanka in 2002, with an aim of developing the capacities of both government and private sector personnel, keeping the focus on the best practices at global level. Over the past few years, the DLC has been able to cater to those personnel by updating their academic and professional knowledge and skills after taking not only the domestic resources but also with the assistance of Global Development Learning Network of the World Bank Institute. DLC's training function is free from the constraints of traditional thinking and enables them to both develop themselves and optimise the performance.

Throughout the past few years, DLC has been engaging in conducting demand driven programmes, for the needy sectors rather than continuing on the traditional way of imparting knowledge. DLC has looked at today's changing context of the business environment and has developed specific programs using customer oriented approach. With this new direction, DLC was able to deliver value to its clients. As a result of this, the company's net profit before tax has increased in the year under review when compared with the previous year. It is a clear reflection of continuous efforts of the DLC staff to rationalize its expenditure from Rs 29.1 mn in 2017 to Rs.21.5 mn in 2018 (Table 2). As a result, the net profit before tax shows a marginal increase from Rs 14.1 mn in 2017 to Rs 15.1 mn in 2018. It is also pertinent to mention that this marginal increase of net profit before tax, has been associates with downward adjustment of two balance sheet items; Amortization of Rent which was adjusted to reflect the changes over the years and part of the income tax refund was set off to mitigate the risk of part realization. Nonetheless, DLC with clear direction from its strategic goals, will continue this trend in performance in the years to come.

Performance of the Company over the last 5 years

Table 1 – Net Profit before Tax (Rs)

	2015	2016	2017	2018	2019-Draft
Total revenue (Including finance income)	40,428,238	48,599,370	69,671,388	67,769,778	73,271,032
Total Expenditure	33,881,823	40,757,451	55,552,355	52,651,915	57,559,193
Profit Before Income Tax	6,546,415	7,841,919	14,119,033	15,117,863	15,711,839

Table 2 – Gross Profit (Rs)

Gross Profit	2015	2016	2017	2018	2019-Draft
Revenue from core operations	36,673,859	44,262,033	62,953,972	59,779,244	64,674,064
Cost of sales	11,628,170	15,528,207	29,154,623	21,572,552	23,138,534
Gross Profit	25,045,689	28,733,826	33,799,349	38,206,692	41,535,530
Gross profit ratio	68%	65%	54%	64%	64%

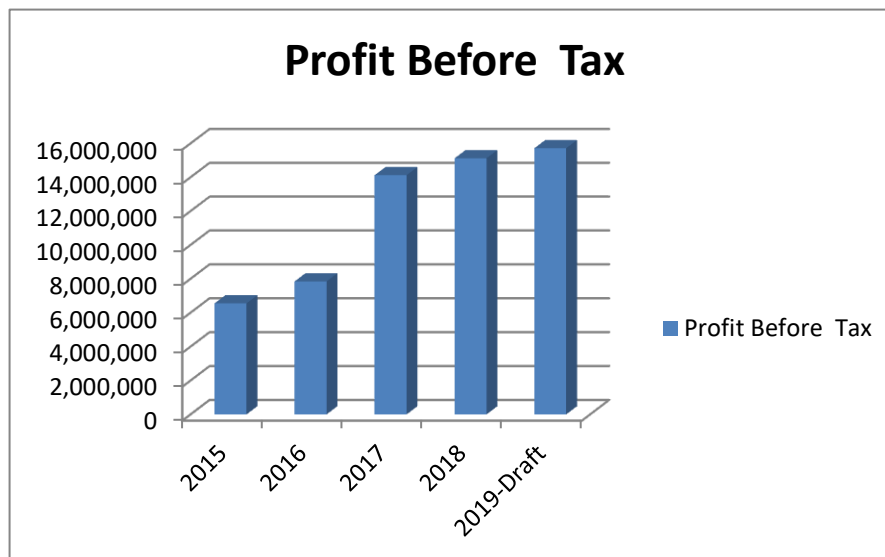


Figure 1 - Annual profit

The importance of Capacity development.

Today, the role of the service sector in Sri Lanka economy has become one of the major contributory factors in economic development and stability of a country, given the growing trend of information and communication technology (ICT), new innovative products, processes, structures, complexities and increased risks associated with globalization. In recent years, while advanced economies continued to update their services deliveries, the developing countries are trying to increase their per capita income and economic growth by various means. Especially, the emergence of Asia as an engine of world economic growth has given rise to increased opportunities in the business environment, especially in the service sector of developing countries and their organisations.

Against this backdrop, the DLC's prime responsibility is to integrate its training function to global level and acquire the modern way of transferring the knowledge and skills to needy sectors. In effect, we have successfully run both Personal Development and Organisational Change, through Young executive development programmes, video conferencing and project management programmes. Since DLC has accessibility to different organizations in different parts of the world in widely differing cultures and languages and in every case those involved could share the knowledge and experiences effectively.

VISION

To be the world class center for competency development and skills transformation.

MISSION

To provide unprecedented opportunities for Knowledge and experience sharing, utilising latest technologies and connecting local and international expertise.

OUR VALUES

- **Innovative and creative**
- **Responsive to customer needs**
- **Driven by sense of urgency**
- **Accountable and committed**
- **Believe in competency development**

CORPORATE INFORMATION

Distance Learning Centre Ltd. (DLC) was incorporated, under the Companies Act, on 01 Nov 2001 and commenced its operation on 26 March 2002.

The stated capital consists of 14,206,509 ordinary shares of Rs. 10 each and is 100% (14,206,509) owned by Government of Sri Lanka. This is a self-funding enterprise with no recourse to government budget or subsidy.

Further it is part of the Global Development Learning Network (GDLN) of the World Bank Institute, which provides cost effective learning opportunities and capacity building programs through its interactive, multi-channel network, a flexible learning system of multi-site videoconferencing, Internet and other advanced communications technologies.

It also has links with other International Training Institutes and is privileged to offer their courses within Sri Lanka.

DLC is a test site provider for CIMA and ACCA online exams and the only such large secure facility available in Colombo. DLC came to be known as the largest CIMA test centre in South Asia in 2017 and successfully delivers exams to over 2000 candidates each year.

Principal Activities

Global knowledge sharing, e-learning, ICT related training, Education Sector Training and providing Corporate Suite type of facilities for business meetings and videoconferencing facilities for public and private sector clients. DLC also provides secure online testing facility for major international test providers.

Registered Office

28/10, Malalasekara Mawatha, Colombo 7

Auditors

Auditor General, Sri Lanka.

Secretaries

Accounting Systems Secretarial Services (Private) Limited.

Bankers

Bank of Ceylon

BOARD OF DIRECTORS

Chairperson



Ms. Wasantha Perera

MSc in Project Management (Australia)
PgD in Economic Development (U/Col.)
PgD in Management (PIM, U/SJP)
BSc. (U/Pera)
Secretary- Ministry of Health, Nutrition & Indigenous
Medicine



Dr. S H A M Abeyratne

PhD IUA, M A in Economics, Dip Development Economics, University of
Manchester UK
B A Economics, B Phl Economics (Uni Colombo)



Mr. Faizal Salieh

B A Economics (First Class Honors), MBA (Sri J)
Member of the Main Committee of the Ceylon Chamber of Commerce;
Board Director, Cargills Bank; Board Director HNB General Insurance
Limited; Vice Chairman, Sri Lanka Institute of Directors.



Ms. Tania Alikie Perera

ACMA (UK), MBA (Sri J)
Deputy Secretary General/Financial Controller
The Ceylon Chamber of Commerce



Ms Kalyanee Gunatilake

MBA in HR Management (Sri J), MSc in Economics (Uni. Illinois, USA),
BA Special Sociology (Sri J)
PG Dip. in Economic Development (Uni of Colombo),
Prof. Dip. in HR Systems and Techniques (Sri J)
Assistant Governor, Central Bank of Sri Lanka

Treasury Representative to the Board**Ms K A Ramya Kanthi**

MA in Policy Economics (USA)
MA in Financial Economics (UoC)
PgD in Economic Development (UoC)
Bsc (Sp. Deg.) (UoC)
Comptroller General
Ministry of Finance

Alternate Director to Ms T Alikie Perera**Dr. Selvanathan Anojan**

Ph.D., M.Phil., MBA, BBA, B.Eng
Assistant Secretary General
The Ceylon Chamber of Commerce

HUMAN RESOURCES

The Management Team

**CEO**

Gershaun Arulanantham

ACIM (UK), FIM (SL), MBA (Peradeniya)

**Learning Development and Marketing Manager**

Keerthi Wijesekara

MCIM (UK), AABE (UK) MBA Uni Sunderland UK,
MSc HRM & Dev. University of Salford UK

**IT Manager**

Aruna Buddhika

MSc SITM (UK), ACS

**Finance and Administrative Manager**

Lakshika Kalubowila

BBA (Sp) 2nd Upper (Hons.),
MBA (Colombo), CBA , MAAT

**Assistant Sales Manager**

Vajira Abeynayake

Advance Diploma in Business Management (NIBM)

Other Members of Our Team



From Left

Suleka Dissanayake (Administrative Assistant), Nirosha Priyadarshani (Programme Coordinator), Lakmali Samarasekara (Executive Secretary), Dhanushka Dushanthi (Secretarial Assistant), Nayani Kalpage (Accounts Assistant), Romesh Perera (IT Assistant)

PHYSICAL RESOURCES

State-of-the-art video conferencing facility

30 active participants with personal microphones and 50 other observers could be accommodated.



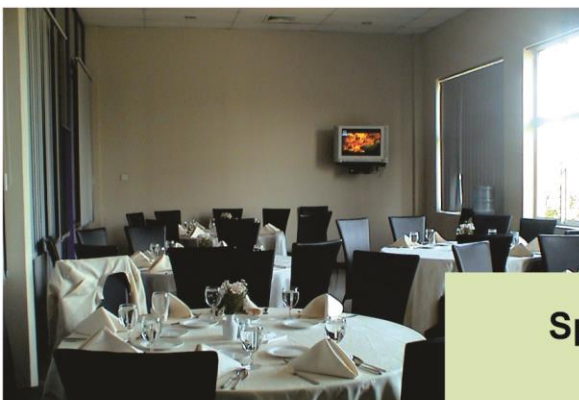
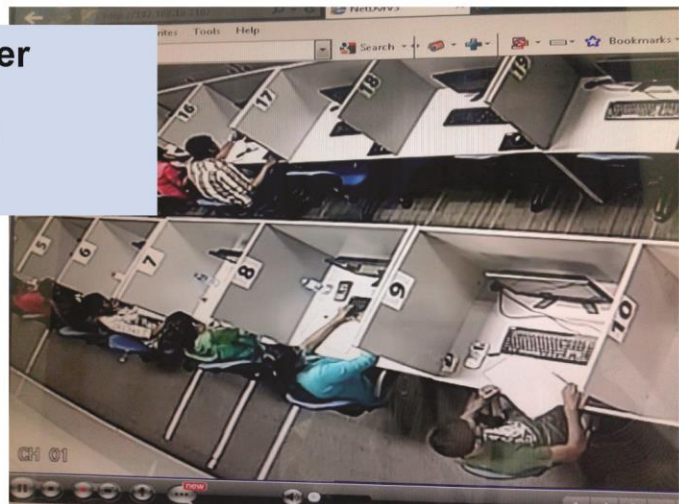
Two multi-media rooms equipped with computers

One with 30 and the other with 50 computers



Pearson VUE Testing Center

(90 seat capacity testing center)



Spacious Lobby used as a lecture room when required

Audio conferencing facilities available for all seminar rooms

DLC offers the following through its Video Conferencing (VC) facility

- Courses leading to certificates on themes such as Microfinance, Natural Resource Management and Science and Policy of Climate Change using blended learning methods
- Video conferencing based training exposures that are provided by different resource centers around the world on subjects such as Disaster Nursing and Partograph
- Short seminars and presentations from renowned speakers (authority on subjects) living elsewhere in the world
- Global Experience Sharing Dialogues linking different countries on themes such as Korean Development Experience
- Tailor made training to meet customer requirements such as Web Application Security
- Renting of the facility for business conferences & meetings, academic chats and cross border family events, etc using VC

DLC rents out its facilities and its ICT enabled services for; Video conferencing, blended face-to-face events and exams (both computer based and other exams)

DLC offers the following through its Multi Media (MM) facility

- Programs for Developing Young Executives, exposing them to global trends
- Computer based exams for recruitment and promotions
- Tailor made foreign and local training programs using e-learning
- Computer training (Computer Essentials, International Computer Driving License, SL Computer Driving License, Advance e-Office Skills etc.)
- Computer based training such as Project Management, Presentation Skills, Publishing Skills, e-learning content development skills, etc
- Renting of the facility for business promotions, soft-ware promotions and computer-based training and computer based/ internet based exams

Visit DLC web for more information
www.dlcsrilanka.org

DLC offers the following in additional services

- Content development and content translations along with Compact Disk (CD) development for e-learning initiatives
- Documentation of proceedings (both digital and printed modes)
- Design exams for screening prospective candidates for recruitment to meet client requirements

OVERVIEW OF KEY TRAINING PROGRAMMES IN 2019

1. Capacity Building Programmes for Provincial Education Departments



DLC with its professional faculty identified the need of further development of Teacher Trainers/Teacher Educators in order to deliver quality training programmes to Teachers, Principals and Teacher Managers/Administrators enabling the province to enhance the student's achievements. DLC has conducted over 30 such programs training over 1500 teachers, principals and education administrators in 2019.

2. Online Exams



DLC has been in the forefront in conducting online exams for various clients. Some of the clients that DLC caters to are CIMA, ACCA, CASTLE, GATE and NEXTEC. With the secure exam environment that DLC provide to its clients, DLC is a sought after institutes by clients to conduct their exams.

3. Conducting Public Seminars



DLC managed to conduct many public seminars in 2019, including seminars on topics such as procurement management, Disciplinary procedures, IT procurement, Office Systems and Advanced Excel.

4. Collaboration with KDI School for online Scholarship Program

Blended Learning Programme on Performance Management

DLC successfully offered a blended learning programme on performance management through KDI School Korea. The program consisted of 7 Video Conferences and a face to face training in Korea.



Online International Lectures were delivered on below areas:

1. Public HRM in Korea: A Historical Perspective – 30th May 2019
2. The Korean Civil Service System: HRM Practices – 20th June 2019
3. Performance Evaluation of Civil Servants and Incentive Systems in Korea – June 27th 2019

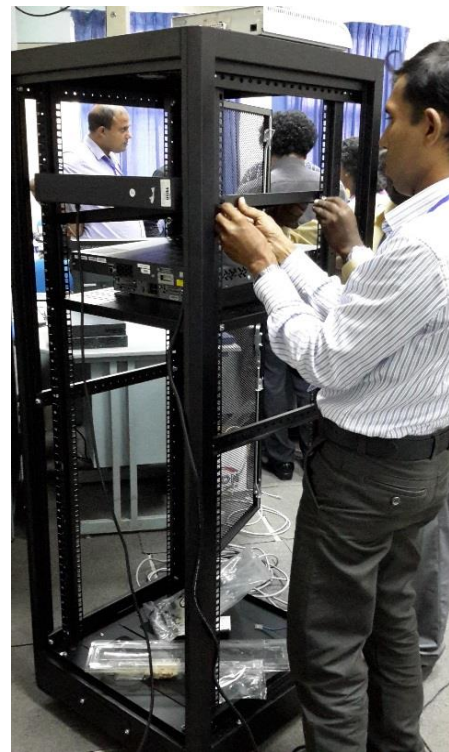
4. Performance Management System of Governmental Budgetary Programs in Korea – July 11th 2019
5. Performance Management System in Government: At the Agency Level in Korea – July 25th 2019
6. Enhancing Public Service Performance through E-Government – September 10th 2019
7. Wrap-Up: Lessons & Implications (Presentation by each DLC) – 26th September 2019

5. Training Program for Officials of Sri Lanka IT Service (SLITS)

DLC conducted training programs for 600 officials in the Sri Lanka IT service which included 400 IT Assistants (Class III) and 200 IT officers (Class II). The subject areas were;

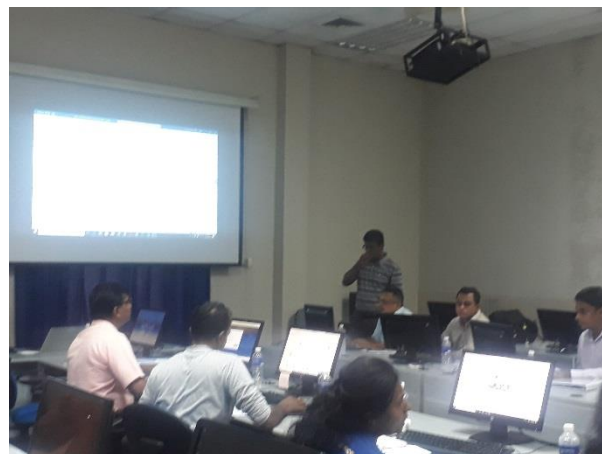
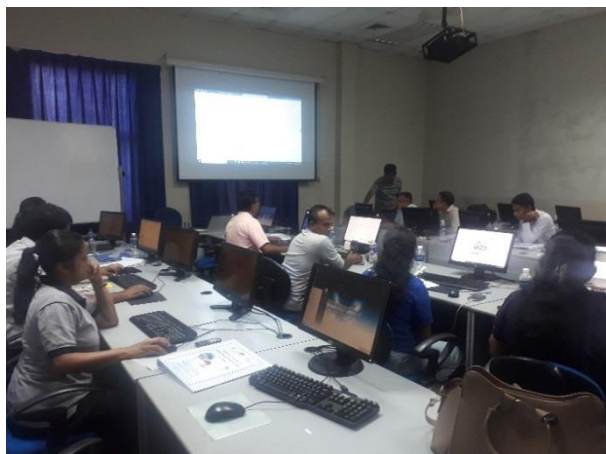
- System Administration
- Network Administration
- Web Development

The participants were involved in number of hands on activities apart from the interactive lecture sessions.



6. Advance Programme in System and Network Administration

Training programme on Advance functions of system and network administration was conducted by DLC for the IT staff attached to the Sabaragamuwa Provincial Council. The participants have completed the basic program offered by DLC in 2018 and as a continuation this program was conducted.



7. Certificate Course in Public Procurement – Ministry of Home Affairs

DLC conducted a Certificate Course in Public Procurement exclusively for the non – executive staff attached to the Ministry of Home Affairs. The course was conducted in two batches (weekend & weekday) and around 80 participants successfully completed the 100hr course. They were able to familiarize with the existing procurement guidelines, manual and amendments to the manual and gained knowledge on preparation of procurement Plans, preparation of bidding documents and the bid evaluation procedure.



8. Certificate Course in Staff Disciplinary Procedure in Public Service – Ministry of Home Affairs

This course was also conducted for the non – executive staff attached to the Ministry of Home Affairs. This 60hr course was conducted in two batches and 80 participants successfully completed the training. The participants were able to gain a better understanding on regulations and procedures outlined in the Establishment Code with regards to staff disciplinary procedure and were able to obtain an enhanced knowledge on conducting inquiries, writing of charge sheets and inquiry reports.



9. Certificate Course in Information Communication Technology – Ministry of Home Affairs

This was a yet another successfully conducted program for the Ministry of Home Affairs. A batch of 40 participants successfully completed this 100hr computer based training. At the end of the program the participants were able to obtain through knowledge on word processing using MS Word, Preparing database formats using MS Excel and access, and familiarize with internet and email, google apps use for office work.



10. Soft skills training for staff attached to Ministry of Health.

A series of workshops were conducted for the officers attached to the Ministry of Health on soft skills for workplace readiness. The program was conducted for around 150 professionals such as senior pharmacist, Occupational therapist, EEG technologist, radiologists etc. attached to the ministry. The program consisted of outdoor group activities, games and other team building exercises. The participants were able to learn to develop their interpersonal skills and build rapport with others in the workplace and have their social skills enhanced.



11. Video Conferencing activity at DLC

Apart from the online international programmes, DLC's is also a preferred center for many clients to conducted Interviews for Migration, Conduct eLearning Programs, to conduct court proceedings, to conduct Board Meetings and international seminars through video conferencing.



Below is a list of events conducted through video conferencing in 2019

1. PESCH International Interviews for Doctors – 5 Interviews
2. International Board Meeting – Trincomalee Power Plant (CEB) – 19th September 2019
3. International VC Seminar of NBRO (National Building Research Organisation) – 8th July 2019

Financial growth over the last 5 years (DRAFT)

Summary of Results for the year ended 31 st December	2019 Draft Rs.Mn	2018 Rs.Mn	2017 (Restated) Rs.Mn	2016 Rs. Mn	2015 Rs. Mn
Turnover	64.7	59.8	62.9	44.3	36.6
Other Income	8.5	7.8	6.5	4.1	3.5
Total Income	73.2	67.6	69.6	48.4	40.1
Total Expenses	57.5	52.5	55.5	40.6	33.6
Net Profit for the Year Before tax	15.7	15.1	14.1	7.8	6.5
Staff Cost	14	13	11.7	10.5	10.3
No. of staff	11	12	11	10	9
Financial Position as at 31 st December	2019 Draft Rs. Mn	2018 (Restated) Rs. Mn	2017 (Restated) Rs. Mn	2016 Rs. Mn	2015 Rs.Mn
Stated Capital	142.06	142.06	142.06	142.06	142.06
Noncurrent liabilities Government to be repaid under the agreement	-	3.2	6.4	9.6	12.8
Current Liabilities	4.2	6.9	5.5	1.7	2.6
Total Equity / Liabilities	139.3	127	115.7	100.7	97.1
Short Term Investments	64.2	84	68.8	53.6	49.7
Working Capital	75	88.1	73.1	60.9	57.8
Total Assets	139.3	127	115.7	100.7	97.1

REPORT OF THE DIRECTORS

DISTANCE LEARNING CENTRE LIMITED – PB 192

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY FOR THE YEAR ENDED 31ST DECEMBER, 2019

The Directors have pleasure in submitting their Report together with the Audited Statement of Accounts for the year ended 31st December, 2019.

1. **PRINCIPAL ACTIVITIES AND NATURE OF OPERATIONS**

Principal Business Activities of the Company are organizing and conducting programs, seminars, workshops, conferences and other activities to facilitate Public & Private sector employees to gain access to update information and opportunities for interaction with international experts especially in the areas of Public Management and Economic Development using the Global Distance Learning Network.

2. **DIRECTORS**

The Director of the Company as at 31st December, 2019 were:

Ms. Wasantha Perera	-	Chairperson
Ms. K. A. Ramya Kanthi	-	Director
Mr. M.O. Faizal Salieh	-	Director (resigned on 05.12.2019)
Dr. S.A.M. Abeyratne	-	Director (resigned on 05.12.2019)
Ms. K. Gunatilake	-	Director (resigned on 05.12.2019)
Ms. Ismail Alikie	-	Director (resigned on 05.12.2019)
Dr. Anojan Selvanathan	-	Alternate Director to Alike Ismail (resignation of the appointer on 05.12.2019)

3. **FINANCIAL STATEMENT**

The Financial Statements of the Company are given in the Annual Report.

4. **AUDITOR'S REPORT**

The Auditor's Report on the Financial Statements is given in the Annual Report.

5. **ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

The accounting policies and notes are given in Annual Report, there were no material changes in the Accounting Policies adopted.

6. **INTERESTS REGISTER**

The Company do maintain an Interest Register in terms of Section 192 of the Companies Act No.07 of 2007.

7. **DIRECTORS INTEREST IN CONTRACT**

Ms. Wasantha Perera, Ms. K. A. Ramya Kanthi, Mr. M.O. Faizal Salieh, Dr. S.A.M. Abeyratne, Ms. K. Gunatilake and Ms. Alikie Ismail Directors were not interested in the contracts of the Company during the year ended 31st December, 2019 as per the Note 24 to the Financial statements.

8. **DIRECTORS REMUNERATION AND OTHER BENEFIT**

Board Meeting & Audit Com. Meeting Attendance Fees for the Directors and the Allowance to Chairperson were paid as per the Note 08 of the Financial statements.

9. **EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

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.

10. **TAXATION**

According to the Income Statement, tax saving for the year ended 31st December, 2019 was Rs. 2,064,086/-.

11. **STATUTORY PAYMENTS**

The Directors to the best of their knowledge and belief are satisfied that all statutory payments in relation to the Government and the employees have been made on time.

12. **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

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.

13. **AUDITORS**

The present Auditors of the Company are the National Audit Office, will be re-appointed as the Auditors to the Company for the ensuing year at the forthcoming Annual General Meeting.

The provision for the Annual Audit fee was Rs. 300,000 for the financial year and the payment to be paid.

14. **ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held on 09th September, 2022 at 2.00 p.m at No. 28/10, Malalasekera Mawatha, Colombo 7.

**BY ORDER OF THE BOARD OF DIRECTORS OF
DISTANCE LEARNING CENTRE LIMITED
ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED
SECRETARIES**

(Sgd.)
Chairperson

(Sgd.)
Director

(Sgd.)
Secretaries

Date: 22nd August 2022

AUDITORS' REPORTS

(DRAFT REPORT)

AUDIT COMMITTEE REPORT 2019

The Audit Committee of DLC is chaired by the Treasury Representative, Ms. K A Ramya Kanthi and comprises of two non-Executive Board members, Dr. S. H. A. M. Abeyratne and Ms. K. Gunatilake. This Committee met five times in 2019 which includes a special meeting to discuss the Audit Plan.

DLC previously outsourced the internal auditing work to the reputed Audit firm, B.R. De Silva & Co till the end of 2017. However, Audit committee decided and DLC Board agreed that internal audit function should be carried out by an Internal Auditor appointed to DLC by the Ministry, as it was observed previously that there were lapses in internal auditing. Hence, on the request of DLC, Ministry of Public Administration and Disaster Management, line Ministry of DLC, requested the Internal Auditor of SLIDA to cover up duties of DLC Internal Auditor of DLC. In the same manner, the Internal Audit for 2019 was carried out by the Internal Auditor of SLIDA.

During the year 2019, following key activities were undertaken by the Audit Committee:

1. Preparation of Annual Audit Plan including compliance with statutory requirements.
2. Expediting the rectification of WHT rebate issue with Inland Revenue Department.
3. Follow-up action taken to resubmit the DLC Scheme of Recruitment for the approval of Public Enterprises Department.

While strengthening the internal audit function, within the given scope, the Audit Committee has taken actions to reap the desired effects of good governance in DLC.

Ramya Kanthi (Ms)
Chairperson
DLC Audit Committee

EXTERNAL AUDITOR'S REPORT



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

PAF/B/DLC/01/2019/06

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

27 May 2022

Chairman

Distance Learning Centre Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Distance Learning Centre Limited for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018

The above report is sent herewith.

W. G. N. Menike

W.G.N. Menike

Deputy Auditor General

For Auditor General

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව



+94 11 2 88 70 28 - 34

இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை, இலங்கை.



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

PAF/B/DLC/01/2019/06

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

27 May 2022

Chairman
Distance Learning Centre Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Distance Learning Centre Limited for the year ended 31 December 2019 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 Distance Learning Centre Limited ("Company") for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including 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 provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs).

අංක 306/72, පොල්දූව පාර, බත්තරමුල්ල, ශ්‍රී ලංකාව



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1.2 Basis for Qualified Opinion

- (a) Cash flow Statement had not been prepared as per the provisions in the SLFRS for SMEs.
- (b) Fully depreciated fixed assets valued at Rs.49,466,953 were further being used, action had not been taken to revalue those assets in accordance with the Section 17, Property Plant and Equipment of SLFRS for SMEs

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.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs) and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company 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 Company.



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1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My



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conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.
- The Financial Statements of the Company comply with the requirement of Section 151 of the Companies Act, No. 07 of 2007.
- The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;



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- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal course of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.
- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to law/ direction	Description
Public Enterprise Circular No. PED 12 dated 02 June 2003	
(a) Section 7.4.5	Annual Board of Survey had not been carried out for the year under review
(b) Section 8.9.1	A dividend declaration had not been intimidated to the Parent Ministry and Department of Public Enterprises, General Treasury.


- to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.
- to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.



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2.5 Other Matters

Without following procurement procedure, Catering service had been provided to a private institution for all the training programs and the Company had been paid a sum of Rs. 9,068,880 for the catering service during the year under review. However, no any agreement submitted to audit in this regard.


W.P.C. Wickramaratne
Auditor General



**State Owned Institute Under
Ministry of Public Administration**



AUDITED FINANCIAL STATEMENT 2019

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST
DECEMBER 2019**

	Note	2019 Rs.	2018 Rs.
Revenue	04	64,674,064	59,779,244
Cost of Sales	05	<u>(23,138,534)</u>	<u>(21,572,552)</u>
Gross Profit		41,535,530	38,206,692
Other Income	06	84,750	130,459
Distribution Expenses	07	(2,971,237)	(2,005,942)
Administrative Expenses	08	(31,449,422)	(29,017,313)
Net Financial Income	09	<u>8,512,218</u>	<u>7,803,967</u>
Profit / (Loss) before Income Tax		15,711,838	15,117,863
Income Tax Saving / Payment	10	<u>2,064,086</u>	<u>247,956</u>
Profit / (Loss) for the year		<u>17,775,925</u>	<u>15,365,819</u>
Earning Per Share	11	1.25	1.08

Notes to the Financial Statements form an integral part of these Financial Statements.

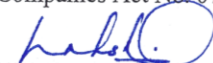
Figures in brackets indicate deductions

DISTANCE LEARNING CENTRE LIMITED
 NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

STATEMENT OF FINANCIAL POSITION

AS AT		31.12.2019	31.12.2018
	Note	Rs.	Rs.
ASSETS			
Non- Current Assets			
Property, Plant & Equipment	12	4,369,926	1,373,551
Financial Investments	13	27,141,741	-
Lease Rental	14	21,515,762	23,170,821
Deferred Tax Asset	15	7,081,483	4,404,468
Total Non Current Assets		60,108,911	28,948,840
Current Assets			
Trade & Other Receivables	16	10,235,965	9,105,818
Other Financial Assets	13	42,123,050	84,011,006
Current Tax Recoverable	17	4,620,751	4,675,331
Cash & Cash Equivalents	18	22,305,796	354,721
Total Current Assets		79,285,562	98,146,876
Total Assets		139,394,473	127,095,715
EQUITY AND LIABILITIES			
Equity			
Stated Capital	19	142,065,090	142,065,090
Accumulated Profit / (Loss)		(9,944,603)	(27,720,527)
Total Equity		132,120,487	114,344,563
Non-Current Liabilities			
Employee Benefits	20	3,044,695	2,657,995
Total Non Current Liabilities		3,044,695	2,657,995
Current Liabilities			
Interest Bearing Borrowings	21	-	3,206,160
Trade & Other Payables	22	4,217,291	3,764,888
Advances Received	23	12,000	3,122,110
Income Tax Payable		-	-
Total Current Liabilities		4,229,291	10,093,158
Total Equity and Liabilities		139,394,473	127,095,715


These Financial Statements have been presented in compliance with the requirements of the Companies Act No. 07 of 2007.


 Finance Manager


 Chief Executive Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
 Approved and signed for and on behalf of the Board of Directors of Distance Learning Centre Limited.


 Chairperson


 Director


 Director

Notes to the Financial Statements form an integral part of these Financial Statements
 Figures in brackets indicate deductions



DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2019

	Stated Capital Rs.	Accumulated Profit / (Loss) Rs.	Total Equity Rs.
Balance as at 1st January 2018	142,065,090	(39,641,902)	102,423,188
Prior Year Adjustment	-	(3,444,444)	(3,444,444)
Total Comprehensive Income for the year	-	15,365,819	15,365,819
Balance as at 31st December 2018	<u>142,065,090</u>	<u>(27,720,527)</u>	<u>114,344,563</u>
Balance as at 1st January 2019	142,065,090	(27,720,527)	114,344,563
Prior Year Adjustment	-	-	-
Total Comprehensive Income for the year	-	17,775,925	17,775,925
Balance as at 31st December 2019	<u>142,065,090</u>	<u>(9,944,603)</u>	<u>132,120,487</u>

Notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions

Note A -Restatement of Lease Rental **Rs.**

Adjusting the Lease asset amortization value according the SLIDA agreement	(1,902,645)
Adjusting the Lease asset value according the SLIDA agreement	3,185,359
	<u>1,282,714</u>

Note B -Prior Year Adjustment **Rs.**

Being recorded understated Interest income in 2017	(206,676)
Being corrected Depreciation difference in 2017	26,208
Being corrected income tax difference in 2017	(37,746)
	<u>(218,214)</u>

DISTANCE LEARNING CENTRE LIMITED
NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2019

	2019 Rs.	2018 Rs.
Cash Flows from Operating Activities		
Profit / (Loss) before Income Tax Expenses	15,711,838	15,117,863
Adjustment for		
Depreciation on Property, Plant and Equipment	1,825,576	1,033,040
Writeoff WHT Receivable	-	695,487
Provision for Gratuity	386,700	1,375,120
Lease Rental Amortization	1,655,059	1,655,059
Provision for bonus	465,000	-
Provision Other	610,000	-
Finance Cost	24,046	56,108
Interest Income	(8,629,723)	(8,066,751)
Deffered tax	1,699,007	-
Operating Profit before Working Capital Changes	13,747,503	11,865,926
(Increase) / Decrease in Trade & Other Receivables	(1,130,147)	(588,545)
Increase / (Decrease) in Trade & Other Payables	452,403	(639,754)
Increase / (Decrease) in Advances Received	(3,110,110)	2,887,851
	9,959,649	13,525,479
Cash Generated from Operations		
ESC Paid	(265,450)	(247,530)
WHT Paid	(292,899)	(466,140)
Interest Paid for Government Loan	(24,046)	(56,108)
Income Tax	-	(1,434,938)
Net Cash from / (Used in) Operating Activities	9,377,254	11,320,762
Cash Flows from Investing Activities		
Acquisition of Property, Plant & Equipment	(4,821,950)	(731,122)
Investment in Fixed Deposits	(7,373,796)	(15,164,936)
Interest Received	5,855,716	7,687,387
Net Cash used in Investing Activities	(6,340,031)	(8,208,672)
Cash Flows from Financing Activities		
Loans Repaid during the year	(3,206,160)	(3,206,160)
Net Cash used in Financing Activities	(3,206,160)	(3,206,160)
Net Increase in Cash & Cash Equivalents	(168,937)	(94,069)
Cash & Cash Equivalents at the beginning of the year	354,721	448,790
Cash & Cash Equivalents at the end of the year (Note A)	185,784	354,721
NOTE A - CASH & CASH EQUIVALENTS		
	As at	As at
	31.12.2019	31.12.2018
	Rs.	Rs.
Cash at Bank - BOC : Ac. No. 0002323189	160,784	329,721
Cash in Hand	25,000	25,000
	185,784	354,721

Notes to the Financial Statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions

DISTANCE LEARNING CENTRE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 2019

1. Reporting Entity

Distance Learning Centre Limited is a Public Limited Company incorporated and domiciled in Sri Lanka. The registered office of the company and the principal place of business are located at No. 28/10, Malalasekara Mawatha, Colombo 07.

The principal activity of the company is to organize and conduct programs, seminars, workshops, conferences and other activities to facilitate Public & Private sector employees to gain access to update information and opportunities for interaction with international experts especially in the areas of Public Management and Economic Development using the Global Distance Learning Network.

2. Basis of Preparation

2.1 Statement of Compliance

The Financial Statements of the Company comprise the statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, together with the Notes to the Financial Statements and Significant Accounting Policies which have been prepared in accordance with the Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 7 of 2007. Financial Statements prepared in accordance with Sri Lanka Accounting Standards for Small and Medium-sized Entities (SLFRS for SMEs)

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and accounting policies are applied consistently with no adjustments being made for inflationary factors affecting the financial statements. The Directors have made an assessment of the company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of activities.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Company's functional currency.

2.4 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standard for Small and Medium sized Entities (SLFRS For SMEs) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets , liabilities , income and expenses. Judgments and estimates are based on historical experience and other factors including expectations that are believed to be reasonable under the circumstances. Hence actual results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements for the purpose of the transition to SLFRS for SMEs, unless otherwise indicated. The accounting policies have been applied consistently by the entity.

3.1. Foreign Currency Transactions

In preparing the Financial Statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Non –monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined. Non –monetary items measured at historical cost are translated at the rates prevailing on the dates of transactions. Exchange difference arising on the settlements of monetary items and on the translation of monetary items is included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

3.2. Assets and the bases 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, 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.

3.2.1 Property, Plant & Equipment

3.2.1.1 Recognition and Measurement

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

When parts of an item of 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 by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

3.2.1.2 Depreciation

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 lives of each part of an item of property, plant and equipment, 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 period are as follows.

Assets Category	Useful Life (Years)	Depreciation Rate (%)
Bridge & Teaching Equipment	5	20
Computer Equipment	4	25
Motor Vehicles	5	20
Office Equipment	5	20
Furniture and Fittings	5	20

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 value are reviewed at each financial year end and adjusted if appropriate.

3.3 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the Statement of Financial Position date. Non-current liabilities are those balances that fall due for payment after one year from the Statement of Financial Position date. All known liabilities have been accounted for in preparing this financial Statements.

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

3.3.1 Employee Benefits

3.3.1.1 Defined Contribution Plans – Employees’ Provident Fund and Employees’ Trust Fund

A Defined Contribution Plan is a post-employment Benefit Plan under which an entity pays a fixed contribution into separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution 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 contributes 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.

3.3.1.2 Defined Benefit Plan – Retirement Gratuity

A defined Benefit Plan is a post –Employment Benefit plan other than a Defined Contribution Plan. Under defined benefit plans, the entity’s obligation is to provide the agreed benefit to the current and former employees.

The company’s net obligation in respect of defined benefit pension plan is calculated without an actuarial valuation, at half month’s salary for each year of service from the date of commencement of service using the simplification permitted in section 28 to the SLFRS for SMEs – “Employee Benefit” such as; ignoring future services of current employees, ignoring estimated future salary increases and ignoring possible in- service mortality of current employees between the reporting date and the date employees are expected to begin receiving post employment benefits.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with Section 28 to the SLFRS for SMEs-,, Employee Benefits“. However, under the payment of Gratuity Act No.12 of 1983, the liability for gratuity to an employee arises only on completion of 5 years of continued service and also when the number of employees is less than 15, payment of gratuity has not been made mandatory for such employees. The liability is externally funded.

3.3.2 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.

3.4 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 section 3 to the SLFRS for SMEs – “Financial statements presentation”.

3.4.1 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 associate cost already incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration revised or revisable, net of trade discounts and revenue related taxes. The following specific criteria are used for the purpose of recognition of revenue.

3.4.1.1 Rendering of Services

Revenue from transactions involving the rendering of the services is recognized by reference to the stage of completion of the transaction at the end of the reporting period. When services are performed by an indeterminate number of acts over a specified period of times, the company recognizes revenue on the straight line basis over the specified period and when a specific act is much more significant than any other act, the company postpones recognition of revenue until the significant act is executed.

3.4.1.2 Interest Income

Interest income is recognized as the interest accrued (taking into Account the effective yield on the Assets) unless collectability is in doubt.

3.4.1.3 Other Income

All other income is recognized on accrual basis.

3.4.2 Expenditure Recognition

3.4.2.1 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 trade receivables, all known liabilities and depreciation on property, plant and equipment.

3.4.2.2 Finance Cost

Finance cost comprise of interest expenses on Government Loans and Bank Overdrafts. All of the borrowing costs are recognized in profit or loss using the effective interest method.

3.4.2.3 Tax Expenses

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

3.4.2.3.1 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.

3.4.2.3.2 Deferred Taxation

Deferred taxation is recognized using the Balance Sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes to the extent that they are expected to be reversed in the future.

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 credits and deductible temporary differences, 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.

3.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “Indirect Method” Interest paid is classified as operating cash flows while interest received is classified as investing Cash Flows for the purpose of presentation of the Statement of Cash Flows

3.6 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies / decisions of the other, irrespective of whether a price is being charged or not.

3.7 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 share holders of the company by the weighted average number of ordinary shares outstanding during the period

3.8 Events occurring after the reporting period

Events after the reporting period are those events favorable and unfavorable occur between the end of the reporting period and the 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.

DISTANCE LEARNING CENTRE LIMITED**NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07****NOTES TO THE FINANCIAL STATEMENTS - 2019****NOTE 04 - REVENUE**

	2019	2018
	Rs.	Rs.
Computer Based Training Facility	13,954,595	2,421,342
Face to Face Training Facility	23,073,128	21,678,711
Video Conference Facility	291,500	4,158,512
Face to Face Rental Facility	3,736,040	2,911,697
Computer Based Rental Facility	2,369,782	7,337,329
Public Seminars	3,234,056	4,632,965
Online Exams	16,031,776	14,208,658
International Programmes	1,983,188	2,430,030
	64,674,064	59,779,244

Note 4.1 2018 Revenue was reclassified according to new programme categories for comparison purposes

NOTE 05 - COST OF SALES

	Rs.	Rs.
Total program cost	23,138,534	21,572,552
	23,138,534	21,572,552

NOTE 06 - OTHER INCOME

	Rs.	Rs.
Exchange Gain / (Loss)	-	130,459
Miscellaneous Income	84,750	-
	84,750	130,459

NOTE 07 - DISTRIBUTION EXPENSES

	Rs.	Rs.
Sponsorship	-	10,000
Sales Promotion	31,675	88,720
Sales Incentive	-	455,652
TBSI *-Sales Managers	1,980,461	1,305,000
TBSI -CEO	605,000	-
Bad & doubtful debts	-	16,320
Travelling Allowance - Coordinator	-	130,250
Printing dockets	184,000	-
Printing Note Books	170,101	-
	2,971,237	2,005,942

* TBSI = Target Based Sales Incentive

DISTANCE LEARNING CENTRE LIMITED**NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07****NOTES TO THE FINANCIAL STATEMENTS - 2019**

NOTE 08 - ADMINISTRATION EXPENSES	2019	2018
	Rs.	Rs.
Salaries	11,287,257	10,310,538
EPF Expenses	1,340,971	1,239,080
ETF Expenses	335,243	309,770
Overtime Expenses	632,539	553,802
Incentive Expenses / TBSI Payment	976,843	575,512
Training and Development Fees	19,000	26,441
Provision for Gratuity	386,700	1,375,120
Staff Recruitment Expenses	50,787	6,800
Bonus for the Staff-Provision as per circular 2019/03 (Note 8.1)	148,500	148,500
Balance Special payment / Bonus for the Staff-Provision as per board approved formula (Note 8.2)	316,500	416,500
Board Meeting & Audit Com. Meeting Attendance Fees (Note 24.1)	650,000	640,000
Board Meeting & Audit Meeting Refreshment	103,075	99,160
Staff Welfare	27,465	53,430
Telephone	280,375	308,780
Electricity	4,640,541	4,296,431
Water	-	24,684
Internet Charges	159,862	170,107
E-mail set up Fee	93,280	30,483
Travelling	63,373	88,616
Fuel - Company Bike	30,220	32,200
Fuel Allowance for CEO	306,000	306,000
Vehicle Allowance for CEO	600,000	600,000
Printing and Stationery Cost	206,702	197,543
Newspapers and Magazines Expenses	38,660	36,970
Maintenance of Equipment	636,724	605,126
Maintenance of Building	601,242	851,954
Maintenance of Motor Bike	14,950	61,964
Maintenance of Furniture	-	14,350
Health Insurance	413,651	241,763
Motor Bicycle Insurance	13,637	10,462
Fire Insurance	68,328	58,854
Depreciation	1,825,576	1,033,040
Lease Rental Amortization	1,655,059	1,655,059
Cleaning Charges	743,892	686,409
Audit Fees (Note 8.3)	450,000	495,524
Professional Fees	50,000	30,000
Secretarial Fees	364,516	163,805
Bank Charges	22,525	21,155
Tea Expenses for Staff	71,816	62,105

Translation Fees	55,885	39,085
Foreign Travelling	-	264,243
Photo Copy Machine Rental	451,334	180,462
Provision for Irrecoverable WHT Receivable	-	695,488
Allowance to Chairperson	146,250	-
Annual Report Printing Cost	156,611	-
Penalty charges	3,700	-
Developing & Design DLC Web	21,024	-
Projector Lamp purchases	92,000	-
Table repair expenses	244,282	-
VC room carpeting expenses	652,529	-
	31,449,422	29,017,313

Note 8.1. As per the PED circular No 03/2019 DLC has made a provision of (Rs. 13,500/- * 11 employees) = Rs.148,500/-

Note 8.2. The Board has approved a special bonus formula in 2017 for DLC and forwarded to PED for the concurrence. As per Board approved formula a provision for special payment has been made in 8.2

Special Payment for 6Mn operating profit as per Board approved formula for 2019	465,000
Bonus Provision as per Circular No 3/2019	(148,500)
Balance Provision under Board approved formula	316,500

Note 8.3 Audit fee

Internal auditor payment-Provision	150,000
External audit fee for Auditor General-Provision	300,000
	450,000

NOTE 09 - NET FINANCIAL INCOME

	Rs.	Rs.
Finance Income		
Fixed Deposit Interest Income	8,050,524	7,617,074
Interest on Fund Management Account	579,200	243,001
	8,629,723	7,860,075
Less: Finance Cost		
Exchange rate difference	93,459	-
Government Loan Interest	24,046	56,108
	117,506	56,108
	8,512,218	7,803,967

DISTANCE LEARNING CENTRE LIMITED**NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07****NOTES TO THE FINANCIAL STATEMENTS - 2019****NOTE 10 - INCOME TAX EXPENSES****10.1 - Current Taxes**

The Company in terms of the Inland Revenue Act No 24 of 2017 as amended by the subsequent Amendment Acts, Profits & Income from which engage in providing Educational Services is liable at the rate of 14%, Other Sources of Income are liable at 28%.

	2019	2018 Restated	2018
	Rs.	Rs.	Rs.
Taxation on Current year Profits(Note 10.2)	-	-	-
Over / Under Provision for Tax	(612,929)		
Deferred Tax Asset reversed / (recognized) during the year	2,677,015	(247,956)	(247,956)
	<u>2,064,086</u>	<u>(247,956)</u>	<u>(247,956)</u>

10.2 - Reconciliation between Accounting**Profit and Taxable Profit**

Accounting Profit before Income Tax Expenses	15,711,838	15,117,863	15,117,863
Aggregate Disallowed Items	3,292,176	3,103,648	1,747,348
Aggregate Allowed Items	(1,453,935)	(900,950)	(754,726)
Interest Income	(8,629,724)	(7,860,075)	(7,860,075)
Taxable Profit / (Loss) from Business	<u>8,920,355</u>	<u>9,460,486</u>	8,250,410
			16,110,485
Tax Loss Utilized during the year	<u>(8,920,355)</u>	<u>(9,460,486)</u>	<u>(16,110,485)</u>
Taxable Income	<u>-</u>	<u>-</u>	<u>-</u>
Income Tax at 14% on Business Income	-	-	-
Income Tax at 28% on Investment Income	-	-	-
Taxation on Current year Profit	<u>-</u>	<u>-</u>	<u>-</u>

10.3 Reconciliation of Tax Loss

Tax Loss B/F	87,994,537	105,315,098	105,315,098
Tax Loss utilized during the year			(16,110,485)
Deducted against Business Income	(8,920,355)	(9,460,486)	
Deducted against Investment Income	(8,629,724)	(7,860,075)	
Tax Loss C/F	<u>70,444,458</u>	<u>87,994,537</u>	89,204,613

NOTE 11 - EARNINGS / (LOSS) PER SHARE

The calculation of earning / (Loss) per share is based on the Profit / (Loss) after tax for the year attributable to Ordinary Shareholders divided by the weighted average number of ordinary shares outstanding during the year end is calculated as follows,

	2019	2018
Profit / (Loss) attributable to ordinary shareholders	Rs.	Rs.
Profit after Tax attributable to the Ordinary Shareholders (Rs.)	17,775,925	15,365,819
Number of Ordinary Shares		
Weighted Average Number of Ordinary Shares outstanding during the year	14,206,509	14,206,509
Earning / (Loss) per share (Rs.)	1.25	1.08

DISTANCE LEARNING CENTRE LIMITED
 NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07

NOTES TO THE FINANCIAL STATEMENTS - 2019

NOTE 12 - PROPERTY, PLANT AND EQUIPMENT

12.1 COST

	Free Hold					Total
	Furniture & Fittings	Office Equipments	Computer Equipment	Motor Vehicles	Bridge & Teaching Equipments	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st January 2019	4,686,634	3,119,078	40,587,434	152,040	6,104,142	54,649,327
Additions during the year	-	-	4,827,950	-	-	4,827,950
Disposal / (Transfer) during the year	-	(6,000)	-	-	-	(6,000)
Balance as at 31st December 2019	4,686,634	3,113,078	45,415,384	152,040	6,104,142	59,471,277

12.2 ACCUMULATED DEPRECIATION / AMORTIZATION

Balance as at 01st January 2019	4,271,910	2,880,303	39,894,853	124,568	6,104,141	53,275,776
Charge for the year	305,143	113,873	1,379,090	27,471	-	1,825,576
Disposal / (Transfer) during the year	-	-	-	-	-	-
Balance as at 31st December 2019	4,577,053	2,994,176	41,273,943	152,039	6,104,141	55,101,352

As at 31st December 2018	414,724	238,775	692,581	27,472	1	1,373,551
As at 31st December 2019	109,581	118,902	4,141,441	1	1	4,369,926

DISTANCE LEARNING CENTRE LIMITED**NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07****NOTES TO THE FINANCIAL STATEMENTS - 2019****NOTE 13 - OTHER FINANCIAL ASSETS**

Note 13.1 - Long Term Investments	Rs.	Rs.
Fixed Deposits	<u>27,141,741</u>	<u>-</u>
	<u>27,141,741</u>	<u>-</u>

Note 13.2 - Short Term Investments	Rs.	Rs.
Salary Advances given to employees	204,000	72,000
Festival Advance Account	75,000	54,000
Short Term Investments (Note No. 13.2.1)	<u>63,964,062</u>	<u>83,885,006</u>
	<u>64,243,062</u>	<u>84,011,006</u>

Note 13.2.1 - Short Term Investments	Rs.	Rs.
Fixed Deposits	41,844,050	68,774,187
Fund Management Account	<u>22,120,012</u>	<u>15,110,819</u>
	<u>63,964,062</u>	<u>83,885,006</u>

NOTE 14 - LEASE RENTAL

The company has signed a lease agreement with Sri Lanka Institute of Development Authority (SLIDA) where the lessor has agreed to lease the building constructed by the company. This cost is treated as an advance on rent for a period of 30 years commencing from 1st of January 2003 to 31st December 2032 and the lease advance payment is charged to Statement of Comprehensive Income over 30 years. However the lease agreement has not been registered with the Land Registry.

	2019 Rs.	2018 Rs.
Rental Paid in Advance	49,651,765	49,651,765
Add- Adjustment for Lease Asset Cost	<u>-</u>	<u>-</u>
	<u>49,651,765</u>	<u>49,651,765</u>
Less: Total Amount written of as lease rent	(26,480,944)	(24,825,885)
Current Year Lease Amortization	(1,655,059)	(1,655,059)
Adjustment for Lease Asset Accumulated Amortization	<u>-</u>	<u>-</u>
	<u>21,515,762</u>	<u>23,170,821</u>

NOTE 15 - DEFERRED TAXATION

	Rs.	Rs.
At the beginning of the year	4,404,468	7,382,742
(Charge) / Reversal for the year	2,677,015	247,956
Prior Year Adjustment	<u>-</u>	<u>(3,226,230)</u>
At the end of the year	<u>7,081,483</u>	<u>4,404,468</u>

Deferred Tax is provided using the balance sheet liability method providing for temporary differences as between the Company value of assets and liabilities for the financial reporting purpose and the amount used for taxation purpose at Weighted average rate based on Educational service at 14% and interest income at 28%.

Deferred Tax Assets as at the year end is made up as follows,

	2019		2018	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Tax Loss B/F	42,266,675	6,613,151	25,325,013	7,091,003
Property, Plant & Equipment	(51,443)	(8,049)	(762,308)	(213,446)
Retirement Benefit Obligation	3,044,695	476,381	2,657,995	744,239
	<u>45,259,927</u>	<u>7,081,483</u>	<u>27,220,700</u>	<u>7,621,796</u>

Deferred Tax Assets has been recognized in respect of the tax loss brought forward to current financial year.

DISTANCE LEARNING CENTRE LIMITED**NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07****NOTES TO THE FINANCIAL STATEMENTS - 2019****NOTE 16 - TRADE & OTHER RECEIVABLES**

	2019	2018
	Rs.	Rs.
Trade Receivables	5,413,059	5,437,818
Advances and Prepayments	-	1,619,101
Interest Receivables	4,822,906	2,048,899
	<u>10,235,965</u>	<u>9,105,818</u>

NOTE 17 - CURRENT TAX RECOVERABLE

	Rs.	Rs.
WHT Receivable on Interest Income	759,039	466,140
Income Tax - Self Assessment Payment	484,223	484,223
ESC Receivable	512,980	247,530
Tax Receivable Balance	2,864,509	3,477,438
	<u>4,620,751</u>	<u>4,675,331</u>

NOTE 18 - CASH & CASH EQUIVALENTS

	Rs.	Rs.
Favorable Balances		
Cash in Hand	25,000	25,000
Cash at Bank - BOC : Ac. No. 0002323189	160,784	329,721
	<u>185,784</u>	<u>354,721</u>

NOTE 19 - STATED CAPITAL

	Rs.	Rs.
Issued & Fully paid (14,206,509 Ordinary Shares)	142,065,090	142,065,090
	<u>142,065,090</u>	<u>142,065,090</u>

DISTANCE LEARNING CENTRE LIMITED**NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07****NOTES TO THE FINANCIAL STATEMENTS - 2019****NOTE 20 - EMPLOYEE BENEFITS**

	2019	2018
	Rs.	Rs.
Balance at the beginning of the year	2,657,995	1,282,875
Provision made/ (Reversal made) during the year	386,700	1,375,120
Balance at the end of the year	3,044,695	2,657,995

NOTE 21 - INTEREST BEARING BORROWINGS

	2019	2018
	Rs.	Rs.
Payable after one year		
Government Loan (Note 21.1)	-	-
	-	-
Payable within one year		
Government Loan (Note 21.1)	-	3,206,160
	-	3,206,160
	-	3,206,160

Note 21.1 - Government Loan

	Rs.	Rs.
Balance at the beginning of the year	3,206,160	6,412,320
Installments paid during the year	(3,206,160)	(3,206,160)
Balance at the end of the year	-	3,206,160

NOTE 21.2

As per the Subsidiary Loan Agreement between the Government of Sri Lanka and the company dated 28th April 2003, the total contribution from Government of Sri Lanka was Rs. 174,126,602/- out of which an amount up to Rs. 142,065,000/- (US \$ 1.5 million) has been treated as a contribution to the stated capital and the balance amount of Rs. 32,061,602/- (US \$ 338,524) has been treated as a Loan, repayable within 10 years from commencing from December 2009. Out of the total contribution to the stated capital, an amount of Rs. 26 Million has been converted into 2,600,000 fully paid ordinary shares of Rs. 10/- each in favor of Secretary to the Treasury in 2004 and the remaining balance amounting to Rs. 116,065,000/- has been converted to ordinary shares in 2010.

NOTE 22 - TRADE & OTHER PAYABLES

	Rs.	Rs.
Trade Payables	17,500	65,000
Accrued Expenses (Note 22.1)	4,199,791	3,692,738
Other Current Liabilities	-	7,150
	4,217,291	3,764,888

DISTANCE LEARNING CENTRE LIMITED**NO 28/10, MALALASEKARA MAWATHA, COLOMBO 07****NOTES TO THE FINANCIAL STATEMENTS - 2019****NOTE 22.1 - ACCRUED EXPENSES AS AT 31ST DECEMBER**

	2019	2018
	Rs.	Rs.
Face to face Programme Cost	-	327,885
Rental Cost	-	260,573
Program Printing Cost	-	12,600
Board Meeting Refreshment	11,800	5,600
Vehicle Rent	-	50,000
Fuel Allowance	-	25,500
Overtime	30,029	54,501
Newspapers	6,680	3,260
Electricity	692,138	344,328
Water	-	5,184
Sales Commission	-	48,191
Incentive	242,395	73,577
Transport incentive	535,656	466,565
Cleaning Charges	155,541	52,496
Translation Fees	-	2,390
Telephone	19,486	26,546
Internet Charges	61,714	67,054
Printing & Stationery	735	4,430
Professional Fees	30,000	30,000
EPF	186,733	194,420
ETF	28,010	29,163
PAYE	20,644	26,078
Stamp Fees	825	925
Special Payment / Bonus (Note 22.1.1)	1,323,500	858,500
NBT	-	127,346
ESC	77,246	89,271
Audit Fees	450,000	213,900
Salaries	110,000	-
Travelling	-	620
With Holding Tax	4,500	20,438
Photo Copy Machine Rental	105,012	90,961
Maintenance -Building	-	153,000
Maintenance of Equipment	32,963	25,337
Staff Wel-fare	-	2,100
Program Support Work Cost	6,600	-
Income tax Return Filling fee	50,000	-
EOEA Program Cost	2,655	-
Face to face Programme Cost	10,800	-
Fuel-Company Bike	1,000	-
Maintenance of Motor Vehicles	130	-
Tea expenses	3,000	-
	4,199,791	3,692,738

Note 22.1.1 Bonus

Provision for bonus / Special payment has been made according to the Board approved formula from 2017 to 2019.

NOTE 23- ADVANCE RECEIVED

	2019	2018
	Rs.	Rs.
Coreintegra Consulting Services (Pvt) Ltd	-	141,593
Provincial Department of Education - Western Province	-	2,862,757
Department of Manpower & Employment	-	107,500
Advance Recieved for VC Program	-	10,260
Advance Recieved for Public seminar	12,000	-
	12,000	3,122,110

NOTE 24- RELATED PARTY TRANSACTION

There were no related party transactions during the year.

NOTE 24.1 - Transaction with Key Management Personnel

According to Sri Lanka Accounting Standard (LKAS 24) "Related Party Disclosures" Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. The board of Directors have been identified as Key Management Personnel of the company and an amount of Rs. 650,000 have been paid to key management personnel of the company as board meeting attendance allowance.

DISTANCE LEARNING CENTRE LIMITED
TIN : 134008989 0000
YEAR OF ASSESSMENT 2019/2020
COMPUTATION OF INCOME TAX PAYABLE

(EXPRESSED IN SRI LANKAN RUPEES)

COMPUTATION OF TAXABLE INCOME**NOTES**

Assessable Income from Business	<i>Schedule A</i>	-
Assessable Income from Investment		
Fixed Deposit Interest Income	8,050,524	-
Interest on Fund Management Account	579,200	
Less : Loss Claimed	(8,629,724)	-
TAXABLE INCOME		-

INCOME TAX PAYABLE**A. Tax on Taxable Income**

Tax on Income Taxable at lower Rate @ 14%	-	-
	-	-

Less : Tax Credits

Economic Service Charge (ESC)	6	512,980	
WHT Credit		292,899	
Any Other Relief	8	955,207	(1,761,086)

Balance Income Tax Payable / or (Income Tax Refund Due)		(1,761,086)
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Schedule A**DISTANCE LEARNING CENTRE LIMITED****TIN : 134008989 0000****YEAR OF ASSESSMENT 2019/2020****CALCULATION OF ASSESSABLE INCOME FROM BUSINESS***(EXPRESSED IN SRI LANKAN RUPEES)***NOTES**

Profit/(Loss) Before Tax as per Financial Statements			15,711,838
Less: Exempt Amounts, Final withholding payments & Other Sources			
Fixed Deposit Interest Income		8,050,524	
Interest on Fund Management Account		<u>579,200</u>	(8,629,724)
Add : Deductions not Allowed			
Gratuity Provision	1	386,700	
Provision for Staff Bonus		465,000	
Accounting depreciation on PPE		1,825,576	
PAYE tax		3,700	
Other Provision		<u>610,000</u>	3,290,976
Less: Deductions Allowed			
Gratuity paid		-	
Capital allowances on depreciable assets	3	<u>1,453,935</u>	(1,453,935)
Assessable Charge or (Balancing Allowance) on depreciable assets	4	1,200	1,200
Less Loss Claimed			<u>(8,920,355)</u>
ASSESSABLE INCOME FROM BUSINESS / (BUSINESS LOSS)			<u><u>-</u></u>

DISTANCE LEARNING CENTRE LIMITED
TIN : 134008989 0000
YEAR OF ASSESSMENT 2019/2020
NOTES TO THE COMPUTATION OF INCOME TAX PAYABLE

(EXPRESSED IN SRI LANKAN RUPEES)

NOTE 01 MOVEMENT OF RETIREMENT BENEFITS OBLIGATION - GRATUITY

Balance at the beginning of the year of assessment	2,657,995
Charge for the year	386,700
Actuarial Gain/Loss	
Benefits Paid	
Balance at the end of the year of assessment	<u><u>3,044,695</u></u>

NOTE 02 DISALLOWABLE FINANCE COST

Finance Cost as per Financial Statements	24,046
Interest Cost	
Exchange gain (related to borrowing)	-
Less: Interest expenses not attributable to production of income (disallowed)	-
A	<u><u>24,046</u></u>

Calculation of disallowable Financial Cost under section 18 of the Inland Revenue Act.

Stated Capital	142,065,090
Reserves excluding revaluation reserves	
B	<u>142,065,090</u>
Manufacturing entity	3
Other than manufacturing entity	4
Maximum amount due on financial instruments (A x B)	C <u>4</u>
	D <u><u>568,260,360</u></u>
Amount due on financial instruments as per financial statements	E -
Maximum financial cost claimable [(Finance Cost / Total Borrowings) x Limitation]	F -
Excess financial cost disallowed (A-F)	<u><u>-</u></u>
Disallowed financial cost carried forward to next year of assessment	<u><u>NIL</u></u>

DISTANCE LEARNING CENTRE LIMITED
TIN : 134008989 0000
YEAR OF ASSESSMENT 2019/2020
NOTES TO THE COMPUTATION OF INCOME TAX PAYABLE

(EXPRESSED IN SRI LANKAN RUPEES)

NOTE 03 CAPITAL ALLOWANCES ON DEPRECIABLE ASSETS

ACQUIRED ON OR AFTER APRIL 01, 2018

Additions during the Year - 2019/2020

Category	Cost	Years	W.D.V. B/F	Claimed During the Year	W.D.V C/F
Computer Equipment	4,827,950	5	-	965,590	3,862,360
	4,827,950		-	965,590	3,862,360

Additions during the Year - 2018/2019

Category	Cost	Years	W.D.V. B/F	Claimed During the Year	W.D.V C/F
Computer Hardware	671,873	5	537,498	134,374.60	403,123
Furniture & Fittings	20,000	5	16,000	4,000	12,000
Office Equipment	39,250	5			
Disposal	(6,000)				
	33,250	5	31,400	6,650	24,750
	725,123		584,898	145,025	439,873

ACQUIRED PRIOR TO APRIL 01, 2018

Additions during the Year - 2017/2018

Category	Cost	Rate	W.D.V. B/F	Claimed for the Year	W.D.V C/F
Computer Hardware	65,000	25%	32,500	16,250	16,250
	65,000		32,500	16,250	16,250

Additions during the Year - 2016/2017

Category	Cost	Rate	W.D.V. B/F	Claimed for the Year	W.D.V C/F
Computer Hardware	233,959	25%	58,490	58,490	-
	233,959		58,490	58,490	-

DISTANCE LEARNING CENTRE LIMITED

TIN : 134008989 0000

YEAR OF ASSESSMENT 2019/2020

NOTES TO THE COMPUTATION OF INCOME TAX PAYABLE

(EXPRESSED IN SRI LANKAN RUPEE)

Additions during the Year - 2015/2016

Category	Cost	Rate	W.D.V. B/F	Claimed for the Year	W.D.V C/F
Furniture & Fittings	1,342,900	20%	268,580	268,580	-
	1,342,900		268,580	268,580	-

Total Depreciation Allowance

1,453,935

NOTE 04 ASSESSABLE CHARGE AND BALANCING ALLOWANCE ON DEPRECIABLE ASSETS

Description	Cost of the Asset	Year of Acquisiti	Consideration Received (A)	Written Down Value (B)	Assessable Charge/(Balancing allowance)
Office Equipment	6,000	2018/19	6,000	4,800	1,200
	6,000	-	6,000	4,800	1,200

Assessable charge = A-B

Balancing allowance = B-A

NOTE 05 UNRELIEVED LOSSES

	Standard Rate
Brought forward from 2018/2019	87,994,537
Unrelieved loss for the year	-
Loss deducted during the year	
Deducted against Business Income	(8,920,355)
Deducted against Investment Income	(8,629,724)
Carried forward to next year	70,444,458

DISTANCE LEARNING CENTRE LIMITED

TIN : 134008989 0000

YEAR OF ASSESSMENT 2019/2020

NOTES TO THE COMPUTATION OF INCOME TAX PAYABLE

(EXPRESSED IN SRI LANKAN RUPEE)

TAX CREDITS

NOTE 06 ECONOMIC SERVICE CHARGE (ESC)

ESC B/F	Payment and B/F	Claimed during the Y/A	Balance C/F to Y/A 2019/2020
From the Y/A 2018/2019	247,530	-	247,530
ESC Paid during the Y/A 2019/2020			
1st Installment paid	76,170	-	76,170
2nd Installment paid	112,034	-	112,034
3rd Installment paid	77,246	-	77,246
4th Installment paid		-	-
	265,450	-	265,450
			512,980

NOTE 07 SELF ASSESSMENT INCOME TAX PAYMENTS

1 st Installment paid	
2 nd Installment paid	
3 rd Installment paid	
4 th Installment paid	
Final Payment	
Total	-

NOTE 08 ANY OTHER RELIEF

Income Tax overpaid during the year of assessment 2018/2019	955,207
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DISTANCE LEARNING CENTRE LIMITED

MINUTES OF THE ANNUAL GENERAL MEETING OF DISTANCE LEARNING CENTRE LIMITED HELD ON THURSDAY THE 30TH DAY OF MAY, 2019 AT 4.00 P.M. AT NO. 28/10, MALALASEKERA MAWATHA, COLOMBO 7.

- | | | |
|--------------------------|--|---|
| Present : | Mrs. W. Perera
Dr. S.H.A.M. Abeyratne
Mr. M.O. Faizal Salieh
Ms. K. Gunatilake
Ms. K. A Ramya Kanthi
Dr. A. Selvanathan | - Chairperson
- Director
- Director
- Director
- Director
- Alternate Director to Ms. Alike Ismail |
| Present by Proxy: | Public Enterprise Department on behalf of Secretary to the Treasury | - Ms. A. Y.H. Anurudda
- Mr. R. A. L. Udaya Kumara |
| By Invitation : | Mr. G. Arulanantham
Ms. L. Kalubowila
Ms. M.R.R K. Mallawa | - CEO
- F & A Manager
- Representative from Auditor Generals Department |
| In Attendance: | Ms. D. P. B. Jayawickrema | - Representing Accounting Systems Secretarial Services (Pvt) Ltd., Secretaries |

PRELIMINARY

The Chairperson welcomed all those present for the meeting.

The Secretaries informed that the Company had received 2 proxies representing the Secretary to the Treasury. Having noted a quorum was present Chairperson declared the commencement of the Meeting.

1. TO READ THE NOTICE CONVENING THE MEETING

With the consent of the shareholders present the notice convening the meeting was taken as read. (the AGM was called on a short notice after obtaining the shareholders unanimous consent to waive off the Statutory Period of Notice.)

2. TO RECEIVE AND CONSIDER THE ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY AND THE STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2018 WITH THE REPORT OF THE AUDITORS THEREON.

The Annual Report of the Board of Directors on the Affairs of the Company and the Statement of Accounts for the year ended 31st December 2018 (copies having been in the hands of the shareholder) were taken as read.

The Chairperson read the following Resolution to the house:

IT WAS RESOLVED:

“That the Annual Report of the Board of Directors on the Affairs of the Company, Statement of Audited Accounts and the Report of the Auditors for the year ended 31st December, 2018 laid before the meeting be received”.

Proposed by Mr. R. A. L. Udaya Kumara and seconded by Ms. K. A. C. Priyadarshani. The Chairperson put the resolution to the House and there being no objections, declared as carried unanimously.

Thereafter, the Chairperson called upon for any comments or clarifications on the Annual Report of the Company and the Audited Accounts:

The Treasury representative, Mr. R. A. L. Udaya Kumara inquired about the Interest on Fund Management Account under Note 9. Explaining the CEO and F & A Manager stated that DLC has opened a separate Savings Account called “Fund Management Account” in order to transfer excess money over Rs. 1 Mn in the Current Account at the end of each day where excess funds earn an interest.

Further, Mr. R. A. L. Udaya Kumara referring to Note No. 16.1 stated that large amount of funds were lying in short term Fixed Deposits and advised to invest a reasonable percentage of the funds in long term investments where better income could be earned. At this point F & A Manager explain stated that DLC is investing in Short Term investments because of the fact that very often interest rates fluctuate due to market volatility. She further stated that DLC considered investing in Treasury Bonds but it was found that investing in Short Term Fixed Deposits are more profitable.

However, the CEO agreed to explore the possibilities of investing a percentage of the funds available, on long term investments to obtain better interest income.

The Chairperson referring to the Report of the Auditor General on Financial Statements of DLC, item 2 (a) (i) & (ii) (Report on other Legal and Regulatory Requirements) stated that DLC submitted the Scheme of Recruitment (SOR) to PED through the Line Ministry, Public Administration and Disaster Management in 2017 and since there was no response from PED and DLC had to continue its day to day operations, the SOR, Cadre Position and Organizational Chart were re-submitted to PED on 3rd of August, 2018 and requested for the approval within a reasonable period of time and in case PED fails to provide a written concurrence on or before 31st August, 2018, DLC would implement the SOR and Cadre position pending the written concurrence of PED. After explaining the status the Chairperson requested the Treasury Representatives to look into the above matter and assist DLC to obtain the required approvals.

Explaining, Mr. R. A. L. Udaya Kumara stated that the above matter does not come under his purview and he would advise MSD to speed up the approval process. He further stated that the delay was due to MSD not having particular guidelines (written policy) to provide the approvals and he apologised for the delay. He handed over a letter

from the Director General of Public Enterprises Department (PED) addressed to the Management Services Department (MSD) stating that the above DLC SOR, Cadre Position and the Organisational Chart have been handed over to the MSD for consideration.

Further, the Chairperson referring to Report of the Auditor General on Financial Statements of DLC Item 1.2 (a) (i) stated that the delay in rectifying the incorrect journal entries at IRD was beyond the control of DLC and she went on to say that F & A Manager has visited IRD many times in order to rectify the matter and she has provided all the necessary documents to IRD in this regard and up to date IRD had failed to make the necessary corrections to the journal entries and requested the Treasury Representatives to intervene and speed up the correction process.

Ms. K. A. C. Priyadarshani, inquired whether DLC has submitted the Annual Report to the Parliament. Answering the CEO stated that Annual Report will be sent to the Line Ministry for their approval on 31st May 2019 as it was the deadline.

3. RE-ELECTION OF MS. WASANTHA PERERA WHO RETIRES BY ROTATION IN TERMS OF ARTICLE 89 & 90 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Chairperson stepped down from her position as this item in the Agenda concerns her, and Dr. S.H.A.M Abeyratne was unanimously appointed as the Chairman pro tem of the Meeting for this item by the shareholders.

The Chairman pro tem read the following resolution to the House.

IT WAS RESOLVED:

“That Ms. Wasantha Perera, who retires by rotation in terms of Article 89 & 90 be re-elected as a Director of the Company.”

Proposed by Mr. R. A. L. Udaya Kumara and seconded by Ms. K. A. C. Priyadarshani proxy holders for Secretary to the Treasury. The Chairman pro tem put the motion to the house and declared as carried unanimously.

The Chairman pro tem stepped down and Chairperson took up the controls of the Meeting

4. RE-ELECTION OF MR. M. O. FAIZAL SALIEH WHO RETIRES BY ROTATION IN TERMS OF ARTICLE 89 & 90 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Chairperson read the following resolution to the House.

IT WAS RESOLVED:

“That Mr. M. O. Faizal Salieh who retires by rotation in terms of Article 89 & 90 be re-elected as a Director of the Company.”

Proposed by Ms. K. A. C. Priyadarshani and seconded by Mr. R. A. L. Udaya Kumara proxy holders for Secretary to the Treasury. The Chairperson put the motion to the house and declared as carried unanimously.

5. RE-APPOINTMENT OF DR. S. H. A. M. ABEYRATNE WHO HAS REACHED THE AGE OF 70 YEARS REFERRED TO IN SECTION 210 & 211 OF THE COMPANIES ACT NO. 07 OF 2007

The Chairperson read the following resolution to the House.

IT WAS RESOLVED:

“That Dr. S. H. A. M. Abeyratne who retires in terms of Article 95 be re-elected as a Director the Company.”

Proposed by Ms. K. A. C. Priyadarshani and seconded by Mr. R. A. L. Udaya Kumara proxy holders for Secretary to the Treasury. The Chairperson put the motion to the house and declared as carried unanimously.

6 RE-APPOINTMENT OF AUDITORS TO THE COMPANY FOR THE ENSUING YEAR.

The Chairperson read the following resolution to the House.

IT WAS RESOLVED :

“That the Auditor General’s Department be and is hereby re-appointed as the auditors to the Company for the ensuing year.”

Proposed by Mr. R. A. L. Udaya Kumara and seconded by Ms. K. A. C. Priyadarshani proxy holders for Secretary to the Treasury. The Chairperson put the motion to the house and declared as carried unanimously.

As there were no other matters to discuss, the Chairperson thanked everyone who attended and declared the Annual General Meeting as concluded.

VERIFIED TRUE RECORD

.....
Chairperson



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Services (Private) Limited**
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DISTANCE LEARNING CENTRE LIMITED

NOTICE is hereby given that the Annual General Meeting of the Shareholders of Distance Learning Centre Limited will be held on Monday the 09th day of September, 2022 at 2.00 p.m. at the Registered Office, 4th Floor, No. 28/10, Malalasekera Mawatha, Colombo 7.

AGENDA

1. Read the notice of convening the meeting.
2. To receive and consider the Annual Report of the Board of Directors on the Affairs of the Company and the Statement of Accounts for the year ended 31st December, 2019 with the Report of the Auditors thereon.

**BY ORDER OF THE BOARD
DISTANCE LEARNING CENTRE LIMITED**

ACCOUNTING SYSTEMS SECRETARIAL SERVICES
(PRIVATE) LIMITED - PV 4190



COMPANY SECRETARIES

Date: 22nd day of August, 2022

DISTANCE LEARNING CENTRE LIMITED

FORM OF PROXY

I/We* of
 being a
 Shareholder/Shareholders* of Distance Learning Centre Limited hereby appoint
 of
 or failing him/her*

Dr. Serasinghe Pathirana Geethanganee Damayanthi Pradeepa	of Colombo or failing her
Mr. Kalatuwage Don Neel Ranjith Asoka	of Colombo or failing him
Mr. Karunanayaka Thanannahalage Indika Premaratne	of Colombo or failing him
Ms. Kasthuri Nanayakkarage Nalani Malkanthi Bandara	of Colombo or failing her
Ms. Michelle Alikie Tania Perera	of Colombo

as my/our* Proxy to vote for me/us* on my/our* behalf at the Annual General Meeting of the Company, to be held on Friday, 09th September, 2022 at 2.00 p.m., and at any adjournment thereof and at every poll which may be taken in consequence thereof.

.....
 Signature of Shareholder

Signed this.....day of.....2022

Instructions as to the completion of Proxy Form

1. A member is entitled to appoint a proxy to attend and vote in his/her/their place.
2. A proxy holder need not be a member of the Company.
3. A member wishing to vote by proxy at the meeting may use the form enclosed and interpolate the 'right to speak'.
4. To be valid, the completed form of proxy must be lodged at the registered office of the Company not less than 48 hours before the meeting.
5. In the case of a Company /corporation the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles.

