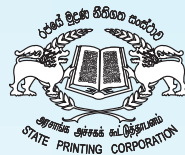




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கல்வி அமைச்சு
Ministry of Education

2021

வாർෂிக வாർතாவ
ஆண்டறிக்கை
Annual Report



රජයේ මුද්‍රණ භිතිගත සංස්ථාව
அரசாங்க அச்சகக் கூட்டுத்தாபனம்
State Printing Corporation



State Printing Corporation

2021

ANNUAL REPORT

STATEMENT OF ACCOUNTS
AND
REPORT OF THE AUDITOR GENERAL

For the 54th year ended 31st December 2021
01st January - 31st December 2021

Vision

To become the pioneer in the printing industry and the leader of exercise books and stationeries in the market.



Mission

To fulfill all the stationery needs of the public as an exceptional state corporation comprised with skillful and satisfied staff.

Panaluwa
Padukka

Honourable Minister of Education
Ministry of Education
Isurupaya
Battaramulla.

Honourable Sir,

In terms of Section 14 of the Finance Act No. 38 of 1971, I have the honour to forward herewith the following on behalf of the Board of Directors in respect of the year 01st January to 31st December 2021.

1. The Annual Report on the activities of the Corporation
2. The audited Balance Sheet, Working Accounts and the Profit & Loss Account
3. Comments of the Auditor General

Yours faithfully,

A handwritten signature in black ink, appearing to be 'D. M. S. Jayaratne', written over a horizontal line.

Chairman
State Printing Corporation

Message from the Chairman



I consider it a privilege to be able to present the financial statements for the Annual Report for the year 2021 of the State Printing Corporation with most challenging events and achievements obtained after successfully confronting those challenges in its history of 55 years.

I consider it a great fortune to be able to get the necessary paper through the Indian loan scheme and fulfill the need of the children with high quality at a time when there was a big problem of importing paper to meet the need of school children all over the island due to the exchange crisis prevailed in the country during the previous time. Furthermore, we have been able to provide high quality exercise books to children under the direct brand name at a time when we strive to continuously improve our production processes, technologies and services to meet the evolving needs of our customers. Moreover, the reputation that the institution gets from security printing and commercial printing is not insignificant and it has been a great help to be at the forefront of the printing industry in Sri Lanka.

And as a socially responsible corporation, various programmes have been implemented up to date by understanding the importance of sustainable development to reduce waste, conserve resources and reduce our carbon footprint by minimizing our environmental impact.

We dream of taking drastic steps in printing by correcting the isolated places in the competitive market by avoiding the various disturbances and obstacles in the past and I take this opportunity to express my gratitude and respect to various stakeholders and clients in various sectors, who guide us to make those dreams a reality, and all the officers and employees of the Corporation.

A handwritten signature in black ink, appearing to read 'D. L. A. Wijenayake', with a stylized flourish at the end.

D. L. A. Wijenayake
Chairman
State Printing Corporation

2021 Board of Directors

Chairman

Mr. Janaka Rathnakumara

Directors

1. Mr. Vijitha Nandakumara
2. Mrs. E. G. H. M. Ranasinghe
(05. 02. 2020 - 28. 06. 2021)
3. Mr. Ruchira Weerasekara
(28. 06. 2021 - 21. 04. 2022)
4. Mr. H. L. W. Gamini
5. Mr. D. H. Kandambi
6. Mr. H. T. L. Chamikara
7. Mr. U. G. S. Rangajeewa

2021 Executive Officers

Finance Manager (Act.)
Mr. M. R. P. Jayawardena

Supplies Manager
Mr. E. V. K. Keerthiratne

Works Manager
Mr. T. M. R. N. Tennekoon

Deputy Works Manager
Mr. S. D. Kumarasinghe

Manager (Stationery Factory)
Mr. L. T. Premasiri

Accountant
Mr. M. R. P. Jayawardena

Internal Auditor
Mr. M. S. S. Mohotti

Asst. Manager Works (Estimates)
Mr. K. D. T. Chandrasiri

Asst. Manager Works (Security Printing)
Mr. M. A. Kothalawala

Asst. Manager Works (Binding)
Mr. P. K. Thilak Mahinda

Asst. Manager (Sales)
Mr. H. R. Gunasekera

Asst. Manager (IT)
Mr. R. M. A. P. B. Rajakaruna

Asst. Manager (Admin. & HRD)
Mrs. N. V. N. R. Ashinshani

Asst. Manager
(Legal/Secretary to the Board)
Mrs. A. L. R. Madhukani

Asst. Manager (Publication)
Mr. Madhuranga C. Nuwanpriya

Asst. Manager (Supplies)
Mr. U. Anil Jayakantha

Accountant
Mr. W. A. A. S. Jayasundara

Asst. Manager Works (Maintenance)
Mr. N. G. L. Chandimal

Accountant
Mr. N. U. S. de Silva



2021

STATE PRINTING CORPORATION

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of the State Printing Corporation has pleasure in presenting its 53rd Report covering the activities of the Corporation for the year ended 31st December 2021, in terms of Section 14 of the Finance Act No. 38 of 1971.

09 Board Meetings were held during the year under review.

01. Production

1.1 School Textbooks

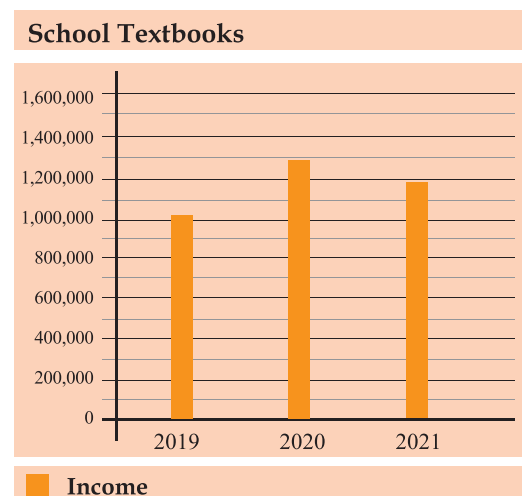
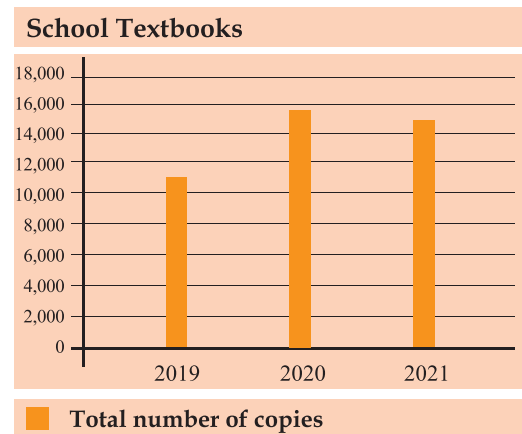
1.1.1 Printing of School Textbooks

The Corporation which has been incorporated with the basic objective of printing of school textbooks, has diverted its activities to other production areas with the introduction of open economy. Accordingly, Corporation had to compete in tenders to obtain orders from Educational Publications Department. But the year under review too, Cabinet approval has been taken to award 14.9 million textbooks to State Printing Corporation by Educational Publications Department. As a result of that, the Corporation earned an income of Rs. 1186.9 million. Income from printing of School Textbooks and number of copies printed during the year under review compared to year 2019 and 2020 are as follows:

School Textbooks	2019 ('000)	2020 ('000)	2021 ('000)
No. of copies	11,012	15,910	14,900
Income - Rs.	1,090,416	1,297,850	1,186,918

1.2 Other Printing Works

Security Printing Works (such as Lottery Tickets, Certificates, etc.), Other printing works of Govt. Institutions were carried out during the year under review. In addition to this printing of Diaries and Calendars of various printing works of private sector institutions were fulfilled. Some of the special printing works completed and supplied by the Corporation are as follows:

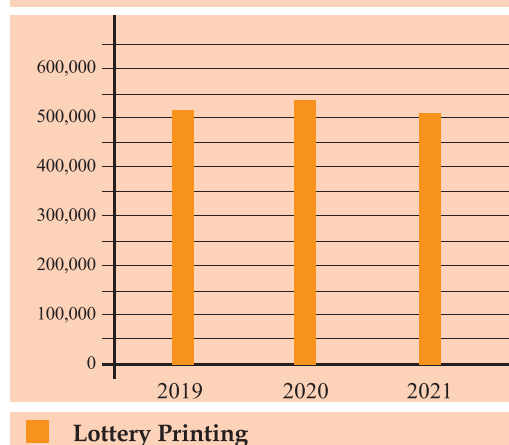


1.2.1 Security Printing

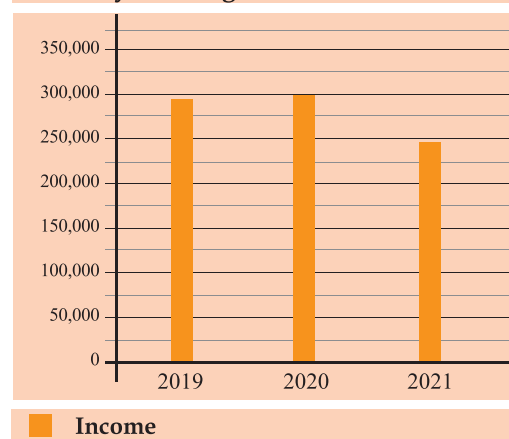
Printing of 'Mahajana Sampatha' Lottery tickets for National Lotteries Board has been carried out for the last 47 years. It has been fulfilled in this year, as well. In addition to that, 'Mega Power', 'Niroga' and 'Dharu Diri Sampatha' was also printed. 510,285 million Lottery tickets were printed in 2021, completing all the orders received. Accordingly, Rs. 247,229 million income was earned during the year under review. Income from Lottery printing and number of tickets are given below:

Lottery Printing	2019 ('000)	2020 ('000)	2021 ('000)
No. of copies	524,474	534,727	510,285
Income - Rs.	293,440	299,447	247,229

Security Printing



Security Printing



1.2.2. Special Printing Works

Printing orders were obtained from Ministries, Government Departments, as well as from private sector. Special printing works, included the following jobs too.

1. Annual Reports of Various Institutions
2. Various printing jobs of State Pharmaceuticals Corporation
3. Printing of Ruhuna/Sabaragamuwa/Wayamba University Certificates and Cover
4. National Zoological Gardens - Tickets & Leaflets
5. Cinema Tickets
6. Printing jobs of Geological Survey & Mines Bureau
7. National Savings Bank - Printing jobs of National Savings Bank
8. Printing of leaflets related to the fight against covid in the Health Services Bureau
09. North Western Provincial Early Childhood Development Institute'sD "Tharuketa" Journal

During the year under review the Corporation earned Rs. 53 million through other printing jobs.

1.3 Manufacturing of Exercise Books and Other Books

Production in 2020 in comparison to the year under review

Description	Quantity of manufacturing	Value Rs.
Exercise Books (80 pages)	3.715 million	106.111 million
CR Books (80 pages)	0.758 million	47.694 million
Manufacturing of other stationeries (unit)	0.111 million	10.535 million
Total	4.595 million	164.341 million

Production in the year under review and comparative figures for 2019 and 2020 are as follows:

Exercise Books & Other Stationery	2019 ('000)	2020 ('000)	2021 ('000)
No. of copies	5,766	5,354	4,595
Income - Rs.	187,035	172,026	164,341

Due to the financial crisis in the corporation due to inability to open letters of credit due to shortage of raw materials due to covid crisis bringing employees to a service cycle system in accordance with government circulars could not reach the desired targets.

Production target of 2021 : 10.9 million
(Rs. 340 million)

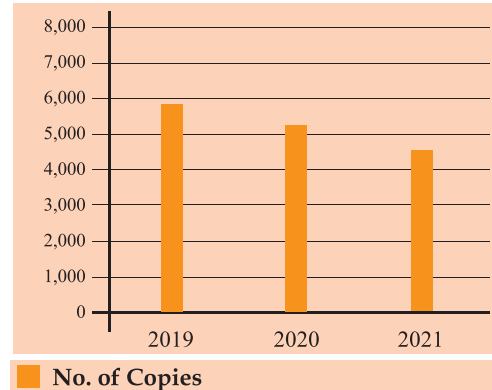
02. Sales/Marketing

Year	2019 Rs.	2020 Rs.	2021 Rs.
Overall Revenue (Inclusive Taxes)	153,082,388.79	149,717,779.84	126,407,838.00

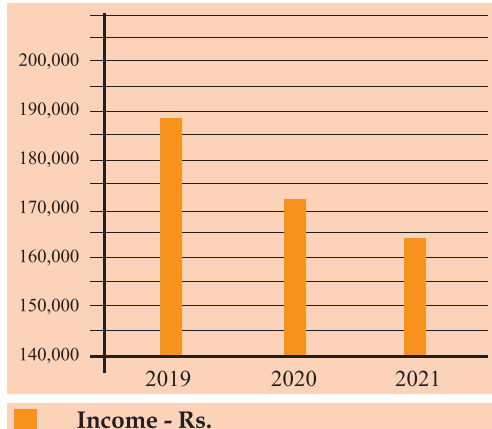
In the year 2021, there has been a huge decrease in total sales revenue.

The percentage of income decreasing in 2020 is 2.19% in 2021 increased to 15.5%. The main reason for the decrease in income was the inability to import enough paper due to the service cycle system and the financial crisis caused by the Covid situation in the country for the production of exercise books in the year 2021. The production fell compared to previous year.

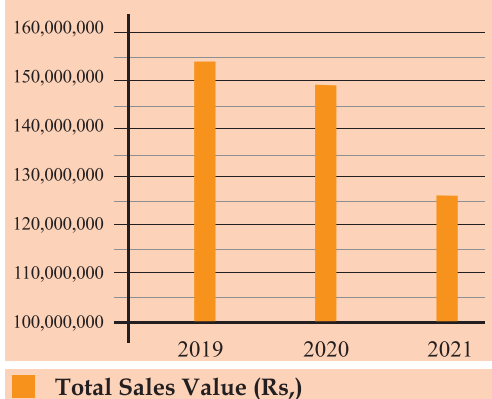
Exercise Books and Other Stationery



Exercise Books and Other Stationery



Sales/Marketing



In addition to this, the expected goals could not be achieved due to the inability to procure stationery items purchased and resold by external organizations as expected in the year 2021. It was due to difficulties in procuring working capital.

Publication Services

A considerable decrease of publication revenue showed in 2021 with the compare of the year 2020. Although it has shown some progress in the year under review it is not significant. In 2021, a stock verification was carried out for publication unit and a programme was launched to sell stocks.

No. of new published in 2020	02
Revenue in 2019 Exclusive Taxes	2.3 Million
Revenue in 2020 Exclusive Taxes	5.8 Million
Revenue in 2021 Exclusive Taxes	0.64 Million

03. Fixed Assets

The total cost of the fixed assets of the corporation as at the end of year 2021 was Rs. 1,323,071. The net value of it was Rs. 1,035,427. This status in comparison with 2020 was Rs. 1,176,497,069 and Rs. 945,054,250 respectively.

Fixed Assets	2019 Rs. ('000)	2020 Rs. ('000)	2021 Rs. ('000)
Value at the beginning of the cost	1,168,709	1,176,497	1,176,497
Net value at the end of the year	991,125	945,054	1,035,427

04. Tax Liability

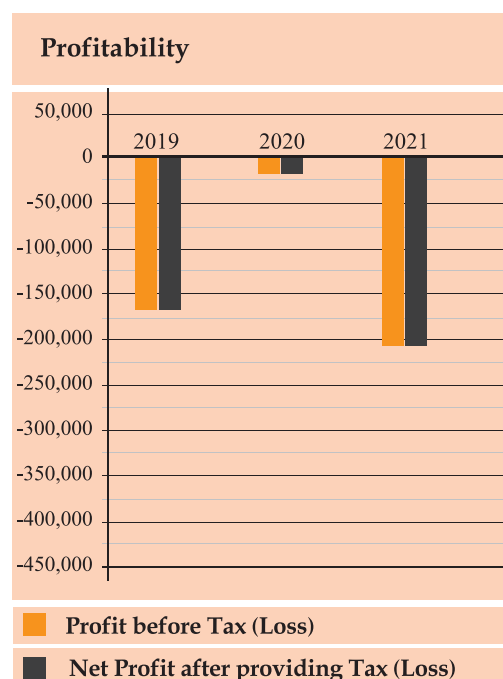
According to final accounts of the corporation for the year 2019 no provision had been made as income tax and dividend tax for the assessment years of 2019/2020.

Tax Liability	2019 Rs. ('000)	2020 Rs. ('000)	2021 Rs. ('000)
Income tax	-	-	-
Dividend Tax	-	-	-
Total	-	-	-

05. Profit

During the year 2021, the corporation has earned a pre-tax loss of Rs. 208,096,656 and in the year 2020, there was a loss of Rs. 43,734,288.

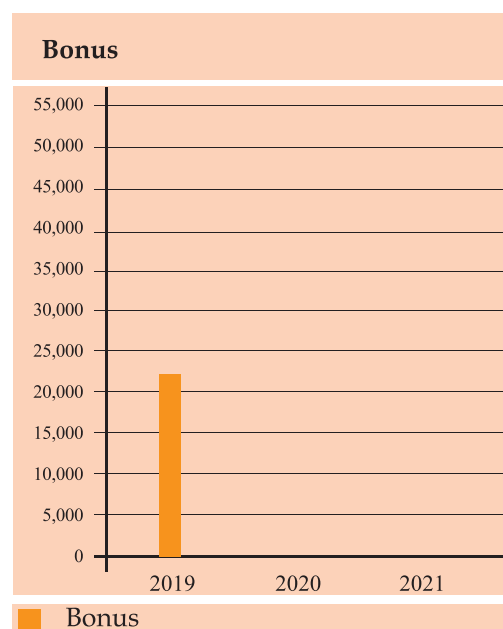
Profitability	2019 Rs. ('000)	2020 Rs. ('000)	2021 Rs. ('000)
Pre-tax profit	(169,428)	(22,914)	(208,096)
After the tax	(169,428)	(22,914)	(208,096)



06. Bonus Allowance

As the corporation has continuously suffered losses since 2016, the corporation employees not be given bonuses for year 2021. Instead of that it has been arranged to pay a special incentive based on the employees performance and balance leave to motivate the employees based on request of the employees.

Bonus	2019 ('000)	2020 ('000)	2021 ('000)
Rs.	22,097	-	-



07. Welfare

The under mentioned welfare services and facilities were maintained during this year as well on the basis of previous year. The cost for the Corporation for these welfare services and facilities was Rs. 34 million.

Due to financial setbacks in the year 2021, employee well-being and welfare has been significantly reduced.

	Welfare	2019 Rs.('000)	2020 Rs.('000)	2021 Rs.('000)
01.	Transport facilities for employees	8,503	6,962	8,146
02.	Incentives for employees	4,784	4,815	-
03.	Payment of health support benefits	9,431	8,158	9,088
04.	Miscellaneous welfare activities of employees	21,171	18,936	17,134
05.	Labour protection compensation	-	-	-
06.	Granting of gift voucher for stationery to all employees	1,378	1,447	-
07.	Bonus	22,097	-	-
08.	Rebate of employees housing loans	2,087	1,773	-
09.	Payment for unutilized leave	13,210	-	-
10.	Special Incentive	15,675	-	-
	Total	98,336	42,091	34,368

08. Staff

Number of employees of the corporation as at 2021.12.31

Number of Employees	2021
Office	135
Main Printing Section	297
Stationery factory	47
Security Section	35
Sales Outlets	36
Total	550

Recruitment during the Year 2021

In the year 2021, the corporation has not recruited any officer-level employees.

Employees who left the Corporation in 2021

	Name/Post	Date
01.	Mr. K. D. T. Chandrasiri - Asst. Works Manager (Estimate)	2021. 12. 06

Acknowledgement

The Chairman and the Board of Directors wish to thank all employees of the Corporation for extending their loyalty and wholehearted co-operation towards running the Corporation successfully. The Chairman and the Board of Directors express their sincere thank to the Honourable Minister of Education who guided and supported for a successful programme and to the Secretary to the Ministry and staff for their continuous support in achieving the programme. The management is confident that the same co-operation will be extended by the employees during the coming years, as well.

Chairman



2021

STATE PRINTING CORPORATION

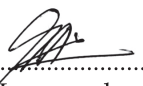
Comprehensive Income Statement For the year ended 31st December - 2021

	Notes	2021 Rs.	2020 Restated Rs.	2020 Rs.
Revenue	7	1,633,347,511	1,821,360,938	1,843,090,170
Cost of sales	8	(1,473,509,796)	(1,492,137,428)	(1,494,208,078)
Gross Surplus		159,837,715	329,223,510	348,882,092
Other operating income	9	25,623,234	20,491,155	20,240,846
Selling & Distribution expenses	10	(35,340,658)	(21,775,010)	(21,775,010)
Administrative expenses	11	(186,000,274)	(170,176,441)	(170,176,441)
Other operating expenses	12	(83,450,427)	(83,116,684)	(35,876,369)
Operating Profit		(119,330,410)	74,646,529	141,295,117
Finance Income	13.1	1,979,257	1,977,815	1,977,815
Other Income - General Treasury Grant Acquired (Amortisation 2021)		7,088,008	-	-
Finance Expenses	13.2	(97,833,511)	(120,358,632)	(120,358,632)
Surplus/(Deficit) for the year before tax		(208,096,656)	(43,734,288)	22,914,300
Income Tax	14	-	-	-
Surplus/(Deficit) for the year after tax		(208,096,656)	(43,734,288)	22,914,300
Other Comprehensive Income				
Profit/(loss) Disposal of Land		(73,861,249)	-	-
Total Surplus/(Deficit) for the year		(281,957,906)	(43,734,288)	22,914,300

STATE PRINTING CORPORATION
Statement of Financial Position
As at 31st December - 2021

	Note No.	2021 Rs.	2020 Restated Rs.	2020 Rs.
ASSETS				
Non - current assets				
Property, Plant and Equipment		1,035,427,927	945,054,250	945,054,250
Fixed Deposit		25,000,000	-	-
Deferred Tax Liabilities/ Assets		-	-	-
		1,060,427,927	945,054,250	945,054,250
Current Assets				
Inventories		327,871,465	308,177,000	306,106,350
Trade Receivables		678,526,544	591,450,459	613,179,690
Other Receivables		25,151,782	28,826,335	28,826,335
Pre Payments		237,580	255,645	255,645
Cash & Cash Equivalents		35,004,991	36,135,080	36,135,080
Total Current Assets		1,066,792,361	964,844,519	984,503,100
TOTAL ASSETS		2,127,220,289	1,909,898,769	1,929,557,350
EQUITY & LIABILITIES				
Issued Capital		15,000,000	15,000,000	15,000,000
Retained Earnings		(931,669,314)	(649,566,244)	(582,917,657)
Add : Revaluation Reserve		808,011,707	808,011,707	808,011,707
Total Equity		(108,657,608)	173,445,463	240,094,050
Non Current Liabilities				
Bank Loan - Long Term		55,497,200	92,917,055	92,917,055
Retirement Benefit Obligation		163,289,487	174,543,043	174,793,353
General Treasury (Grant for Machineries)		210,294,414	-	-
Total non Current Liabilities		429,081,101	267,460,098	267,710,408
Current Liabilities				
Trade Payables		666,418,516	328,246,396	328,246,396
Other Payables		79,301,155	87,044,726	39,804,411
Interest Bearing Borrowings		1,024,101,430	985,463,449	985,463,449
Usance Loan - Under LC		-	24,326,804	24,326,804
Bank Overdraft		36,975,695	43,911,832	43,911,832
Total Current Liabilities		1,806,796,796	1,468,993,207	1,421,752,892
		2,127,220,289	1,909,898,769	1,929,557,350

I certify that these financial statements of the Corporation comply with the requirements of the Finance Act No. 38 of 1971.



 M.R.P. Jayawardana
 Finance Manager (Act)

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board of Directors and signed on their behalf. The accounting policies on pages 103 to 104 and notes on pages 107 to 114 form an integral part of these financial statements.



J.M.U.B. Jayasekera
 Chairman/Director

.....
R. L. Weerasekera
 Director

STATE PRINTING CORPORATION

Statement of Changes in Equity For the year ended 31st December - 2021

	Issued Capital (Rs)	Capital Reserve (Rs)	General Reserve (Rs)	Development Reserve (Rs)	Revaluation Reserve (Rs)	Revenue Reserve (Rs)	Total (Rs)
Accounts 2020							
Balance as at 01st January 2020	15,000,000	102,490	1,000,000	13,901,142	808,011,707	(648,559,111)	189,456,228
Prior Year Adjustments		(102,490)	(1,000,000)	(13,901,142)		42,727,155	42,727,155
Current Year Adjustments							(15,003,632)
Profit/(Loss) for the year (after taxation)						22,914,300	22,914,300
Balance as at 31st December 2020	15,000,000	-	-	-	808,011,707	(582,917,657)	240,094,051
Accounts 2020 -Restated							
Balance as at 01st January 2020	15,000,000	102,490	1,000,000	13,901,142	808,011,707	(648,559,111)	189,456,228
Prior Year Adjustment		(102,490)	(1,000,000)	(13,901,142)		42,727,155	42,727,155
Current Year Adjustments							(15,003,632)
Profit/(Loss) for the year (after taxation)						(43,734,288)	(43,734,288)
Balance as at 31st December 2020	15,000,000	-	-	-	808,011,707	(649,566,244)	173,445,463
Accounts 2021							
Balance as at 01st January 2021	15,000,000	-	-	-	808,011,707	(649,566,244)	173,445,462
Prior Year Adjustment						(145,164)	(145,164)
Profit/(Loss) for the year (after taxation)						(281,957,906)	(281,957,906)
Balance as at 31st December 2021	15,000,000	-	-	-	808,011,707	(931,669,314)	(108,657,608)

STATE PRINTING CORPORATION
Statement of Cash Flows
For the Year Ended 31st December - 2021

	2021 Rs	Restated 2020 Rs	2020 Rs
Cash Flows from Operating Activities			
Net Profit / (Loss) before taxation	(208,096,656)	(43,734,288)	22,914,300
Adjustment for:			
Depreciation on Fixed Assets	56,201,209	53,859,274	53,859,274
Other Income-Treasury Grant Acquire 2021	(7,088,008)	-	-
(Profit)/Loss of Non Current Assets (PPE)	-	-	-
Prior Year Adjustments (Effected to Cash Flow)	(145,164)	44,828,920	44,828,920
Finance Expenses	97,833,511	120,358,632	120,358,632
Fixed Deposit Interest Receivable	(625,000)	-	-
Gratuity Provision made during the year	16,366,766	(250,309)	-
Provision for EPD Late Charges & Quality Losses	9,343,150	5,762,226	5,762,226
Provisioned EPD Late charges paid	(5,762,226)	(9,028,466)	(9,028,466)
Provision for Royalties			
Provision for Doubtful Debtors	29,527,127	1,984,063	1,984,063
Operating Profit before Working Capital Changes	(12,445,292)	173,780,053	240,678,949
Changes in items of Working Capital			
(Increase)/ Decrease in Inventories	(19,694,465)	(33,043,322)	(30,972,672)
(Increase)/ Decrease in Trade Receivables	(120,184,136)	(196,900,171)	(218,629,402)
(Increase)/ Decrease in Other Receivable & Prepayment	4,317,618	247,484	247,484
Increase / (Decrease) in Current Liabilities	306,101,745	80,421,750	33,181,435
Cash generated from operations	158,095,470	24,505,794	24,505,795
Tax paid	-	-	-
Employee Retirement Benefit Paid	(27,620,322)	(16,913,658)	(16,913,658)
Net Cash Flows / (Used in) from Operating Activities	130,475,148	7,592,136	7,592,137
Cash Flows From Investing Activities			
Proceeds from sales of PPE	33,138,751	-	-
Purchasing of PPE	(36,192,464)	(7,788,303)	(7,788,303)
Fixed Deposit	(25,000,000)	-	-
Net cash flows from Investing Activities	(28,053,714)	(7,788,303)	(7,788,303)
Cash Flows from Financing Activities			
Proceeds received / Paid for borrowings (Net Borrowings)	1,218,126	101,020,768	101,020,768
Interest Paid	(97,833,511)	(120,358,632)	(120,358,632)
Net cash flows from Financing Activities	(96,615,386)	(19,337,864)	(19,337,864)
Net Increase/(Decrease) in Cash & Cash Equivalents	5,806,049	(19,534,031)	(19,534,030)
Cash & Cash Equivalents at the beginning of the period	(7,776,752)	11,757,279	11,757,279
Cash & Cash Equivalents at the end of the period (Note 19)	(1,970,703)	(7,776,752)	(7,776,751)

Notes to the Financial Statements as at 31st december 2021

1. CORPORATE INFORMATION

1.1 Reporting Entity

State Printing Corporation was incorporated in 1968, under the Act of parliament No. 24 of 1968 with subsequent amendments No 24 of 1978, No. 51 of 1981 and No. 07 of 1998.

The management and control of the Corporation is vested to the Board of Directors. It is located at Panaluwa in Padukka.

1.2 Principal Activities and Nature of Operations

The Corporations' principal activities are printing of school text books, manufacturing of exercise books, publications and other printing works.

1.3 Date of Authorization for Issue

The financial statements of the State Printing Corporation for the year ended 31st December 2021 were authorized for issue by the Board of Directors/03/2022

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

2.1 Statement of Compliance

The Statement of Financial Position, Statement of Comprehensive Income, Changes in Funds and Cash Flows, together with Accounting policies and notes have been prepared in accordance with LKAS and SLFRS and in compliance with finance Act NO. 38 of 1971.

2.2 Basis of Measurement

The financial statements have been prepared based on accrual basis and under the historical cost, except for the following matters:

- * Interest income is recognized as it accrues in the Statement of Comprehensive Income.
- * When the Assets have been revalued.
- * Employee benefit is measured using the projected unit credit method.

2.3 Going Concern

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

2.4 Functional Currency

The financial statements are presented in Sri Lankan Rupees, which is the corporation's currency.

All the financial informations presented in Rupees have been rounded to the nearest Rupee.

2.5 Comparative Information

The accounting policies have been consistently applied by the Corporation and are consistent with those used in the previous year. The previous year's figures and phrases have been rearranged whenever necessary, to conform to the current presentation as indicated.

Material correction of errors were retrospectively restated in the previous year Financial Statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLOCIES

3.1 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost or revalued amount net of accumulated depreciation.

PPE were revalued by Valuation Department on the respective dates as given below.

Land and Buildings	From 02.01.2017 to 06.01.2017
--------------------	-------------------------------

Office Equipment Furniture and Fittings Computer Accessories	}	From 02.01.2017 to 30.01.2017
Plant and Machinery		
Motor and Other Vehicles		

When consider the financial situation of corporation it is not possible to conduct revaluation of assets once in two years as prescribed in SLAS

3.1.1 Depreciation

Depreciation is calculated on straight line basis over the estimated useful lives of all Property Plant and Equipment.

The estimated useful lives for the current and comparative years are as follows;

Buildings	40 years
Plant Machinery Tools & Equipt.	13.33 years
Motor & Other Vehicles	4 years
Office Equipment's & Furniture	10 years
Computers & Accessories	3 years

3.2 Inventories

Inventories are valued at the lower of cost and realizable value.

All inventory items are measured on first in first out method.

3.2.1 Orient web offset printing machine was provided to the state printing corporation under the expenditure head of the Ministry of Education [126/1/2/18/2201 (ii)] for the year 2021 at a cost of Rs.100.8 Million.

The Lombardi Printing Machine which received Rs. 116.5 Million under the same heading was received in the year 2020 and was capitalized in the year 2021.

3.3 Taxation

3.3.1 Income Tax

Income tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the Commissioner General of Inland revenue. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the date of the statement of financial position.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act. No 10 of 2006 and subsequent amendments there to.

3.4 Cash & Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash in transit and cash at bank balances. Bank over draft are included as a component of cash and cash equivalent for the purpose of the statement of cash flow.

Cash and cash equivalents are short term , highly liquid held to, meet short term cash commitments and other than investments or other purposes.

4. FINANCIAL INSTRUMENTS -INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

4.1 Financial Assets

4.1.1 Trade Receivables

Trade Receivables are shown in the Financial Statements at their Fair Value.

4.1.2 Investments

The Corporation has invested 25 million rupees in people's bank at an interest rate of 5% on June 30, 2021.

4.2 Financial Liabilities

4.2.1 Mortgage of Property

All the banking facilities including bank overdraft, short Term loans, letters of credit and bank guarantees obtained from Peoples' Bank Corporate Banking Division, against property mortgage bonds covering Land & Building and Fixed Machinery under Mortgage Bonds No. M.B - 979/3063/3243/1147/422/5789 from time to time.

In addition to these securities a Treasury Guarantee as reference no : TO/REV/TG/522 dated 07.09.2018 & 07/09/2021 stipulating following projects have been submitted to Peoples' Bank to obtained the bank credit facilities.

Name of the Project	Secured Amount (Rs.)	Date of Expiry
For overdraft, Letter of Credit and Letter of Guarantee Facility	1,165,000,000	15.09.2022
for Providing Financial Allocations for the Renovation and Upgrading Activities	185,000,000	15.09.2023

4.2.2 Capital commitments Contingent Liability

- All material capital commitments and contingent liabilities are considered and necessary adjustments or disclosures are made in these financial statements.
- There is a fundamental rights case in the Supreme Court filed by the Marketing Manager under the file No FR248/19 and himself have filed a case in labour Tribunal under the Ref. No. LT 33/1556/2020.
- LPL Kesara Lanka (Pvt) Ltd has been informed by registered mail through a lawyer it will refer the matter to the arbitration for the recovery of Rs 350 million due to them.
- The Corporation has filed case against the debtor Mr. A. Anju perera (Ref No. DMR /5233/19)
- The value of letter of credit opened up to 31.12.2021 is Rs. 68,077,592/- and value of bank guarantee is Rs. 13,737,600/-
- The text book order for year 2021 is Rs.1030 Mn. A request has been made for a variation due to raw material price increase and a cabinet memorandum has been submitted by the Ministry of Education in this regard. Following the approval of cabinet memorandum, the official order will be revised to Rs. 1233 Mn. Invoices are issued on the basis of the revised order.

4.3.1 Capital

Initial capital was contributed by the General Treasury .

4.3.2 Revaluation Reserve

This reserve includes surplus generated from revaluations of Motor Vehicles in 2016 and surplus generated from the balance part of PPE in 2017 as shown below.

	<u>2016 (Rs.)</u>	<u>2017/18 (Rs.)</u>
Motor & Other Vehicles	36,015,363	
Land		377,290,608
Buildings		158,049,568
Plant Machinery Tools & Equipt.		246,979,194
Office Equipment's & Furniture		(8,785,874)
Computers & Accessories		(1,537,152)
	<u>36,015,363</u>	<u>771,996,344</u>

5. RETIREMENT BENEFIT OBLIGATIONS

5.1 Gratuity

The Corporation is liable to pay Gratuity in terms of the payment of Gratuity Act No. 12 of 1983.

The liability recognised in the statement of financial position is the present value of the defined benefit obligation as at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in other comprehensive income.

5.2 Defined Contribution Plans - Employees Trust Fund and Employees Provident Fund

Employees are eligible for the Employees Provident Fund and Employees Trust Fund in accordance with respective statutes and regulations. The Corporation contributes 12% and 3% of the gross emoluments of employees to the Employees Provident Fund and Employees Trust Fund respectively.

6. STATEMENT OF COMPREHENSIVE INCOME

6.1 Revenue Recognition

All Revenues are recognized on accrual basis.

Interest income

10% interest is charged from the loans granted to the Corporation employees.

6.2 Expenditure Recognition

Recurrent Expenditure

All expenditures incurred in the running of the Corporation and maintaining the property and equipment in a state of efficiency has been charged to revenue in arriving at the surplus/deficit for the year.

Capital Expenditure

All expenditure incurred in the acquisition, extension or improvement of the property and equipment of a permanent nature, in order to carry on or increase the earning capacity of the Corporation have been treated as capital expenditure.

6.3 Borrowing costs

All borrowing costs are recognized as expenses in the period in which they are incurred except borrowing cost incurred to obtain machinery which has been capitalized up to level of performance from the respective machines.

STATE PRINTING CORPORATION
Notes to the Financial Statements
For the year Ended 31st December - 2021

Note No	2021 (Rs.)	Restated 2020 (Rs.)	2020 (Rs.)
07. REVENUE/TURNOVER			
Income from Stationery Factory	126,407,838	122,003,076	122,003,076
Income from Main Press			
Text Books	1,186,918,385	1,369,812,655	1,369,812,655
Job Works	53,795,367	43,832,169	65,561,401
NLB Lotteries	247,229,602	266,593,026	266,593,026
Publication	640,689	410,186	410,186
Income from other sales	18,355,631	18,709,825	18,709,825
	1,633,347,511	1,821,360,938	1,843,090,170
08. COST OF SALES			
Main Press			
Raw materials consumed	896,611,944	764,884,230	764,884,230
Direct labour	228,434,686	220,626,316	220,626,316
Direct factory expenses	49,942,451	51,401,247	51,401,247
Indirect factory expenses	123,025,642	159,206,936	159,206,936
Other expenses/Stock Adjustment	21,210,449	113,588,845	115,659,495
Late Charges, Qu. losses & Penalty EPD	410,261	29,789,127	29,789,127
Late Charges & Penalty NLB	3,177,350	11,205,760	11,205,760
Provision for Late Charges EPD	9,343,150	5,762,226	5,762,226
	1,332,155,933	1,356,464,687	1,358,535,337
Stationery Factory			
Raw materials consumed	108,197,125	109,757,992	109,757,992
Direct labour	33,378,635	33,562,154	33,562,154
Direct factory expenses	3,080,576	3,012,310	3,012,310
Indirect factory expenses	13,212,450	15,490,986	15,490,986
Other expenses/Stock Adjustment	(35,026,800)	(43,996,230)	(43,996,230)
	122,841,986	117,827,212	117,827,212
Cost of Publication unit	2,541,885	3,007,535	3,007,535
Cost of Other Sales unit	15,969,992	14,837,994	14,837,994
TOTAL COST OF SALES	1,473,509,796	1,492,137,428	1,494,208,078
09. OTHER OPERATING INCOME			
Factory Wastepaper & Sundry Items	24,375,616	19,686,846	19,686,846
Tender Deposit & Registrations	1,247,618	554,000	554,000
Over Provision of Retirement Benefit Obligation	-	250,310	-
	25,623,234	20,491,155	20,240,846

Note No	2021 (Rs.)	Restated 2020 (Rs.)	2020 (Rs.)
10. SELLING & DISTRIBUTION EXPENSES			
Nation Building Tax	-	2,802,242	2,802,242
Economic Service Charges	-	9,215,451	9,215,451
Up-Keep of motor vehicles	1,108,984	2,812,178	2,812,178
Advertisement	565,783	261,288	261,288
Sales Promotion	439,419	1,095,827	1,095,827
Under Provision for bed debts	29,527,127	1,984,063	1,984,063
Fire Insurance - Sales Outlet	-	112,805	112,805
Non Refundable Tender Deposits	166,345	166,427	166,427
Rent	3,220,917	2,956,016	2,956,016
Rates	82,846	39,369	39,369
Water Bill Payments - Sales Outlet	27,436	36,207	36,207
Electricity - Sales outlet	92,914	103,168	103,168
Telephone Exp. - Sales Outlet	98,062	189,969	189,969
Maint. Of Sales outlet	10,825	-	-
	35,340,658	21,775,010	21,775,010
11. ESTABLISHMENT & ADMINISTRATION EXPENSES			
Upkeep of land & Buildings	415,129	505,784	505,784
Maintenance of office equipment	762,931	649,239	649,239
Depreciation - Office equipment	1,516,681	1,363,012	1,363,012
- Computer soft ware	1,187,369	233,676	233,676
Salaries & Wages	118,359,563	123,819,539	123,819,539
Overtime of staff	13,615,151	9,986,770	9,986,770
Employees' Provident Fund	14,858,655	15,250,427	15,250,427
Employees' Trust Fund	3,714,677	3,740,731	3,740,731
Incentive payments	1,564,510	1,801,250	1,801,250
Chairman's emolument	960,000	960,000	960,000
Board Director's fees	443,000	356,500	356,500
Postage	126,431	137,708	137,708
Telephone	1,592,973	1,195,010	1,195,010
Printing & Stationery	2,383,894	1,760,971	1,760,971
Press Notices & Publication	1,573,869	883,424	883,424
Travelling & subsistence	565,455	734,678	734,678
News papers and periodicals	85,570	67,060	67,060
Rent - Motor Vehicle	-	14,500	14,500
General office expenses	202,423	185,542	185,542
Audit Fee	912,000	900,000	900,000
Miscellaneous expenses	197,297	50,751	50,751
Legal & Consultancy	1,138,564	533,162	533,162
Entertainment	170,978	123,528	123,528
Gratuity Expenses	16,366,766	-	-
Staff Training	41,050	137,675	137,675
Audit & Management Committee Fees	132,500	48,500	48,500
Internet / Email	492,885	192,252	192,252
Procurement Committee Fees	1,000,000	1,088,000	1,088,000
Upkeep of Motor vehicle 25%	1,108,984	2,812,178	2,812,178
Board meeting expenses	34,530	32,713	32,713
Membership fees	13,000	50,000	50,000
Donations	39,874	7,179	7,179
Computer Repair & Maintenance Charges	300,950	345,300	345,300
Registration Charges as a Supplier	119,739	163,883	163,883
Outside Job Works	2,875	45,500	45,500
	186,000,274	170,176,441	170,176,441

Note No	2021 (Rs.)	Restated 2020 (Rs.)	2020 (Rs.)
12. OTHER OPERATING EXPENSES			
Welfare to Staff	17,134,550	18,935,987	18,935,987
Employees Medical Scheme	9,088,015	8,158,170	8,158,170
Housing Loan Interest	1,338,400	1,772,844	1,772,844
Bonus to Staff	-	-	-
Special Incentive Payment	23,891,565	47,240,316	-
Staff Transport	8,146,582	6,962,117	6,962,117
Leave Encashment	23,753,315	-	-
Staff Awards	98,000	47,250	47,250
	83,450,427	83,116,684	35,876,369
13.1 FINANCE INCOME			
Interest Received by Distress Loans	452,698	843,374	843,374
Interest Received by Bank	901,559	1,134,441	1,134,441
Interest Receivable on Fixed Deposit	625,000	-	-
	1,979,257	1,977,815	1,977,815
13.2 FINANCE EXPENSES			
Bank Guarantee & Other Bank Charges	1,983,638	1,827,378	1,827,378
Bank Overdraft Interest	4,241,195	4,993,996	4,993,996
Bank Loan Interest - Short Term	84,438,970	100,764,950	100,764,950
Bank Loan Interest - Long Term	7,169,709	12,772,308	12,772,308
	97,833,511	120,358,632	120,358,632
14. INCOME TAX			
Income tax prov. for the year -Note 14.1	-	-	-
	-	-	-

**14.1 INCOME TAX COMPUTATION FOR THE YEAR OF ASSESSMENT 2021/22
BASED ON ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2021**

	Rs.
Taxable Profit from Trade or Business	(208,096,656)
Interest Income	1,979,257
Profit from any Other Source	-
Statutory Income	(206,117,399)
(-) Less Deduction from Total Statutory Income	
Deductible losses from Trade or Business	(206,117,399)
Interest, Annuities, Ground Rent & Royalties Paid	-
Taxable Income	-

STATE PRINTING CORPORATION
Notes to the Financial Statements
As at 31st December - 2021

15. PROPERTY, PLANT AND EQUIPMENT

Description	Revaluations for the Year 01.01.2020	Additions/ Revaluations during the year	Disposals during the year	Cost/Revaluation As at 31.12.2020	Cost/Revaluation As at 01.01.2021	Additions during the year 2021	Treasury Grant for Acquisition of Machineries	Disposals during the Year-2021	As at 31.12.2021
At Cost									
Land	378,500,000	-	-	378,500,000	378,500,000	-		107,000,000	271,500,000
Building	166,600,000	-	-	166,600,000	166,600,000	-		-	166,600,000
Plant Machinery & Tools	545,966,426	6,144,748	-	552,111,174	552,111,174	28,866,670	217,382,421	-	798,360,265
Motor Vehicles & M/Cycles	55,563,000	-	-	55,563,000	55,563,000	-		-	55,563,000
Office Equipment's & Furniture	13,721,199	810,041	-	14,531,240.00	14,531,240	1,705,783		-	16,237,023
Computer & Accessories	5,785,210	833,514	-	6,618,724	6,618,724	5,620,011		-	12,238,735
Electronic Reinstallations	2,572,951	-	-	2,572,951	2,572,951	-	-	2,572,951	
Total	1,168,708,786	7,788,303	-	1,176,497,089	1,176,497,089	36,192,464	217,382,421	107,000,000	1,323,071,974
Accumulated Depreciation									
Description	Revaluations/C for the Year 01.01.2020	Annual Depreciation 2020	Disposals during the year	Accumulated Depreciation 31.12.2020	Revaluations/ Cost 01.01.2021	Annual Depreciation 2021		Disposals during the year	Accumulated Depreciation 31.12.2021
Building	12,495,000	4,165,000	-	16,660,000	16,660,000	4,165,000		-	20,825,000
Plant Machinery & Tools	105,284,857	41,154,235	-	146,439,092	146,439,092	49,332,990		-	195,772,082
Motor Vehicles & M/Cycles	48,619,625	6,943,351	-	55,562,976	55,562,976	-		-	55,562,976
Office Equipment's & Furniture	3,045,622	1,363,012	-	4,408,634	4,408,634	1,516,681		-	5,925,315
Computer & Accessories	5,565,512	233,676	-	5,799,188	5,799,188	1,186,537		-	6,985,725
Electronic Reinstallations	2,572,950	-	-	2,572,950	2,572,950	-		-	2,572,950
Total	177,583,565	53,859,274	-	231,442,839	231,442,839	56,201,209	-	-	287,644,047
Written Down Value				945,054,250					1,035,427,927

STATE PRINTING CORPORATION

Notes to the Financial Position As at 31st December - 2021

Note No	2021 (Rs.)	Restated 2020 (Rs.)	2020 (Rs.)	
16. INVENTORIES				
Raw materials	92,745,990	134,155,985	134,155,985	
Consumable	8,423,058	7,987,214	7,987,214	
Spare parts	39,956,646	44,165,115	44,165,115	
Hardware	1,288,618	1,188,782	1,188,782	
Finished goods	115,057,362	74,834,655	74,834,655	
Work in progress	70,399,790	45,845,249	43,774,599	
Good In Transit (S/P)	-	-	-	
	327,871,465	308,177,000	306,106,350	
17. TRADE RECEIVABLES				
Trade debtors	752,068,839	631,884,703	653,613,934	
Less- Provision for Doubtful Debts	(64,560,453)	(35,033,326)	(35,033,326)	
Provision for EPD Quality Loss/Penalty	(9,343,150)	(5,762,226)	(5,762,226)	
Other debtors	361,309	361,309	361,309	
	678,526,544	591,450,459	613,179,690	
18. OTHER RECEIVABLES				
Staff Loan and Advances (Note 18.1)	5,016,011	6,093,339	6,093,339	
Deposits & Receivable (Note 18.2)	7,504,586	9,761,392	9,761,392	
Sales Control Accounts (Note 18.3)	(2,527,255)	(1,561,836)	(1,561,836)	
Bank Loan - Margin A/C -PB International	14,533,440	14,533,440	14,533,440	
Interest Receivable - Bank Fixed Deposit	625,000	-	-	
	25,151,782	28,826,335	28,826,335	
18.1 LOAN AND ADVANCES				
Distress Loans	1,998,612	3,128,277	3,128,277	
Festival advance	1,886,000	2,072,000	2,072,000	
Staff salary Advances	56,000	5,000	5,000	
Creditors advance A/C	1,075,399	888,062	888,062	
	5,016,011	6,093,339	6,093,339	
18.2 DEPOSITS & RECEIVABLES				
Deposits receivable	6,939,202	9,316,005	9,316,005	
Add. Other Receivables	565,383	445,387	445,387	
	7,504,586	9,761,392	9,761,392	
18.3 SALES CONTROL ACCOUNT				
Sales Control Account	(2,527,255)	(1,561,836)	(1,561,836)	
	(2,527,255)	(1,561,836)	(1,561,836)	
19. CASH & CASH EQUIVALENTS				
Cash at Bank	32,362,664	35,501,418	35,501,418	
Cash in Transit	2,615,326	603,662	603,662	
Cash at Hand	27,000	30,000	30,000	
	35,004,991	36,135,080	36,135,080	
For the purpose of statement of Cash Flow,Cash & Cash Equivalents comprise the following				
Cash at Bank	- Peoples' Bank Nugegoda -C/A	1,968,945	-	-
	- Peoples' Bank Nugegoda - S/A	28,197,025	30,076,446	30,076,446
	- Bank of Ceylon Homagama-C/A	2,171,694	5,399,972	5,399,972
	- Bank of Ceylon Homagama-C/A	25,000	25,000	25,000
Cash in Transit		2,615,326	603,662	603,662
Cash in Hand		27,000	30,000	30,000
		35,004,991	36,135,080	36,135,080

Bank Overdrafts - Peoples' Bank-Colombo.-C/A	(36,975,695)	(40,284,056)	(40,284,056)
Bank Overdrafts - Peoples' Bank-Nugegoda.-C/A	-	(3,627,776)	(3,627,776)
	(1,970,704)	(7,776,752)	(7,776,752)
20. BANK LOAN - LONG TERM			
Opening Balance (01.01.2021)	92,917,055	136,642,139	136,642,139
Loan Paid During the year	(37,419,855)	(43,725,084)	(43,725,084)
Balance as at end of the year	55,497,200	92,917,055	92,917,055
21. DEFERRED TAX LIABILITIES			
As at beginning of the year		(17,105,398)	(17,105,398)
Amount Originated/(reversed)/T. Differences during the year	-	-	-
		17,105,398	17,105,398
As at end of the year	-	-	-
* A provision for the deferred taxation has not made in the financial statement during the year since it is not probable to calculate that future taxable profits.			
22. TRADE PAYABLES			
Trade Creditors	463,229,261	117,459,149	117,459,149
Other Creditors (Royalty, Consign & Other)	1,696,699	1,690,775	1,690,775
Dept. of Inland Revenue (22.1)	200,195,314	207,799,230	207,799,230
Sales advance	17,584	17,584	17,584
Other Creditors (Debt Bal)	1,279,659	1,279,658	1,279,658
	666,418,516	328,246,396	328,246,396
22.1 Payables to Dept. of Inland Revenue			
ESC	23,342,409	23,342,409	23,342,409
VAT	90,727,416	98,331,332	98,331,332
NBT	80,840,239	80,840,239	80,840,239
INCOME TAX	5,000,000	5,000,000	5,000,000
WHT	158,950	158,950	158,950
WHT 10% Payable	126,300	126,300	126,300
	200,195,314	207,799,230	207,799,230
23. OTHER PAYABLES			
Accrued Expenses	77,088,193	83,713,115	36,472,800
Deposit Payable	2,212,962	1,884,462	1,884,462
Provision for Stationery Book for Staff	-	1,447,150	1,447,150
	79,301,155	87,044,727	39,804,411
24. INTEREST BEARING BORROWINGS - Bank Short Term Loan (STL)			
Opening Balance as at 01.01.2021	985,463,449	840,717,598	840,717,598
New Loans	1,284,578,247	1,502,920,429	1,502,920,429
Loan Paid during the year	(1,245,940,266)	(1,358,174,578)	(1,358,174,578)
Closing Balance as at 31.12.2021	1,024,101,430	985,463,449	985,463,449
25. General Treasury Grant for Machineries			
	2021 (Rs.)		
Opening Balance	-		
Treasury Grant Received During the Year	217,382,421		
Amortisation for Year/Depreciation	(7,088,008)		
Closing Balance	210,294,414		

STATE PRINTING CORPORATION
WORKING ACCOUNT (MAIN PRESS) FOR THE PERIOD
FROM 01.01.2021 TO 31.12.2021

	Year ended 31/12/2021 (Rs.)	Restated Year ended 31/12/2020 (Rs.)	Year ended 31/12/2020 (Rs.)
INCOME FROM PRINTING			
Text Books	1,186,918,385	1,369,812,655	1,369,812,655
Lottery Printing -NLB	247,229,602	266,593,026	266,593,026
Job Works	53,795,367	43,832,169	65,561,401
(1) Total Income	1,487,943,354	1,680,237,850	1,701,967,082
Charges Deducted from Income			
Deduction Made by EPD L.Charges/Qu.Losses	410,261	29,789,127	29,789,127
Provision for EPD L.Charges/Qu.Losses	9,343,150	5,762,226	5,762,226
Deduction Made by NLB L.Charges	3,177,350	11,205,760	11,205,760
(1.1) Total Charges Deducted from Income	12,930,761	46,757,113	46,757,113
FACTORY EXPENSES - DIRECT			
Consumption of Raw materials	896,611,944	764,884,230	764,884,230
Consumption of Consumable Items	16,397,134	13,938,266	13,938,266
Consumption of Spare Parts	18,156,203	22,789,300	22,789,300
Consumption of Hardware	3,583,469	3,647,747	3,647,747
(2) Total Consumption	934,748,750	805,259,543	805,259,543
Labour - Direct :			
Salaries & wages	136,686,216	136,348,132	136,348,132
Overtime to Staff	26,422,438	22,924,576	22,924,576
Piece Work	41,393,869	37,362,743	37,362,743
Employees' Provident Fund	17,491,529	17,600,448	17,600,448
Employees' Trust Fund	4,372,884	4,235,417	4,235,417
Incentive Payments	2,067,750	2,155,000	2,155,000
(3) Total Direct Labour	228,434,686	220,626,316	220,626,316
(4) Electricity Direct	11,805,644	11,025,934	11,025,934
(5) TOTAL DIRECT EXPENSES [2 + 3 + 4]	1,174,989,080	1,036,911,793	1,036,911,793
FACTORY EXPENSES - INDIRECT			
Salaries & wages	26,962,760	28,718,602	28,718,602
Overtime to staff	12,517,259	9,835,526	9,835,526
Employees' Provident Fund	3,381,118	3,679,978	3,679,978
Employees' Trust Fund	845,267	1,156,568	1,156,568
Incentive Payment	405,000	420,000	420,000
Maintenance of Plant & Machinery	11,912,768	8,778,632	8,778,632
Outside job works - NLB	2,729,738	53,371,052	53,371,052
Maint. of Barcoding System & Modification	13,748,685	9,324,550	9,324,550
Electricity	1,311,738	1,225,104	1,225,104
Insurance - Fire	747,839	631,264	631,264
Sample & Paper Testing Charges	209,845	40,177	40,177
Hiring Charges For Machinery	579,337	505,840	505,840
Uniform To Staff	-	320,919	320,919
Up - keep of motor vehicles			

Maintenance	2,340,621	1,384,247	1,384,247
Fuel and oil	1,544,775	2,221,598	2,221,598
Insurance	550,539	699,514	699,514
Depreciation	-	6,943,351	6,943,351
Less :- 25% Tfr. to P & L A/c. Administration Expenses	(1,108,984)	(2,812,178)	(2,812,178)
25% to Selling & Distribution a/c	(1,108,984)	(2,812,178)	(2,812,178)
25% to Stationery Factory a/c	(1,108,984)	(2,812,178)	(2,812,178)
Depreciation			
Buildings	3,757,500	3,757,500	3,757,500
Plant & machinery	42,807,803	34,629,048	34,629,048
(6) Total indirect expenses	123,025,642	159,206,936	159,206,936
(7) COST OF PRODUCTION [5 + 6]	1,298,014,723	1,196,118,729	1,196,118,729
Add : Opening stock Work in progress	17,180,015	47,654,896	47,654,896
Opening stock Finished goods	2,553	27,520,231	27,520,231
Less : Closing stock Work in progress	(50,271,369)	(17,180,015)	(15,109,365)
Closing stock Finished goods	(2,796,150)	(2,553)	(2,553)
Less: Value of own printing Trf to Admin Print & Sta	(980,335)	(1,760,971)	(1,760,971)
Value transferred to publication unit	-	(253,960)	(253,960)
Damage stock	-	42,295	42,295
Input VAT Disallowed	58,075,736	57,568,922	57,568,922
(8) Other expenses/Stock Adjustment	21,210,449	113,588,845	115,659,495
(9) Total Cost of Production	1,332,155,933	1,356,464,687	1,358,535,338
(10) GROSS WORKING PROFIT [1 - 8]	155,787,421	323,773,163	343,431,744

STATE PRINTING CORPORATION
WORKING ACCOUNT (STATIONERY FACTORY)
FOR THE PERIOD FROM 01.01.2021 TO 31.12.2021

	Year ended 31/12/2021 (Rs.)	Restated Year ended 31/12/2020 (Rs.)	Year ended 31/12/2020 (Rs.)
(1) INCOME FROM SALE OF STATIONERY	126,407,838	122,003,076	122,003,076
FACTORY EXPENSES - DIRECT			
Total raw materials consumed	108,197,125	109,757,992	109,757,992
Consumption of Consumable Items	808,442	620,802	620,802
Consumption of Spare Parts	1,147,324	1,254,586	1,254,586
(2) Total Consumption	110,152,891	111,633,380	111,633,380
Labour - Direct :			
Salaries & wages	22,763,052	24,096,879	24,096,879
Overtime to staff	6,522,869	4,645,854	4,645,854
Piece work	0	536,253	536,253
Employees' Provident Fund	3,003,571	3,131,534	3,131,534
Employees' Trust Fund	750,893	782,884	782,884
Incentive Payments	338,250	368,750	368,750
(3) Total labour	33,378,635	33,562,154	33,562,154
Factory Expenses - Direct			
(4) Electricity	1,124,810	1,136,922	1,136,922
(5) TOTAL DIRECT EXPENSES [2 + 3 + 4]	144,656,336	146,332,456	146,332,456
Factory expenses - Indirect			
Salaries & wages	4,657,275	6,179,839	6,179,839
Overtime to staff	663,553	514,437	514,437
Employees' provident fund	620,964	1,068,358	1,068,358
Employees' trust fund	155,241	267,089	267,089
Incentive payments	57,750	70,250	70,250
Maintenance of plant & machinery		332,000	332,000
Electricity	124,979	126,325	126,325
Depreciation			
Buildings	407,500	407,500	407,500
Plant & machinery	6,525,188	6,525,188	6,525,188
(6) Total Indirect Factory expenses	13,212,450	15,490,986	15,490,986
(7) Cost of production [5 + 6]	157,868,785	161,823,441	161,823,441
ADD: Opening Stock Work in Progress	28,665,234	9,074,168	9,074,168
Finished goods	60,751,160	33,501,798	33,501,798
LESS: Closing Stock Work in progress	(20,128,421)	(28,665,234)	(28,665,234)
Finished goods	(102,785,342)	(60,751,160)	(60,751,160)
Less; Stationery Trf to Staff Welfare (Gift Vouchers)	(1,150,295)	-	-
Stationery Trf to Staff Welfare, Donation & Others	(1,473,778)	-	-
Value M/V transferred from SPC working account 25%	1,108,984	2,812,178	2,812,178
Stock Short	(14,341)	(39,725)	(39,725)
Stock Excess	-	71,747	71,747
(8) Other expenses/Stock Adjustment	(35,026,800)	(43,996,230)	(43,996,230)
(9) TOTAL COST OF PRODUCTION	122,841,986	117,827,212	117,827,212
(10) GROSS WORKING PROFIT [1 - 8]	3,565,852	4,175,864	4,175,864

STATE PRINTING CORPORATION
INCOME AND EXPENDITURE ACCOUNT FOR
PUBLICATION UNIT FOR THE YEAR ENDED 31.12.2021

	Year ended 31/12/2021 (Rs.)	Restated Year ended 31/12/2020 (Rs.)	Year ended 31/12/2020 (Rs.)
INCOME	640,689	410,186	410,186
less; Cost of Production :			
Opening -Stock	3,476,962	4,002,452	4,002,452
Add Production cost Trf. from Main Press Working a/c	-	253,960	253,960
Add : (Stock Shortage)	(923)	(8,385)	(8,385)
Stock Excess	-	1,707	1,707
Less; Closing stock	(3,114,875)	(3,476,962)	(3,476,962)
Cost of Production	361,164	772,772	772,772
PUB Stock Trf to PUB Donations	(714,191)	(8,331)	(8,331)
Add- Expenses			
Salaries & wages	1,800,845	1,691,877	1,691,877
Overtime to staff	16,539	104,583	104,583
Employees' Provident Fund	226,287	218,798	218,798
Employees' Trust Fund	56,572	54,699	54,699
Incentive payments	23,250	24,000	24,000
Consignment Paid	951	47,927	47,927
Royalties	56,276	35,708	35,708
PUB Donation	714,191		
Other Expenses	-	65,500	65,500
Total Cost of Production	2,541,885	3,007,535	3,007,535
EXCESS(LESS) OF EXPENDITURE OVER INCOME	(1,901,196)	(2,597,349)	(2,597,349)

STATE PRINTING CORPORATION
TRADING ACCOUNT (OTHER SALES UNIT) FOR THE YEAR
ENDED 31/12/2021

	Year ended 31/12/2021 (Rs.)	Year ended 31/12/2020 (Rs.)	Year ended 31/12/2020 (Rs.)
INCOME	18,355,631	18,709,825	18,709,825
Less; Cost of sales :			
Opening stock	10,603,979	7,737,536	7,737,536
Purchases	11,919,850	17,707,765	17,707,765
Add ; (Stock Short)	(192,842)	(10,218)	(10,218)
Excess	-	6,891	6,891
Less; Closing Stock	(6,360,996)	(10,603,979)	(10,603,979)
Cost of Sales	15,969,992	14,837,994	14,837,994
GROSS PROFIT	2,385,639	3,871,831	3,871,831



2021 REPORT OF AUDITOR GENERAL



ජාතික විගණන කාර්යාලය தேசிய கணக்காய்வு அலுவலகம் NATIONAL AUDIT OFFICE



Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the State Printing Corporation for the year ended 31 December 2021 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 State Printing Corporation for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 and Finance Act No. 38 of 1971. 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 Corporation as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for the Qualified Opinion

- In terms of Paragraph 69 of Sri Lanka Accounting Standard 01, out of the long-term loan balance of the Corporation amounting to Rs. 55,497,200 as at 31 December of the year under review, the amount to be paid within a period of not more than 12 months and the amount to be paid within a period of more than 12 months from the closure of the reporting period should be disclosed. Nevertheless, action had not been taken accordingly.
- In terms of Paragraph 49 of Sri Lanka Accounting Standard 08, the nature of the prior period error and the details of the amount of the correction for each financial statement line item affected should be disclosed in the financial statements. Nevertheless, action had not been taken accordingly. Due to the prior year adjustments, the surplus of Rs. 22,914,300 in the previous year's accounts had become a deficit of Rs. 43,734,288 and it had not been disclosed in the financial statements.
- In terms of Paragraph 16(b) of Sri Lanka Accounting Standard 16, any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating should be identified as relevant cost of an item of property, plant and equipment. Nevertheless, due to failure to account for the total value of Rs. 1,365,765 including the retention money of Rs. 703,095 incurred for the construction of the factory where the machine is installed, value of the performance security amounting to Rs. 650,000 and the Value Added Tax of Rs. 12,670, the property, plant and equipment had been understated by that amount. Accordingly, depreciation expenditure for the year under review had been understated by Rs. 65,434.

- (d) According to paragraph 51 of Sri Lanka Accounting Standard No. 16, the residual value of an asset and its useful life should be reviewed at least at the end of each financial year and if the expected values differ from the estimated values, those changes should be accounted for as changes in an accounting estimate in accordance with Sri Lanka Accounting Standard 8, the useful life time of 317 items of property, plant and equipment valued at Rs. 63,871,121 which have been fully depreciated but are still in use have not been re-reviewed.
- (e) Seven printing orders totalling Rs. 1,763,758 with the Value Added Tax which the printing work had not been completed as at the balance sheet date of the year under review had been stated as the sales, and printing materials worth Rs. 9,447,404 provided for various institutions under 04 invoices during the year under review had not been brought to account as a printing income.
- (f) Due to 26 printing orders that had been completed and handed over to the National Lottery Board were not accounted for as income and as such, it was understated the lottery printing income of the year under review by Rs. 13,259,240, tax liability on Value Added Tax by Rs. 1,060,739 and expenditure on late fees by Rs. 570,440.
- (g) The revaluation surplus of Rs. 106,864,633 related to the land vested in the Industrial Development Board during the year under review had not been removed from that account and adjustments had not been made.
- (h) A number of 52,500 school text books worth Rs. 2,796,150 that had been handed over to the Educational Publications Department on completion of their printing had been stated as the closing stock of the year under review.
- (i) As per the individual account balances of the printing corporation ledger, the receivable and payable balances from 17 institutions and 10 institutions as on 31 December of the year under review were Rs. 10,087,595 and Rs. 44,865,636 respectively, but the balances confirmed to the audit by those institutions were Rs. 1,512,445 and Rs. 70,033,215.

1.3 Explanation of Certain Matter

Attention is brought to Section 2.3 of the financial statements. As mentioned thereunder, the financial statements had been prepared on going-concern basis. Nevertheless, the total liabilities of the institution had exceeded total assets by Rs. 108,657,608 whilst observing that the current assets had also been exceeded by current liabilities. Nevertheless, I observe that in terms of Section 18 (3) of the State Printing Corporation Act No. 24 of 1968, provision has been made that the Ministry of Finance is obliged to provide financial support for the continued existence of the institution. As such, my opinion is not qualified owing to this reason.

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 Other information included in the 2021 Annual Report of the State Printing Corporation

The other information comprises the information included in the Corporation's 2021 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the State Printing Corporation's 2021 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course

1.5 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, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the State Printing Corporation's financial reporting process.

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

1.6 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 skepticism 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 Corporation'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 Corporation'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 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 Corporation 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

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 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 Corporation as per the requirement of Section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 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.

2.1.3 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.

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

2.2.1 To state that any member of the governing body of the Corporation has any direct or indirect interest in any contract entered into by the Corporation which is out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018

2.2.2 To state that the Corporation has not complied with any applicable written law, general and special directions issued by the governing body of the Corporation as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018 except for the following observation;

2.2.3 To state that the Corporation 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.

2.2.4 To state that the resources of the Corporation 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.

3. Other Audit Observations

- (a) The corporation had incurred a loss of Rs. 61,949,991 due to purchasing paper from local suppliers for Rs. 510,249,355 on 06 occasions while having the ability to import and purchase paper for Rs. 448,299,364 through letters of credit.
- (b) Due to the reduction by the Chairman of the Corporation without the approval of the Board of Directors the amount to be received by the corporation per lottery ticket printed from 49 cents to 44 cents, the corporation had lost an income of Rs. 10,519,265 in the year under review.

W.P.C. Wickramarathne
Auditor General



2021

STATE PRINTING CORPORATION

COMMENTS ON FINANCIAL STATEMENTS

1. Financial Statements

1.1 Qualified Opinion

1.2 Basis for the Qualified Opinion

- (a) This machine is shown in the financial statements as a long-term loan balance from the year of purchase. From the next year (2022) it will be segregated and shown in the financial statements..
- (b) The restated accounts of the year 2020 have been presented in the year accounts for the year 2021. Instructions have been given to adhere to the accounting standards.
- (c) All expenses incurred for the purchase of the suraksha printing machine, such as Cost, landing charges, port charges, building preparation charges, etc., have been accounted for in accordance with Sri Lanka Accounting Standard 16. Some expenses have also been incurred for the internal maintenance of the suraksha department where the machine was installed and it has also been identified and accounted for as a cost of this machine, but in making those payments, the retention amount of Rs. 703,095.00 and the performance security value of Rs. 650,000 have been deducted from the relevant costs. Considering the progress of the respective work and after making the final payments, Action had been taken to rectify the 2022 accounts.
- (d) According to paragraph 51 of Sri Lanka Accounting Standard 16, such review should be done by someone with the necessary technical knowledge, and a revaluation of the corporation's assets is carried out by the Sri Lanka Valuation Department. But for that a significant level of value should be paid. In view of the current financial crisis of the corporation, it is difficult to allocate money for it, but in the year 2023, it is hoped that revaluation of the assets will be carried out and its effective life will be calculated and shown in the accounts properly.
- (e) No payment shall be made until the applicant receives the entire quantity of goods related to the order. Therefore, although a part of the goods has been sent to the concerned institution, it has not been considered as income. But as soon as the entire goods are delivered, it will be invoiced and the relevant revenue is accounted for. These values are accounted for as income in the year 2022.
- (f) Accepted. This situation has arisen due to the situation of covid disease and the employee shortages in the company. Necessary measures have been taken to prevent such late invoicing in the future.

- (g) Since the revaluation value of the land related to this transfer of land and the loss caused by the transfer of the land were correctly stated in the accounts, there was no effect on the increase or decrease in the corporation's profit. But it could not be removed from the revaluation gain reserve due to omission and action will be taken to show in the statement of changes in equity in the next year.
- (h) The cost of the 52,500 copies printed under job number 20210464 has been correctly added to the finished stock cost of the main press. The cost of this is accurately added to the finished stock cost of the main press. Since this value has been removed from the value of unfinished stock in the cost section report, no double counting has taken place, so there has been no increase in the value of finished goods stock or profit.
- (i) Accounts receivable and payable loan balances are accurately accounted for as per the corporation's accounts.

03. Other Audit Observations

- (a) In this regard, in April 2021, the management has made a complaint to the Bribery and Corruption Investigation Commission at the leadership of the internal audit department regarding the informal transactions that have taken place as per the advice of the Chairman.
- (b) Despite requests to the National Lotteries Board to refund the loss incurred according to the letter submitted regarding the reduction of the amount invoiced for a lottery ticket, no response has been received.



ANNUAL REPORT

2021 ANNUAL REPORT