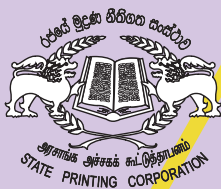




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கல்வி அமைச்சு
Ministry of Education

වාර්ෂික වාර්තාව
ஆண்டறிக்கை
Annual Report

2022



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அரசாங்க அச்சகக் கூட்டுத்தாபனம்
State Printing Corporation



State Printing Corporation

2022

ANNUAL REPORT

STATEMENT OF ACCOUNTS
AND
REPORT OF THE AUDITOR GENERAL

For the 54th year ended 31st December 2022

01st January - 31st December 2022

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

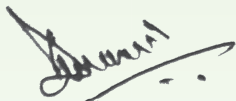
Honourable Minister of Education
Ministry of Education
Isurupaya
Battaramulla.

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 2022.

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,



Chairman
State Printing Corporation



Message from the Chairman



I consider it is a good fortune for me to have been able to give a message for the second time on behalf of the annual report and the account statements of the State Printing Corporation that has passed a half century and 04 years.

The State Printing Corporation; that is currently under the Ministry of Education, is executing the task of printing school textbooks for the school children of the island, exercise books under the direct brand name, safety printing activities for the National Lotteries Board and many commercial printing undertakings.

We are highly pleased to say that our corporation that was subjected to a drawback in the market from the year 2015 is being placed again in the market and has already earned financial benefits of nearly Rs.1,200 million while having more business opportunities. I feel it is a good fortune and I remember with immense respect Dr. Susil Premajayantha; Hon. Minister of Education, Mr. Nihal Ranasinghe; Secretary to the Ministry of Education, and the Board of Directors who helped me to select the right direction by supervising the activities of the corporation in the course of this difficult journey.

Similarly, the new network system that I have introduced amalgamating the Marketing Division and the Sales Outlets of the Corporation have been a great support in this journey, and the advertising methods for the marketing promotion are being implemented. Also, limited number of vehicles had been used for the transportation of goods and employees. Further, some of very feeble vehicles in our corporation that were named to be removed have been able to be taken into normal condition and used for running activities.

Also, the efficiency of the corporation should be increased to improve the success of the corporation, and several programs have been implemented for that purpose. I hope to move forward with all the employees and to be dedicated for the social welfare and I convey my gratitude for the entire staff members who have supported me to date for the success of all these works.

A handwritten signature in black ink, appearing to read 'D. L.A. Wijenayaka', with a stylized flourish underneath.

D. L.A. Wijenayaka
Chairman
State Printing Corporation

2022 Board of Directors

Chairman

Mr. J. M. U. B. Jayasekara

Directors

1. Mr. S. U. Chandrakumaran
2. Mr. Thilak Hettiarachchi
3. Mr. Ranjan Kulathunga
4. Mr. G. R. Aruna Bimsara

2022 Executive Officers

Works Manager

Mr. T. M. R. N. Tennekoon

Supplies Manager

Mr. E. V. K. Keerthiratne

Finance Manager (Act.)

Mr. M. S. S. Mohotti

Manager (Admin. & HRD) (Act.)

Mr. P. K. Thilak Mahinda

Deputy Works Manager

Mr. S. D. Kumarasinghe

Internal Auditor (Act.)

Mr. Niron Amarasena

Deputy Works Manager (Security Printing)

Mr. M. A. Kothalawala

Asst. Manager (Sales) (Act.)

Mrs. H. P. Priyanka Weerasinghe

Asst. Manager (IT)

Mr. R. M. A. P. B. Rajakaruna

Asst. Manager (Legal/Secretary to the Board)

Mrs. A. L. R. Madhukani

Asst. Manager (Publication) (Act.)

Mr. A. W. Rajasooriya

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





2022

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 2022, in terms of Section 14 of the Finance Act No. 38 of 1971.

03 Board Meetings were held during the year under review.

01. Production

1.1 School Textbooks

1.1.1 Printing of School Textbooks

According to the Government Printing Corporation Act No. 34 of 1968, the corporation was established with the primary purpose of printing school text books and the scope was changed to include other printing works and commercial items through the amendments made to the Act as per the requirements. Since the corporation is a self-financing institution, the institution has to earn the necessary recurrent and capital expenditure. Since the corporation's machinery and labour are specialized for school textbook printing, 45 per cent of the total school textbook printing for the year 2022 was arranged to be obtained as per the decision of the Cabinet. Accordingly, an order of 14.6 million textbooks for the year 2022 was obtained from the Department of Education Publications, and an income of Rs.1,400 million rupees was expected.

But due to the foreign exchange problem in the country in the year 2022, it was not possible to start textbook printing as in the previous years due to the inability to import essential materials including paper for printing. But as an alternative program, the Ministry of Education intervened to import raw materials for the production of textbooks and exercise books through the Indian loan scheme, and due to the complex situation in the process, it was not possible to import the raw materials in the year 2022. However, by purchasing raw materials from the local market and using the remaining stocks of raw materials, production started on 08 December 2022, according to an agreement reached with the Department of Education Publications, and it took time until May 2023 to complete the necessary textbook printing for the year 2023. Through the Indian loan scheme the raw material for that was received by the corporation on 16 January 2023 and even though it should be produced in the year 2022, the relevant printing work has been done in the first 2 quarters of the year 2023 and handed over

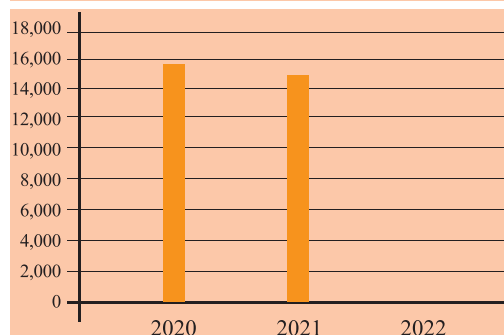
to the Education Publications Department. The printing materials worth over Rs.4,300 million rupees which needed for both the years 2023 and 2024 have been received by the Indian loan scheme.

In that situation, although the income of school textbooks is expected to be Rs. 1,400 million in the final account of the year 2022, but the expected income could not be reached and it was possible to earn only an income of Rs. 41.3 million in the year 2022 by completing the order of the previous year.

The number of copies of school textbooks printed in the year under review and the income received from them compared to the years 2020 and 2021 are shown below.

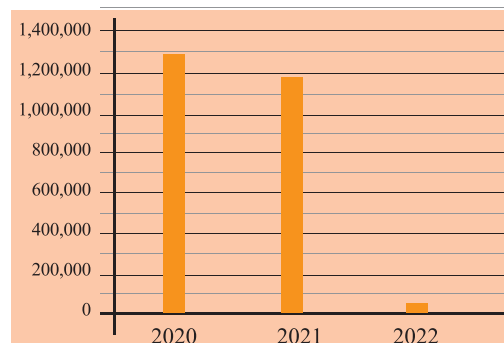
School Textbooks	2020 ('000)	2021 ('000)	2022 ('000)
No. of copies	15,910	14,900	-
Income - Rs.	1,297,850	1,186,918	41,569

School Textbooks



Total number of copies

School Textbooks



Income

1.2 Other Printing Works

Although there is an obstacle in maintaining the normal daily activities due to the problematic conditions in the transport sectors due to the economic situation in the year 2022 due to the foreign exchange crisis, the corporation procured paper locally through an agreement with the National Paper Company to print and supply lottery tickets to the National Lotteries Board and to print exam papers related to school children's examinations. Also, the corporation worked to fulfill the essential printing works of other government institutions and through that an income of Rs. 151 million was earned. Information about some such printing services is given below.

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:

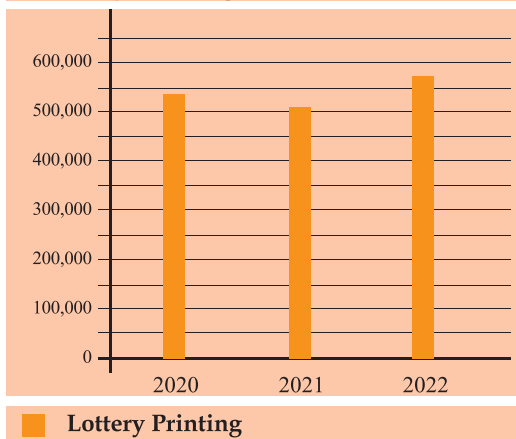
Lottery Printing	2020 ('000)	2021 ('000)	2022 ('000)
No. of copies	534.727	510.285	566.498
Income - Rs.	299.447	247.229	405.863

1.2.2. Other Printing Services

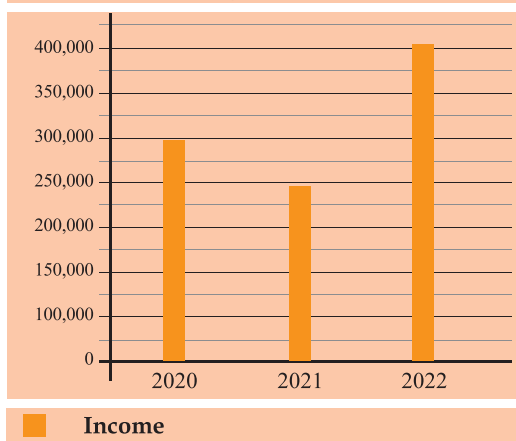
Due to the problematic situation in procuring paper and printing materials, there were difficulties in providing commercial printing services compared to the previous years, but the corporation arranged to provide essential printing services to customers in the year 2022 who had been dealing with the corporation for a long time, by preparing raw materials locally even at a high cost. Especially when there is no paper even to conduct school term examinations, the corporation was able to print and supply all the question papers to the Southern Province Education Department within a short period of time and thereby earned an income of Rs.57 million. Also, arrangements were made to print and supply Annual Reports, Receipts, Certificates and Magazines to the following organizations for their various needs.

1. National Savings Bank
2. National Zoological Department
3. Geological and Mines Bureau

Security Printing



Security Printing



4. Ceylon Electricity Board
5. National Film Corporation
6. State Pharmaceuticals Corporation
7. University of Sri Jayawardanapura
8. Lanka Phosphate Limited
9. Rupavahini Corporation
10. Southern Province Education Department
11. UNESCO
12. Department of Museum
13. University of Colombo
14. Towerhall Foundation

The income earned from various printing activities in the year 2022 was Rs. 151 million and compared to the previous year, it was an increase of three times and this situation has arisen by paying more attention to the commercial printing works due to the lack of textbook printing.

1.3 Production of Exercise Books and Other Books

The production in the year 2022 was as follows.

Description	Quantity of manufacturing	Value Rs.
Exercise Books (80 pages)	75,880	Rs. 5,112,554
CR Books (80 pages)	18,881	Rs. 2,637,513
Other Stationery Production (unit)	24,265	Rs. 2,398,544
Total	119,025	Rs. 10,148,611

The production of the stationery sector in the year under review compared to the years 2020 and 2021 is as follows:

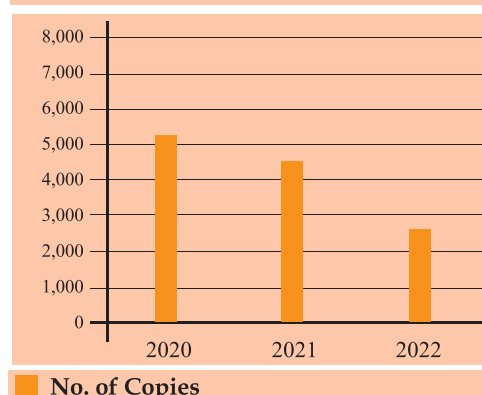
Exercise Books & Other Stationery	2020 ('000)	2021 ('000)	2022 ('000)
No. of copies	5,354	4,595	2,627
Income - Rs.	172,026	164,341	216,910

Due to the foreign exchange crisis in the year 2022 to import paper required for the production of exercise books, it was planned to import paper through the Indian loan scheme for that purpose as well and due to the sale of more than Rs. 200 million of the stock of exercise books produced in the year 2021, the income was able to be earned in the year 2022 and even though the production in the year 2022 was minimal, the sales income increased.

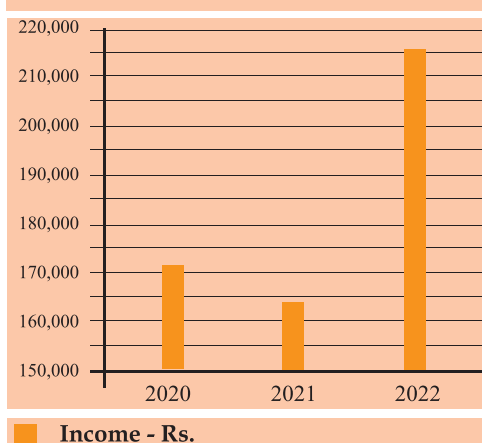
Although an income of 330 million rupees is expected from exercise books in the year 2022, the actual income of 216 million rupees has been earned and a progress of 65% has been achieved in that sector.

While sales activities are carried out through a network of outlets established in several parts of the island through the marketing department of the corporation, in addition to the products including exercise books supplied by the corporation, income is also generated through the sale of other school equipment and stationery items purchased externally and provided to customers as well as publications.

Exercise Books and Other Stationery



Exercise Books and Other Stationery



Due to working capital difficulties in the Corporation's operating loss in 2021, outsourced items were limited, this limited the revenue generation. An income of Rs. 798,985 has been earned from the publication sector, but no new publications were printed in the year 2022 and the income was earned from the sale of publications including the existing stock.

02. Fixed Assets

The total cost of fixed assets owned by the corporation at the end of 2022 was Rs.1,533,601,136. Its net value is Rs.1,172,812,215. This situation was Rs.1,323,071,975 and Rs.1,033,427,928 respectively in comparison with the year 2021.

The increase in the value of the assets is mainly due to the inclusion of the four-colour printing machine received by the corporation in the year 2022.

Fixed Assets	2020 Rs. ('000)	2021 Rs. ('000)	2022 Rs. ('000)
Value at the beginning of the cost	1,176,497	1,176,497	1,533,601
Net value at the end of the year	945,054	1,035,427	1,172,812

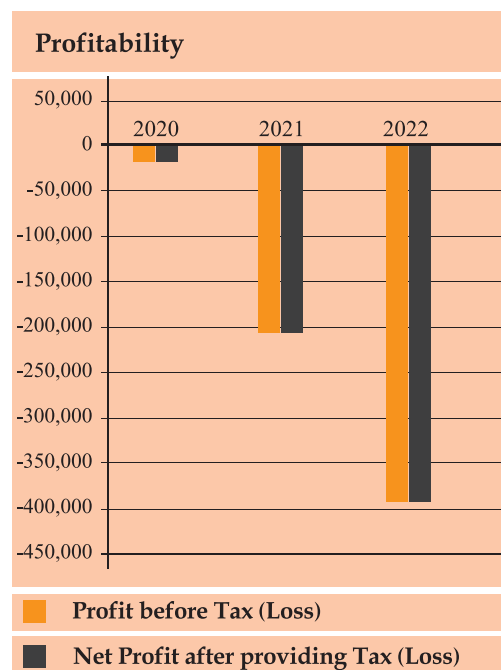
03. Tax Liability

Due to continuous losses from the year 2016 to the year 2022, the corporation has not incurred any tax liability till the assessment year 2021-2022 and due to the existing financial difficulties, it shows a high value as other tax liability in the final accounts. But the Corporation continues to work towards tax compliance as per the requirements of the Inland Revenue Department.

04. Profit / Loss

According to the final accounts prepared by the corporation on 31st December 2022, the corporation has recorded a loss before tax of Rs.380.7 million and the main reason for the increase in losses is the loss of textbook income, which is the main source of income, a loss before tax of Rs. 208 million has been recorded even in the year 2021 and the loss has increased compared to the previous year in the year 2022

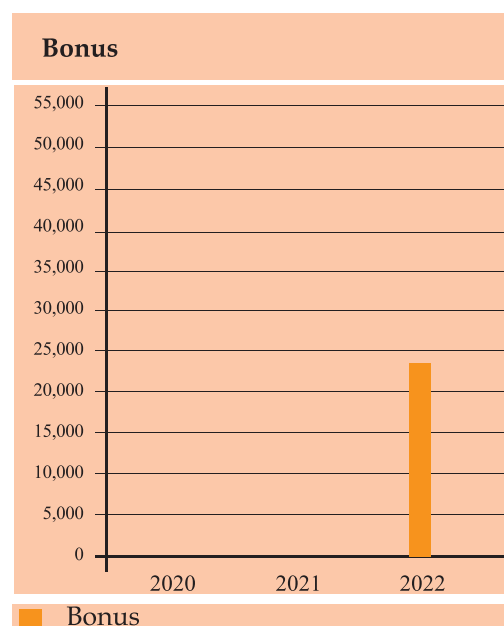
Profitability	2020 Rs. ('000)	2021 Rs. ('000)	2022 Rs. ('000)
Pre-tax profit	(22,914)	(208,096)	(380,702)
After the tax	(22,914)	(208,096)	(380,702)



05. Bonus and Incentives

A system of bonuses and incentives has been in place since the beginning of the corporation to motivate the staff of the corporation and its payment has been intermittent during the financial downturn since 2016. The Board of Directors approved to pay bonuses of Rs.23.8 million to the employees in the year 2022 with the objective of employee welfare and employee motivation in the economic conditions after the year 2019 despite the financial difficulties.

Bonus	2020 Rs. ('000)	2021 Rs. ('000)	2022 Rs. ('000)
Rs.	-	-	23,891



06. Settlement of Liabilities

Indebtedness increased as the corporation continued to become unprofitable and new strategies were determined in the last quarter of the year 2022 to reduce it. For that, necessary raw materials were purchased from the advance money received for printing textbooks from the Department of Education Publications and financial management was introduced to settle the liabilities.

Accordingly, action had been taken to reduce the short-term loan of the corporation from Rs. 1024 million in the year 2021 to Rs. 916 million, to reduce the payable to the creditor's amount of Rs. 666 million to Rs. 449 million, to pay the long-term loans as scheduled, and to pay the unpaid taxes systematically. The summary is given below.

	2020 Rs. ('000)	2021 Rs. ('000)	2022 Rs. ('000)
1.Short term Loans	985,463	1,024,101	916,746
2.Creditors	328,246	666,418	449,248
3.Long term Loans	92,917	79,301	64,528

07. Welfare

For the welfare of the employees, the corporation provides welfare benefits such as payment of medical benefits to the employees, payment of food allowances, interest grants for housing loan facilities, payment of holiday wages and also provides transportation facilities to internal employees using corporation buses for transportation purposes.

Although there were difficulties in providing transportation facilities to recruit employees for the operational activities of the year 2022, the management worked to maintain the production activities using various methods. A summary of the expenses incurred by the corporation in relation to employee welfare is shown below.

	Welfare	2020 Rs. ('000)	2021 Rs. ('000)	2022 Rs. ('000)
01	Transport facilities for employees	6,962	8,146	4,266
02	Incentives for employees	4,815	-	1,733
03	Payment of health support benefits	8,158	9,088	5,118
04	Miscellaneous welfare activities of employees	18,936	17,134	8,409
05	Rebate of employees housing loans	1,773	-	719
	Total	40,644	34,368	20,245

08. Staff

A summary of the approved Cadre and the actual number of employees of the corporation on 31 December 2022 is shown below. Accordingly, there are 247 vacancies in the staff of the corporation as of 31 December 2022 and without recruiting for essential positions in the year 2022, the activities are carried out from the highly qualified and experienced employees in the internal staff, on the basis of acting and duty coverage.

Staff Category	Approved Cadre	Actual Cadre	Vacancies
Senior Level	29	12	17
Territory Level	29	12	17
Secondary Level	329	180	149
Primary Level	295	297	64
Total	682	501	247

Employees who left the Corporation in 2022

	Name/Post	Date
01.	Mrs. N. V. N. R. Ashinshani Asst. Works Manager (Admind. & HRD)	25.01.2022
02.	Mr. Madhuranga Chandra Nuwanpriya Asst. Works Manager (Publication)	31.01.2022
03.	Mr. L. T. Premasiri Manager (Admind. & HRD) (Act.)	07.06.2022
04.	Mr. H. R. Gunasekara Asst. Works Manager (Sales)	30.06.2022
05.	Mr. M. R. P. Jayawardena Finance Manager (Act.)	08.11.2022
06.	Mr. M. K. Gamini Jayasingha Asst. Works Manager (Stores) (Act.)	31.12.2022

Conclusion

Due to the economic instability in the country, foreign exchange crisis, transport and fuel crisis in the year 2022, it had to face severe challenges as a manufacturing company. Especially paper and printing raw materials are industrial inputs based on import, although the production of the corporation is quantitatively low, in the midst of those challenges, the corporation management was able to pay the salaries and allowances of more than 500 employees without any reduction and to ensure the safety of employees by making payments without avoiding the statutory payments. The Board of Directors of the Corporation would like to thank the dedicated State Printing Corporation staff and the Board of Directors including the

management, the Secretary of the Ministry of Education and the Honourable Minister of Education as well as the Ministry staff who provided good guidance and intervention.

I hope that the State Printing Corporation will be directed towards success while waiting for the support of all the above for the future development as well as maintaining the institution till 31 December 2022 in the midst of challenges.

Chairman



2022

STATE PRINTING CORPORATION

Comprehensive Income Statement For the year ended 31st December - 2022

	Note No.	2022 Rs.	2021 Rs.
Revenue	8	824,836,307	1,633,347,511
Cost of Sales	9	(863,868,661)	(1,473,509,796)
Gross Surplus		(39,032,354)	159,837,715
Other Operating Income	10	13,111,053	25,623,234
Selling & Distribution Expenses	11	(37,737,028)	(35,340,658)
Establishment & Administrative Expenses	12	(159,898,028)	(186,000,274)
Other Operating Expenses	13	(4,313,189)	(83,450,427)
Operating Profit		(227,869,546)	(119,330,409)
Finance Income	14	3,963,562	1,979,257
Other Income -General Treasury Grant Acquired		21,243,200	7,088,008
(Amortisation 2022)	-		
Finance Expenses	14.1	(178,040,017)	(97,833,511)
Surplus/(Deficit) for the year before tax		(380,702,801)	(208,096,656)
Income Tax	15	-	-
Surplus/ (Deficit) for the year after tax		(380,702,801)	(208,096,656)
Other Comprehensive Income			
Profit/(loss) Disposal of Land		-	(73,861,249)
Total Surplus/(Deficit) for the year		(380,702,801.13)	(281,957,906)

STATE PRINTING CORPORATION
Statement of Financial Position
As at 31st December - 2022

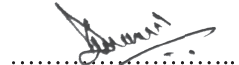
	(Note No)	2022 (Rs.)	2021 (Rs.)
ASSETS			
NON CURRENT ASSETS			
Property, Plant & Equipment	16	1,172,812,215	1,035,427,927
TOTAL NON CURRENT ASSETS		1,172,812,215	1,035,427,927
CURRENT ASSETS			
Inventories	17	196,077,951	327,871,465
Trade Receivables	18	180,354,066	678,526,544
Other Receivables	19	18,409,464	24,526,782
Pre payments		925,272	237,580
Bank - Fixed Deposit (Maturity In June 21/2023)		25,636,644	25,000,000
Interest Receivable - Bank Fixed Deposit		2,948,214	625,000
Cash & Cash Equivalents	20	17,015,662	35,004,991
TOTAL CURRENT ASSETS		441,367,273	1,091,792,361
TOTAL ASSETS		1,614,179,488	2,127,220,289
EQUITY & LIABILITIES			
Issued Capital		15,000,000	15,000,000
Revaluation Reserve		701,351,652	808,011,707
Retained Earnings		(1,163,063,864)	(931,669,314)
TOTAL EQUITY		(446,712,212)	(108,657,607)
NON CURRENT LIABILITIES			
Retirement Benefit Obligation		145,793,663	163,289,487
Bank Long Term Loan		-	55,497,200
General Treasury (Machineries Grant)		386,631,948	210,294,414
TOTAL NON CURRENT LIABILITIES		532,425,611	429,081,100
CURRENT LIABILITIES			
Trade Payables	21	449,248,036	666,418,516
Other Payables	22	64,528,476	79,301,155
Bank Long Term Loan - (Current Liability Amount)		24,663,200	-
Bank FD Loan -(Maturity In June 21/2023)		23,000,000	-
Interest Payable - Bank FD Loan		2,062,123	-
Interest Bearing Borrowings		916,746,059	1,024,101,430
Bank Usance Loans- (Foreign Creditors)		7,128,102	-
Bank Overdraft - PB 1/PB 2		41,090,093	36,975,695
TOTAL CURRENT LIABILITIES		1,528,466,089	1,806,796,796
TOTAL EQUITY & LIABILITIES		1,614,179,488	2,127,220,289

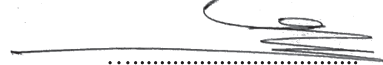
I certify that these financial statements of the Corporation comply with the requirements of the Finance Act No 38 of 1971



M.S.S Mohotti
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 101 and 102 and notes on pages 105 to 116 form an integral part of these financial Statements.


D.L.A Wijenayaka
Chairman/Director


Thilak Hettiarachchi
Director

STATE PRINTING CORPORATION
Statement of Changes in Equity For the year ended 31st December - 2022

	Issued Capital (Rs)	Government Grant for Machineries (Rs)	Revaluation Reserve (Rs)	Revenue Reserve (Rs)	Total (Rs)
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)			
Government Capital Grant - 2020/21	210,294,414	210,294,414			
Profit/(Loss) for the year (after taxation)		(281,957,906)	(281,957,906)		
Balance as at 31st December 2021	15,000,000	210,294,414	808,011,707	(931,669,314)	101,636,806
Accounts 31-12-2022					
Balance as at 01st January 2022	15,000,000	210,294,414	808,011,707	(931,669,314)	101,636,807
Prior Year Adjustment for Land Reserve			(106,660,055)	106,660,055	0
Prior Year Adjustment - Others				42,648,196	42,648,196
Government Capital Grant - 2022		197,580,734			197,580,734
General Treasury Grant Amortisation for 2022		(21,243,200)			(21,243,200)
Profit/(Loss) for the year (after taxation)				(380,702,801)	(380,702,801)
Balance as at 31st December 2022	15,000,000	386,631,948	701,351,652	(1,163,063,864)	(60,080,264)

STATE PRINTING CORPORATION
Statement of Cash Flows
For the Year Ended 31st December - 2022

	2022 Rs	2021 Rs
Cash Flows from Operating Activities		
Net Profit / (Loss) before taxation	(380,702,801)	(208,096,656)
Adjustment for:		
Depreciation on Fixed Assets	73,144,873	56,201,209
Other Income-Treasury Grant Acquire 2022	(21,243,200)	(7,088,008)
(Profit)/Loss of Non Current Assets (PPE)	-	-
Prior Year Adjustments (Effected to Cash Flow)	42,648,196	(145,164)
Finance Expenses	178,040,017	97,833,511
Fixed Deposit Interest Receivable	(2,948,214)	(625,000)
Fixed Deposit Interest Payable	2,062,123	
Gratuity Provision made during the year	12,837,317	16,366,766
Provision for EPD Late Charges & Quality Losses	-	9,343,150
Provisioned EPD Late charges paid	(9,343,150)	(5,762,226)
Provision for Doubtful Debtors	5,046,385	29,527,127
Operating Profit before Working Capital Changes	(100,458,454)	(12,445,292)
Changes in items of Working Capital		
(Increase)/ Decrease in Inventories	131,793,513	(19,694,465)
(Increase)/ Decrease in Trade Receivables	502,469,244	(120,184,136)
(Increase)/ Decrease in Other Receivable & Prepayment	6,054,625	4,317,618
Increase / (Decrease) in Current Liabilities	(224,815,057)	306,101,745
Cash generated from operations	315,043,871	158,095,470
Tax paid	-	-
Employee Retirement Benefit Paid	(30,333,140)	(27,620,322)
Net Cash Flows / (Used in) from Operating Activities	284,710,731	130,475,148
Cash Flows From Investing Activities		
Proceeds from sales of PPE	-	33,138,751
Purchasing of PPE	(12,948,427)	(36,192,464)
Fixed Deposit	(636,644)	(25,000,000)
Net cash flows from Investing Activities	(13,585,071)	(28,053,714)
Cash Flows from Financing Activities		
Proceeds received / Paid for borrowings (Net Barrowings)	(138,189,371)	1,218,126
Interest Paid	(178,040,017)	(97,833,511)
Bank Loan Against FD	23,000,000	-
Net cash flows from Financing Activities	(293,229,388)	(96,615,386)
Net Increase/(Decrease) in Cash & Cash Equivalent	(22,103,728)	5,806,049
Cash & Cash Equivalent at the beginning of the period	(1,970,703)	(7,776,752)
Cash & Cash Equivalent at the end of the period (Note 19)	(24,074,431)	(1,970,703)

STATE PRINTING CORPORATION

Notes to the Financial Statements as at 31st December 2022

CORPORATE INFORMATION

1.1 REPORTING ENTITY

The State Printing Corporation was established in the year 1968 by Act of Parliament No. 24 of 1968. The corporate board of directors is in charge of its management.

This is located in Padukka Panaluwa area.

1.2 KEY FUNCTIONS AND NATURE OF THE OPERATIONS

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

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

The Statement of Financial Position, Statement of Comprehensive Income, Changes in Funds and Cash Flows, and Policies and Notes have been prepared in accordance with the Accounting Standards LKAS and SLFRS and the Finance Act No.38 of 1971.

2.1 STATEMENT OF COMPLIANCE

Financial statement is prepared on accrual basis and historical cost basis. It is presented in Sri Lanka Rupees.

2.2 BASIS OF MEASUREMENT

Except for the following points, the financial statements have been prepared on the basis of historical cost.

- Interest Income in the Statement of Comprehensive Income
- Re-valued Assets

2.3 GOING CONCERN

The board of directors has made an assessment and focused on the ability to run the corporation. However, the Board of Directors does not intend to liquidate it or cease operations.

2.4 FUNCTIONAL CURRENCY

The final accounts are presented in Sri Lanka Rupees, the currency of the Corporation. All financial information is presented in rupees and values are given to the nearest rupee value.

2.5 COMPARATIVE INFORMATION

The Corporation has followed the same accounting principles as in previous years. Where necessary, the values and mentions of previous years have been rearranged and presented. The corporation has re-stated the financial position of the previous year by retroactively adjusting the relevant corrections of the previous years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been consistently presented by the corporation in the financial statements for all periods.

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 } From 02.01.2017 to 30.01.2017

Computer Accessories } From 02.01.2017 to 30.01.2017

Plant and Machinery From 16.01.2017 to 30.01.2017

Motor and Other Vehicles From 13.01.2016 to 14.01.2016

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 Stock

Stock is calculated at the lower of cost and net realizable value.

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.

New Four Colour Sheet Fed offset Printing Machine was received to the corporation during this year (2022) under the expenditure head of the Ministry of Education cost of Rs. 198Mn.

3.3 Taxation

3.3.1 Income Tax

Income tax liabilities or assets related to the relevant year and previous years will be paid to or recovered from the Inland Revenue Commissioner.

Income tax is calculated according to the tax percentages valid on the date mentioned in the financial statements and according to the rules on that day. Provision for income tax will be done according to the sources of income and expenditure mentioned in the financial statements in accordance with paragraph 10 of the Inland Revenue Act of 2006 and subsequent amendments..

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.

4.2 Financial Bonds

4.2.1 Mortgage of Property

In order to obtain all the banking facilities of the corporation i.e. bank overdraft, short-term loans, long-term loans, letters of credit and performance bank guarantees, the property, plant and equipment of the corporation have been mortgaged to the People's Bank by No. MB979/3063/3243/1147/422/5789.

In addition to this, Peoples Bank credit facilities have been obtained under the number TO/REV/TG/522 on 07 September 2018 through a Government Treasury Guarantee, mentioning the following projects.

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

4.2.2 Capital commitments Contingent Liability

- a) All material capital commitments and contingent liabilities are considered and necessary adjustments or disclosures are made in these financial statements.
- b) Existing legal matters - Kesara Lanka Arbitration matter
According to the arbitration award given by the arbitrators we have to pay Rs. 151,571,090.42 as follows
Not less than 6 million on or before 15th day of each month commencing from 15th January 2023.
Not less than 12 million on or before 15th day of each month commencing from July 2023.
Total amount of Rs. 151,571,090.42 should be finished on or before 31st of March 2024.
- c) 248/19 FR matter
Former Marketing Manager Mr Thilak Perera has filed a fundamental Right case in Supreme Court regarding the interdiction. Leave has been granted and case has been fixed for arguments.
- d) 33/1516 LT matter - Former Marketing Manager Mr. Thilak Perera has filed a labour case in Homagama Labour Tribunal regarding the termination. Trial is going on.
- e) DMR 5233/19 - Case was filed against Anju Perera who is a debtor of Gampaha Outlet. From the beginning of the case we came to know that he has passed away. Out laid by case and ask to take steps to identify the heirs.
- f) H.S Pathiraja - Outlet OIC of Gampaha ,taken to custody according to the complaint done against him regarding the fraud that he has done during his service period.
- e) The value of letter of credit opened up to 31.12.2022 is Rs. 3.91 Mn and foreign credit purchase value under usance loan Rs. 7.12mn.

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.

	2016 (Rs.)	2017/18 (Rs.)
Motor & Other Vehicles	36,015,363	
Land (Rs. 377,290,608 - 106,660,055)		270,630,553
Building		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>665,336,289</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 recognized 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 recognized 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.

7.0 Changes in Expenses according to Sub Business Units

In year 2021, expenses of Staff Welfare, Employee Medical and Housing Loan Interest charged under Other Operating Expenses (Note No.12) in the Financial Statements and Sales Outlets Salaries & Wages , EPF, ETF, Incentive Payments had charged in under Administration Expenses, now (2022) it has charged under Selling and Distributional expenses.

Further in 2021, Lottery printing expenses had charged to Main Press working account but from the current Financial year (2022) , expenses related to Lottery printing unit has charged Specific Business Unit of Lottery Printing.

STATE PRINTING CORPORATION
Notes to the Financial Statements
For the year Ended 31st December - 2022

Note No. 07.1

Values of Note 7.0 as follows ;

2021 Value of Other Operating Expenses

Expenses	2021 Account Value	Transferrable SBU Accounts					
		Admin Exp	Marketing	Main Press Direct	SPC -Ind	STF	PUB
Welfare to Staff	17,134,550	4,830,695	994,375	7,291,030	2,399,188	1,532,138	87,125
Employee Medical	9,088,015	1,826,375	570,340	6,059,420	0	612,740	19,140
Housing Loan Interest	1,338,400	420,448	32,959	779,578	0	105,415	0
Vehicle Allowance/ Staff Transport	5,072,515	4,232,515	210,000	0	210,000	210,000	210,000

2021 Selling and Distribution Expenses which were included in Administration Expenses as follows.

	Included In Admin Salary	Trf. to Selling & Dis
Salaries & wages - Marketing & Sales	21,386,252	21,386,252
Overtime to staff - Marketing & Sales	585,621	585,621
Employees' Provident Fund - Marketing & Sales	2,715,935	2,715,935
Employees' Trust Fund- Marketing & Sales	678,984	678,984
Incentive Payments - Marketing & Sales	279,000	279,000

* All expenses in Security Printing dept. transferred from Main Press working account including the Salaries & Wages by current financial year (2022).

		2022 (Rs.)	2021 (Rs.)
08. REVENUE/TURNOVER	Note No.		
Income from Main Press			
Text Books	23.1.1	41,569,625	1,186,918,385
Job Works	23.1.3	151,078,705	53,795,367
NLB Lotteries	24.1 / 23.3	405,863,648	247,229,602
Income from Stationery Factory	25.1	216,910,849	126,407,838
Publication	26.1	798,985	640,688
Income from other sales	27.1	8,614,495	18,355,631
		824,836,307	1,633,347,511
09. COST OF SALES			
Main Press	Note 23		
Raw materials consumed	2.1	58,958,987	896,611,944
Direct labour	2.2	149,347,018	228,434,686
Other Direct factory expenses	2.3	19,064,426	49,942,451
Indirect factory expenses	3	82,940,813	123,025,642
Other expenses/Stock Adjustment	5	32,249,981	21,210,449
Late Charges, Qu. losses & Penalty EPD	1.1.1	2,135,021	410,261
Late Charges & Penalty NLB	1.1.2	-	3,177,350
Provision for Late Charges EPD	1.1.3	-	9,343,150
		344,696,246	1,332,155,933

		2022 (Rs.)	2021 (Rs.)
Security Printing	Note 24		
Raw materials consumed	2.1	181,161,787	-
Direct labour	2.2	57,035,104	-
Direct factory expenses	2.3	16,715,678	-
Indirect factory expenses	3	62,382,164	-
NLB Late Charges	1.1	20,468,587	-
		337,763,320	
Stationery Factory	Note 25		
Raw materials consumed	2.1	13,926,204	108,197,125
Direct labour	2.2	30,436,869	33,378,635
Direct factory expenses	2.3	1,243,154	3,080,576
Indirect factory expenses	3	11,677,238	13,212,450
Other expenses/Stock Adjustment	5	115,378,689	(35,026,800)
		172,662,154	122,841,986
Cost of Publication unit	Note - 26.3	2,391,152	2,541,885
Cost of Other Sales unit	Note - 27.2	6,355,789	15,969,992
TOTAL COST OF SALES		863,868,661	1,473,509,796
10. Other Operating Income			
Factory Wastepaper & Sundry Items		12,851,553	24,375,616
Tender Deposit & Registrations		259,500	1,247,618
		13,111,053	25,623,234
11. SELLING & DISTRIBUTION EXPENSES			
Salaries & wages - Marketing & Sales		22,406,557	-
Overtime to staff - Marketing & Sales		327,084	-
Employees' Provident Fund - Marketing & Sales		2,834,134	-
Employees' Trust Fund- Marketing & Sales		644,884	-
Incentive Payments - Marketing & Sales		277,500	-
Meal Allowance/Staff Welfare		1,083,375	-
Employees Medical Scheme		665,715	-
Vehicle Allowance		104,417	-
Employees Housing Loan Interest		6,754	-
Rent- Sales Outlets		2,274,447	3,220,917
Rates		27,264	82,846
Water Bill Payments - Sales Outlet		30,483	27,436
Electricity - Sales outlet		88,930	92,914
Telephone Exp. - Sales Outlet		150,110	98,062
Up-Keep of Motor Vehicles (20%)		1,626,442	1,108,984
Under Provision for Bad Debts		5,046,385	29,527,127
Advertisement		-	565,783
Sales promotion		11,522	439,419
Maint. of Sales outlet		3,440	10,825
Transport Finished Goods		127,585	-
Non Refundable Tender Deposits		-	166,345
Total		37,737,028	35,340,658

	2022 (Rs.)	2021 (Rs.)
12. ESTABLISHMENT & ADMINISTRATION EXPENSES		
Upkeep of Land & Buildings	612,944	415,129
Maintenance of Office Equipment	1,203,144	762,931
Depreciation - Office Equipment	1,857,791	1,516,681
- Computers & Software	1,928,558	1,187,369
Salaries & Wages	92,132,025	118,359,563
Overtime to Staff	9,452,407	13,615,151
Employees' Provident Fund	11,836,350	14,858,655
Employees' Trust Fund	3,022,740	3,714,677
Incentive Payments	1,069,687	1,564,510
Meal Allowance/Staff Welfare	4,170,410	-
Vehicle Allowance	3,877,441	-
Employees Medical Scheme	2,460,870	-
Employees Housing Loan Interest	413,156	-
Chairman's Emolument	882,507	960,000
Board Director's Fees	110,000	443,000
Postage	328,214	126,431
Telephone	1,232,816	1,592,973
Printing & Stationery	3,379,668	2,383,894
Press Notices & Publication	1,556,802	1,573,869
Travelling & Subsistence	481,616	565,455
News Papers and Periodicals	119,780	85,570
General Office Expenses	192,563	202,423
Provision for Audit Fees	912,000	912,000
Miscellaneous Expenses	61,876	197,297
Legal & Consultancy	887,835	1,138,564
Entertainment	108,597	170,978
Gratuity Provision	12,837,317	16,366,766
Staff Training	201,200	41,050
Audit & Management Committee Fees	37,000	132,500
Internet / Email	424,707	492,885
Procurement Committee Fees	-	1,000,000
Upkeep of Motor Vehicle 20%	1,626,442	1,108,984
Board Meeting Expenses	23,484	34,530
Membership fees	10,000	13,000
Donations	-	39,874
Computer Repair Charges	64,450	300,950
Registration Charges as Supplier	138,359	119,739
Outside Job Works	-	2,875
Cultivation Project Exp	243,272	-
	159,898,028	186,000,274
13. OTHER OPERATING EXPENSES		
Welfare to Staff		17,134,550.45
Employees Medical Scheme		9,088,015.00
Housing Loan Interest		1,338,399.70
Staff Transport	4,266,439	8,146,582
Special Incentive Payment	-	23,891,565
Leave Encashment	-	23,753,315
Staff Awards	46,750	98,000
Total	4,313,189	83,450,427

	2022 (Rs.)	2021 (Rs.)
14. FINANCE INCOME		
Interest Received by Distress Loans	177,328	452,698
Interest Received by Bank - Savings AC Int.	826,376	901,559
- FD Interest Received	11,644	625,000
- FD Int. Receivable	2,948,214	3,786,234
	3,963,563	1,979,257
14.1 FINANCIAL & OTHER CHARGES		
Bank Guarantee & Other Charges	3,793,727	1,983,638
Bank Overdraft Interest	8,906,445	4,241,195
Bank Loan Interest - STL	154,915,633	84,438,970
Bank Loan Interest - (Long Term)	8,227,134	7,169,709
Fine Charges	134,955	-
Interest Payable- Fixed Deposit	2,062,123	-
Total	178,040,017	97,833,512
15. INCOME TAX		
Income tax prov. for the year -Note 15.1	-	-
	-	-

**15.1 PROJECTED INCOME TAX COMPUTATION FOR THE YEAR OF ASSESSMENT 2022/23
BASED ON ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2022**

	Rs.
Estimated Taxable Profit from Trade or Business	(373,820,387)
Interest Income	3,963,563
Profit from any Other Source	-
Statutory Income	(369,856,825)
(-) Less Deduction from Total Statutory Income	
Deductible losses from Trade or Business	(1,370,334,960)
Interest, Annuities, Ground Rent & Royalties Paid	(78,545)
Taxable Income	(1,740,270,329)
Tax Thereon	
Income Tax	-
Gross Tax Payable	-
TAX ON DISTRIBUTABLE PROFIT (Deemed Dividend Tax)	
TOTAL TAX PAYABLE	-
Less : Tax Credits	
Economic Service Charge	-
BALANCE TAX PAYABLE	-
15.2 Deductible Income Tax Losses Brought Forward from last 4 years	
Losses brought forward from the previous year (if any) - 2018/19	816,822,514
Losses brought forward from the previous year (if any) - 2019/20	135,824,993
Losses brought forward from the previous year (if any) - 2020/21	43,867,066
Loss incurred during the year - 2021/22	373,820,387
Balance loss that brought forward to this year (2022)	1,370,334,960

STATE PRINTING CORPORATION
Notes to the Financial Statements
As at 31st December - 2022

16. PROPERTY, PLANT AND EQUIPMENT

Description	Revaluations for the Year 01.01.2021	Treasury Grant for Acquisition of Machineries	Additions/ Revaluations during the year	Disposals during the year	Cost/Revaluation As at 31.12.2021	Additions during the year 2022	Treasury Grant for Acquisition of Machineries	Disposals during the Year-2022	As at 31.12.2022
At Cost									
Land	378,500,000	-	-	107,000,000	271,500,000	-			271,500,000
Building	166,600,000	-	-	-	166,600,000	-		-	166,600,000
Plant Machinery & Tools	552,111,174	217,382,421	28,866,670	-	798,360,265	6,861,441	197,580,734	-	1,002,802,440
Motor Vehicles & M/Cycles	55,563,000	-	-	-	55,563,000	-		-	55,563,000
Office Equipment's & Furniture	14,531,241	-	1,705,783	-	16,237,024	5,045,496		-	21,282,520
Computer & Accessories	6,618,724	-	5,620,011	-	12,238,735	1,041,490		-	13,280,225
Electronic Reinstallations	2,572,951	-	-	-	2,572,951	-		-	2,572,951
Total	1,176,497,090	217,382,421	36,192,464	107,000,000	1,323,071,975	12,948,427	197,580,734	-	1,533,601,136
Accumulated Depreciation									
Description	Revaluations/C for the Year 01.01.2021		Annual Depreciation 2021	Disposals during the year	Accumulated Depreciation 31.12.2021	Annual Depreciation 2022		Disposals during the year	Accumulated Depreciation 31.12.2022
Building	16,660,000		4,165,000	-	20,825,000	4,165,000		0.00	24,990,000
Plant Machinery & Tools	146,439,092		9,332,990	-	195,772,082	65,193,524		0.00	260,965,606
Motor Vehicles & M/Cycles	55,562,976		-	-	55,562,976	0		0.00	55,562,976
Office Equipment's & Furniture	4,408,634		1,516,681	-	5,925,315	1,857,792		0.00	7,783,107
Computer & Accessories	5,799,188		1,186,537	-	6,985,725	1,928,558		0.00	8,914,283
Electronic Reinstallations	2,572,950		-	-	2,572,950	0		0.00	2,572,950
Total	231,442,839		56,201,209	-	287,644,047	73,144,874		-	360,788,921
Written Down Value					1,035,427,928				1,172,812,215

STATE PRINTING CORPORATION
Notes to the Financial Position
As at 31st December - 2022

	2022 (Rs.)	2021 (Rs.)
17. INVENTORIES		
Raw materials	102,230,178	92,745,990
Consumable	9,055,094	8,423,058
Spare parts	49,524,755	39,956,646
Hardware	2,167,511	1,288,618
Finished goods	11,075,844	115,057,362
Work in Progress	22,024,569	70,399,790
Total	196,077,951	327,871,465
19. TRADE RECEIVABLES		
Trade Debtors	249,599,596	752,068,839
Less : Provision for bad debt	(69,606,839)	(64,560,453)
Provision for Late Charges EPD	0	(9,343,150)
Other debtors	361,309	361,309
Total	180,354,066	678,526,544
19. OTHER RECEIVABLES		
Staff Loan and Advances (Note 19.1)	5,546,041	5,016,011
Deposits & Receivables (Note 19.2)	12,744,125	7,504,278
Sales Control Accounts (Note 19.3)	119,298	(2,526,947)
Bank Loan - Margin Deposits-International	0	14,533,440
	18,409,464	24,526,782
19.1 LOAN AND ADVANCES		
Staff Distress Loan	1,122,764	1,998,612
Staff Festival Advances	1,702,000	1,886,000
Staff Salary Advances	10,000	56,000
Creditors Advance a/c	2,711,278	1,075,399
Total	5,546,042	5,016,011
19.2 DEPOSITS & RECEIVABLE		
Deposits receivable	12,234,388	6,939,202
Add: Other Receivables	509,737	565,075
Total	12,744,125	7,504,278
19.3 SALES CONTROL ACCOUNT		
Sales Control Ac	119,298	(2,526,947)
Total	119,298	(2,526,947)
20. CASH & CASH EQUIVALENTS		
Cash at Bank	16,606,664	32,362,664
Cash in Transit	381,998	2,615,326
Cash in Hand	27,000	27,000
	17,015,662	35,004,991

2022 **2021**
(Rs.) **(Rs.)**

For the purpose of statement of Cash Flow, Cash & Cash Equivalents comprise the followings

Cash at Bank	16,606,664	32,362,664
Cash in Transit	381,998	2,615,326
Cash in Hand	27,000	27,000
	17,015,662	35,004,991
Bank Overdrafts	(41,090,093)	(36,975,695)
	(24,074,431)	(1,970,704)

21. TRADE PAYABLES

Trade Creditors	212,083,210	463,229,261
Other Creditors (Royalty, Consign & Other)	1,775,244	1,696,699
- Dept. of Inland Revenue (Note 22.1)	234,109,923	200,195,314
Sales Advance	-	17,584
Other Creditors -Debt	1,279,659	1,279,659
Total	449,248,036	666,418,516

22. OTHER PAYABLES

Accrued Expenses	63,191,013	77,088,193
Deposit Payable	1,337,463	2,212,962
	64,528,476	79,301,155

22.1 Payables to IRD

ESC	23,342,409	23,342,409
VAT	124,642,025	90,727,416
NBT	80,840,239	80,840,239
INCOME TAX	5,000,000	5,000,000
WHT	158,950	158,950
WHT 10% Payable	126,300	126,300
	234,109,923	200,195,314

**STATE PRINTING CORPORATION
PRODUCTION ACCOUNT (MAIN PRESS)
FOR THE YEAR ENDED 31ST DECEMBER 2022**

Note No - 23

	2022 (Rs.)	2021 (Rs.)
(1) INCOME FROM PRINTING		
(1.1) Text Books	41,569,625	1,186,918,385
(1.2) Lottery Printing -NLB (TRF to SBU AC)	-	247,229,602
(1.3) Job Works	151,078,705	53,795,367
(1) Total Income	192,648,330	1,487,943,354
Charges Deducted from Income		
(1.1.1) Deduction Made by EPD L.Chages/Qu.Losses	2,135,021	410,261
(1.1.2) Provision for EPD L.Chages/Qu.Losses	-	9,343,150
(1.1.3) Deduction Made by NLB L.Charges	-	3,177,350
(1.1) Total Charges Deducted from Income	2,135,021	12,930,761
(1.2) Total Income Received (1 - 1.1)	190,513,309	1,475,012,593
(2) FACTORY EXPENSES - DIRECT		
(2.1) Consumption of Raw materials	58,958,987	896,611,944
Labour - Direct :		
Salaries & Wages	109,387,477	136,686,216
Overtime to Staff	6,489,018	26,422,438
Piece Work	5,200,992	41,393,869
Employees' Provident Fund	14,247,829	17,491,529
Employees' Trust Fund	3,405,613	4,372,884
Incentive Payments	1,175,260	2,067,750
Meal Allowance/Staff Welfare	5,350,662	7,291,030
Employees Medical Scheme	3,492,890	-
Employees Housing Loan Interest	597,277	-
(2.2) Total Direct Labour	149,347,018	235,725,716
Other Factory Expenses - Direct		
Consumption of Consumable Items	4,758,418	16,397,134
Consumption of Spare Parts	1,819,573	18,156,203
Consumption of Hardware	4,961,153	3,583,469
Electricity Direct	7,525,282	11,805,644
(2.3) Total Other Factory Expenses - Direct	19,064,426	49,942,450
(2) TOTAL DIRECT EXPENSES [2.1 + 2.2 + 2.3]	227,370,431	1,182,280,110
(3) FACTORY EXPENSES - INDIRECT		
Salaries & Wages	24,913,387	26,962,760
Overtime to Staff	7,833,191	12,517,259
Employees' Provident Fund	3,042,950	3,381,118
Employees' Trust Fund	917,081	845,267
Incentive Payment	275,750	405,000
Meal Allowance/Staff Welfare	1,264,412	-
Maintenance of Plant & Machinery	4,406,246	11,912,768
Outside Job Works	365,287	2,729,738
Maint. of Barcoding System & Modification	-	13,748,685

**STATE PRINTING CORPORATION
PRODUCTION ACCOUNT (SECURITY PRINTING)
FOR THE YEAR ENDED 31ST DECEMBER 2022**

Note No - 24

	2022 (Rs.)
INCOME FROM PRINTING	
(1) Lottery Printing -NLB	405,863,648
(1.1) Deduction Made by NLB L.Chages & Printing Errors	20,468,587
(1.1.1) Total Income Received (1 - 1.1)	385,395,061
(2) FACTORY EXPENSES - DIRECT	
(2.1) Raw Materials Consumed	181,161,787
(2.2) Labour - Direct :	
Salaries & Wages	35,680,919
Overtime to staff	13,026,876
Employees' Provident Fund	4,240,838
Employees' Trust Fund	1,060,210
Incentive Payments	348,000
Meal Allowance/Staff Welfare	1,770,195
Employees Medical Scheme	876,980
Employees Housing Loan Interest	31,086
(2.2) Total Direct Labour	57,035,104
(2.3) OTHER FACTORY EXPENSES - DIRECT	
Consumption of Consumable Items	8,867,892
Consumption of Spare Parts	2,013,356
Consumption of Hardware (25% of Total Cost)	1,653,718
Electricity (1/3 of SPC Main Press)	4,180,712
(2.3) Total Other Direct Factory Expenses	16,715,678
(2) TOTAL DIRECT EXPENSES [2.+2.2+2.3]	254,912,569
(3) FACTORY EXPENSES - INDIRECT	
Salaries & wages	2,176,117
Overtime to staff	174,612
Employees' Provident Fund	219,339
Employees' Trust Fund	54,836
Incentive payments	19,750
Vehicle Allowance	297,500
Outside Job Works	26,083,805
Non Refundable Tender Deposits	124,000
Maint.Of Plant & Machinery	65,000
20% Maint.Of Motor Vehicle	1,626,442
Maint. of Barcoding System & Modification	5,235,000
Depreciation	
Building (1/3 by Main Press)	1,252,500
Plant & Machinery	25,053,263
(3) Total Indirect Expenses	62,382,164
(4) COST OF PRODUCTION [2 + 3]	317,294,733
(5) GROSS WORKING PROFIT [1.2 - 4]	68,100,328

**STATE PRINTING CORPORATION
PRODUCTION ACCOUNT (STATIONERY FACTORY)
FOR THE YEAR ENDED 31ST DECEMBER 2022**

Note No - 25

	2022 (Rs.)	2021 (Rs.)
(1) INCOME FROM SALE OF STATIONERY	216,910,849	126,407,838
(2) FACTORY EXPENSES DIRECT		
(2.1) Raw materials consumed	13,926,204	108,197,125
(2.2) Labour - Direct :		
Salaries & wages	22,319,896	22,763,052
Overtime to staff	2,114,145	6,522,868
Employees' Provident Fund	2,856,132	3,003,571
Employees' Trust Fund	714,033	750,893
Incentive Payments	210,750	338,250
Meal Allowance/Staff Welfare	1,289,615	-
Employees Medical Scheme	750,070	-
Employees Housing Loan Interest	91,228	-
Vehicle Allowance	91,000	-
(2.2) Total labour	30,436,869	33,378,634
(2.3) Factory Expenses - Direct		
Consumption of Consumable Items	464,795	808,442
Consumption of Spare Parts	23,109	1,147,324
Electricity	755,250	1,124,810
(2.3) Total direct factory expenses	1,243,154	3,080,576
(2) TOTAL DIRECT EXPENSES [2 .1+2.2+2.3]	45,606,227	144,656,335
(3) FACTORY EXPENSES - INDIRECT		
Salaries & wages	3,852,473	4,657,275
Overtime to staff	169,271	663,553
Employees' provident fund	478,511	620,964
Employees' trust fund	119,628	155,241
Incentive payments	40,750	57,750
Electricity	83,917	124,979
Depreciation		
Buildings	407,500	407,500
Plant & machinery	6,525,188	6,525,188
(3) Total Indirect Factory expenses	11,677,238	13,212,450
(4) Cost of production - with out Stock [2 + 3]	57,283,465	157,868,785
ADD: Opening Stock	20,128,421	28,665,234
Work in Progress	102,785,342	60,751,160
Finished goods	(2,182,479)	(20,128,421)
Less: Closing Stock	(6,406,194)	(102,785,342)
Work in progress	(602,520)	-
Finished goods	(30,575)	(2,624,074)
Damage Stock (Warakapola)	1,626,442	1,108,984
Less; Stationery Trf to Staff Welfare, Donation & Others	-	(14,341)
Value M/V transferred from SPC working account 20%	60,252	-
Stock Short	-	-
Damage Stock (Loss) Warakapola	-	-
(5) Opening/Closing & Stock Adjustment	115,378,689	(35,026,800)
(6) TOTAL COST OF PRODUCTION (4 + 5)	172,662,154	122,841,985
(7) GROSS WORKING PROFIT [1 - 6]	44,248,695	3,565,852

STATE PRINTING CORPORATION
INCOME AND EXPENDITURE ACCOUNT PUBLICATION UNIT
FOR THE YEAR ENDED 31ST DECEMBER 2022

Note No - 26	2022 (Rs.)	2021 (Rs.)
(1) INCOME	798,985	640,689
Less; Cost of Production :		
Opening -Stock	3,114,875	3,476,962
Add : (Stock Shortage)	-	(923)
Less; Closing stock	(2,849,885)	(3,114,875)
(2) Cost of Production	264,990	361,164
Trf to Staff Welfare, Donation & Others		(714,191)
Add- Expenses		
Salaries & wages	1,594,841	1,800,845
Overtime to staff	-	16,539
Employees' Provident Fund	203,422	226,287
Employees' Trust Fund	50,856	56,572
Incentive payments	18,750	23,250
Meal Allowance/Staff Welfare	91,125	-
Employees Medical Scheme	50,110	-
Vehicle Allowance	16,935	-
Consignment Paid	-	951
Royalties	78,545	56,276
Donation - PUB	36,270	714,191
Printing & Stationery - PUB	(14,692)	-
(3) Total Cost of Production	2,391,152	2,541,885
(4) EXCESS(LESS) OF EXPENDITURE OVER INCOME	(1,592,167)	(1,901,196)

STATE PRINTING CORPORATION
TRADING ACCOUNT (OTHER SALES UNIT)
FOR THE YEAR ENDED 31ST DECEMBER 2022

Note No - 27	2022 (Rs.)	2021 (Rs.)
(1) INCOME	8,614,495	18,355,631
Less; Cost of sales :		
Opening stock	6,360,996	10,603,979
Purchases	1,847,008	11,919,850
Add ; (Stock Short)/ Printing & Stationery	(32,450)	(192,842)
Less; Closing Stock	(1,819,765)	(6,360,996)
(2) Cost of Sales	6,355,789	15,969,992
(3) GROSS PROFIT	2,258,706	2,385,639



2022 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 (“Corporation”) for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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.

1.2 Basis for Qualified Opinion

- According to Section 51 of Sri Lanka Accounting Standard No. 16, the residual value of an asset should be reviewed at least at the end of each financial year over its useful life and if the estimated values differ from the expected values, those changes should be accounted for as a change in an accounting estimate in accordance with Sri Lanka Accounting Standard No. 08, but the useful life of 352 items of property, plant and equipment valued at Rs.64,281,974 which have been fully depreciated but are still in use have not been revalued and brought to the books.
- The current assets and current liabilities of the corporation were understated due to the fact that a sales advance of Rs.27,951,780 given to the corporation by the Department of Education Publications in the year under review was recorded as a receipt from debtors.
- The loss of Rs.10,519,265 to the corporation was adjusted as provision for bad debtors which was occurred due to the president of the corporation agreed to reduce the 49 cents which is agreed amount to print a lottery ticket for the National Lottery Board in 2021, to 44 cents, without the approval of the Board of Directors. Accordingly, the retained loss in the year under review had further increased by that amount and the provision for bad debtors expense in the year under review had been understated by that amount.
- Although the interest calculated on fixed deposit in the year under review was Rs.3,451,227, it was recognized as Rs.2,959,858 in the income statement. Accordingly, the fixed deposit interest income and fixed deposit interest receivable were understated by Rs.491,691.
- Due to the calculation of cost of sales based on an operating expense that is not relevant to the calculation of the cost of sales, the cost of sales was overstated by Rs.20,468,587 and the gross loss in the income statement had overstated by that amount.
- According to the individual account balances in the ledger of the State Printing Corporation as on 31 December of the year under review, the balance due from 7 institutions was Rs.3,210,565, but it was confirmed that there were no balances due from those institutions as per confirmations given

to the audit. Accordingly, a difference of Rs.3,210,565 was shown in the balances of the corporation. Furthermore, as per the individual balances of the Corporation as on 31 December of the year under review, the balance due to 7 institutions was Rs.166,509,372, but the total of the balances confirmed to the audit by those institutions was Rs.172,728,372. Therefore, there was a difference of Rs. 6,219,310 shown in the payable balances

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Explanation of Certain Matter

Attention is drawn to Note No. 2.3 of the Financial Statements. The net assets show a negative value of Rs.446,712,212 at the end of the year under review and the negative balance of retained income which was Rs.931,669,314 as on 01 January 2022, had deteriorated to a negative value of Rs.1,163,063,864 at the end of the year under review after adjusting the loss of Rs.380,702,801 of the year under review and making the previous year adjustments. Furthermore, the negative working capital amount of Rs.715,004,435 in the year 2021 had further deteriorated to Rs.1,087,298,816 in the year under review. Therefore, I qualify my opinion because of these matters.

1.4 Other information included in the State Printing Corporation's 2022 Annual Report.

The other information comprises the information included in the 2022 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 Annual Report of the year 2022, 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 State Printing 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 Group 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 Section 16(1) of the National Audit Act No. 19 of 2018, the Corporation is required to maintain proper books and records of all their 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 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 internal control of the Corporation and the Group.
- 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 Group 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 include specific provisions for following requirements.

2.1.1 Except for the effects of the matters described in the section 1.2 of this report, 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 were 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 are 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;
- 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 lost a total income of Rs.19,128,588 as Rs.11,899,603 and Rs.7,228,985 in the year 2021 and the year under review respectively, due to reducing the amount would be received to the Corporation from 49 cents to 44 cents per lottery ticket printed for the National Lottery Board by the Chairman of the Corporation by only a letter without the approval of the Board of Directors.
- (b) The income from the printing of lottery tickets of the National Lottery Board can be identified as a primary source of income for the corporation and its contribution in the year under review is Rs.405,863,648. But the Lottery Board had collected Rs.20,072,300 as fine and late fees in the year under review. The fines and late fees amounted to 5 per cent of the total lottery revenue. Furthermore, it was observed that out of the two lottery tickets of the National Lottery Board printed by the corporation, one lottery ticket was removed from the corporation and given to another institution in the year under review.
- (c) One room of the corporation's Narammala outlet had been closed after the year 2020 without any use. A rent of Rs.312,000 was paid to Narammala Predshiya Sabha for this room in the 2021 and the year under review.
- (d) At the beginning of the year under review, the debtor balance related to 2019 and previous years was Rs.176,740,812. The corporation settled only Rs.1,252,517 of this loan amount in the year under review, which was 0.7 per cent of the loan balances of 2019 and earlier years.
- (e) Five outlets belonging to the corporation were closed before the year under review and the debtor balances amount of Rs.37,199,768 which transacted from those outlets were shown at the beginning of the year under review, out of which only an amount of Rs.670,173 was settled in the year under review. It is 1.8 per cent of the total receivable loan amount.
- (f) The balance of tax payable without any change in the balances from the year 2020, to the Inland Revenue Department is Rs.109,467,898 and it had not been settled even by the year under review.
- (g) The value added tax liability for the year under review is Rs.26,641,688 and the corporation had not taken steps to settle it.
- (h) The corporation had arranged to renew a deposit of Rs.25,000,000 deposited in the Nugegoda branch of the People's Bank 27 days before maturity at a higher interest rate, but had lost an interest income of Rs.177,183 related to those 27 days.
- (i) The approved bank overdraft limit given by the People's Bank was Rs.40,000,000 and according to the financial statements as of 31 December 2022, the bank overdraft amount shown as Rs.41,090,093, therefore loans of Rs.1,090,093 had been taken beyond the approved limit.

W.P.C. Wickramaratne
Auditor General



2022

STATE PRINTING CORPORATION

COMMENTS ON FINANCIAL STATEMENTS

1. Financial Statements

1.1 Qualified Opinion

1.2 Basis for the Qualified Opinion

- (a) Prior to this, the Corporation handed over to the Sri Lanka Valuation Department for revaluation the value of the assets, and they charged a very high amount for that. But due to the financial crisis in the corporation, it was very difficult to make provisions for it. However, the corporation has appointed an internal committee with proper professional knowledge to revalue the assets according to the Sri Lankan accounting standards and take to the accounts and based on their recommendations, the property, plant and equipment will be revalue and the financial statements of the corporation will be prepared from this year onwards.
- (b) Accept. A sum of Rs.27,951,780 indicated in the year 2022 has already been corrected from the accounts of the year 2003. Arrangements have been made to account for such proceeds as sales advances in the future.
- (c) Accept. I will correct it in the final accounts of the year 2023.
- (d) Accept. In calculating the expected estimated interest for the year 2022, as the date of deposit of the fixed deposit is on 21.6.2022 in the deposit slip, the interest has been calculated for the next 06 months only. But since it should be correct as 07 months, I will correct this in the year 2023.
- (e) This is the value of the main late charges deducted for printing errors in connection with the printing of a lottery ticket and non-delivery of a lottery ticket before the agreed date. Due to an error this has been added to cost of sales, but should have been recorded as an operating cost, however it has not affected the net profit or loss of the corporation.
- (f) According to the accounts of the corporation these balances are stated as receivable and payable balances. However, I will confirm their correctness and report back.

- 3. (a) Accept. In the years 2020 and 2021 also the Chairman of the Corporation has made the relevant reduction without the approval of the Board of Directors. But for the recovery of the revenue so lost, it was subsequently stipulated in writing, but the payment was not done.

- (b) In the crisis situation at the beginning of 2022, due to limited import of paper, lotteries were printed using paper from National Paper Corporation due to shortage of printing paper and disruption of ink import. Due to the decrease in the quality of the paper, there were delays such as not being able to get the maximum output from the machine. Due to this, the late fees have increased and measures have been taken now to avoid it. Recurrence of such losses has been minimized by using imported paper, using high-quality inks and replacing idle machines with new ones.

As per the decision of the Board of Directors of National Lotteries Board, Megapower Lottery, which was given to the Corporation, has been withdrawn from January 2023 to another printer as per their decisions. As it was not procured

through tender process, the Corporation had to agree as per their decision. However, we negotiated with the National Lottery Board to stop its removal, but they failed.

- (c) Both parts of the sales outlets were actively operating prior to 2020, with high revenue and high stock levels in the outlets. After the year 2020, due to the Covid situation and the crisis situation in the country, sales were weak, so the utilization of the premises was limited. But since it is not effective to run it on the outlet income, a portion of the upper room concerned has been handed over to the local council.
- (d) The debtor balance of Rs.176,740,812 includes a debtor balance of Rs.106,514,023.67 continuing from the establishment of the institution till the year 2012. Settlement of these debtor balances is very difficult due to the difficulty in finding the necessary information to settle these balances. Accordingly, necessary steps will be taken in the future to write off the debtor balances which are difficult to recover from the accounts as per the instructions of the circular Pe/01/2021(i) of the Department of Public Enterprises.
- (e) Out of these loan balances, an amount of Rs.32,961,638.27 is for outstanding loans related to the Sangharaja Mawatha shop, and part of it has been investigated by the audit department and complaints of nearly 2 million rupees have been made in connection with fraud. The rest will be cut off or recover based on the status of the information.
- (f) A discussion was held in December 2022 regarding the amount of tax to be paid to the Inland Revenue Department and accordingly a plan was presented to pay the VAT. Accordingly, payments are being made in installments based on the existing financial situation. Also, discussions with the Inland Revenue Department regarding the reduction of taxes such as NBT along with the outstanding ESC in previous years and they have agreed to cut a part of it. Please be informed that as soon as the reports are received, the balances will be removed from the corporation's accounts.
- (g) We are going to receive money from the Department of Education Publications in the near future, and we will arrange to pay all the VAT amount after receiving the money. There is a financial problem due to the fact that the profit earned at present has to be paid off the debts related to the previous years. Actions are planned to settle.
- (h) Due to the severe economic crisis in the country, the corporation was also unable to procure paper, so the printing work was also completely hampered. Due to this reason and due to the continued unprofitability of the corporation, the payment of corporation employee salaries also remained a challenge. Therefore, the former Finance Manager (Acting) expected a short-term loan by pledging the fixed deposit, but as this deposit was due to mature, it needed to be extended again. Therefore, even though there has been some loss here, because of the interest rate at that time also increased, the interest rate which was at 5 per cent was able to get up to 23 per cent. Due to this reason, an additional interest amount of Rs.491,369 was earned in relation to it. The total loss should be correct as Rs.613,356 - Rs.461,369 = Rs.121,987.
- (i) People's Bank's overdraft facility was Rs.40 million and as interest was charged through the current account at the end of the month for the short-term loans provided by the bank, this was temporarily exceeded the overdraft but recovered by the bank itself as soon as the money was deposited. It will exceed the limit only for the bank's interest charging transaction.

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