



ANNUAL REPORT 2015

IDB

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Our VISION

“Development Of All Industries All Over Sri Lanka”

Our MISSION

“Provide the Strategic, Technological & Commercial Foundation

Needed to Encourage, Promote & Develop

All Industries All Over Sri Lanka”

DIRECTORATE OF THE INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

From January to December 2015

Mr. Mahinda Jinasena	- Chairman
Mr. T.D.S.P.Perera	- Member of the Board
Mr. Darshan Wijesiriwardane	- Member of the Board - Treasury Representative
Mr. Kaleel Rahumathulla	- Member of the Board
Mrs.Malika Samaraweera	- Member of the Board
Mr. Nishadha Gamage	- Member of the Board
Mr. Shamin Perera	- Member of the Board
Mr.Roy Jayasinghe	- Observer in the Board

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON (IDB)

Annual Report for the year ended 31st December 2015

THE ORGANIZATION

Background

The Industrial Development Board of Ceylon (IDB) was initially established in 1966 under the State Industrial Corporation Act No. 49 of 1957. The IDB in its present form was incorporated under the Industrial Development Act No. 36 of 1969. In terms of this Act the IDB is entrusted with the responsibility of development of the industrial sector in the country.

Objectives of the Board

The Objectives of the Board specified in the Industrial Development Act No. 36 of 1969 are:

- To assist in the encouragement, promotion and development of industries in Ceylon;
- To assist in the proper co-ordination and in the interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country;
- To foster industrial research with the object of utilizing the natural resources of Ceylon, improving the technical processes and methods used in industries and developing appropriate technologies and equipment for local industries, and discovering processes and methods for the better utilization of waste products;
- To foster the export of local industrial products to overseas markets;
- To assist in such measures in the field of international trade and regional co-operation as are necessary or conducive to industrial development;
- To provide for services and facilities of every description required by or in connection with any industrial undertaking or industrial establishment in Ceylon, including the provision of capital, credit, marketing, managerial, technical facilities and legal advice;

Divisions and Services of the Board

The Board consists of 10 Divisions and agencies to provide a package of services to small and medium scale industrial sectors.

1. Administration Division (AD)
2. Centre for Entrepreneurship Development & Consultancy Services (CEDACS)
3. Engineering Division (ED)
4. Industrial Estates Division (IED)
5. Marketing Division (MD)
6. Planning Division (PD)
7. Regional Development Division (RDD)
8. Technical Services Division (TSD)
9. Centre for Development of Leather Products and Footwear (CDLPPF)
10. Rubber Products Development and Services Centre (RPDSC)

The network of 25 District Offices is functioning under the Regional Development Division and 19 Industrial Estates are functioning under the Industrial Estates Division. There are 2 Service Centers which fall under the Engineering Division. The Technical Services Division, the Leather Products Development Division, the Rubber Products Development Centre and the Engineering Division transfer of technologies and other related services to facilitate the local entrepreneurs.

The approved total manpower of IDB is 714 nos. and it is categorized into 11 staff levels.

CHAIRMAN'S MESSAGE



I am pleased to send this message to the annual report 2015 of the Industrial development Board (IDB) as the chairman of IDB appointed since 2015. IDB is the prime organization established to promote, encourage and develop all Industries in Sri Lanka. It has provided supporting services and assistance to industrialists for more than four decades. In the financial year 2015, IDB provided assistance to uplift the Micro, Small and Medium sized (MSMEs) enterprises whilst its prime focus was to facilitate MSMEs sector in assisting the young aspirants to setup Micro businesses.

As a result of providing substantial assistance to the business community in the country and also conducting several technical and capacity development programmes at regional level during this period, IDB was able to assist entrepreneurs to start 349 new enterprises while 642 were upgraded generating 961 self-employment facilities including 7862 employment opportunities.

It is worthy to mention that financial results for the financial year under review shows a surplus (Net Income Before Tax) of Rs. 27,259,111 as against the of Rs.419,312 in the year 2014. Generally speaking, the development activities including providing technical and financial related assistance to establish new industrial/ MSME units has helped to improve, expand and modernize the existing industries. The total investment infused for development activities in 2015 has shown an increase of 45%.

I am thankful to the Hon. Rishad Bathiudeen, the Minister, Hon. Champika Premadasa, State Minister, the secretary of the Ministry of Industries and Commerce for the support and valuable guidance extended towards the formulation and implementation of key endeavors of the IDB.

I wish to express my gratitude to members of the Board of the IDB, Heads of Divisions and staff of the IDB for the support given to realize our objectives successfully.

Mahinda Jinasena
Chairman

DIRECTOR GENERAL'S REVIEW



Micro, Small and Medium Enterprises (MSME's) which are complementary to large industries have emerged as a highly vibrant and dynamic sector of the Sri Lankan economy. However vast potential for growth has not been identified to its full haul. MSMEs not only play crucial role in providing considerable employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth.

As the Director General of IDB, it gives me a great pleasure to review the progress of IDB and operational highlights with financials status during the financial year 2015 to assess the performance and to identify the areas requiring improvements to ensure better performance in the years to come.

Our key focuses were to provide expertise in encouragement, Promotion and Development of Industries and Micro, Small and Medium-sized Enterprises (MSMEs) sector with the view of creating knowledge base on as to how the marketing and sales assistance given by way of facilitation for MSME's entrepreneurs. We have conducted large number of work-shops Island wide to transfer technical, engineering and management knowledge and exposure and to facilitate the business while becoming an extension to provide and consultancy services for Industrial enterprise. On the other hand, we continued to establish, re-shape industrial estates with regularization and revamping its activities to uplift infrastructure facilities to establish more conducive environment for industries to enhance their capacities and standards to elevate them to next tier and then to international level.

IDB during the year continued their support to SMEs through the service network and accordingly about 1600 Capacity Development & Productivity Improvement Trainings were conducted for industrialists; Technology transfer, Product Development and Demonstration Programs were conducted and about 7,300 young entrepreneurs were benefitted.

Under the Kithul Development National Program, "Kithulaka Waruna" Exhibition and Trade Fair were held for the 06th time. Secondly, a Footwear & Leather Trade Fair 2015 in association with Export Development Board (EDB) with Ministry of Industry and Commerce, Industrial Development Board of Ceylon and the Sri Lanka Footwear and Leather Products Manufacturers Association held the 7th Footwear and Leather Fair 2015, was held in February 2015.

IDB has also embarked on a journey on the concept of “Development of Villages” whereby indigenous and endangers industries as in Pottery and Traditional Handicrafts were given a new lease of life and light. IDB also conducted an Enterprise Village and Women Entrepreneurship focused programs and a special emphasis was given to develop women entrepreneurship and thereby about 2000 new potential women entrepreneurs were benefitted.

The financial result for the financial year in terms of triple bottom line, the Gross Profit has been accounted for Rs. 85,760,194 compared to 85,036,769 of the year 2014, which denotes a positive variance of Rs. 723,425. IDB intends to submit accounts on time and Auditor General’s Department’s comments as per the Report (Under reference LS/H/IDB/1/14/21) under the caption of Tabling the Annual Reports has been serious taken into consideration where stringent measures will be taken to submit annual reports to the audit no sooner it is tabled before the parliament.

Overall a much improved performance and contribution were made compared with last year to the national economic and wealth creation. It is expected to deliver above and beyond in the forthcoming years.

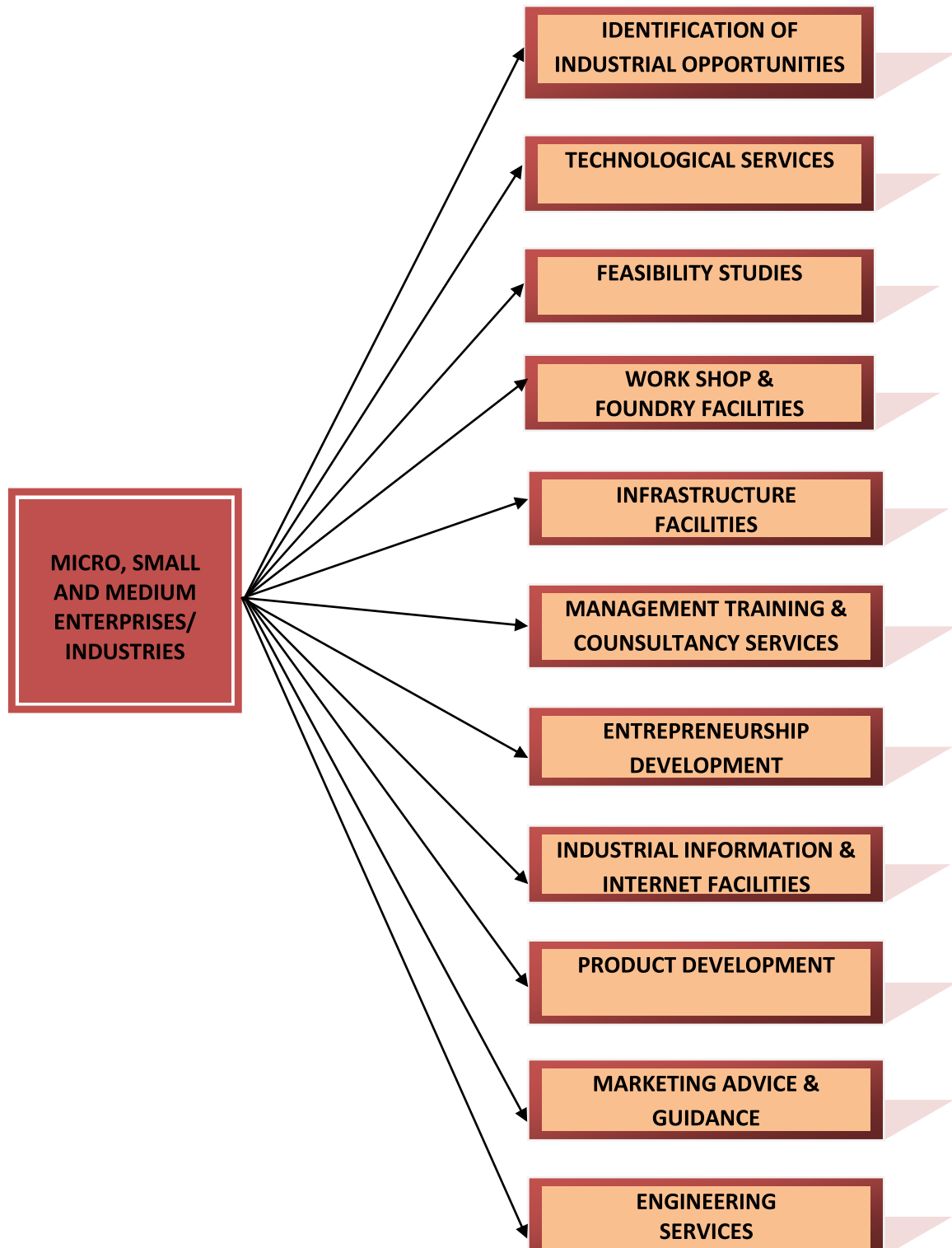
IDB has growth plans for the upcoming year and ahead. We have invested significantly in expanding the capacity of industrial training, simulations and neo technologies. In doing so we look in to the future entrepreneurship and expect them to contribute to augment for the overall economic growth through the MSME’s.

Finally, I take this opportunity, to express my sincere gratitude to the Hon. Minister, the secretary and the staff of the Ministry, on behalf of IDB, for the direction, encouragement and acquiescence provided to all our efforts in accomplishing the annual goals. I am also grateful to the Chairman and the members of the Board, the Management for the vigilance, guidance and great support extended to revamp important operations.

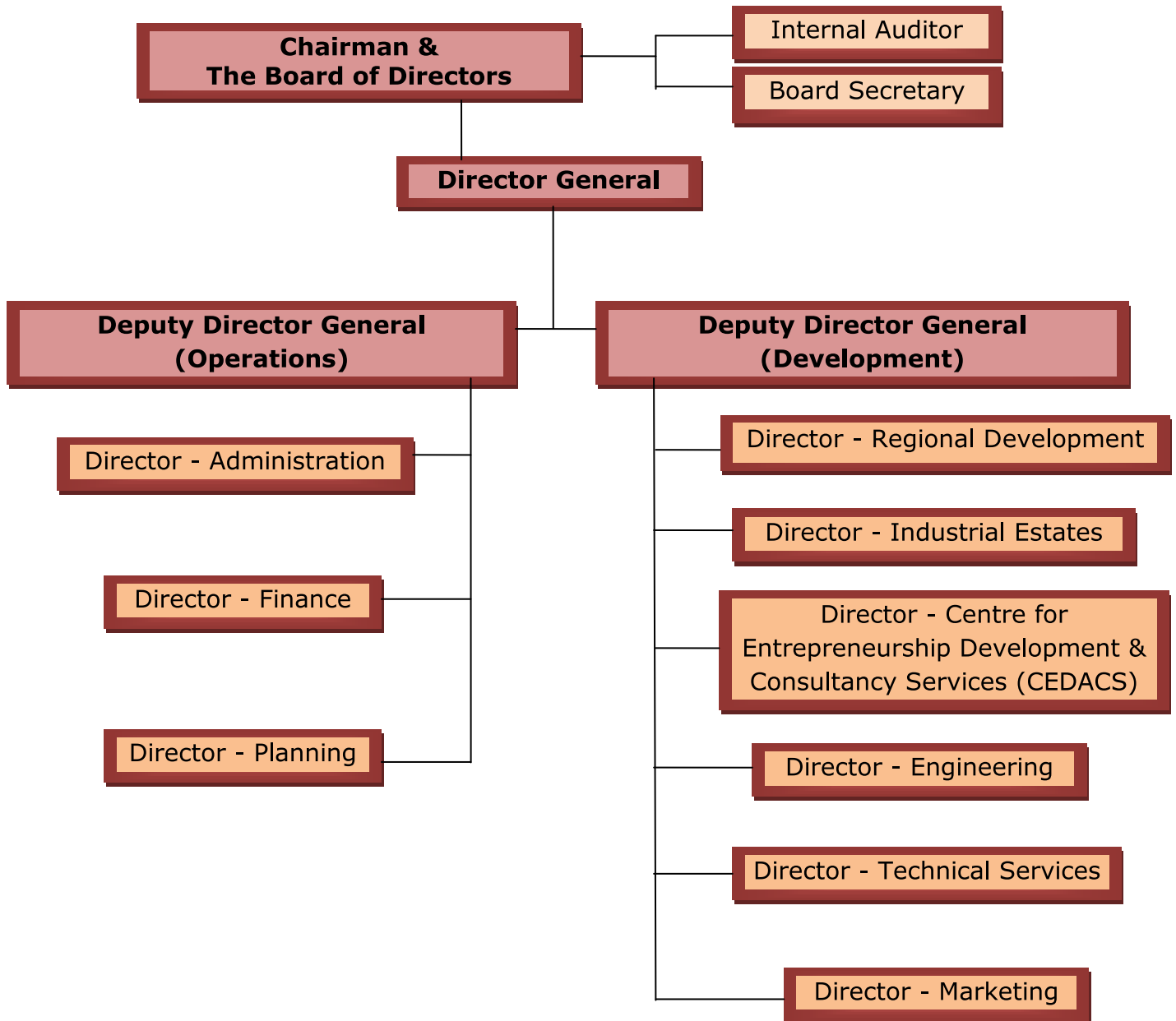
My heart-felt appreciation goes to all of the committed employees at IDB. Without their support and dedication, we would not have been in this position. It is indeed therefore their shared success and our belief in shared responsibility had momentarily uplifted the both IDB and its contribution to MSES’s with the leadership of the chairman.

P.L.U. Rathnamalala
Director General

KEY SERVICES AND FACILITIES



ORGANIZATIONAL STRUCTURE



Contents

1.0	REVIEW OF PERFORMANCE	01 - 04
2.0	MAJOR ACHIEVEMENTS	05 - 08
	▪ Exhibitions ○ “Kithulaka Waruna” ○ Co-organizer of International Footwear and Leather Fair 2015 ▪ Acquisition of Technology and Improving Product Quality and Productivity ▪ ETF Membership Awarding Programme ▪ Accredited Food Testing Laboratory	
3.0	SUMMARY OF PROGRESS	09 -14
	▪ Encouragement, Promotion and Development of Industries and MSMEs ▪ Establish, Maintain & Carry-on Industrial Estates ▪ Marketing and Sales Assistance and Facilitation ▪ Technical, Technology and Engineering Assistance and Facilitation ▪ Extension and Consultancy Services for Industries and MSMEs	
4.0	PERFORMANCE HIGHLIGHTS	15
	▪ Administration Division (AD) ▪ Regional Development Division (RDD) ▪ Planning Division (PD) ▪ Marketing Division (MD) ▪ Industrial Estates Division (IED) ▪ Rubber Products Development and Services Centre (RPD&SC) ▪ Engineering Division (ED) ▪ Centre for Entrepreneurship Development and Consultancy Services (CEDACS) ▪ Technical Services Division (TSD) ▪ Centre for Development of Leather Products and Footwear (CDLPF)	16 - 18 19 - 25 26 - 27 28 - 29 30 - 35 36 - 37 38 - 40 41 - 45 46 - 49 50 - 52
5.0	FINANCIAL STATEMENTS	53
	▪ Comprehensive Statement of Financial Position ▪ Comprehensive Statement of Income ▪ Statement of Changers in Equity ▪ Statement of Cash Flow ▪ Significant Accounting Policies and Other Explanatory Information	54 55 56 57 58 - 76
6.0	AUDITOR GENERAL’S REPORT FOR COMMENTS OF THE BOARD	77 - 110

REVIEW OF PERFORMANCE

REVIEW OF PERFORMANCE

During the year 2015, the following development activities were completed through the respective Divisions of the IDB.

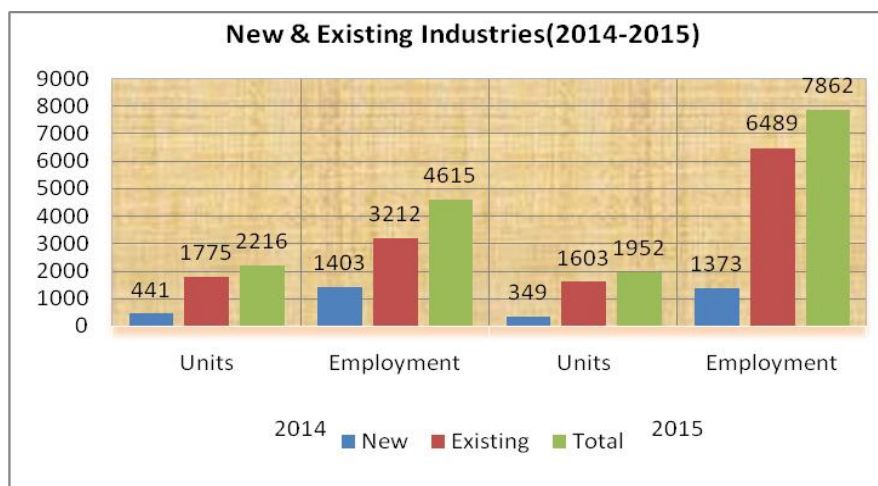
Table 1.1 - Activities Performed

Activities for Achieving Corporate Goals	No of Units	Investment (Rs.)	Employment
a Provide Technical and related assistance to set up New Industrial/ MSME Units	349	738879339	1373
b Provide Technical and related assistance to improve, expand and modernize Existing Industries	1603	210262173	6489
Total	1952	949141512	7862

The general performance in the sphere of development activities in respect of items a and b in Table - 1.2 shows a decrease in performance as against the year 2014. Although the establishment of industries decreased, total investment under development activities in 2015 has increased by nearly 45% compared to the year 2014 and total employment has also increased by 70%.

Table 1.2 - The comparable positions in 2014 & 2015

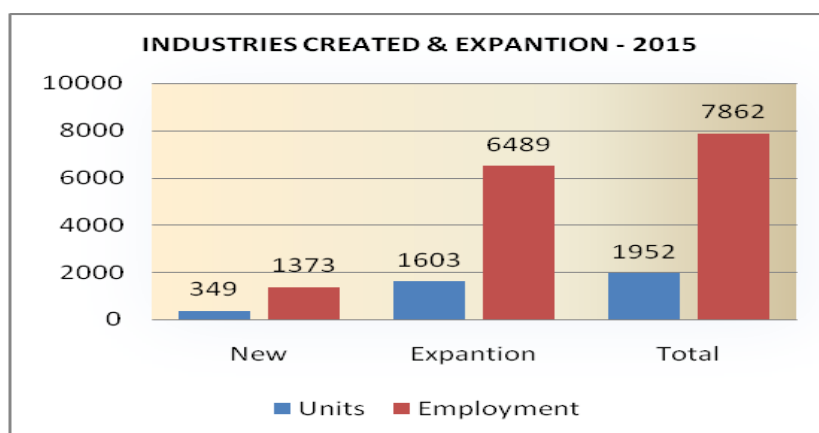
Description	2014	2015	% Increase (Decrease)
Total No. of Units (a, b)	2216	1952	(-11.9)
Total Investment (Rs.)	655914360	949141512	(44.7)
Total Employment	4615	7862	(70.3)



Performance in 2015

In order to achieve the objectives, the IDB has provided and facilitated a total package of services mainly to encourage, promote, develop and eventually upgrade micro, small and medium-sized manufacturing enterprises (MSMEs) in Sri Lanka. In addition, it facilitated all relevant services to promote other sector development programmes and projects initiated by the line ministry like, "Kithul Development National Programme, Development of Pottery Villages, Development of Traditional Handicrafts Villages, Development of Enterprise Village and Women Entrepreneurship respectively. Further, the IDB has made other development activities for Renovation and Modernization of Industrial Estates island-wide.

During that period assisted to establish 349 new enterprises, developed and upgraded 642 existing enterprises, created 961 self-employed business units, and generated 7862 employment opportunities.



- Business Development Services (BDSs) provided by the IDB were of 42 Awareness Programmes, 16 Investment Promotion Programmes, 45 Entrepreneurship Development Programmes with special emphasis of women entrepreneurs and benefitted for 1,923 number of new potential entrepreneurs. 117 Project Feasibility Reports and 79 Valuation reports on machinery were prepared as request made by entrepreneurs to fulfill their credit requirement. It was provided 831 services and completed 84 jobs under Engineering services. Number of machinery tools and equipment which were manufactured by Engineering Division are 49 in this period. Marketing facilities were given to 40 industrialists through sales centers of IDB while supporting for 327 entrepreneurs to obtain credit facilities from Banks.
- **Capacity Development & Productivity Improvement Training Programmes** – 1,623 no of industrialists were benefitted through 52 capacity development programmes and productivity improvement programmes held in 2015.
- **Technology Transfer, Product Development and Demonstration Programmes** - Training programmes numbering 370 on technology transfer, product development and demonstration programmes were conducted and benefitted for 7,352 entrepreneurs.

MAJOR ACHIEVEMENTS

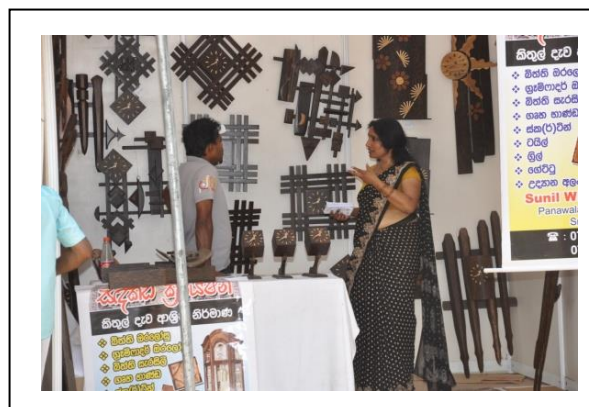
Some of the Major achievements in the year are as follows.

1. Exhibitions

(i) "Kithulaka Waruna"

"Kithulaka Waruna" Exhibition and Trade Fair was held for the 06th time with the assistance of Ministry of Industry and Commerce from 03-05th April, 2015 at Sudarshi Hall in Colombo. This exhibition was ceremonially inaugurated by the Hon. Ravi Karunanayake, Minister of Finance at the invitation of Hon. Rishad Badhiudeen, Minister of Industry and Commerce.

Exhibition was held with a view to promote kithul products and to create marketing opportunities for kitul products. There were 52 stalls, displaying kithul based products and best 06 stall holders were awarded, and also demonstrations were carried out on kithul juggary, treacle and flour.



(ii) Footwear & Leather Trade Fair -2015 in association with Export Development Board

The Sri Lanka Export Development Board (EDB) in association with the Ministry of Industry and Commerce, Industrial Development Board of Ceylon and the Sri Lanka Footwear and Leather Products Manufacturers Association held the **7th Footwear and Leather Fair 2015**, from 06 -08 February 2015, at the Sirimavo Bandaranaike Memorial Exhibition Center, Colombo.

The key objective of organizing this event was to build the image of the Industry, locally and internationally and thereby bring recognition to the Industry. Showcasing talents and capabilities of the SME's, upgrading the technical know-how and promoting Sri Lankan export capabilities internationally, were among the other objectives.

The fair consists of more than 200 trade stalls, displaying footwear, leather products, travel goods, raw materials, machinery and components. Further, suppliers of raw material and other components in Asian region were also invited for the fair. There was a special **display only pavilion** organized for export oriented products for the benefit of the visiting buyers. **A fashion show, a design competition and Best Stall Competition** were taken place as special events of the fair. IDB organized SME pavilion of this fair including 47 stalls.



2. Acquisition of Technology and Improving Product Quality and Productivity

(i) The following technologies were acquired to the IDB from Rubber Research Institute, Food Research Unit of Department of Agriculture and Coconut Research Institute of Sri Lanka for the technology transfer programme conducted by the Technical Services Division

- Adhesive :
Non-reactive adhesive (Polyvinyl acetate), Non-reactive adhesive (Polyvinyl alcohol) & Contact adhesive (Neoprene)
- Soya products :
Soya tofu, Soya milk, Soya sausage, Soya snacks & Soya Ice-cream
- Coconut products :
Coconut water bottling, Coconut vinegar, Coconut paste, Coconut Ice-cream, Coconut jam

(ii) Technical Services Division visited and inspected the food production facility of Leela Export & Import at No.42, Srimath Bandaranayake Mw, Colombo 12, on 28th of June 2015 to issue a “Letter of Conformity” to confirm the adequacy of processing conditions to guarantee the food safety.

3. ETF Membership Awarding Programme

This awarding programme was organized in collaboration with the Employees' Trust Fund for small & medium scale footwear entrepreneurs to enhance the stability of their life and 500 no.of footwear & leather entrepreneurs obtained their ETF membership.

4. Accredited Food Testing Laboratory

A Part of proposed Accredited Food Testing Laboratory has been already constructed at the cost of Rs.15 million with the purpose of assisting the SMIs, and equipped with all necessary furniture and fittings amounting Rs.5.38 million.

SMIs are benefitted by the following laboratory facilities:

- To promote and develop the Small and Medium Industries (SMI) through provision of testing and R & D facilities for food products
- To upgrade the quality of food products into local and international markets
- To strengthen the services of Industrial Development Board of Ceylon
- To ensure the quality of food products for consumers

SUMMARY OF PROGRESS

- Encouragement, Promotion and Development of Industries and Micro, Small and Medium-sized Enterprises (MSMEs)
- Marketing and Sales Assistance and Facilitation
- Establish, Maintain & Carry-on Industrial Estates
- Technical, Technology and Engineering Assistance and Facilitation
- Extension and Consultancy Services for Industries and Micro, Small and Medium-sized Enterprises (MSMEs)

Table 3.1 - SUMMERY OF PROGRESS – 2015

Thrust Area	Programme/Activity	Key Performance Indicator (KPI)	Target	Achievement
Encouragement, Promotion and Development of Industries and Micro, Small and Medium-sized Enterprises (MSMEs)	Conduct Awareness Programmes /Investment Promotion Seminars & Workshops to identify potential entrepreneurs	No. of Awareness Programmes conducted	83	46
		No. of Participants attended	2535	1199
		No. of Investment Promotion Seminars conducted	25	16
		No. of Participants attended	1875	894
	Conduct Technology Transfer Programmes and Technology Demonstrations for potential entrepreneurs and existing industries	No. of Technology Transfer Programmes conducted	250	370
		No. Participants attended	5000	7352
		No. of Demonstrations conducted	582	310
	Conduct Entrepreneurship Development Programmes for new and existing entrepreneurs/ enterprises	No. of Entrepreneurship Development Programmes conducted	50	45
		No. of Participants attended	1500	1923
	Provide Technical Support, Advice & Consultancy Services	No. of Technical Support, Advice & Consultancy Services provided	165	134
		No. of Persons benefitted	165	134
	Facilitate and follow-up activities	No. of New Enterprises created	595	349
		No. of Self Employment Units created	1116	961
		No. of Existing Enterprises promoted	1108	642
		Total No. of Persons benefitted	-	7862

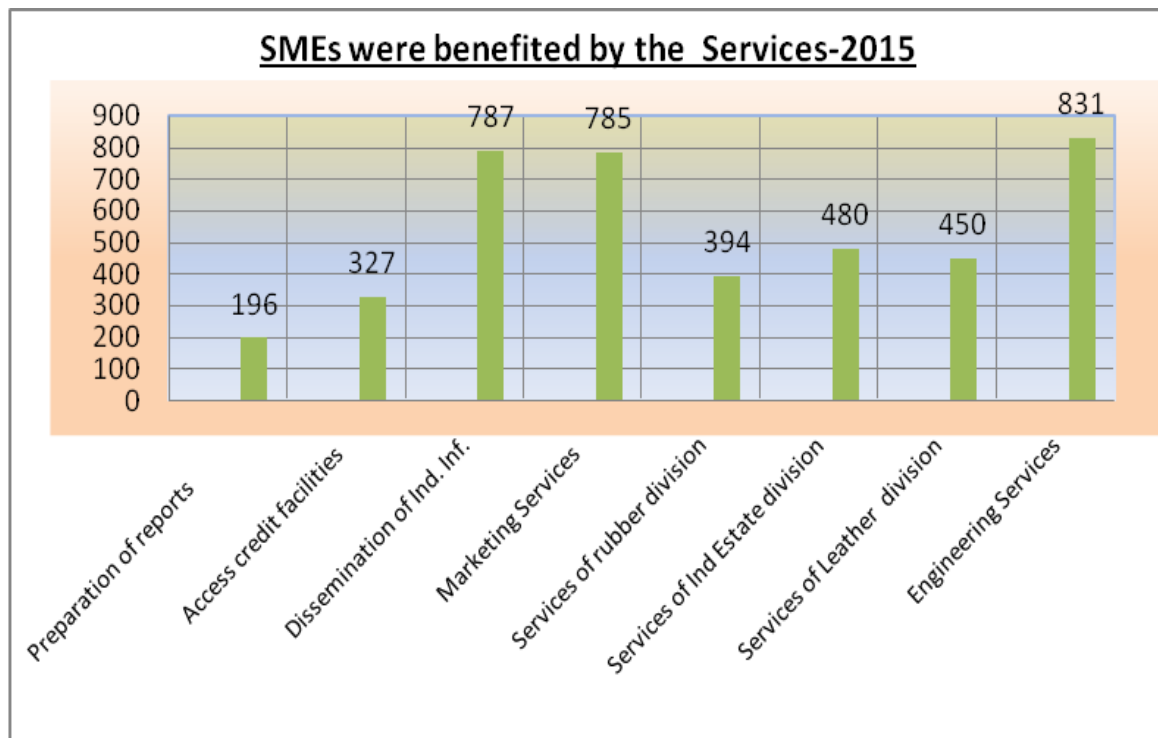
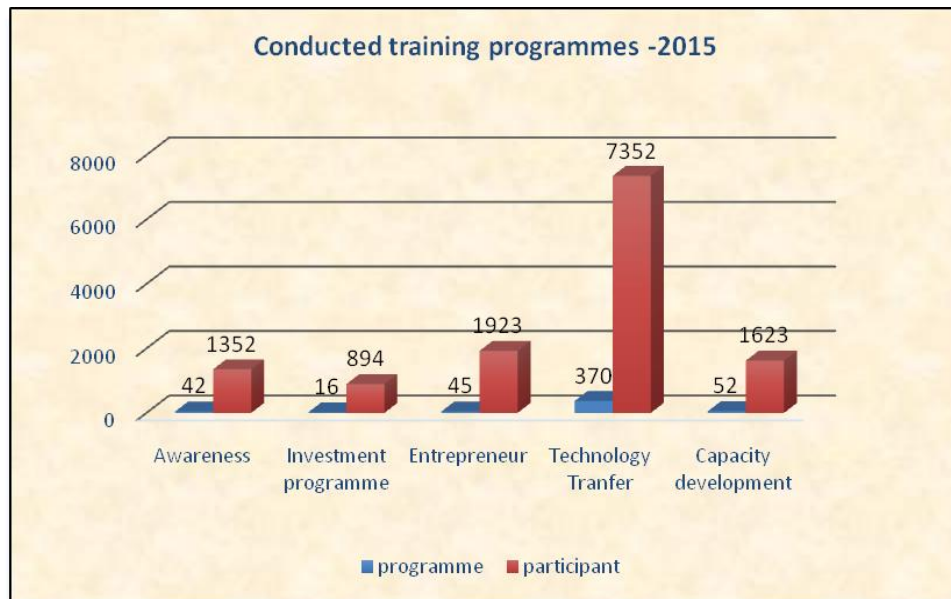
Thrust Area	Programme/Activity	Key Performance Indicator (KPI)	Target	Achievement
Marketing and Sales Assurances and Facilitations	Provide Sales facilities through IDB Sales Centres	No. of SMIs obtained sales facilities	300	40
		Value of Sales by SMIs (Rs.Mn.)	16	10.7
	Registration of Industries under Sub Contractual Exchange	No. of Sub contracting and buyback opportunities created for SMIs	40	33
	Provide Sub Contract Facilities	Total value of orders given out from Sub-contracting Exchange (Rs.Mn.)	25	9.8
		No of Industrialists benefited	20	19
	Bulk Purchase and Retail Selling of Raw Material needed by buyers	No. of Enterprises that obtained raw materials (scrap metals)	750	726
		Amount of Scrap collected (MT)	1000	758
		Amount of Scrap distributed (MT)	1000	776
	Sales of Centrifuged Latex and Compounded Rubber	Amount of Centrifuged Latex processed and supplies (L)	13000	9952
		No. of Enterprises served	85	76
	Sales of Rubber Compounds, Raw Materials, and Chemicals	Amount supplied (kg)	57500	35112
		No. of Enterprises served	300	260
	Milling and Supplying of Rubber Compounds	Amount supplied (kg)	35500	19174
		No. of Enterprises served	60	58

Thrust Area	Programme/Activity	Key Performance Indicator (KPI)	Target	Achievement
Establish, Maintain & Carry-on Industrial Estates	Infrastructure Development of Achchuvelli Industrial Estate	% of development activities carried out		
	Allocation and Re-allocation of Developed Plots for New Enterprises	No. of factory units/developed plots allocated	25	23
		No. of commercial operations commenced in allocated factory units/developed plots	20	14
		No. of Employments generated	200	233
	Follow-up	No. of value addition industries established	-	-
	Infrastructure Development and other arrangements of Industrial Estates other arrangements (road construction, street lighting, security improvement, waste disposals, water supply)	% of development activities carried out	18	05

Thrust Area	Programme/Activity	Key Performance Indicator (KPI)	Target	Achievement
Technical, Technology and Engineering Assistance and Facilitation			-	-
	Improvement of the Quality of Products and assisting to obtain Quality Certificates GMP, SLS, with registration	No. of Industries up-graded to GMP, SLS, ISO and other Certifications/Standards	25	14
	Developed/Fabricated Machinery and Tools	No. of Machines developed	-	2
		No. of Enterprises benefited from machinery/tools	60	51
	Manufacture and sales of Machines (including for village Development)	No of Machines soled	48	21
	Provide Engineering Services: Valuation, Foundry, Workshop Services, Electroplating and Laboratory Services	No. of Engineering Services provided	1412	831

Thrust Area	Programme/Activity	Key Performance Indicator (KPI)	Target	Achievement
Extension and Consultancy Services for Industries and Micro, Small and Medium-sized Enterprises (MSMEs)	Project Identification, Preparing Model Project Reports and Project Feasibility Studies	No. of Enterprises obtained feasibility reports/project reports	208	117
	Assist to access Credit facilities	No of entrepreneurs benefitted	200	327
	Valuation of Machinery	No. of Valuation Reports prepared	140	79
	Provide Product Development and Testing Services	No. of Product Development and Laboratory Testing Services provided	2925	1513
	Establish Regional/District Industrial Associations	No. of Industry Association formed/strengthened at District and National Levels	318	304

Services Provided and Facilitated by the IDB



PERFORMANCE HIGHLIGHTS

- **Administration Division (AD)**
- **Regional Development Division (RDD)**
- **Planning Division (PD)**
- **Marketing Division (MD)**
- **Industrial Estates Division (IED)**
- **Rubber Products Development and Services Centre (RPD&SC)**
- **Engineering Division (ED)**
- **Centre for Entrepreneurship Development & Consultancy Services (CEDACS)**
- **Technical Services Division (TSD)**

4.1 Administration Division (AD)

The Administration Division (AD) of IDB is responsible for formulation, implementation, monitoring and evaluation of all Human Resources Management (HRM) and Human Resources Development (HRD) activities, handling Legal matters, Procurement work, Security and Transport Activities of the Board.

Activities / Responsibilities assigned to the Division:

- Initiate action on revamping and restructuring of IDB.
- Revision of Scheme of Recruitments (SOR) and Scheme of Promotions (SOP) with the Cadre according to organizational requirements.
- Rectification of Salary Anomalies.
- Carryout procedures related to recruitments, promotions, performance evaluations, transfers and retirement etc.
- Disposal and purchasing of new vehicles.
- Maintenance of disciplinary within the organization –Conducting disciplinary inquiries.
- Handle Labour matters, inquiries sent by Bribery or Corruptions Commission and tribunals etc.
- Coordinate Foreign Scholarships/Trainings.
- Arrange and Providing Local Training. (Group and individual)
- Manage Employee Welfare and Employee Compensation Schemes
- Manage Internal Security Services
- Handle Procurement Activities of the Board
- Manage and control Transport Services of the Board.
- Maintenance of Circuit Bungalows at Polonnaruwa and Kotagala.
- Refurbishment work of IDB buildings

Table 4.1.1 - Staff Strength of IDB as at 31st December 2015

Category	No. of Staff		Total with %
	Male	Female	
Senior Level	05	01	06(1.24%)
Tertiary Level	62	19	81(16.84%)
Secondary Level	107	104	211(43.87%)
Primary Level	177	06	183(38.04)
Total	351 (72.98%)	130 (27.02%)	481 (100.0%)

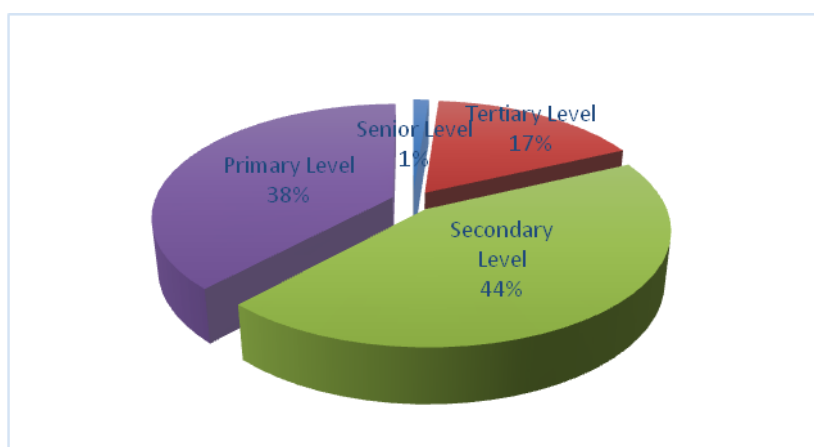


Chart 4.1.1 – Staff Strength of IDB

Table 4.1.2 - Performance Highlights of the Division during the financial year 2015

	Activity	Nos.
1	HRM - Recruitments	
(i)	Recruitments (Staff)	19
(ii)	Resignations	06
(iii)	Retirements	17
(iv)	Vacation of Posts	-
2	Disciplinary Management	
(i)	Conducting Disciplinary Inquiries	03
(ii)	Labour Cases attended at Commissioner of Labour	10
3	HRD - Training	
(i)	Local Training	213
(ii)	Foreign Training	13
4	HRM - Compensation	
(i)	Gratuity Payments for 24persons	Rs. 1,0399,496.50
5	HRM – Employee Welfare	
(i)	Bicycle Loans	15
(ii)	Distress Loans	110
(iii)	Medical Scheme (Reimbursement of Medical Bills)	481
6	Security Management	
(i)	Security Cost	Rs. 20,349,597.41
7	Disposal	
(i)	Board of Surveys Conducted	01
8	General Events	
(i)	Events	03
9	Postal and Telecommunication Charges	
(i)	Postal Charges	Rs.491,878.00
(ii)	Telecommunication Charges	Rs.5,397,200.06
10	Transport Management	
(i)	Cost of Fuel	Rs. 3,729,138.00
(ii)	Cost of Maintenance of Vehicles	Rs. 3,453,808.00
11	Procurement Management	
(i)	No. of Orders Placed	418
(ii)	Capital Purchases	Rs.13,346,129.16
(iii)	Recurrent Purchases	Rs.30,812,090.22

4.2 Regional Development Division (RDD)

4.2.1 General

The Regional Development Division (RDD) which consists of 25 district offices throughout the country has a strong power given under the Act of industrial development to initiate its major activities and tasks at regional level.

Industrial Village Development unit functioning under the division plays a phenomenal role for developing Industry/Micro, Small and Medium-sized Enterprise (MSME) sector through its regional network covering the entire 25 districts of the country, During the year 2015 special emphasis was given to entrepreneurship development. Training Programmes like skills development, capacity development were held for both prospective and existing entrepreneurs enabling them to promote existing enterprises and to startup new enterprises as well.

To carry out the tasks and related activities in this regard, 66 Enterprise Promotion were attached to the district offices and the Regional Development Division (RDD) at the Head Office under the guidance of the Director – Regional Development.

Major Activities assigned to the District Offices are Conducting Training Programmers/Seminars: Investment Promotion Seminars; Entrepreneurship Development Programmes; Capacity Development Programmes, Market Supports/Market Linkages, Transfer and Demonstration on Product and Process Technologies, Feasibility Studies, and Provision of Industrial Raw Materials at concessive rates.

Additionally, some of the strategies set in line with the Annual Action Plan were, Implementing of Production Village Development Programme and National “Kitul” Development Programme.

Regional Development Division with its regional staff including 21 Deputy Directors, 06 Assistant Directors, 62 Enterprise Promotion Managers has achieved the following progress in accordance with its Action Plan in 2015 and they had been allocated Rs. 15Mn. on Capital Budget - 2015.

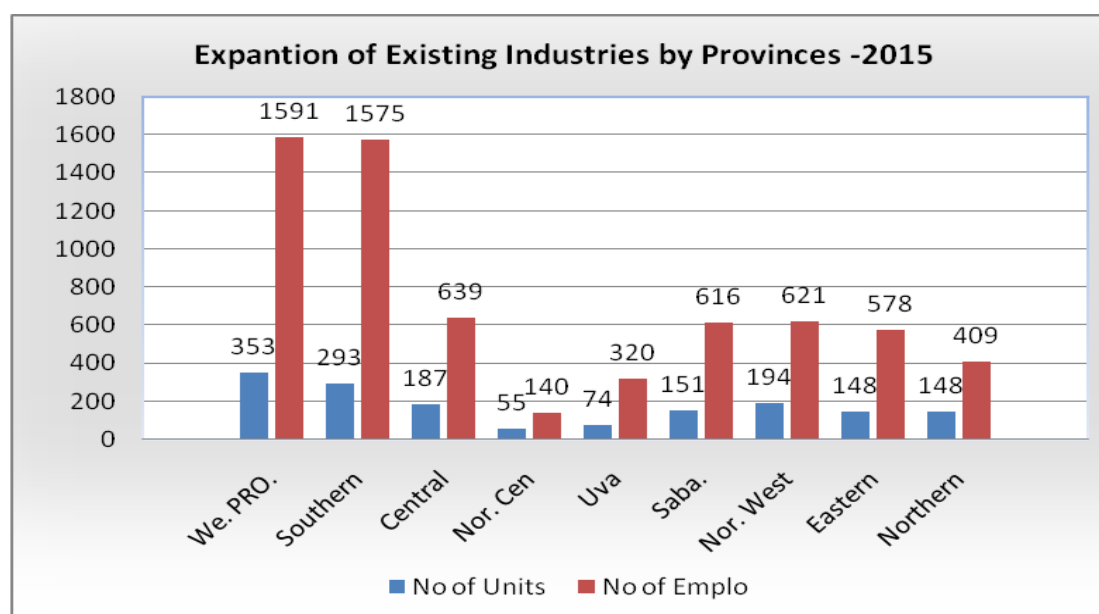
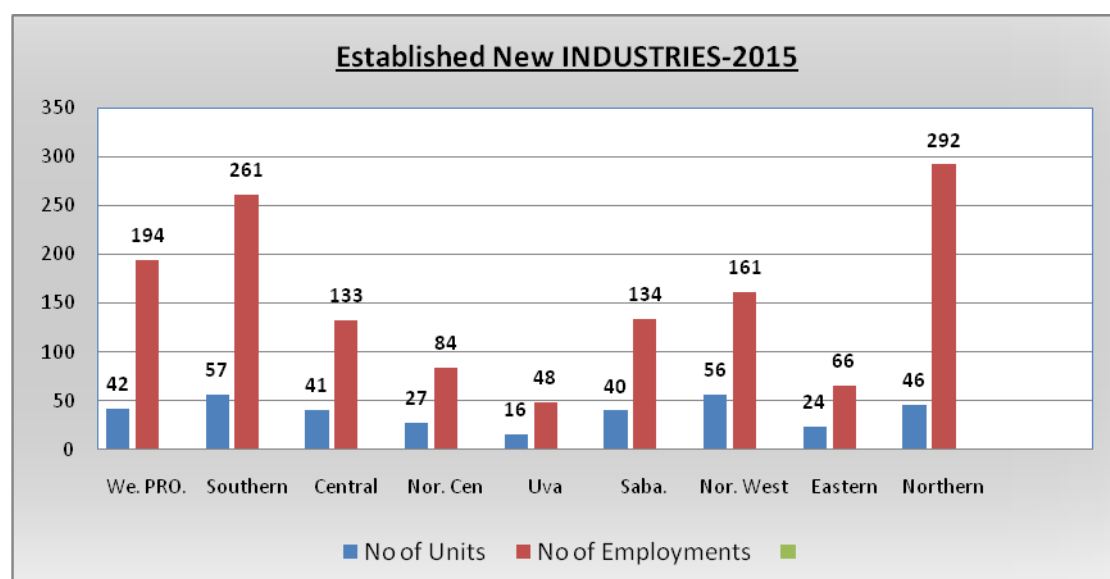


Table – 4.2.1.2

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON
ASSISTANCE TO ESTABLISH NEW INDUSTRIAL UNITS IN 2015

Province	District	No. of Units	Investment (Rs.)	Employment
Central	Kandy	20	13,540,009	61
	Matale	15	12,550,003	55
	Nuwara Eliya	6	2,710,000	17
Total		41	28,800,012	133
Eastern	Ampara	7	1,679,000	16
	Trincomalee	14	4,410,500	43
	Batticaloa	3	1,110,000	7
Total		24	7,199,500	66
North Central	Anuradhapura	21	2,398,000	41
	Polonnaruwa	6	3,915,003	7
Total		27	29,025,017	48
Northern	Jaffna	21	307,521,502	164
	Vavuniya	5	5,315,000	18
	Kilinochchi	8	1,109,244	80
	Mannar	8	3,387,000	17
	Mullaitivu	4	2,345,000	13
Total		46	319,677,746	292
North Western	Kurunegala	25	28,290,000	71
	Puttalam	31	40,711,505	90
Total		56	69,001,505	161
Sabaragamuwa	Ratnapura	12	35,625,015	57
	Kegalle	28	45,900,010	77
Total		40	81,525,025	134
Southern	Galle	21	28,655,000	47
	Matara	19	40,437,023	94
	Hambantota	17	18,405,000	120
Total		57	87,497,023	261
Uva	Badulla	13	29,025,017	41
	Monaragala	3	4,888,000	7
Total		16	33,858,017	48
Western	Colombo	12	32,095,000	64
	Gampaha	24	55,197,502	99
	Kaluthara	6	17,715,006	31
Total		42	1,050,075,008	194
Grand Total		349	738,879,339	1,373

Table 4.2.1.3

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON
ASSISTANCE TO DEVELOP EXISTING INDUSTRIES IN 2015

Province	District	No. of Units	Addl. Investment	Addl. Employments
Western	Colombo	164	18,581,000	511
	Gampaha	96	4,509,000	821
	Kalutara	93	6,485,850	259
Sub Total		353	39,575,850	1,591
Southern	Galle	52	8,666,000	220
	Hambantota	141	17,004,002	1,057
	Matara	100	18,975,004	298
Sub Total		293	44,645,006	1,575
Central	Kandy	102	21,655,004	421
	Matale	61	4,467,708	161
	Nuwara Eliya	24	370,000	57
Sub Total		187	26,492,712	639
North Central	Anuradhapur a	30	3,050,000	75
	Polonnaruwa	25	5,310,000	65
Sub Total		55	8,360,000	140
Uva	Badulla	59	4,170,000	165
	Monaragala	15	4,425,000	155
Sub Total		74	8,595,000	320
Sabaragamua	Kegalle	97	27,069,000	306
	Ratnapura	54	12,780,000	310
Sub Total		151	39,849,000	616
North Western	Kurunegala	169	15,943,501	540
	Puttlam	25	4,454,000	81
Sub Total		194	20,397,501	621

Eastern	Ampara	46	2,089,000	76
	Batticaloa	55	2,939,000	321
	Trincomalee	47	4,357,505	181
Sub Total		148	9,385,505	578
Northern	Jaffna	77	12,239,500	287
	Kilinochchi	23	62,599	48
	Mannar	28	527,000	45
	Mullaitivu	10	35,000	13
	Vavuniya	10	97,500	16
Sub Total		148	12,961,599	409
Total		1,603	210,262,173	6,489

4.2.2 National Programme for Industrial Village Development

(A) Pottery Village Development Programme

The pottery development programme was initiated at the Budget Speech - 2013 for developing pottery industry with a view to enhance production quality and innovative by using better equipments and modern technology. Also it was focused on increase the income of community involved in the pottery industry. In this regard it was allocated 3.36 million for development of 5 pottery villages in 2015 and spent Rs. 0.27 million.

(B) Enterprise Villages and Women Entrepreneurship Development Programme

The budget proposal 2012 and 2013 was strongly emphasized towards the development of enterprise villages focused on strengthening and supporting to women entrepreneurs at village level. It was allocated Rs. 4.33 million to develop 2 villages and spent Rs. 0.31 million. 35 no.of beneficiaries of these villages were benefited by the project.

(C) Handicraft Village Development Programme

It was allocated Rs.0.5mn under under Handicraft development programme in 2015 and spent Rs.0.03mn. for conducting Technology improvement programmes. 75 entrepreneurs were benefited by the programme.

4.2.3 National Programme for Development of *Kithul* Products

The *kithul* palm is a very valuable tree due to its multiple uses and the flower is considered to be the most useful part of the tree. The *kitul* flowers are tapped to obtain the sap, which is used to manufacture *kithul* toddy, treacle and jaggery. It was observed that, majority of *kithul* trees are not tapped due to unawareness of its commercial value by the community. Hence a special programme to develop *Kithul* Industry was initiated by the Ministry of Traditional Industries and Small Enterprise Development.

The objective of this programme is to promote *Kithul* Industry by uplifting the social and economic status of *kithul* producers. Among the other specific objectives are: to increase the number of *kithul* tapping trees, enhance income level of beneficiaries, introduce high quality *kithul* products through technological innovation and product diversification, and enhance local as well as foreign markets for *kithul* products. The project implemented in 18 districts covering more than 150 divisional secretariats. By the end of December 2015, the IDB has organized and conducted 9 Tapping Technology Training programmes for 312 *kithul* industrialist and "Kithulaka Waruna" exhibition and trade fair with the guidance of the Ministry of Industry and Commerce. IDB distributed 3,777 no. of "KASPER" bottles for *kithul* tappers island-wide. Rs.3.97 million was allocated for this project in 2015.

4.3 Planning Division (PD)

4.3.1 General

Planning Division has a challenging job of re-designing and re-defining the strategies for the IDB to serve the SME more meaningfully, due to the competitiveness of business development services with respect to the rapid change of the world economy.

Activities Assigned to the Division

The main activities assigned to the Planning Division are Planning, Monitoring & Evaluating the Development Activities in respect of each Division. The Planning Division is responsible to formulate the Corporate Strategic Plan for the IDB as well as Monitoring and Evaluation of Annual Divisional Strategic Action Plans with respect to Physical and Financial Targets set at the beginning of every year. Further, it provides such management information to the line ministry and other performance appraisers as well as the Director – Administration for the performance evaluation of the IDB staff.

The following sub activities were assigned to the Division in order to facilitate other divisional activities of the IDB:

- Formulate policy and strategy guidelines in accordance with the mandatory objectives of the IDB and the Industrial Development Act No. 36 of 1969
- Facilitate to prepare Capital and Recurrent Expenditure Requirements in accordance with the Organizational Budget and overall Action Plan
- Facilitate to conduct Enterprise/Industry Survey, update industry/economy related statistics and assist to prepare relevant Sector Development Plans
- Prepare Development Project Proposals and Concept Papers for foreign funding
- Ensure the IDB participation in existing industry related policy making committees, and prepare policy papers when necessary

Work carried out by the Division:

- I. The Action Plan for the year 2015 was prepared by the division
- II. Prepared a Detail Report of financial and physical progress of all development projects implemented by the IDB.
- III. The Division has provided statistical data to the following government organizations:
 - Central Bank of Sri Lanka for the Annual Report
 - Department of Census and Statistics for National Accounts Estimates
- IV. Prepared four quarterly performance reports both on physical and financial, 4th Quarter in year 2014 and 01st, 2nd and 3rd Quarters of 2015.
- V. At the request of the ministry, prepared a Review of Activities implemented by the IDB to be submitted to the parliament at the time of committee stage of debate for the annual Budget - 2016 will be presented in the parliament.

A report reviewing the activities implemented by the IDB was prepared and submitted to the ministry for compilation of a report to be presented in the parliament at the time of committee stage of debate in Annual Budget – 2016.

- VI. According to new vision of ISIC (International Standard of Industrial Classification) introduced by Census and Statistical Department, up-dated the Existing Industry Database, based on last 3-year progress reports of the IDB.
- VII. At the request of the ministry, prepared a Detail report of ongoing and proposed mid/long term projects in Northern and Eastern provinces.

4.4 Marketing Division (MD)

Marketing Division is the dynamic force of the IDB, encompassing activities involved in the marketing aspects of goods manufactured by Micro, Small and Medium-sized Entrepreneurs (MSMEs) / Industrialists as well as Self-employed throughout the island. It serves the ultimate customers by establishing a long term mutually beneficial trade relationship to their entire satisfaction.

Under the restructuring process of the IDB, the Printing and Publication Unit is also attached to the Marketing Division (MD)

Activities Assigned to the Division

- Organize and conduct Industrial Exhibitions/Participate in the National Exhibitions and Trade Fairs
- Organize National Award Ceremony for the selected Micro, Small and Medium-sized Entrepreneurs/Industrialists as well as Self-employed throughout the island
- Provide Sales Facilities at “Lakkam” and “Laknipayum” Sales Centers
- Facilitate Sub contractual Exchanges
- Provide Raw Materials/Scrap Materials to industrialists engaged in foundry, light engineering, blacksmith, and other metal casting and crafting industries at concessionary rates
- Provide Marketing Assistance and Consultancy Services for the Promotion and Development of Industries/MSMEs

Other Services and Servicing Units of the Division

Laknipayum and Lakkam Sales Centers - These sales outlets provide display and sales facilities with a view of uplifting the productivity and promoting markets for the products of Small and Medium-sized Industrialists (SMIs) and Self Employees (SEs) island- wide.

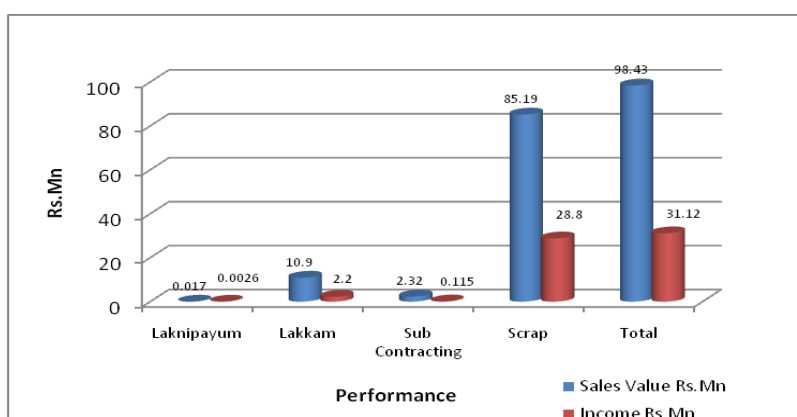
Sub Contracting Exchange (SCX) - The Sub Contracting Exchange (SCX) of the Marketing Division funded by the World Bank functions since 1982. It coordinates with the government and non-government organizations involved in the supply of goods manufactured by the SMEs.

Metal Scrap Project - The Marketing Division purchases metal scrap such as ferrous, non-ferrous and other related items from government institutions at agreed prices on behalf of the IDB. These items are sold as raw materials to the Light Engineering Industrialists who are registered with the IDB.

Exhibitions - The IDB organizes Exhibitions for Micro, Small and Medium-sized Entrepreneurs (MSMEs) at District and Provincial Level. The National Level Exhibitions & Trade Fairs are held annually after being conducted the District & Provincial Level Exhibitions so as to select the all island outstanding entrepreneurs in MSME Category. These Exhibitions facilitate to create employment opportunities and setting up of small industries.

Table 4.4.1 - Performance of the Marketing Division – 2015

Performance	Laknipayum Sales Centre	Lakkam Sales Centre	Sub Contracting	Scrap Metal Project	Total (Rs. Mn)
Sales Value (Rs. Mn)	0.0643	10.7	9.76	85.06	106.4
Income (Rs. Mn)	0.0132	2.116	0.487	20.55	23.16
Distribution of orders			33		
Purchased (MT)				758	
Distributed (MT)				776	
Industrialists Facilitated		40	19	726	



4.5 Industrial Estates Division (IED)

General

There is a gap of inadequate industrial infrastructure facilities between Districts and Colombo & suburbs in socio - economic development of the country. Hence to promote regional industrialization and to disperse the industrial development activities throughout the country, the Concept of Industrial Estate was introduced to Sri Lanka in the decade of 1960s. It was mainly focused to line up the small and medium scale industries providing lands and ready-built buildings having sufficient infrastructure facilities in the areas, specially located in the sound industrial environment locations.

Since then for the last forty-five years, the IDB was focused only to Colombo and suburbs have now gone up to rural areas in a considerable level with the development of 19 Industrial Estates all over the country. The IDB allocate suitable lands with necessary infrastructure facilities to set up their industries under long term lease basis in these Industrial Estates

During the recent years, further action has been taken to upgrade the infrastructure facilities in the existing Industrial Estates to encourage the private sector to set up more new industries. The IDB plays a main role along with the Industrial Estates Division and with the Superintendents/Dy. Directors of respective IDB District Offices to fulfill the demand of investors and recommend suitable land plots and ready-built buildings to set up industrial in these Industrial Estates.

Total land extent developed since 1970 is around 312 acres. It has divided into 664 land plots and has been already allocated to 363 industrialists. As well as, 220 out of the total allocation of developed plots have been started their ventures and 6254 employment opportunities are generated. Another 52 industrial units are in different stages of construction of their factory buildings. Action is pending to abolish 91 industrial units which are used for residential purpose and not in operation at mini Industrial Estates.

Further, 60 numbers of ready-built buildings have been allocated out of 80 ready-built buildings constructed and 1591 employment opportunities are generated. The IDB has initially set up the following three Industrial Estates during the year 1970.

	<i>Industrial Estate</i>	<i>District</i>
01	Ekala	Gampaha
02	Pallekelle	Kandy
03	• Atchchuveli	Jaffna

- Due to ethnic conflicts, the Industrial Estate Atchchuveli was totally destroyed. In 2013/2014 Sri Lankan government provided US\$ 50 million to build infrastructure for the said estate which was Sri Lanka's first industrial estate. This Estate was reconstructed by the UNOPS and the facilities and infrastructure too were brought to a standard. The Indian government too provided a grant of US\$ 220 million on the request made by Sri Lankan government. In 2014 it was reopened function smoothly, and there are few more vacant plots available.
- The Industrial Estate Horana and Lunuwila were set up in Kalutara and Puttlam Districts respectively.
- Pannala Industrial Estate is in the District of Kurunegala was set up in 1980s.
- Industrial Estate Kotagala, Wavulugala, Galigamuwa, Pussella, Karandeniya, Baddegama, Negampaha, Mihintale, Vavuniya, Beliatta and Buttala were set up in 1990 under the *"Isuru Uyana Industrial Estate Programme and Rural Industrial Estate Programme"*.
- Panaluwa Industrial Estate in Colombo District was set up in 2006

Industrial Estates located throughout the country- Provincial wise

Industrial Estates	Province
Ekala, Horana, Wavulugala and Panaluwa	Western Province
Pallekelle, Matale and Kotagala	Central Province
Pannala and Lunuwila	North Western Province
Galigamuwa and Pussella	Sabaragamuwa Province
Karandeniya, Baddegama and Beliatta	Southern Province
Negampaha and Mihintale	North Central Province
Vavuniya and Atchchuveli	Northern Province
Buttala	Uva Province

The activities assigned to the Industrial Estates Division

- Preliminary survey for identifying suitable locations for setting up of Industrial Estates
- Preparation of Project Proposals for obtaining funds and approvals from relevant institutions
- Carrying out construction works of proposed or existing Industrial Estates
- Selection of new industrialists for vacant land and buildings
- Maintenance of existing industrial estates
- Providing allocation letters signing of lease agreements with tenants
- Collection of rentals monitoring day to day maintenance work
- Initiating action against the industrialists who breach the conditions already agreed each other
- Providing assistance to the industrialists in collaboration with other divisions of IDB and other institutions
- Organizing and annual exhibitions, competitions, workshops which are organized by other IDB Divisions

During the year of 2015, the Industrial Estates Division has spent nearly Rs. 70 million which was obtained from the Government Treasury through the line Ministry, for modernizing and upgrading of existing infrastructure facilities such as internal roads including storm water drains in following Industrial Estates out of 19 Industrial Estates of IDB.

The details further mentioned as follows;

S. No:	Activity	Name of the Industrial Estate	Amount (Rs.)
1	Construction of internal road (Phase-II)	Lunuwila	2,005,000.00
2	Construction of internal road (Phase-III)	Pallekelle	29,599,460.90
3	Construction of internal road (Phase-II)	Ekala	16,300,000.00
4	Construction of internal road	Panaluwa	15,000,000.00
5	Construction of internal road	Kaludewela	6,458,365.00
Total			69,362,825.90

Selection of Industrialists for the Industrial Units

Industrialists presently occupied and applications received from investors who are seeking new Plots of Lands/Ready Built Buildings were called for interviews and selected 20 considering the viability, during the year.

Allocated Factory units.

No.	Industrial Estate	Name of the Industrialist	Industry	Proposed Investment (Rs. Mn.)	Proposed Employment
01	Pallekele	Sunrise Industries (Pvt)Ltd.	Box of Matches	66.8	126 Nos.
02	Pallekele	Nimni Industries	Manufacture of Briquettes for fuel (Firewood)	10	29 Nos.
03	Pallekele	Uditha Builders	Furniture	41	75 Nos.
04	Pallekele	Aara Industries (Pvt) Ltd.	Plastic based Products	7.8	12Nos.
05	Ekala	Ananda Sarath Liyanage	Plastic based Products	18	26 Nos.
06	Ekala	S.Q.A. de Fernando	Poly bags	15.3	05 Nos.
07	Ekala	Union Knitting Ind. (Pvt.)Ltd	Fabric Embroider	68	50 Nos.
08	Ekala	Specialty Construction Chemical (Pvt.)Ltd.	Construction related coatings	9.8	38 Nos.
09	Galigamuwa	Surenco Natural Products (Pvt.) Ltd.	Herbal Products	5.2	12 Nos.
10	Galigamuwa	Atchu Industries	Orid flours and gingerly oil	29	15 Nos.
11	Galigamuwa	Deluka Machinery	Furniture	3.3	05 Nos.
12	Galigamuwa	Nilantha Ranjith	Light Engineering	4	09 Nos.
13	Lunuwila	G.S. Oil Mill	White Coconut Oil	6.4	35 Nos.
14	Lunuwila	Werakkodi Fiber Mills	Coir based Products	10.1	30 Nos.
15	Poonathodam	S.Jayakumar	Sculpture work	1.1	15 Nos.
16	Panaluwa	Scantec Solution	Pre fabricated	5	19 Nos.
17	Panaluwa	Sirisanda Timber Products	Wooden	7.8	15 Nos.
18	Pussalla	Hartland Food Products	Food based Products	13.6	55 Nos.
19	Pussalla	Suri Lanka Enterprises	Cement based Products	4.1	12 Nos.
20	Horna	Elastomeric Engineering	Plastic &Rubber based	159	75 Nos.
21	Atchuvely	Nobel Printers	Waset paper recycling	129	83 Nos.
22	Atchuvely	Sarah Industries	Light Engineering	200	60 Nos.
23	Atchuvely	Suntech Engineers	Cement based Products	6.4	12 Nos.
	Total			830.5	869

Monitor timely commencement of enterprises in estates

No.	Industrial Estate	Name of the Industrialist	Industry	Investment (Rs. Mn.)	Employment
01	Vavunia	S.Jayakumar	Sculpture works	17	10 Nos.
02	Atchchuvely	Union Enterprises	PVC Pipes and hoses	168	150 Nos.
03	Galigamuwa	Surenco Natural Products	Herbal Products	5.1	8 Nos.
04	Galigamuwa	Atchu Industries	Orid flour & Gingerly oil	2.9	15 Nos.
05	Panaluwa	Scantec Solution (Pvt) Ltd.	Pre-fabrication Items	5	19 Nos.
06	Panaluwa	Sinisanda Timber Prints	Wooden based Products	7.8	05 Nos.
07	Ekala	Ceylon Tapes (Pvt.) Ltd.	Packaging material	15.3	05 Nos.
08	Pallekele	Keshara Mineral	Skim Coat	8.1	22 Nos.
09	Kotagala	Shri Aquq Mineral	Mineral Water	3.18	9 Nos.
10	Lunuwila	G.S.Oil Mills	White Coconut Oil	6.4	33 Nos.
11	Lunuwila	Weerakkodi Fiber Mills	Coir based Products	10.1	30 Nos.
12	Atchchuveli	Evershine Amana Roofing	Roofing Sheets	263	75 Nos.
13	Atchchuveli	Sarah Industries	Light Engineering	60	60 Nos.
14	Atchchuveli	Suntech Engineering	Cement based Products	6.4	17 Nos.
	Total	13	13	578.28	453

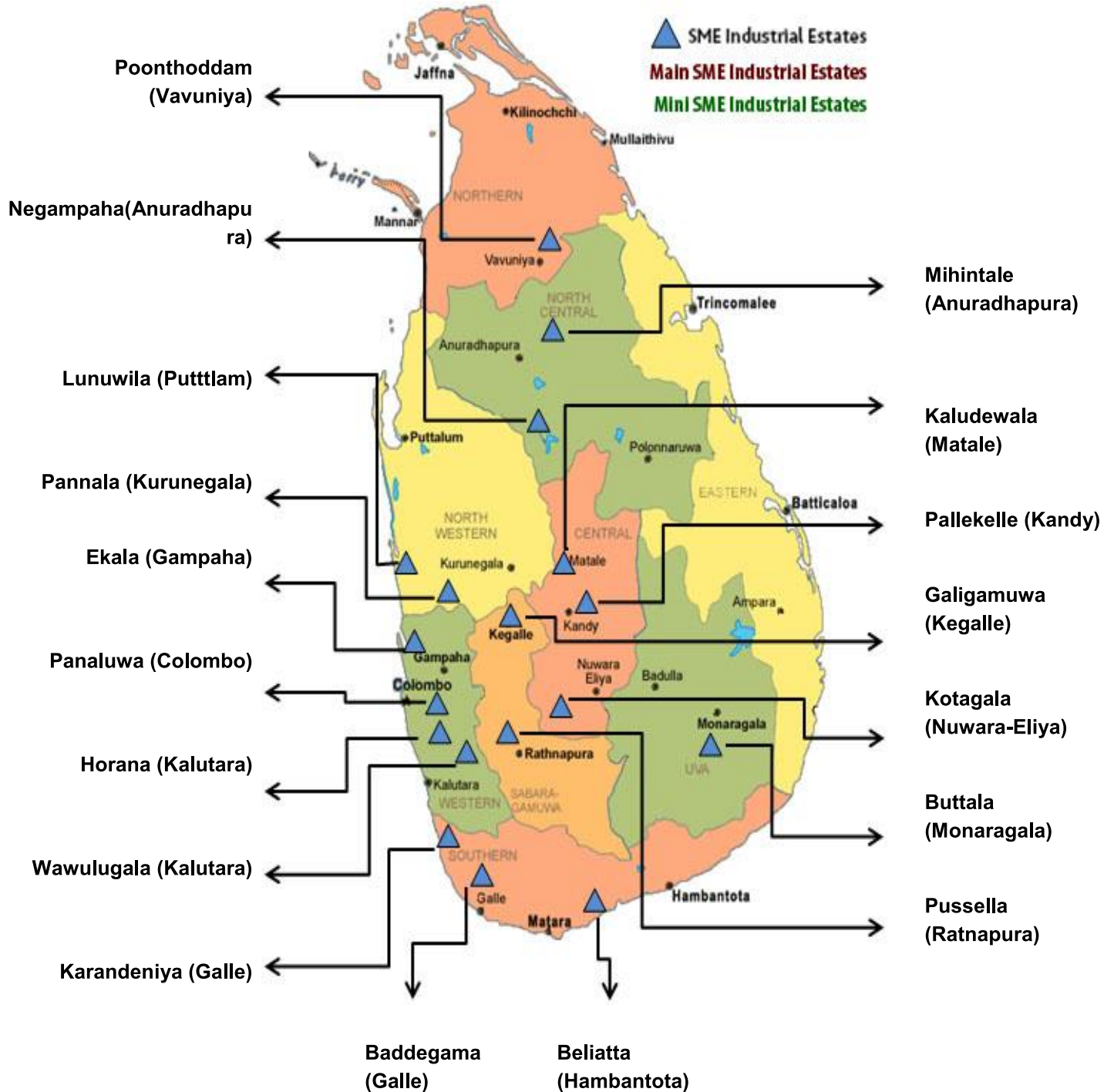
Signing of Lease Agreements

Lease Agreements for lands/ ready-built buildings signed with the respective industrialists who performed business satisfactorily, for a period of 30 yrs and 20 yrs for lands and ready-built buildings respectively. Accordingly, 13 Lease Agreements were signed with the respective industrialists during the year 2015.

Collection of Rental Income

Monthly/Annual rentals and other income for the leased out lands and buildings were collected during the year 2015 is Rs. 54.8 million, which is nearly 90% out of the total invoiced income, from the tenants. The revolving fund which is maintained on behalf of the collections recovered as three year refundable deposits from the lessees and accumulated amount of the revolving fund is Rs. 5.3million at the end 2015.

Distribution of Industrial Estates



4.6 Rubber Products Development and Services Centre (RPD&SC)

4.6.1 General

The Rubber Products Development and Services Centre was set up at Peliyagoda, under the direction and financial assistance of the World Bank in 1980 to assist the local rubber based industries, the SMIs in particular. Since then the centre has been providing services to the local rubber products manufacturers in the following areas.

- Technical consultancy and extension services
- Product and Process Development
- Testing and Quality Certification
- Provision of Semi Commercial Services
- Orientation to new market requirements
- Serve as a link between the Academic and R & D Institutions and the industry in general

The performance of the centre for the year 2015 is as follows.

Type of Services provided by the Centre:

No	Services	Measuring Indicator	No.
1	Conducting Technology Transfer Programmers	Nos	18
2	Conducting Customized Training Programmers	Nos	01
3	Facilitating of Sub-contractual Opportunities	Nos	21
4	Providing Product Quality Testing and Certification No. of Certifications issued No : Of Production Sample tested	Nos Nos	214 1,513
5	Supplying of Centrifuged Latex	Liters	9,952
6	Processing & Supplying of Rubber Compound	Kg	35,366
7	Milling of Rubber Compound	Kg	17,359
8	Assisting to Manufacture of Rubber Products	Nos	22
9	Internal Manufacture of Rubber Products	Nos	01

Production and sales – 2015

No	Item	Quantity	Income (Rs.)
1	Conducting Technology Transfer Programmers	18 Nos	49,500
2	Conducting Customized Training Programmers	01 Nos	35,000
3	Facilitating of Sub-contractual Opportunities	21 Nos	1,462,076
4	Providing Product Quality Testing and Certification 1.No. of Certifications issued 2. No. of Production Sample tested	214 Nos 1513 Nos	985,367
5	Supplying of Centrifuged Latex	9952 Liters	2,708,510
6	Processing & Supplying of Rubber Compound	35366 Kg	16,618,525
7	Milling of Rubber Compound	17359 Kg	306,344
8	Assisting to Manufacture of Rubber Products	22 Nos	264,175
9	Internal Manufacture of Rubber Products	01 Nos	34,000
	Total		22,463,497

Special work carried out by the center:

Main product development activities

The designing of compounds and process technologies for the following products have been developed and transferred to the industrialists.

1. Motor coupling and Torque arm bush for S.A.P. Industries, Madadolawatta, Kadawatha.
2. Duet seal compound for Access Engineering, Colombo.
3. Generator mounts for Lal Engineering, Kanduboda, Delgoda.
4. Door gate seal for Sarath Enterprises, Attampola Road, Hendala, Wattala.
5. Sucer mount for Rotary Seal, Palugama, Dompe.

Designed and development of rubber compounds for sub – contracting opportunities

1. “D” Beadings for Sri Lanka Navy
2. Rubber rollers for National Water Supply & Drainage Board
3. Pillow bearings for Sri Lanka Navy
4. Vacuum hoses for Sri Lanka Railways
5. Mounting shoes for Sri Lanka Navy

4.7 Engineering Division (ED)

4.7.1 General

The units and the centres, which fall under the purview of the engineering division, are as follows:

- a) Head Office at Katubedda – This includes Engineering Workshop, Foundry, Engineering Office (for Technical Information & Consultations, Valuation Reports etc.), Civil Engineering and Electrical Engineering
- b) Electroplating Centre (E.P.C.) - Peliyagoda.
- c) Appropriate Technology Research & Development Centre (A.T.R.D.C.)- Pannala.
- d) Common Services Centre (C.S.C.)-Matara.
- e) Brassware Services Centre – Pamunuwa..

4.7.2 Activities of the Division

In year 2015, the activities of the Engineering Division were geared to:

- a) Provide existing and new / potential industrialists with assistance in the selection of raw materials and machinery, design / development and technology / process know-how.
- b) Provide fabrication, casting and metal finishing services to industrialists on orders.
- c) Provide internal repairs, maintenance / renovations and construction planning & supervisory support to the Board in Civil and Electrical Engineering fields and technical and Technical support for Board's vehicle maintenance requirement.
- d) Provide Civil and Electrical Engineering support services for the exhibitions and projects of the Ministry of Traditional Industries and Small Enterprise Development
- e) Other activities included Providing Machinery Valuation Reports, Laboratory Testing Services for Foundry sector as well as the Fabrication and Sale of Machinery, and Implements which were made in advance.
- f) Develop economic and appropriate machinery prototypes for industries.

4.7.3 PERFORMANCE IN 2015

(I) REVENUE FROM JOBS SERVICES, VALUATIONS, FOUNDRY / ELECTROPLATING LABORATORY SERVICES, SALE OF IMPLEMENTS & SUNDRY ITEMS.

The revenue for external services by different sections and centres completed in the year 2015 are listed in the following table. The data are as at end of 2015 and excluding VAT and NBT levies.

Table: External Revenue for Completed services in 2015

	SECTION	GROSS REVENUE (Rs.) (excluding VAT & NBT)
1	Engineering Workshop, Head Office, Katubedda	4,228,540
2.	Foundry, Head Office	350,149
3.	Valuation reports - Head Office	1,073,087
5.	A.T.R.D.C, Pannala	4,800,111
6.	E.P.C. Peliyagoda	1,893,797
7.	C.S.C. Matara	794,274
8.	Brassware Services Centre	677,749
	TOTAL	13,817,707

(II) INTERNAL SERVICES

The value (cost of services basis) of internal engineering services jobs completed by different sections are as follows:

	SECTION	Value of Completed Internal Services (Rupees)
1	Workshop – Head Office	282,250
2	Foundry – Head Office	1,071,243
3	Civil Engineering Services – Head Office	1,599,142
4	Electrical Engineering Services – Head Office	223,813
	Total of Internal Services for above sections	3,176,448

(III) CONSULTANCY / EXTENSION SERVICES:

Advisory services:

60 Nos. advisory services providing technical / process information and consultations on design & fabrication were provided to industrialists in 2015. Out of these 06 were at the ATRDC, 14 at Electroplating Centre, and the rest 40 at the Head Office.

(IV) MACHINERY / EQUIPMENT / PROCESS DEVELOPMENT

In 2015 the following machinery / equipment were developed.

There were newly developed machinery such as Mobile Pug mill and Polythene Scrap Bailing machine / no equipment developed at head office due to lack of necessary Engineers (MM grade) and skilled floor level staff.

4.8 Centre for Entrepreneurship Development and Consultancy Services (CEDACS)

Centre for Entrepreneurship Development and Consultancy Services (CEDACS) was established by a cabinet paper in December 15, 1989 by the Ministry of Textiles & Rural Industrial Development, as a special training division under the Industrial Development Board. The CEDACS division consists of four units as Training unit, Library and information cell, IT unit and Printing unit.

The main role of training unit is to provide various training on management skills and entrepreneur development throughout the country. The library and information unit offers library facilities and industrial information in order to enhance, promote and develop SME's. The IT unit of the division provides network and information facilities within IDB and update and develop the web site. The printing unit undertakes printing of all documents including reports, hand books, leaflets etc.

Objectives of the division, the CEDACS:

- Create a new entrepreneurial culture
- Introduce new managerial strategies to expand existing industries
- Training of trainees (Entrepreneurship Development and Management Consultancy)
- Provide technical know-how and business experience to local industrialists
- Create awareness among SMEs and potential entrepreneurs on currently important business and industry topics
- Offer counseling services and industrial information

Activities assigned to the CEDACS:

- Conduct Entrepreneurship Development Programmes
- Conduct Business Creation Programmes
- Conduct Productivity Improvement Programmes
- Conduct Managerial Skills Development Programmes
- Provide Commercial & Business Training for Entrepreneurs
- 5 S implementation programmes within IDB
- Provide Internet and E-mail facilities
- Selling of Publications

- Development of Library Collection (Sinhala, Tamil and English)
- Processing Library Materials
- Organization of Industrial Information
- Registration of IDB Clients in Online Database
- Provide Details of Online Registered Clients to Regional Offices
- Dissemination of Industrial Information to Industrialists, Clients and IDB Staff
- Distribute information on New Arrivals to the Library
- Maintenance and Updating of Databases on Bibliographic data, Local Machinery and product Manufacturers, Reports, Sri Lanka Standards, Supporting Institutions, Collection of Acts.
- Provide Local and Foreign Machinery Information
- Preparation of IDB News Letter
- Compilation and Update Publication such as Hand Books, Packages, Leaflets, Indexes and Pamphlets etc.
- Inquiry and Answer Service
- Referral Service
- Participate in Exhibitions, Forums, Workshops and acquire latest information for Updating Library Collection

Performance in the year 2015

Activities for Achieving Corporate Goal	Measuring Indicator	Achievement	Income (Rs.)
Training programs on Entrepreneurship Development & Productivity Improvement	No. of Programmes	07	308,480
	No. of Participants	140	
	No. of Participants	160	
Development of Curricular	No. of Curricular	07	-
Provide Commercial & Technical Training	No. of Programmes	08	753,700
	No. of Participants	160	
Counseling & Consultancy	No. of Services provided	70	-
Library Collection Development	No. Library Materials	1,077	
Maintenance of Data Bases			
Online Registered Clients	No. of all online	7,170	
Building Material	Registered Clients as at 31.12.2026		
102			
Food and Beverages			
1,037			
Oil and Fiber			
207			
Chemical			
573			
Other			
105			
Local Machinery Manufacturers	No. of Records	250	
Product Manufacturers	No. of Records	1,000	
Bibliographic Data	No. of Records	20,503	
Lotus Smart Suite Approach	No. of Reports	20,465	
Reports	No. of Institutions	5477	
Supporting Institution	No. of Publications	330	
Sri Lanka Standards	No. of Records	1,325	
Acts	No. of Records	1,599	

Ref. No.	Activities for Achieving Corporate Goal	Measuring Indicator	Achievement	Income (Rs.)
G11	Dissemination of Industrial Information			324,027
	Counseling Services	No. of Clients	1,604	
	Inquiry and Answer Service	No. of Queries	682	
	Dissemination of leaflets (Sinhala, Tamil and English) to publicity for IDB	No. of Leaflets	4,500	
	Preparation of Product Files	No. of Product files	03	
	Food Additives & Food Preservation Food Regulations Fresh Fruit & Vegetable Processing			
	Compilation of Publications			
	New Arrivals	No. New Arrival Lists	12	
	Newsletters	No. of Newsletters	04	
	Library Guide Book	No. of Books	01	
	Let's build a successful business (සාර්ථක ව්‍යාපාරයක් ගොඩනගමු)	No. of Publications	01	
	E - Publicity through IDB Web for Industrial Information			
	Library Books Content pages	No. of Content pages	317	
	Industrial Information	No. of Documents	13	
	Create and Update Web pages			
	New web pages	No. of pages	50	
	Update web pages	No. of pages	137	



Officers attached to the Department of Manpower and Employment were trained by CEDACS



Photograph of Productivity Improvement Programme held at Medirigiriya Base Hospital in 2015



Photograph of Building Construction Training held at Bakamuna, Mahaweli area in 2015

4.9 Technical Services Division (TSD)

General

The Technical Services Division (TSD) is one of the main Divisions of the IDB, which caters to fulfill the technological needs of the industrial community in Sri Lanka. The primary objective of TSD is provision of technological assistance to entrepreneurs from conception through formulation to implementation and to existing industries for expansion, modernization, diversification and quality and productivity improvement. The services of the TSD are provided through 5 sub sectors; namely Food, Chemical, Oil and Fibre, Building Material and Computer Technology. Provision of technological assistance is mainly done through one-day technology transfer workshops with a strong practical component. In addition, the recently established Industrial Academy offers a series of Certificate Courses covering the above mentioned areas.

Performance Highlights

The activities carried out by the TSD in 2015 were:

(1) Technical training programs and technology demonstrations & workshops:

■ Technology Transfer Workshops

The staff of the Technical Services Division together with technical experts and academic staff of universities has conducted 115 Technology Transfer Workshops and 39 Demonstrations under food, chemical, oil & fibre, building materials and mineral sub-sectors at the Technical Services Division and overall 2093 entrepreneurs and industrialists have been trained and supported through these workshops and demonstrations and has earned Rs. 4,519,170

The following technologies were transferred through Technology Transfer Workshops/Demonstrations by the Technical Services Divisions in the year 2015.

Food:

- Fresh Food Drinks
- Fruits and Vegetables Canning and Bottling
- Instant Food Drinks & Cordial
- Papadam
- Peanut, Milk & Coconut Toffees
- Pickle, Chutney and Fish Ambulthiyal
- Coconut Kernel Products
- Chillie Paste and Maldives Fish Sambol
- Tomato Sauce and Chillie Sauce
- Mushroom Cultivation
- Tarts, Patties and pastry
- Manufacturing of Cookies & donuts
- Dehydrated Vegetables
- Jelly Crystals, Jelly Cup & Custard Pudding
- Inguru Dosi, Ala Dosi, Tala Dosi and Puhul Dosi
- Lime Chutney, Lime sauce, Lime Pickle and Instant Lunudehi
- Yoghurt
- Yoghurt Drink & Curd
- Herbal & Flavored Tea
- Handmade Chocolate
- Coconut Water Based Products
- Soya Based Products
- Sesame Based Products
- Spice Processing Technology
- Bakery Products
- Bites and Mixtures
- Ice Packet
- Ice Cream & Popsicles
- Food Packaging & Food Safety
- Ornamental Fish Farming
- Jujubes, Marshmallows and Kisses
- Manufacturing of Pumpkin Preserve, Sesame Balls & Sesame Roll

Oils and Fiber:

- Laundry Soap
- Screen Printing
- Broom and Ekal
- Virgin Coconut Oil
- Exercise Books & Envelopes

Building Materials and Minerals:

- Fiberglass Reinforced Plastics Technology
- Cement Based Products
- Cement Stabilized Soil Blocks
- Cement Flower Pots
- Concrete Paving Blocks
- Landscaping and Home Gardening

Chemical:

- Battery Water, Battery Acid & Radiator Coolant
- Adhesives
- Candles and Fancy Candles
- Joss Sticks
- Automobile Detergents
- Household Detergents
 - Thinner and Turpentine

Computer Technology:

- Computer Hardware and Networking

(2) Awareness Programmes

Two Awareness Programmes were conducted in parallel to the “International Women’s Day” as follows.

- (i) At the request of People’s Bank an Awareness Programme was conducted for 76 participants on 08th March 2015 in Ratmalana Branch of People’s Bank.
- (ii) Conducted another Awareness Programme for 48 participants on 24th March 2015 in Divisional Secretariat, Bulathsinhala.

(3) Publicity Programme

Technical Services Division together with Centre for Entrepreneurship Development And Consultancy Services of the IDB took part in the television programme named “Niskalanka 7.30” on ITN on 27th May 2015 to make aware of the people about the services rendered by the IDB for the SME development in Sri Lanka.

(4) Assistance to obtain Certifications

Technical Services Division together with the Ministry of Industry and Commerce assisted to obtain ISO 22000 (Food Safety Management System) Certification and SLS Certification for the under mentioned industries.

- Pranka (Pvt.) Ltd., Beliatta.- (ISO 22000)
- Foreconns Canneries, No. 10 Temple Road, Beruwala. - (SLS)
- Lakmee Exports Lanka Co. (Pvt.) L td., Talawa. - (ISO 22000)

(5) Product Development Activity

Having considered the several requests made by the industrialists, experiments were carried out on following food products with the intension of transferring the technology for the potential entrepreneurs.

- Spicy biscuits
- Tomato powder
- Instant curry paste

(6) Computer Hardware Network Course

Three (03) Certificate Courses on Computer Hardware & Networking were conducted in 2015. The income generated from IT courses was Rs, 747,000/-. Out of the 43 students registered for IT courses, 40 students completed the course successfully.

Technology Demonstration Programmes,



4.10 Centre for Development of Leather Products and Footwear (CDLPPF)

Centre for Development of Leather Products and Footwear (CDLPPF) was established in 1998 for the development of leather products and footwear production sector in Sri Lanka. The centre conducts short term and long term courses, supply skilled workers, suitable technical information and provides facilities to produce footwear and leather goods etc. The main centre is at Katubedda, Moratuwa and two regional units are situated at Wariyapola and Vitharandeniya.

The services provided by the centre are as follows:

- Conduct Technology Transfer Workshops on Footwear
- Conduct Technology Transfer Workshops on Leather Goods
- Footwear Design and Pattern Making
- Innovative Ideas and Information on New Product and Product Development
- Provide Trade and Machinery Information
- Provide Incubator Facilities
- Provide Skilled Labour for Industries
- Conduct Training and Skills Development Programmes:
 - Design and Pattern Making
 - Shoe Upper Closing
 - Leather Clicking
 - Manufacturing Ladies Footwear
 - Manufacturing Gents Footwear
 - Manufacturing Leather Goods

Following facilities are available at the centre.

- Clicking Machine
- Splitting Machine
- Strap Cutting Machine
- Skiving Machine
- Compressor and Spray Booth
- Buffing and Finishing Machine
- Sole Press Machine
- Re-activator Machine

By achieving nearly more than 150% of its scheduled activities for the year, the center earned an income of Rs. 5,918,337/- in 2015.

Special Activities performed by the centre

- As the co-organizer Centre for Development of Leather Products and Footwear organized the Forth International Footwear and Leather Fair 2015 with the Sri Lanka Export Development Board on 6 - 8 February, 2015 at the BMICH, Colombo.
Including local and foreign businessmen, more than 225 stalls were set up in this exhibition. The Leather Products & Footwear Development Centre directly organized SME pavilion including 33 SME stalls, Footwear and Leather Goods Design Competition, Workshops, and Demonstration on Handmade Shoe Manufacturing.
- 25 Technology Transfer Programmes were conducted in Kilinochchi, Vavuniya, Jaffna, Ampara, Galle, Badulla, Puttlam, Kurunegala, Anuradhapura, Kalutara, Gampaha and Colombo districts. 227 entrepreneurs were able to find jobs in the private sector as well as to commence self-employment projects with assistance from the government and non-government organizations. And the centre earned Rs. 2,867,499/- by conducting these programmes.
- In order to develop this sector and absorb young graduates, made necessary arrangements to conduct Awareness and Training Programmes in collaboration with the University of Moratuwa and the University of Visual and Performing Arts.
- Participated and contributed to policy formation process in various committees in association with the Ministry of Industry and Commerce, National Committee on Economic Development (NCED), Sri Lanka Export Development Board (IDB), National Apprentice and Industrial Training Authority (NAITA), and Sri Lanka Standard Institute. By these advisory committees' suggestions were made towards the developing of Footwear and Leather Products Manufacturing Sector in Sri Lanka.
- Provided technical know-how, advice and consultancy for selecting sample of shoes for the National School Shoes Donating Programme conducted by the Ministry of Education.
- Assist to Tertiary & Vocational Educational Commission to revise NVQ Level IV in Footwear sector and prepare NVQ standards for bag sector.

- Maintain a database of Footwear and Leather Goods Manufactures and Training Institutes in Sri Lanka. This is the largest data base containing various information on all aspects of the sector.
- Provided incubator facilities to those who were trained under IDB to reduce risk of their initial investment.
- Participated in Technical Evaluation Committees of various government institutes to procure their footwear and leather goods requirements.

FINANCIAL STATEMENTS

- **Comprehensive Statement of Financial Position**
- **Comprehensive Statement of Income**
- **Statement of Changers in Equity**
- **Statement of Cash Flow**
- **Significant Accounting Policies and Other Explanatory Information**

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Statement of financial position

(all amounts in LKR)

	Note	2015	2014
ASSETS			
Non Current Assets			
Property Plant & Equipment	13	1,297,336,805	1,183,148,184
Capital Work-in-Progress		18,321,826	62,230,193
Fixed Deposits	14	11,129,111	10,536,959
		1,326,787,742	1,255,915,336
Current Assets			
Inventories (Stocks & work-in-progress)	15	34,375,687	30,859,050
Trade & Other Receivables (Debtors)	16	33,568,714	28,245,619
Other Current Assets	17	47,571,314	39,106,477
Pre-Payments	18	53,498,511	64,101,314
Special Projects	19	36,509,324	26,072,964
Cash & Cash Equivalents	20	84,557,954	46,786,787
		290,081,503	235,172,211
Total Assets		1,616,869,245	1,491,087,547
EQUITY AND LIABILITIES			
Capital and Reserves			
Net Government Contribution	21	277,910,082	278,694,719
Capital Reserves		6,243,013	6,243,013
Value of Assets Transferred	22	13,447,061	13,447,061
Surpluss on Revaluation of Fixed Assets	23	999,334,417	953,015,969
Other Government Grants	24	165,498,934	125,933,744
		1,462,433,506	1,377,334,506
Government Grants	25	1,930,291,117	1,930,291,117
Accumulated Losses		(2,175,923,391)	(2,136,683,921)
		(245,632,274)	(206,392,804)
Total Equity		1,216,801,232	1,170,941,702
Non Current Liabilities			
Provision for Gratuity	26	155,623,529	100,395,508
Grants for Special Projects	27	71,715,838	58,754,659
Dues to Corporation	28	32,348,955	51,758,331
		259,688,322	210,908,498
Current Liabilities			
Dues to Government	29	80,114	69,679
Dues to Corporation	30	26,130,935	16,516,256
Bank Credit Balances	20	1,146,939	1,784,411
Provisions and Accrued Expenses	31	113,021,702	90,867,002
		140,379,690	109,237,347
Total Equity & Liabilities		1,616,869,245	1,491,087,547

Director Finance.....
A.W.G. Guruge

A. W. G. GURUGE
Director Finance
Industrial Development Board

"The Accounting policies on pages 05 to 11 and Notes on 12 to 21 form an integral part of these Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements.


Mahinda Jinasena
Chairman


Member of the board

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Comprehensive Income statement

(all amounts in LKR)

	Notes	2015	2014
Sales & Services	5	211,713,216	188,539,103
Cost of sales & Services	6	(125,953,022)	(103,502,334)
Gross profit		85,760,194	85,036,769
Other income	7	66,149,632	62,283,658
Government Recurrent Grant	8	296,750,000	250,000,000
Administrative expenses	9	(425,139,797)	(396,572,923)
Sales Distribution Expenses	10	4,128,236	-
Results from operating activities		27,648,266	747,504
Finance costs	11	(389,155)	(328,192)
Net finance income / (cost)		(389,155)	(328,192)
Net Profit before tax		27,259,111	419,312
Loss / Profit for the year		27,259,111	419,312
Other comprehensive income	12	(2,894,499)	961,019,480
Total comprehensive loss/income for the year		24,364,612	961,438,792

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Statement of changes in equity

(all amounts in LKR)

	Net Government Contribution	Capital & Reserve	Value of Asset Transferred	Revaluation Surplus	Other Government Grant	Government Grant	Accumulated Excess/Defecit	Total
Balance as at 01 January 2014	274,328,481	6,243,013	13,447,061	14,820,830	76,047,329	1,930,291,117	(2,146,388,663)	168,789,172
								-
Previous Year Adjustment							(9,826,031)	(9,826,031)
Loss for the year							419,312	419,312
Revaluation Surplus				941,908,020				941,908,020
Retirement Benefit Obligation							19,111,460	19,111,460
Government Grants	35,000,000				54,048,778			89,048,778
Amotization of the Grants	(30,633,762)				(4,162,367)			(34,796,129)
Revaluation Surplus				(3,712,881)				(3,712,881)
Balance as at 31 December 2014	278,694,719	6,243,013	13,447,061	953,015,969	125,933,740	1,930,291,117	(2,136,683,923)	1,170,941,701
Balance as at 01 January 2015	278,694,719	6,243,013	13,447,061	953,015,969	125,933,740	1,930,291,117	(2,136,683,923)	1,170,941,701
Previous Year Adjustment	-	-	-	-	(163,157)	-	(17,407,674)	(17,570,831)
Profit for the year	-	-	-	-	-	-	27,259,111	27,259,111
Revaluation Surplus	-	-	-	46,318,448	-	-	-	46,318,448
Retirement Benefit Obligation	-	-	-	-	-	-	(49,090,907)	(49,090,907)
Government Grants	45,000,000	-	-	-	48,624,461	-	-	93,624,461
Amotization of the Grants	(45,784,637)	-	-	-	(8,896,113)	-	-	(54,680,750)
Balance as at 31 December 2015	277,910,082	6,243,013	13,447,061	999,334,417	165,498,930	1,930,291,117	(2,175,923,392)	1,216,801,232

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Statement of cash Flow

(all amounts in LKR)

		<u>2015</u>
Net profit for the Year		27,259,111
Adjustment for Non Cash Items		
Depreciation	32,771,415	
Amortisation of the Capital Grants	(54,680,750)	
Gain from sale of Fixed asstes	(187,200)	
Other comprehensive income	(2,894,499)	
Retirement Benefit Obligation	16,536,613	
Unidentified deposits	(1,842,520)	
Bad & doubtful debtors	(4,128,236)	
Prior year adjustment	112,958	
		<u>(14,312,219)</u>
		12,946,892
Retirement Benefit Obligation Paid		<u>(10,399,498)</u>
		2,547,393
CASH FLOWS FROM CHANGES IN WORKING CAPITAL		
(Increase)/Decrease in inventories	(3,516,637)	
(Increase)/Decrease in Debtors & Receivables	(1,194,859)	
(Increase)/Decrease in Other Current Assets	(8,464,838)	
(Increase)/Decrease in Prepayments	10,602,804	
(Increase)/Decrease in Special Projects	(10,436,360)	
(Increase)/Decrease in Creditors & Accrued Charges	12,370,439	(639,451)
CASH GENARATED FROM OPERATIONS		<u>1,907,943</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Increase in Fixed Deposits	(592,152)	
Proceeds from sale of assets	187,200	
Acquisition/construction of Property ,Plant & Equipment	(69,679,991)	(70,084,943)
		<u>(68,177,001)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants Received from the Government	93,624,461	
Investment in Special Projects	12,961,179	106,585,640
		<u>38,408,639</u>
Add: Cash and Cash Equivalents as at 01.01.2015		45,002,376
Cash and Cash Equivalents as at 31.12.2015		<u>83,411,015</u>

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Significant accounting policies and notes to the financial statements

1 General information

Industrial Development Board Of Ceylon is a Statutory Board incorporated under the Industrial Development Act No. 36. 1969 The Head Office of the Board is situated at 615, Galle Road, Katubedda, Sri Lanka.

Principle activity of the IDB is to assist in the encouragement, promotion and development of industries in Sri Lanka.

2 Summary of significant accounting policies

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

2.1 Basis of preparation and adoption of Sri Lanka Financial Reporting Standards

IDB prepares its financial statements in accordance with Sri Lanka Accounting Standards (SLFRSs) / (LKAS) issued by the Institute of Chartered Accountants of Sri Lanka. Sri Lanka Accounting Standards (SLASs) were revised to incorporate International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board, which requires all entities to apply these standards effective for years beginning on or after 1 January 2012.

Subject to certain transition exemptions and exceptions disclosed in Note 5, the IDB have consistently applied the accounting policies in the preparation of its opening statement of financial position at 1 January 2011 and throughout all periods presented, as if these policies had always been in effect. Note 5 discloses the impact of the transition to SLFRSs on the IDB's reported financial position and financial performance, including the nature and effect of significant changes in accounting policies from those used in the IDB's financial statements prepared under previous Sri Lanka Accounting Standards (SLAS).

These financial statements have been prepared under the historical cost convention, as modified by the revaluation and fair valuation of the financial assets and liabilities preparation of financial statements in conformity with SLFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the IDB's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the IDB's financial statements are disclosed in Note 4.

2.2 Changes in accounting policy and disclosures

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted.

SLFRS 13, 'Fair Value Measurement' aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across SLFRSs. The management is yet to assess the full impact of

SLFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. SLFRS 9 replaces the parts of LKAS 39 that relate to the classification and measurement of financial instruments. SLFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the LKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There are no other Standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on the IDB.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

2.3 Property, plant and equipment

All property, plant and equipment is initially recorded at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits / (loss) on retirement or disposal of the asset.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the IDB and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All repairs and maintenance costs are charged to income statement during the financial period in which they are incurred.

(b) Depreciation

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognised, even if during that period the item is idle. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Land Improvement	2.5%	Computer Softwares	7.0%
Building	2.5%	Computer	20.0%
Plant & Machinery	10.0%	Motor Vehicles	20.0%
Printing Machinery	10.0%	Furniture & Fittings	10.0%
Office Equipment	10.0%	Bicycle	10.0%
Lab Equipment	10.0%	Sundry Assets	10.0%
Tools	25.0%	Utility Services	10.0%
Books	25.0%	PABX Services	10.0%
Travelling bags	25.0%	Other assets	10.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.4 Financial assets

2.4.1 Classification

IDB classifies its financial assets under loans and receivables, based on purpose for which the financial assets were acquired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater than 12 months after the balance sheet date.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

2.4.2 Recognition of financial asset

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using effective interest method.

2.4.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.4.4 Impairment of financial assets

(a) Assets carried at amortised cost (Loans and receivables)

IDB assesses at the end of each reporting period whether there is objective evidence that a financial asset or IDB of financial assets is impaired. A financial asset or a IDB of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or IDB of financial assets that can be reliably estimated.

IDB first assesses whether objective evidence of impairment exists.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Impairment testing of trade receivables is described in Note 2.10.

2.5 Financial liabilities

IDB's financial liabilities include trade and other payables and borrowings. All financial liabilities except are recognised initially at their fair values and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The cost incurred in bringing inventories to its present location and condition are accounted as follows.

Raw Materials - At actual cost on first in first out basis

Finished Goods - At Cost

Work-In-Progress - At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating

2.7 Trade receivables

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

2.7 Trade receivables (Contd)

A provision for impairment of trade receivables is established when there is objective evidence that IDB will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Provision Calculated as follows. Over 5 Years 100% Provisioned and others 10%.

2.8 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.9 Provisions

Provisions are recognised when IDB has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.10 Trade and other payables

Liabilities classified as other payables in the balance sheet are those which fall due for payment on demand or within one year from the balance sheet date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the balance sheet date.

2.11 Defined benefit plan

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The defined benefit plan comprises the gratuity provided under the Act, No 12 of 1983.

The defined benefit obligation is calculated annually by using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

2.12 Defined contribution plan

All permanent and contract employees of IDB are members of the Employees' Provident Fund and Employees' Trust Fund, to which the IDB contributes 12% and 3% respectively, of such employees' basic wage or salary, cost of living allowances.

2.13 Investments

Investments are carried at the cost determined on the basis of individual investment.

2.14 Government grants

Grants from the government are recognised at their fair value and there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

2.15 Donation

Donations are generally non-reciprocal transfers. However there may be instances where nominal consideration is provided by IDB to the donors. For such donations, where the consideration provided to the donors is significantly lower than that of the donations received, such that it results in an unfair exchange transaction, they should be recognised as donations received.

2.16 Revenue recognition

(a) *Goods sold and services rendered*

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Interest income*

Interest income is recognised on a time-proportion basis.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of IDB's activities. Revenue is shown net of Value Added Tax, returns, rebates and discounts.

2.17 Expenditure recognition

(a) *Operating expenses*

The expenses are recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the period.

(b) *Net financing costs*

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognised in the income statement.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

3 Financial risk management

3.1 Financial risk factors

The principal financial instruments of IDB comprise of bank loans, short term deposits and cash. The main purpose of these finance instruments is to raise and maintain liquidity for IDB's operations, and maximise returns on IDB's financial reserves. IDB has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

IDB is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on our economic outlook and IDB's exposure to these risks, the Board of IDB approves various risk management strategies from time to time.

(i) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. IDB exposure to the risk of changes in market interest rates relates to primarily to IDB's long-term debt obligations with floating rates. IDB manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits. IDB is not exposed to interest rate risk as at 31 December 2015, as IDB does not have any borrowing at variable rates of interest.

(ii) *Credit risk*

The credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

3 Financial risk management (Contd)

3.1 Financial risk factors (Contd)

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table show the maximum risk positions.(as at 31.12.2015)

	Trade and other receivables	Amounts due from related parties	Cash and cash equivalents	Total
Risk exposure				
Trade and other receivables	33,568,714			33,568,714
Cash and cash equivalents			84,557,954	84,557,954
	33,568,714	-	84,557,954	118,126,667

3.2 Capital management

IDB's objectives when managing capital are to safeguard IDB's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, IDB monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The gearing ratio at 31 December 2015 was as follows:

	2015	2014
Total borrowings	-	-
Total equity	1,216,801,232	1,170,941,702
Gearing ratio	-	-

4 Information about key sources of estimation' uncertainty and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

IDB makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

(a) Defined benefit plan - Gratuity

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit obligations include the discount rate, future salary increment rate, mortality level, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using appropriate interest rates by the actuarial valuer.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 26.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(b) Useful lives of property, plant and equipment

IDB reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation charge and decrease the property, plant and equipment.

4.2 Contingent Liabilities

(a) No provision have been made for liability of Rs.2,911,406.00 accruing due to non payment of Employees' Trust Fund on Cost of Living allowance as the liability has not yet intimated to the board.

(b) As at the end of the financial year there were 09 court cases outstanding against the organization. However according to the legal division there were no possibility of payment of any compensation as a result of these cases. Hence no liability has arisen to make any provision thereon.

5 Revenue

5 a Sales

	2015	2014
Sales	29,241,401	32,722,576
Sales (Non Ferrous Project)	103,970,263	83,946,899
Sales of Income Casper	2,101,575	2,396,950
Sales of Publications	402,040	574,495
	135,715,279	119,640,920

5 b Services

Rent - Ind Estates	41,985,200	40,610,482
Water Charges	7,441,537	6,728,096
Infrastructure Facilities	-	324,017
Surcharges	1,533,423	1,381,702
Insurance Premium	-	44,897
Training Programme	17,449,627	16,176,184
Project Reports	3,179,144	972,527
Service Charges for Industrial Estates	-	712,229
Service Charges	4,409,007	1,948,050
	75,997,937	68,898,184
	211,713,216	188,539,103

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

06 Cost of sales & services	2015	2014
Cost of Sales - Direct Materials	23,722,894	21,235,949
Cost of Sales - Purchasing - Non Ferrous Scrap Project	73,950,390	51,768,776
Cost of Sales - Direct Labour	2,954,694	2,734,821
Cost of Sales - Indirect Materials	4,308,755	3,543,638
Consumable Engineering Raw Materials	106,306	2,500
Consumable - Foundry Raw Materials	54,637	-
Maintenance of Plant & Machinery	535,069	279,962
Power	3,600,318	3,272,020
Depreciation of Plant & Machinery	912,995	1,209,956
Depreciation of Tools	-	49,810
Depreciation of Printing Machinery	-	335,536
Non Ferrous Scrap Collection Commission	16,400	3,300
Charges Of Engineering Works	48,664	336,752
Marketing Expenses	154,028	93,032
Sub Contract Charges	877,100	976,400
Factory Over Head	(1,517,652)	(1,957,432)
Amount Recovered by way of Genarai Over Heads	(2,701,869)	(2,206,175)
Maintenance of Industrial Estates	1,254,680	2,185,823
Maintenance of Lab Equipment	800	2,500
Maintenance of Printing Machinery	300	25,336
Transport Charges	529,806	1,641,375
NBT Expenses - Lakkam	189,361	155,562
Training Programmes	16,955,344	17,812,894
Total	125,953,022	103,502,334
07 Other Income		
Commission (Sub- contracting Exchange)	592,935	112,488
Commissions - Lakkam Center	1,990,777	2,366,892
Registration of Suppliers	752,400	746,310
Non-Refundable Tender Deposits	16,400	7,080
Lakkam Hall Charges	32,000	7,500
Notarial Fees	212,320	190,260
Panalties	76,356	60,363
Web Publishing Income	-	10,385
Visiting Bangalow Charges	172,386	179,674
Sales of Fixed Assets	187,200	3,083,676
Sundry Income	3,319,944	1,445,833
Savings Interest	1,699,789	1,007,771
Service Charges For Lab Test	842,286	299,116
Staff Loan Interest	1,574,088	1,568,637
Capital Grant Transferred	54,680,750	34,796,129
Exhibition Income	-	16,401,543
	66,149,632	62,283,658

8 Grants

	2015	2014
Revenue grants	296,750,000	250,000,000
	296,750,000	250,000,000

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

	2015	2014
9 Administrative Expenses		
Basic Salaries	120,452,632	120,318,962
Chairman's Remuneration	716,071	600,000
Executive Directors' Allowance	292,857	-
Special Allowance 5%	75,636,336	27,007,835
C. O. L. Allowance	46,171,006	44,676,537
Other Allowance	4,739,482	4,744,184
EPF (Contribution)	20,326,548	20,212,520
ETF (Contribution)	5,080,517	5,053,948
Bonus for Board Employees	6,132,375	453,000
Gratuity Charge for the year	16,536,613	13,577,657
Training Allowences	872,025	802,281
Daily paid & care taker allowences	954,154	2,623,593
Unutilized Medical Leave Encashment	10,655,041	10,025,747
Overtime	8,674,760	10,628,180
Holiday Pay	741,709	787,890
Travelling (Local)	5,472,333	7,041,001
Travelling (Foreign)	1,810,359	869,230
Lodging Expenses	200,185	222,296
Stationary & Office Requisites	2,703,208	2,848,544
Supplier Registration Fees	-	24,579
Fuel Expenses	3,763,667	4,430,757
Uniforms	1,591,278	1,159,872
Maintenance of Land	232,544	103,852
Maintenance of Building	774,188	1,021,795
Maintenance of Plant & Machinery	732,235	157,272
Maintenance of Computers & Accessories	551,904	448,736
Maintenance of Motor Vehicle	3,452,808	3,638,854
Maintenance of Office Equipment	742,384	492,193
Maintenance of Furniture , Fittings & Office Equipment	141,041	357,565
Maintenace of Bicycles	-	2,515
Maintenance of PABX Services	-	42,927
Maintenance of Sundry Assets	20,801	51,628
Maintenance of Water Supply	43,888	478,711
Maintenance Of Land	12,400	26,685
Electricity	8,798,008	9,356,840
Telephone Charges	5,623,813	4,779,402
Payment of Security Services	20,359,707	21,064,040
Postage & Telegrams	785,427	938,753
Water Charges	6,056,540	4,438,770
Rent ,Rates & Taxes	3,693,590	14,279,489
Insurance	1,557,541	1,266,014
Newspapers & Journals	746,459	600,891
Capacity Building	-	613,690
Directors' Fees	259,200	649,800
Consultancy Fees	-	251,200
Contribution to Medical Aid Scheme	286,235	241,500
Audit Fees	600,000	600,000
Medical Examination Fees	21,000	16,000
Welfare	1,287,859	1,316,021
Entertainment	381,721	331,062
Advertisement	913,035	1,357,720

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

Administrative Expenses (contd)

	2015	2014
Legal Charges	93,554	325,772
Fees for Trade Tests, Interview etc.	19,762	82,555
Local Training for Board Employees	273,944	1,211,792
Membership Fees of Professional Bodies (Local & Foreign)	9,768	8,820
Licence Fee	217,880	195,120
Promotional Expenses	-	1,000
Exhibition Expenses	223,910	22,644,445
Opening Expenses of Atchchuweli	-	1,089,550
Research & Development	170,177	223,720
Valuation & survey expenses	59,024	
Feasibility Studies	191,215	16,460
Publications	20,000	91,659
Photos	6,300	2,380
Restatement of Government Grant	-	39,730
Miscellaneous Expenses	341,418	596,639
Registration fees	56,940	39,300
Depreciation Of - Land Improvement	577,667	1,485,667
Depreciation of - Buildings	11,396,473	4,271,633
Depreciation of - Plant & Machinery	2,792,194	2,476,074
Depreciation of - Computer Accessories	3,845,927	3,958,607
Depreciation of - Lab Equipments	275,328	96,194
Depreciation of - Printing Machinery	249,437	-
Depreciation of - Motor Vehicles	7,910,000	6,066,753
Depreciation of - Office Equipments	1,694,709	2,003,434
Depreciation of - Travelling Bags	20,781	20,616
Depreciation of - Furniture & Fittings	1,124,472	1,094,915
Depreciation of - Bicycles	10,762	10,308
Depreciation of - Tools & Spares	177,272	48,320
Depreciation of - Library Books	820,223	396,107
Depreciation of - PABX Services	279,484	269,934
Depreciation of - Utility Services	327,848	340,464
Depreciation of - Sundry Assets	355,843	281,356
Depreciation of - JICA Equipment	-	151,061
	425,139,797	396,572,923

10 Sales & Distribution Cost

Provision for Bad & doubtful debts	4,128,236	-
	4,128,236	-

11 Finance Cost

Bank Charges	378,655	328,192
OD Interest	10,500	-
	389,155	328,192

Other Comprehensive Income

12 Actuarial Gain (loss) for the year	(49,090,907)	19,111,460
Revaluation Surplus	46,196,408	941,908,020
	(2,894,499)	961,019,480

Average number of employees employed during the year

Permanent	485	500
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INDUSTRIAL DEVELOPMENT BOARD

Notes to the financial statements (Contd)

13. Property, plant and equipment as at 31/12/2015

	Land	Land Improvement	Building	Plant, machinery & installation	Printing Machinery	JICA Project assets	Office equipment	Lab Equipment
Year ended 31 December 2014								
Opening net book value	6,585,262	50,117,230	122,314,905	15,751,488	1,683,010	151,058	9,560,690	347,978
Additions during the period	-	20,113,799	606,208	168,000	-	-	1,303,151	7,500
Adjustments			4,617,973	416,650			(76,160)	
Adjustments	(6,585,262)	(44,324,713)	60,172,804					
Depreciation charge (Note 8)		(1,485,667)	(4,183,776)	(3,644,365)	(335,536)	(151,061)	(2,003,434)	(96,194)
Adjustments		(852,995)	(87,505,054)	(333,320)				
Adjustments		(3,770,741)	(4,272,458)					
Revaluation	676,552,750		311,884,530					
Closing net book amount	676,552,750	19,796,913	403,635,131	12,358,453	1,347,474	(3)	8,784,250	259,285
At 31 December 2014								
Cost		23,567,654	129,706,335	111,280,176	7,612,955	228,842,382	39,197,550	8,846,898
Revaluation	676,552,750		311,884,530					
Adjustments							(76,160)	
Accumulated depreciation		(3,770,741)	(37,955,734)	(98,921,723)	(6,265,481)	(228,842,385)	(30,337,142)	(8,587,613)
Net book amount	676,552,750	19,796,913	403,635,131	12,358,453	1,347,474	(3)	8,784,250	259,285
Year ended 31 December 2015								
Opening net book value	676,552,750	19,796,913	403,635,131	12,358,453	1,347,474	(3)	8,784,250	259,285
Prior- year adjustment	-	-	2,586,362	-	-	-	34,000	-
Opening net book value after Prior- year adjustment	676,552,750	19,796,913	406,221,494	12,358,453	1,347,474	(3)	8,818,250	259,285
Additions	67,595,691	-	15,897,195	2,319,957	-	-	1,029,643	2,706,555
Disposal	-	-	-	-	-	-	(3,587,762)	-
Depreciation charge (Note 9)	(577,667)	-	(11,396,473)	(3,705,189)	(249,437)	-	(1,694,709)	(275,328)
Net book value transfer to Asset								
Revaluation a/c				(10,973,222)	(1,098,038)		(8,153,183)	(2,690,512)
Acc.Depreciation for disposed assets							3,587,762	
Revaluation	-	-	-	45,671,000	1,213,500	-	5,657,000	-
Closing net book amount	743,570,774	19,796,913	410,722,216	45,671,000	1,213,500	(3)	5,657,000	-
At 31 December 2015								
Cost	767,716,095	-	457,488,060	(0)	-	228,842,382	0	-
Revaluation	-	-	-	45,671,000	1,213,500	-	5,657,000	-
Accumulated depreciation	(4,348,408)	-	(46,765,844)	-	-	(228,842,385)	-	-
Net book amount	763,367,687	-	410,722,216	45,671,000	1,213,500	(3)	5,657,000	-

INDUSTRIAL DEVELOPMENT BOARD

Notes to the financial statements (Contd)

13. Property, plant and equipment as at 31/12/2015

	Travelling Bags	Furniture & Fittings	Bicycle Cost	Tools & Spares	Library Books	PABX Services	Utility Services
Year ended 31 December 2014							
Opening net book value	38,910	5,997,884	70,411	317,926	496,373	1,302,274	1,705,259
Additions during the period	18,800	-	-	-	308,266	11,620	-
Adjustments					1,625,075		
Adjustments							
Depreciation charge (Note 8)	(20,616)	(1,094,915)	(10,308)	(98,130)	(233,599)	(269,934)	(340,464)
Adjustments					(500,884)		
Adjustments							
Revaluation							
Closing net book amount	37,094	4,902,969	60,103	219,796	1,695,231	1,043,960	1,364,795
At 31 December 2014							
Cost	1,234,805	14,556,563	198,838	10,530,926	12,027,618	4,214,731	15,864,011
Revaluation							
Adjustments							
Accumulated depreciation	(1,197,711)	(9,653,594)	(138,734)	(10,311,130)	(10,332,387)	(3,170,771)	(14,499,217)
Net book amount	37,094	4,902,969	60,103	219,796	1,695,231	1,043,960	1,364,795
Year ended 31 December 2015							
Opening net book value	37,094	4,902,969	60,103	219,796	1,695,231	1,043,960	1,364,795
Prior- year adjustment	-	-	-	-	(500,369)	2,000	-
Opening net book value after Prior- year adjustment	37,094	4,902,969	60,103	219,796	1,194,862	1,045,960	1,364,795
Additions	36,200	1,482,326	13,063	761,173	168,463	94,000	-
Disposal	-	-	(17,425)	-	-	-	-
Depreciation charge (Note 9)	(20,781)	(1,124,472)	(10,762)	(177,272)	(820,223)	(279,484)	(327,848)
Net book value transfer to Asset Revaluation a/c		(5,260,823)	(62,404)	(803,698)			
Acc.Depreciation for disposed assets			17,425				
Revaluation	-	5,456,750	250,000	-	-	-	-
Closing net book amount	52,513	5,456,750	250,000	-	543,102	860,476	1,036,947
At 31 December 2015							
Cost	1,271,005	(0)	-	-	12,196,081	4,308,731	15,864,011
Revaluation	-	5,456,750	250,000	-	-	-	-
Accumulated depreciation	(1,218,492)	-	-	-	(11,652,979)	(3,448,255)	(14,827,064)
Net book amount	52,513	5,456,750	250,000	-	543,102	860,476	1,036,947

INDUSTRIAL DEVELOPMENT BOARD

Notes to the financial statements (Contd)

13. Property, plant and equipment as at 31/12/2015

	Sundry Assets	Computer & equipment	Computer Software	Motor vehicles	Total
Year ended 31 December 2014					
Opening net book value	3,436,733	11,106,648	(0)	12,217,731	243,201,769
Additions during the period	590,781	2,655,615	-		25,783,741
Adjustments	(6,845,707)	(7,350)		(5,954,570)	(6,224,089)
Adjustments					9,262,829
Depreciation charge (Note 8)	(581,337)	(3,958,081)		(6,059,328)	(24,566,743)
Adjustments	5,143,203	(526)			(84,049,576)
Adjustments				(203,834)	(8,247,033)
Revaluation				39,550,000	1,027,987,280
Closing net book amount	1,743,674	9,796,306	(0)	39,550,000	1,183,148,184
At 31 December 2014					
Cost	10,966,554	48,428,692	987,850	1,295,433	669,359,972
Revaluation				39,550,000	1,027,987,280
Adjustments	(1,702,503)	(7,876)			(1,786,540)
Accumulated depreciation	(7,520,377)	(38,624,510)	(987,850)	(1,295,433)	(512,412,532)
Net book amount	1,743,674	9,796,306	(0)	39,550,000	1,183,148,184
Year ended 31 December 2015					
Opening net book value	1,743,674	9,796,306	(0)	39,550,000	1,183,148,184
Prior- year adjustment	10,524	(3,210)	-	-	2,129,307
Opening net book value after Prior- year adjustment	1,754,198	9,793,096	(0)	39,550,000	1,185,277,491
Additions	1,542,646	4,987,409	-	-	98,634,320
Disposal	-	(7,088,832)	-	-	(10,694,019)
Depreciation charge (Note 9)	(355,843)	(3,845,927)	-	(7,910,000)	(32,771,415)
Net book value transfer to Asset Revaluation a/c	(2,941,001)	(10,934,577)	0	(20,324,000)	(63,241,457)
Acc.Depreciation for disposed assets		7,088,832			10,694,019
Revaluation	1,702,205	7,487,409	-	42,000,000	109,437,864
Closing net book amount	1,702,205	7,487,409	-	53,316,000	1,297,336,805
At 31 December 2015					
Cost	(0)	(0)	987,850	14,154,501	1,502,828,716
Revaluation	1,702,205	7,487,409	-	42,000,000	109,437,864
Accumulated depreciation	-	(0)	(987,850)	(2,838,500)	(314,929,777)
Net book amount	1,702,205	7,487,409	-	53,316,001	1,297,336,805

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

14 Fixed Deposits

Bank Of Ceylon -Idama Branch	25,000	31,000
Pepoles Bank	11,104,111	10,505,959
	11,129,111	10,536,959

15 Stock & work-in-progress

	2015	2014
Engineering Raw Materials - (H/O)	1,054,434	1,073,494
Printing Raw Materials	140,668	145,223
Stationary	1,890,847	2,007,499
Other Raw Materials	2,233,136	1,865,500
Stock Of Village Development Project	7,621,843	6,502,888
Sub Stores - Foundry	2,329,633	3,106,776
Sub Stores - Rubber	4,843,280	6,006,949
Sub Stores - Leather	144,616	226,026
Sub Stores - C S C - Matara	107,580	122,984
Sub Stores - Electroplating Centre	947,855	978,880
Sub Stores - A T R D C - Pannala	1,052,936	897,722
Sub Stores - Divinaguma	138,555	138,555
Sub Stores - Kithul Development Programme	5,837,942	5,221,932
Brass Centre - Pilimathalawa	178,367	318,612
Work-in-progress - Direct materials (H/O)	335,496	605,281
Work-in-progress - Direct Labour	63,636	192,357
Work-in-progress - General Overheads	30,418	123,500
Work-in-progress - Factory Overhead	14,387	69,915
Non-Ferrous Metal Scrap	8,458,614	4,303,513
Provision for Impairment of Non Moving Stock	(1,584,236)	(1,584,236)
Provision for Impairment of Obsolite Stock	(1,464,321)	(1,464,321)
	34,375,687	30,859,050

16 Trade & Other Receivables

	2015	2014
Sundry Debtors - Head Office	264,713	264,713
Sundry Debtors - Leather	18,270	18,270
Sundry Debtors - Engineering	604,611	599,611
Sundry Debtors - Engineering - Workshop)	18,327,913	20,218,991
Sundry Debtors - Rubber Division	1,919,979	1,217,201
Sundry Debtors - A T R D C - Pannala	2,147,128	1,388,715
Sundry Debtors - E P C	73,272	53,795
Sundry Debtors - Printing	374,061	374,061
Sundry Debtors - Electrical	701,826	701,826
Sundry Debtors - Foundry	4,399,365	4,399,365
Sundry Debtors - Civil	2,155,803	2,155,803
Sundry Debtors - Laknipaum	42,120	42,120
Sundry Debtors - C S C - Matara	346,492	60,317
Sundry Debtors - C S C - A'pura	15,025	15,025
Debtors - Returned Cheques	209,398	209,398
Tenant Debtors	34,342,809	33,028,715
Miscellaneous Debtors	406,707	406,707
	66,349,491	65,154,632
Less:- Provision for Impairment of Bad & Doubtful debts	(32,780,778)	(36,909,013)
	33,568,714	28,245,619

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

17 Other current assets

	2015	2014
Festival Advance	376,600	617,300
Motor Bicycle Loan	803,735	1,261,046
Bicycle Advance	225,254	281,104
Distress Loan	38,759,161	37,739,859
Less : Deffered Staff Cost	(37,226,305)	(37,226,305)
Special Advance Book	12,700	11,900
Receivable from Other Department	454,978	421,933
Receivable from Election Commssioner	(54,446)	-
Sub Contract Exchange	837,418	837,418
Capacity Building	1,456,826	1,227,381
Withholding Tax	1,679,828	1,679,834
Good & Services Tax (G S T)	1,424,654	1,424,654
VAT Receivable	25,476,691	16,843,917
Receivable for Hambanthota Village	-	2,020,949
Non Ferrous-Vat	10,741,854	10,741,854
Mispostings Account	-	6,524
Kithul - Marketing	281,675	281,675
Non Ferrous Control Account	742,661	742,661
Lakkam Craditors	1,407,159	21,902
Economic Service Charges	170,872	170,872
	47,571,314	39,106,477

18 Deposits & prepayments

	2015	2014
Security Deposits	229,428	218,267
Prepayments	19,211,842	29,991,070
Provision for Imf. Of Pre Payments	(7,226,319)	(7,226,319)
Prepayments Advance - Head Office)	192,206	192,206
Advance to Staff - Head Office	1,203,306	1,024,062
Provision for Imf. Of Per. Advances	(560,073)	(560,073)
Advance to Staff for Fuel - Head Offioce	261,882	269,862
Provision for Imf. Of Per. Advances	(235,612)	(235,612)
Travelling Advance	-	6,000
Other Deposits Receivable	3,004,926	3,004,926
Prepaid Staff Cost(IFRs Adjustment)	37,226,305	37,226,305
Travelling Advance (Foreign)	190,620	190,620
	53,498,511	64,101,314

19 Grants for Special Project

	2015	2014
Service Centre and Goods in Stock for Distribution	15,540,765	11,097,019
Casper Project - Ministry	16,872,541	10,898,904
Divineguma Project - Cottage Industries	4,096,018	4,077,042
Expenses for Special Projects	36,509,324	26,072,964

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

20 Cash & bank balances

A/c code	Account No.	2015	2014
Bank Account - Laknipayum - Polonnaruwa		11,605	11,605
185065 Divineguma Project - Cottage Ind	71889197	(24,863)	7,379
185200 Current Account - IRDP - Matara	00022667-9	2,076	2,076
185080 Current Account - Sub contract - Marketing	683133	2,015,143	42,050
185040 Current Account - Distress Loan	683218	596,657	2,393,125
185010 Current Account - Idama - Moratuwa	682974	2,112,336	(1,784,411)
185110 Current Account - Peliyagoda - RPD&SC	4064199	4,349,059	3,080,995
185020 Current Account - Capital Grant Bank Account	683231	(1,122,076)	3,971,481
185030 Bank Balance - Engineering Division	683144	5,638,052	2,463,635
185050 Bank Balance - REAP	1118722801	15,697	15,697
185180 Bank Balance - Village Development Project	4204245	218,749	2,252,445
185070 Bank Balance - Non Ferrous	682519	20,069,523	5,259,165
185060 Bank Balance - Regional Division (Kithul)	683237	1,490,134	522,915
185412 BOC - "Idama" Scrap Project Savings Account	7271240	179,891	172,849
185090 Current Account - Peoples Bank	100153657035	10,000	10,000
185415 Current Account - Lakkam Sales Centre	7153282	487,938	813,052
185015 Current Account - Debit Tax Exe	70034730	609,643	1,023,359
185125 District Office - Bank Account (Re	74791255	1,195,770	1,911,023
185413 Savings Account - CESS Fund	9123868	11,528,630	11,114,909
185025 Savings Account - Capital Funds	71648764	29,178,407	3,265,242
185135 Savings Account - Estate Deposit	71582414	4,771,419	8,351,060
Imprest Accounts		15,524	42,117
Special Imprest - Cashier		23,379	23,379
Cash-in-Transit		25,783	24,690
Cash-in-Transit Metal Scrap Project		12,540	12,540
		83,411,015	45,002,376
Debit Balances		84,557,954	46,786,787
Credit Balances		(1,146,939)	(1,784,411)
Cash and Cash Equivalents		83,411,015	45,002,376

21 Net government contribution

	2015	2014
Government Capital Grants as at 1st	278,694,719	243,694,719
Grants Received during the year	45,000,000	35,000,000
Capital Grant Transferred	(45,784,637)	-
	277,910,082	278,694,719

22 Value of Asset Transferred

	2015	2014
IDB Prior to 1969	4,403,441	4,403,441
Industrial Estate Cooperation	9,043,620	9,043,620
	13,447,061	13,447,061

23 Surplus On Revaluation Of Fixed Assets

	2015	2014
Balance b/f	953,138,009	(8,003,511)
Revaluation Surplus	46,196,408	961,019,480
	999,334,417	953,015,969

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

24 Other government grants	2015	2014
Grant From U N D P	-	1,010,000
Grant Pug Mill Machine	29,250	58,500
Cess Fund	10,500,000	10,500,000
Sirap Fund - Building	26,236,185	27,232,449
Srap Fund - Machinery	-	458,850
Ministry Funds Achchuweli	16,932,430	17,407,084
Ministry Funds Industrial Estates	101,801,068	59,266,860
Non Ferrous	10,000,000	10,000,000
	165,498,934	125,933,744

25 Governmet Grants	2015	2014
Balance	1,930,291,117	1,930,291,117
Accumulated Losses	(2,136,683,921)	2,146,388,663
Adjustment	(17,407,674)	(9,826,030)
Deficit Carried forward	(21,833,811)	19,530,771
Accumulated Losses	(2,175,925,406)	(2,136,683,921)
	(245,634,289)	(206,392,804)

26 Retirement benefit obligations

The amounts recognised in the statement of financial position are determined as follows:

	2015	2014
Present value of unfunded obligation	155,623,529	100,395,508
Liability in the statement of financial position	155,623,529	100,395,508

The movement in the defined benefit obligation over the year is as follows:

	2015	2014
As at 1st January	100,395,508	115,063,782
Current service cost	9,896,983	6,627,285
Interest cost	6,639,630	6,950,372
Actuarial loss / (gain) on post employment benefit obligation	49,090,907	(19,111,460)
	166,023,028	109,529,980
Benefits paid	(10,399,498)	(9,134,472)
At 31March	155,623,529	100,395,508

The principal actuarial assumptions used were as follows.

	2015	2014
Discount rate		
Future salary increases	5%	5%
Staff turnover rate	7%	7%
Retiring age	60	60

27 Grants for Special Project	2015	2014
T Sunami	1,540,899	1,540,899
Village Development Projects	52,800,966	49,260,118
Kithul Development Project	10,536,151	1,253,682
Ministry Funds Divinaguma	6,699,960	6,699,960
Gingerly Purchasing-Jaffna	137,863	-
	71,715,838	58,754,659

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

28 Dues to boards & corporation

E.P.F.Arrears Payable

2015	2014
32,348,955	51,758,331
32,348,955	51,758,331

29 Dues to Government

Commissioner of Inland Revenue
Commissioner of Inland Revenue Stamp Duty

2015	2014
28,879	28,879.00
51,235	40,800.00
80,114	69,679.00

30 Dues to boards & corporation

Central Bank of Ceylon E.P.F.

E.P.F.Arrears Payable

2 instalments paid in advance

E.T.F.Arrears Payable

Employee Trust Fund

19,409,376

(3,234,896)

2015	2014
3,138,778	3,218,069
16,174,480	6,469,792
6,389,567	6,389,567
428,110	438,828
26,130,935	16,516,256

Dues to Boards & Corporations

31 Trade & other creditors, provisions and accrued expenses

Lunuwila Estate Deposits
Employees Donation
Nation Building Tax`2%
Staff Deduction Payable
Payee Tax Payable
Miscellaneous Creditors
Sundry Creditors - Head Office
Sundry Creditors -Non Ferrous
Deposits in Suspence
Salaries Payable
Laknipaum Sales & Display Centre - Creditors
Advance on Jobs
Refundable Tender Deposits
Security Deposits
Refundable Deposits
Buddhist Association Control A/C - Head Office
Thrift Society Control Account
Other Department Control A/C
Payable Cents Control A/C - Head Office
Trade Union Control A/C
Insurance Control Account
Customer Over Payment
Medical Scheme
Provision for Labour Cases
Sub Contract Agro Equipment
Accrued Expenses
Lakkam Craditors

2015	2014
1,458,835	1,458,835
8,695	8,695
3,165,169	1,640,769
(1,203)	178,527
79,307	25,778
3,072,949	3,072,949
6,762,741	6,162,741
641,048	2,948,762
1,113,704	-
1,991	1,991
92,398	74,898
1,863,108	4,817,455
937,239	937,239
229,428	218,267
42,123,248	33,858,338
4,230	4,140
36,510	36,510
61,061	44,639
2,379	2,354
4,529	4,529
994,798	709,462
2,077,120	627,948
608,491	2,368,791
4,406,389	4,406,389
2,421,515	2,583,297
38,925,438	24,673,699
1,930,587	-
113,021,702	90,867,002

**AUDITOR GENERAL'S REPORT
FOR
COMMENTS OF THE BOARD**



විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

IMU/A/IDB/1/15/FA

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

16 October 2017

The Chairman
Industrial Development Board of Ceylon

Report of the Auditor General on the Financial Statements of the Industrial Development Board of Ceylon for the year ended 31 December 2015 in terms of Section 14(2) (c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Industrial Development Board of Ceylon for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 38 (1) of the Industrial Development Board Act, No.36 of 1969. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act, appear in this report. A detailed report in terms of 13(7) (a) of the Finance Act was issued to the Chairman of the Board on 14 March 2017.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements





and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements 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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and the extent of the audit.

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Industrial Development Board of Ceylon as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The following observations are made.

(a) Sri Lanka Accounting Standard 01

In taking decisions in terms of Sections 29 and 15 of the Standard, materially significant items should be separately represented. However, the lands of the Board valued at Rs.67,595,691 and the value of development of lands had been added and shown. Moreover, the annual depreciation of Rs.577,667 for development of lands had been adjusted under lands itself.

(b) Sri Lanka Accounting Standard 16

According to Section 36 of the Standard, if a revaluation of a class of items is carried out, all assets relating to that should be revalued. However, in the revaluation of assets carried out in the year under review, out of 40 motor vehicles used by the Board, only 25 motor vehicles had been subjected to revaluation.

(c) Sri Lanka Accounting Standard 20

The Government grants for special projects amounting to Rs.36,509,323 utilized as at 31 December 2015 had been shown under Current Assets and Government grants totalling Rs.71,715,838 received to the Board as at that date had been shown as Non-current liabilities without taking action according to Sections 24 and 29 of the Standard.

(d) Sri Lanka Accounting Standard 36

Adjustments had not been made for impairment in terms of the Standard in respect of the unserviceable mobile technical bus revalued at Rs.2.5 million.

(e) Sri Lanka Accounting Standard 37

Provisions of Rs.3,048,557 made for slow moving and outdated stocks had been brought forward since the year 2013 without any review whatsoever in terms of Section 29 of the Standard.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) According to the audit test check carried out, classes of assets such as machinery, sundry assets and computers included the other assets totalling Rs.2,703,783 which does not belong to those classes of assets and the depreciation rates had been contradictory to each other. As such, it was observed that the net value of those assets is inaccurate.
- (b) The unidentified deposit balance in the Bank Reconciliation Statements relating to 03 bank accounts maintained by the Board amounted to Rs.2,300,062 as at 31 December of the year under review and action had not been taken to identify these balances and to account them.

2.2.3 Unexplained Differences

The following observations are made.

- (a) According to the reports issued by the Industrial Estate Sector, a difference totalling Rs.13,473,162 was observed between the amount recoverable to the Board from the industrialists of industrial estates as at 31 December 2015 and the outstanding balance shown in the financial statements as at that date.
- (b) According to the statement of financial position as at 31 December 2015, a difference totalling Rs.6,232,030 was observed between the carrying amount of property, plant and equipment and the balances shown in the Register of Fixed Assets.

- (c) In comparison of the Stock Verification Report with the total balances relating to 14 stock items shown as closing stocks in the statement of financial position, a difference of Rs.522,972 was observed.
- (d) According to the statement of financial position as at 31 December 2016, the stock value of the project of collection and sale of scrap iron amounted to Rs.8,458,614. However, according to the Stock Records submitted to Audit, that value was Rs.2,746,359 thus observing a difference of Rs.5,712,255. Even though the value of the stock of scrap iron purchased under this project amounted to Rs.78,105,492, according to the relevant Schedule, it was Rs.67,397,042.
- (e) Differences totalling Rs.5,582,169 had been observed between the reports of income of the Finance Division in respect of income received from training programmes conducted by the Board in the year under review and the reports of each Division of the Board which had organized those programmes.

2.2.4 Suspense Accounts

A balance of Rs.1,113,704 was observed in the Suspense Account as at 31 December 2015 and out of that, a balances amounting to Rs.374,027 had not been settled even by 30 June 2017.

2.2.5 Lack of Evidence for Audit

The following observations are made.

- (a) Information relating to the confirmation of the internal sales income of Rs.4,047,845 comprised in the income from services in the year under review, had not been made available to Audit.
- (b) The revaluation of the assets of the Board had been carried out by an officer employed in the Board, who is professionally qualified in the valuation of property and the Schedule of the revalued machinery and other assets, the information such as professional valuation given as at 31 December 2015 under those classes of assets, had not been made available to audit even by 30 June 2017.

- (c) Adequate explanations and evidence had not been made available to Audit in respect of the unusual debit balance of Rs.1,407,159 remained in the Lakkam Creditors' Account shown under other Current Assets and the credit balance of Rs.1,930,587 shown under Current Liabilities.

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) No action whatsoever had been taken to recover staff loans and advances totalling Rs.8,765,537 included in the financial statements as at 31 December 2015 and provisions had been made in the financial statements against that balance. Moreover, proper steps had not been taken to correctly identify and to recover dormant balances totalling Rs.15,597,281 continuously brought forward for many years under other Current Assets.
- (b) Deposits and prepayments totalling Rs.2,443,961 from the year 2011 and preceding years had been continuously brought forward and the schedules relating to it had not been reconciled with the figures included in the General Ledger and as such, this situation had arisen.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the financial result of the Board had been a surplus of Rs.27,259,111 as compared with the corresponding surplus of Rs.419,312 for the preceding year thus observing an improvement of Rs.26,839,799 in the financial result of the year under review as compared with the preceding year. The increase in recurrent grants by Rs.46,750,000 as compared with the preceding year had been the main reason for the above improvement in the financial result.

An analysis of financial results of the year under review and 4 preceding years revealed that the deficit of Rs.6,757,459 of the year 2011 had increased to Rs.84,728,727 by the year 2013 and there had been a surplus of Rs.419,312 in the year 2014. However, in readjusting employees' remuneration and depreciation for



non-current assets to the financial result, the contribution of the Board had taken a favourable value from the year 2011 to the year under review and it had been Rs.239,876,864 in the year 2011. Even though it had decreased to Rs.224,882,033 in the year 2012, it had continuously increased in the ensuing years and had been Rs.376,186,473 as at the end of the year under review.

4. Operating Review

4.1 Performance

The main objective of the Industrial Development Board of Ceylon incorporated under the Industrial Development Board Act, No.36 of 1969 is encouragement, promotion and development of industries and comprises of sections such as engineering technical services, marketing, rubber development and leather goods development including 19 industrial estates and 25 regional offices. The following observations are made in respect of the performance of the Board.

- (a) Forty nine per cent of the operating income of the year under review represented the receipts from the project of collection and sale of scrap iron and a minimum contribution of 14 per cent had been received to the income from the moulding section, workshop, service centres and other operations maintained by the Board. Accordingly, it was observed that the performance of the sections that fulfill the main objectives of the Board had not been effective.
- (b) The Technical Services Division established with a view to improving the industrial technical knowledge, functions under 08 main activities and only 05 Awareness Programmes on Technology had been conducted in the year under review by that Division thus observing that the progress in exchange of industrial technical knowledge had been at a weak level.
- (c) Even though 14 activities were planned to be fulfilled by the Rubber Development Division in the year under review, key activities in respect of establishment of new businesses, promotion of quality products targeting the foreign market had not been implemented in the year under review.

(d) The following observations are made in respect of the performance of the Engineering Division of the Board.

- (i) Even though new creations were expected through the workshop operated by the Engineering Division, no new creation whatsoever had been produced in the year under review. Moreover, it was observed that during the 03 preceding years, only 02 new creations had been introduced to the industrialists. As such, the progress of achieving the objectives of establishing the workshop had been slow.
- (ii) According to the Action Plan for the year under review, 229 activities had been planned to be performed through the Appropriate Technology Research Centre at Pannala for generating external income. However, only 68 activities had been performed. Even though it had been planned to perform 100 activities through the Moulding Division of the Board, only 10 activities had been performed in the year under review.
- (iii) Machinery valued at Rs.18,643,306 had been received from the Government of Japan in the year 1996 to the Board as aid for the improvement of technical equipment in respect of moulding in Sri Lanka. Nevertheless, the Engineering Division had not taken action to conduct training programmes so as to make use of the relevant machinery in fulfilling the intended purposes.

(e) The Planning Division of the Board had planned to conduct a census on industries in the year under review to communicate industrial information to external parties. However, no such census had been conducted.

4.2 Management Activities

The legal ownership of the land at Katubedda, Moratuwa where the Head Office of the Board is located, had not been vested in the Board and the values had not been brought to account from a long period.

4.3 Financial Management

The following observations are made.

- (a) According to the budget of the Board, the provision for capital expenditure was Rs.45,000,000 and it was observed that procurement activities had not been planned in a timely manner so as to utilize the said amount during the year. Accordingly, out of the provision made for capital expenditure, a sum of Rs.19,280,501 had been utilized as recurrent expenditure. Even though a sum of Rs.6,500,000 had been allocated for constructions, a sum of Rs.2,784,253 had been spent for 08 construction purposes not mentioned in the Procurement Plan.
- (b) Even though the total value had been paid to scrap iron suppliers as advances in the first instance itself, the relevant scrap iron had not been supplied during the specified period. Accordingly, a sum of Rs.3,249,428 had been retained in the hands of the suppliers as at 31 December 2015 without supplying materials.

4.4 Identified Losses

The Board had not properly calculated and remitted the contributions of the Employees' Provident Fund and the Employees' Trust Fund. As such, a penalty of Rs.39,965,665 had to be paid as at 31 December 2015.

4.5 Idle and Underutilized Assets

The equipment named Spectro Meter OES 5500 costing Rs.18,643,856 had remained in the stores of the Engineering Division in inoperative condition since the year 2012.

4.6 Staff Administration

The following observations are made.

- (a) The staff of the Board comprises 714 posts and 227 posts were vacant as at 31 December 2015. Two posts of Director General, 04 posts of Director, 15 posts of Assistant Deputy Director which are the Top Management posts of the Board and

30 posts of Development Officer had been vacant for over a period of one year. Even though 94 posts of Business Promotion Officer had been approved, 86 posts out of those had been vacant for over a period of one year. Nine persons had been recruited on assignment basis for the posts of Electrical Engineer, Secretary to the Board, Deputy Director, Executive Director and Instructor without filling the above posts and a sum of Rs.430,000 had been spent each month as their allowances. It was observed as well that out of these posts, the posts of Instructor and Executive Director were not included in the Recruitment Procedure.

- (b) Even though it was necessary to attach Business Promotion Officers island wide for peoplising the activities of the Board, at least even one Business Promotion Officer had not been attached to the District Offices of Kilinochchi, Nuwara Eliya and Polonnaruwa. However, 06 Business Promotion Officers instead of 05 had been attached to the District Office of Matara. Moreover, Management Assistant Officers exceeding the number, had been attached to the Regional Development Division located at the Head Office of the Board and to the District Offices of Galle, Puttlam and Ratnapura and even one officer had not been attached to the District Offices of Kilinochchi, Mannar and Kegalle.
- (c) It was observed that taking disciplinary action against the officers of the Board, who are involved in frauds are slow. Accordingly, an officer involved in an irregularity in bullet cartridges, an officer involved in a cash misappropriation in the Technical Services Division and an officer accused of a transaction related to purchase of scrap iron from the Irrigation Office of Batticaloa had been interdicted from service from 09 September 2010, 19 December 2014 and 16 October 2012 respectively. Nevertheless, further disciplinary action had not been taken even by 31 December 2015.
- (d) Contrary to Section 17(a) of the Industrial Development Board Act, No.36 of 1969, an officer had been appointed by the Minister of Commerce and Industrial Affairs by Letter No.116/ABD/IDB of 15 February 2015 for the post of Executive Director which was not included in the approved cadre of the Board.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the Draft Annual Reports along with the accounts should be presented to the Auditor General within 60 days of closure of the financial year in terms of paragraph 6.5.1 of Public Enterprises Circular No.PED/12 of 02 June 2003, the Board had continuously delayed the presentation of financial reports. As such, the Draft Financial Statements for the year ended 31 December 2015 and the revised financial statements had been presented to the Auditor General on 22 June 2016 and 13 September 2017 respectively. According to paragraph 3.3 of Management Services Circular No.02/2015 of 09 December 2015, the due presentation of annual accounts to the Auditor General is a pre-condition in obtaining bonus. Nevertheless, a sum of Rs.4,042,375 was paid as bonus to the staff of the Board contrary to the provisions of the aforesaid Circular.

5.2 Procurement Plan

It was observed that the capital requirements of the Divisions of the Board had not been separately identified in the Procurement Plan relating to the year under review.

5.3 Budgetary Control

Even though Annual Budgets had been prepared separately by each Division of the Board, action had not been taken to prepare a Budget for the Board and to obtain approval of the Board of Control.

5.4 Tabling of Annual Reports

According to Finance Act, No.38 of 1971, the Annual Report should be tabled in Parliament within 10 months of lapse of the relevant year. However, the Annual Reports for the years 2013 and 2014 had not been tabled in Parliament even by 30 June 2017.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Industrial Development Board of Ceylon from time to time. Special attention is needed in respect of the following areas of control.

Areas of Systems and Controls	Observations
(a) Financial Control	(i) Non-presentation of bank reconciliation statements before the 15 the day of the next month. (ii) A significant period ranging between the dates of deposit of cash and issuance of receipts. (iii) Failure in maintaining the accounting system so as to identify the balance recoverable from certain suppliers as at the end of the year and non-supervision of data included in this accounting system by a responsible officer. (iv) Efficient non-collection of documents by the Accounts Division relevant to financial transactions of different Divisions.
(b) Conducting Training Programmes	(i) Failure in organizing programmes targeted for achieving the objectives of the Board and in taking follow up action.



(c) Leasing out Lands

- (ii) Unavailability of a specific methodology in selecting resource personnel.
- (iii) Non-preparation of budget estimate relating to programmes.
- (i) Unavailability of a methodology in leasing out lands and buildings owned by the Board.
- (ii) Failure in signing lease agreements.
- (iii) Failure in taking follow up action on industries for which lands had been provided on lease basis by the Board in industrial estates.

W.P.C.Wickramaratne
Acting Auditor General



ලංකා කාර්මික සංවර්ධන මණ්ඩලය
இலங்கை கைத்தொழில் அபிவிருத்திச் சபை
INDUSTRIAL DEVELOPMENT BOARD OF CEYLON



කර්මාන්ත හා වාණිජ කටයුතු අමාත්‍යාංශය

சைத்தொழில் மற்றும் வணிகம் மற்றும் அமைச்சு MINISTRY OF INDUSTRY AND COMMERCE

615, ගාලු පාර, කටුබෙද්ද, මොරටුව, ශ්‍රී ලංකා.
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Report of the Auditor General on the Financial Statements of Industrial Development Board of Ceylon for the Year Ended 31 December 2015 in terms of Section 14(2)(C) of the Finance Act No. 38 of 1971

Complete answers related to the report for your queries from query No. 2.2.8 with regard to the abovementioned matter are submitted herein.

2.2.8 Inconsistency with laws, rules, regulations and management decisions

1. A copy of the letter of explanation dated 08.03.2016 that has been sent to you concerning this matter is attached hereto (Annexe 01).
2. A sum of Rs. 40,000/- has been paid monthly to Mr. N. Sikandar as the allowance that is paid to him by the Board for the service he provides to the Board.
3. I request that details of the payments (Eg: the number and amount of each voucher) amounting to Rs.528,405/- that had been made in contravention of FR 115 and was examined under the examination of sample be provided to us. Once such details have been received, this can be investigated and explanations can be given.
4. Approval was obtained through a Board paper in December for paying the annual bonus since there had been representations to the management by the employees as it was more appropriate and it was their intention to receive their annual bonus in December because the performance of the Board had shown a significant improvement in year 2015. Although the annual statements of accounts had been duly prepared and were presented to the Board of Directors in April, granting approval for that was delayed until the next Board meeting since granting approval has to be done after a detailed study. The final accounts were submitted to the Auditor General soon after the approval of the Board of Directors had been granted.

3. Financial Review

3.1 Financial Results

5. All your observations regarding the financial result, comparative increase and recurrent grants are correct. However, the surplus of Rs. 419,312/- in the previous year had been increased to Rs. 60,140,257/- by year 2015. The main reason for this was that the revaluation surplus of Rs. 941.9 million that had been earned in year 2014 as other income had fallen to Rs. 46 million in year 2015. This source of revenue is not relevant to each year. Making necessary arrangements for the development of industries in Sri Lanka is the prime objective of the Board, and state grants are utilized for that purpose.

3.2 Analytical Financial Review

In year 2015, the current ratio and the quick ratio were at satisfactory levels.

3.3 Legal Cases Initiated against the Board or by the Board

No allocation was made for contingent liabilities as the financial value related to the 09 cases cannot be calculated, and it will be disclosed through an entry in the revised final account for 2015.

4. Operational Review

4.1 Performance

- (a). Our prime objective of conducting this programme was to transfer to the Kalutara District the technology required for starting self-employments based on new technology and to start industries that have a good market. At present, there are more than two mobile phones in every household, and presently, most people use one or more mobile phones.

Not every user of these mobile phones has the required knowledge to detect the defects that these phones would get, and therefore, they have to obtain the service of a skilled person who is specially trained for that purpose. The following were revealed through the information we had gathered when organizing these training programmes:

- ❖ mobile phone repairers are available only in the main towns;
- ❖ due to this reason, users of mobiles phones are unable to get their defective phones repaired in time;
- ❖ there are no specific prices for such repairs; and
- ❖ users have to travel to towns particularly for the purpose of getting their phones repaired.

These reasons made it obvious that there is a good market for this industry outside the urban areas, and therefore, this programme was identified as one that is very appropriate for the entire district.

One of the main objectives of our Board at that time was to create self-employment opportunities. Accordingly, 35 persons participated in the programme, and 11 of them have started self-employment; one of them has even started as a small industry providing employment to another person. Thus the total number of employment opportunities that have been created is 12. The outcome of this programme cannot be limited to merely one year; since this knowledge is imparted to students who follow the Electronics Technology Course at the Technical College every year, the youth will continue to receive the benefits of this programme for many more years, and the employment opportunities created through this contribute towards increasing the employment level of the country, which can be attributed as an economic benefit of this programme.

Although it is stated that 95% of the participants are not engaged in the industry according to the sample examination, it has been discovered through the enquiries made by the Board that 11 of the participants are engaged in the industry. The trainees have confirmed it by informing us in writing, and the relevant letters can be submitted for examination.

Accordingly, it can be stated that no damage has been caused to the objectives of the Board and those of the Line Ministry through this programme.

1. Through this training programme mobile phone repair services that are spread throughout the district have been further expanded. Especially, as far as the 14 divisional secretary's divisions in the Kalutara District are concerned, mobile phone repair centres available in those divisions were limited to urban areas only. Therefore, the trained persons get self-employment opportunities in the village as people get their phones repaired at the centres in the village itself without carrying them to towns; people can also get mobile phone repair services at cheaper prices, and self-employed persons can find solutions for their financial difficulties, all of which are among the key objectives of conducting this programme.
 2. Creation of self employment opportunities by providing technology training to the youth who leave school.
 3. Transferring to the personnel at Technical Colleges who provides technical assistance to students the technical knowledge on repairing mobile phones that is needed for the students who follow the electronics technology course.
 4. Creation of employment opportunities for 20 persons by creating 20 self-employment opportunities through the successful entrepreneurs produced through the programme.
 5. Producing the required skilled labourers for minimizing the shortage of mobile phone repair centres existing at regional level.
 6. Providing skilled labour required for the institutes located in the Districts of Kurunegala, Ampara and Galle.
- (b). In terms of Section 15 of the Industrial Development Act No. 36 of 1969, the objective of the Board is to contribute towards the development of industries in Sri Lanka. The objectives stated in the said Act, which include a number of aspects such as encouraging industries, development of industries and co-ordination between industrialists, are listed in Annexed 02 to this document. The Act does not state that the Board should generate profits, and the main objective is to provide services.
- (c). In addition to provision of services, making arrangements to provide metal raw materials to industrialists is the key function of this Division and profits are generated through that.
- (d). Orders need to be received in order to create products, and the drop in the number of orders received and the increase of non-ferrous income in year 2015 have resulted in the decrease of the ratios you have pointed out.
- (e). Although the comparative contribution of the income of Industrial Estate Division has decreased from 26% to 22% in year 2015, the income of that Division has increased by Rs. 2.110 million from Rs. 48.780 million to Rs. 50.890 million. Accounting is done on accrual basis.

Increase in the sale of scrap materials is the cause for the decrease of comparative contribution in this manner.

- (f). As per the registers maintained at the Casting Unit functioning under the Engineering Division, the income of the Casting Unit is as follows:

Year 2014	- Rs. 540,454.66
Year 2015	- Rs. 1,219,011.20
Year 2016	- Rs. 6,961,186.25

Please refer to the Orders and Income Register maintained at the Casting Unit.

- (g). This situation has arisen since buyers who had used to purchase iron and to earn profits by selling them at higher prices were later identified through a field examination, and action was taken to keep only the industrialists who are actually engaged in iron-related industries.
- (h). It is kindly informed that the action plan of the Industrial Estate Division for year 2015 does not include 05 programmes that are estimated at a sum of Rs. 6,710,000/-.
- (i). Regional Development Division

4.1.(i).1

Although the technology transfer programmes that are conducted utilizing the capital funds annually allocated to the Regional Development Division are not planned with the objective of generating profits, they are planned with the objective of earning an income of 50% of the value of the expenditure incurred. However, depending on the nature of the regional programmes, 30% - 60% of the value of the expenditure of the programmes is earned as income. Further, in some districts, technology transfer programmes have been conducted without charging any money. For example, despite that the funds annually allocated are spent in that manner in districts such as Trincomalee and Killinochchi, profits of certain percentages are made from the technology transfer programmes that are conducted utilizing the funds that are received from outside parties.

Because of the training programmes that were conducted in some districts such as Puttalam, Polonnaruwa and Mullativu utilizing the funds received from outside parties, the Board had to conduct more technology transfer programmes exceeding the number of those that had been planned. Further, as the number of participants in the technology transfer programmes exceeded the expected number, there has been a decrease in the expenditure per head.

It is the accepted fact among the experts in the field that the optimal number of participants for a programme is 25 – 30. Therefore, where as the expected number of participants for a programme is 20, increasing the number of participants up to 25 would not result in the quality of a technology transfer programme go down. The main reason for the increase of the income as against the expected level is the income that was received due to increase of the demand for the programmes from outside parties beyond the expected level.

Eg: (As per the progress report)

	<u>Income Target</u>	<u>Actual Earning</u>
Mullativu District	Rs.150,000.00	Rs.1,374,100.00
Puttalam District	Rs.200,000.00	Rs.1,216,467.00
Ampara District	Rs.150,000.00	Rs. 564,982.00
Polonnaruwa District	Rs.175,000.00	Rs.1,129,610.00

The expected income from training programmes during the year under review was Rs. 4,375,000.00, and the actual income was Rs.8,909,191.00.

Moreover, even in the training programmes that were conducted without obtaining funds from outside parties, in every programme some fee was charged from the participants. Most often it was about 30% - 60% of the cost of the programme. That is another reason for the increase of income.

4.1.(i).2

Although it has been stated in the audit query that no progress has been achieved with regard to these three activities, the progress that has been achieved with regard to those activities is as follows:

	Expected income (Rs)	Actual Income (Rs)	%
5. Project reports / feasibility studies	1,300,000.00	615,698.00	47
6. Assessment reports	625,000.00	124,233.00	20
9. Studying of judgments	1,700,000.00	28,475.00	0.02
Total	3,625,000.00	768,406.00	21

The relevant parties will be instructed in future to prepare estimates to be closer to the reality as far as possible despite difficulties in doing so.

4.1.(i).3

When preparing estimates for the Scrap Project, the expenditure that will have to be incurred on purchasing scrap materials and the income that can be earned through that has been estimated. However, when reporting, the total income that is earned through the sale of scrap materials has been reported, and when making entries of the cost, only the travelling expenses, fuel expenses, and overtime allowances to the officers who go to purchase such scrap materials have been entered as cost without entering the amount that was paid for the scrap materials when purchasing them. For example, the income of and expenditure for the sale of scrap materials in three districts have been entered as follows:

Galle District

	<u>Estimated amount</u>	<u>Actual amount</u>
Amount of scrap	40 MTS	60 MTS
Expenditure Rs.	880,000.00	10,500.00
Income Rs.	1,200,000.00	872,587.00

Gampaha District

	<u>Estimated amount</u>	<u>Actual amount</u>
Amount of scrap	40 MTS	313 MTS
Expenditure Rs.	880,000.00	99,000.00
Income Rs.	1,200,000.00	4,466,711.00

Hambantota District

	<u>Estimated amount</u>	<u>Actual amount</u>
Amount of scrap	40 MTS	1 MTS
Expenditure Rs.	880,000.00	500.00
Income Rs.	1,200,000.00	21,575.00

Regional Offices will be instructed in future to prepare progress reports entering direct expenses related to the cost of purchasing scrap.

4.1.(i) (1) Technical services Division

4 (A) (1) During year 2015 five (05) awareness programmes on technology have been conducted as follows:

- a. The awareness programme conducted in Ratmalana on 08th March 2015 for 67 participants on request of People's Bank to mark the International Women's Day.
- b. The awareness programme conducted at Bulathsinhala Divisional Secretariat on 24th March 2015 for 48 participants.
- c. The awareness programme conducted at the District Office in Kegalle in February 2015 for 36 participants.
- d. The awareness programme conducted on 03rd and 05th April 2015 at '*Kithulaka Varuna*' Exhibition.
- e. One-hour awareness programme conducted jointly with the Entrepreneurship Development Division on 27th May 2015 on Independence Television Network channel.

Accordingly, the statement which says that an awareness programme on technology has not been conducted by the relevant Division during year 2015 should be corrected as such programmes have been conducted.

The Board did not have sufficient numbers of Business Promotion Managers during this year for taking action to upgrade the existing industries from their existing level. This year the Division had only three Business Promotion Officers in the Food Unit and one Business Promotion Manager in the Building Materials and Minerals Unit; there was no Business Promotion Manager in the Chemicals Unit and Oil and Fibre Unit. In addition to that, there were no Additional Directors. Although there should have been 04 Laboratory Assistants, there was none. There was only one Laboratory Attendant; there should have been 04 personnel in this position. Although there should have been two Management Assistants, there was only one. Under these circumstances, a lot of effort had to be made even to carry out the day-to-day functions of the Division. Thus, this activity, which includes field duties as well, could not be carried out this year.

4.1.(j). (2)

It was also due to the fact that the Division did not have sufficient numbers of Business Promotion Officers in the Division that there was a slow progress in the activities of providing consultancy services and facilities, and upgrading quality and productivity. Although there should have been 08 Business Promotion Managers in the Division to achieve the expected progress as per the activity plan, there were only 04 Business Promotion Managers in the Division in year 2015. There was a slow progress in the Division due to the lack of the required cadre.

- (3) The relevant income and expenditure are shown in the relevant progress reports.
- (4) The total income earned by the relevant Division is shown correctly in the progress reports of the Division.
- (5) Necessary steps have been taken to prevent this situation happening in future.

4.1. (k)

Entrepreneurship Development Unit

A sum of Rs. 1,000,000/- was allocated under capital expenditure in 2015 for the Business Health Certificate programme.

This amount was allocated for preparing the criteria for that programme, for carrying out field examinations, and for its inauguration activities at the end of the year.

As those activities are preliminary activities that have to be done prior to certification (Business Health Certification), certification was not included in the action plan for year 2015. However, this task was later assigned to the Regional Development Division and all the relevant activities have now been completed. At present, industrialists are being evaluated for awarding certificates.

4.1.(l)

Rubber Development Centre

This was due to the lack of human resources required for carrying out all the activities at that time; the posts of Director, Deputy Director and Assister Director had been vacant.

4.1.(m)

Engineering Division

1. The post of Planning Engineer being vacant, and dearth of trained personnel have affected development of innovations. It would like to report here that there is difficulty in recruiting the required carder for the Board due to the existing salary scales of the Board, and necessary action is being taken for that at present.
2. The reason described above has resulted in this situation, too. However, it is stated with responsibility that all the industrialists who visit the Division for guidance are provided with the necessary guidance free of charge utilizing the available cadre resource.
3. The reason for achieving a progress of only 30% in the planned activities is the lack of required officers as stated in (1) above, and the reasons for the increase of cost are the increase of labour cost due to increase of salaries of officers and increase of the price of raw materials in the market. Orders received are not equal, and therefore, it is not correct to calculate it proportionally.

$$\left[\frac{\text{Total Cost}}{\text{Activities}} \times \text{Actual Activities} \right]$$

4. Value of assets - Rs. 25 million, No. of activities planned – 100, No. of activities fulfilled – 10, Expected income Rs. 5 million. Income earned – Rs. 350,149/-.
The stated amount of income earned is not correct, and as per the progress reports of the Casting Division, an income of Rs. 1.21 million has been earned.
5. This has been resulted due to the drop in the number of orders received and the dearth of staff as described in (1) above. Being able to get the works done from the market outside paying lower prices as against the prices charged by the Board, too has resulted in this situation. It is expected to take necessary action to review the cost sheets.

6. Dearth of skilled staff has resulted in this situation, too. The cause of the difference between the income of the Centre and that of the progress review report is the time taken for activities of the network such as invoicing, receipts of money, and accounting.

(n) Planning Division

1. When planning this targeted activity, two Deputy Directors and three other officers were engaged in the related tasks, but those two Deputy Directors resigned from service in the first quarter of 2015 and the expected progress could not be achieved due to the lack of sufficient personnel.
2. It is a normal function that such statistical data are issued on request of external parties. Further, when determining the relevant criteria, progress during a period of about two years is taken into consideration. Accordingly, although 10 targets had been planned for year 2015, the expected target could not be reached as the number of requests from outside parties was limited to two.
3. As per the progress report for year 2015, only the preparation of Progress Monitoring and Evaluation Report and preparation of the Action Plan for year 2016 have reached 100% progress. Therefore, as these tasks do not have a direct impact on our targeted development activities, it is not logical to take deadlines into consideration. However, as these activities have been completed before the end of the year, that is adequate when taking the deadlines into consideration.

(o). Marketing Division

1. A report stating the targets for the year and how those targets were achieved has been submitted to the Planning Division for finding out the performance of the Sales Division (A copy of the report is attached).
2. In the Action Plan prepared for year 2015, the following targets had been given related to the Scrap Project:

<u>Sub Activity Target</u>	<u>Key Performance Indicator (KPI)</u>	<u>Annual</u>
Access to raw materials	No. of new registrations	250
at concessionary prices	Amount of materials collected (MT)	1000
	Amount of materials distributed (MT)	1000
	No. of industrialists to whom scrap was distributed	750

3. Rs. 20 million had been allocated from the capital budget for the SMIDEX exhibition and for the Best Entrepreneur Competition. As it was intended to earn that amount from other sources without obtaining it from the capital budget, it was not included in the capital budget of the Board.

Management Inefficiencies

1. As the Board had had no permanent Director – Administration during the period during which the shortcomings that have been pointed out had occurred, the Legal Officer of the Board had worked as the Acting Director – Administration and Human Resources, too, in addition to her duties in her permanent position. The relevant tasks had not been implemented according to a proper plan as the Board did not have a permanent and experienced Director – Administration and Human Resources during the period under consideration, and the tasks that had been missed are being carried out promptly and systematically at present.

2. The breakdown of that amount is as follows:

- i. The debit balance of Rs. 837,418/- which exists as the account balance of Sub Contract Exchange Account has come down since 2007. This is a balance that had been unsettled when entering in accounts the sub-contract payments of the Sales Division.
- ii. The balance of Rs. 1,679,828/- that exists as Capacity Building as at 31.12.2015 has been identified as expenditure made from the capital account on various promotion programmes conducted by the Regional Development Division. Accordingly, this has to be entered in accounts considering it as a revenue expenditure.
- iii. Although the debit balance of Rs. 1,424,654/- that exists as withholding tax is entered as withholding tax, it is a sum that was paid as goods and services tax in 2010. Steps have been taken to adjust it in accounts considering it as a revenue expenditure (goods and services tax).
- iv. The balance of Rs. 10,741,854/- that exists as non-ferrous VAT is a debit balance coming down from 2007 in purchasing scrap. It has existed as a balance brought forward in every accounting year. Accordingly, this has to be entered in accounts considering it as a revenue expenditure.
- v. The balance of Rs.742,661/- that exists as non-ferrous control account is shown by this as a balance that has been brought forward since 2012 as the balance of scrap control account.
- vi. Obligation for paying economic service charge is not relevant to this Board according to the role of the Board, but a balance of Rs.170,872/- has been brought forward since 2011 as economic service charge. After studying this properly, steps have been taken to correct it. The total is Rs. 15,597,287/-.

As all the items stated above are current assets, writing off from the books, adjusting as a revenue expenditure, and adjusting through cross-entries can be done without examination. Action will be taken to further examine this specifically, and to take necessary action to make the required adjustments through the final account for 2016.

3. We kindly request that details of the items of which the total amounts to Rs. 574,570/- under 16 other assets in the final account for 2015 is provided to us, and action can be taken to give an explanation regarding the same after receiving those details.
4. These allocations are balances that have been allocated and have come down since 2014. No new allocation has been made for year 2015. The facts pointed out by you are correct. However, action will be taken through the final account for 2016 to credit over-allocations to the revenue.
5. Out of the outstanding balance of Rs. 20,869,142/- that existed as at 31.12.2015, a sum of Rs. 10,861,129.30 has been recovered in year 2016. Necessary action is being taken to recover the remaining balance.

4.3 Controversial transactions

1. The Associated Newspapers of Ceylon Limited has requested through their letter dated 31.10.2014 that advertisements be published under theme Nation Building Involvements. Accordingly, this advertisement was published in celebration of the President's 09 years in office and the country's achievements during that period and showing the contribution extended by Industrial Development Board of Ceylon towards the process of building the nation.
2. For a few years the Board had been keeping accounts for special projects on "cash basis". It had been done so due to practical difficulties. On some occasions, expenditures are incurred out of the funds of the Board, and they are reimbursed from the funds received from the Ministry the following year. There are occasions where funds are received directly from the Ministry, and on such occasions, if there is no time to spend all such funds within that year itself, the relevant objectives have to be achieved in the following year. The sum of Rs. 1.025 million that has been pointed out is an amount spent out of the funds received in the previous year.

4.4 Visible irregularities

Not paying EPF and ETF on cost of living allowance was not a strategy adopted by the Board intentionally with the objective of gaining an economic benefit; it was resulted because an oversight that had been caused due to an unclear situation in the salary conversion that had been done at that time was not corrected immediately. The relevant Sections have been instructed to carefully follow the relevant provisions regarding these so that such a situation would not occur in future, and also to get the necessary clarifications from the relevant institutes without delay.

4.5 Under-utilization of Funds

1. Diaries for year 2015 were ordered and purchased according to the requirements given by the Divisions, and the relevant officers were informed that the diaries had not been taken away by the Divisions. The relevant officers were instructed to assure that such situations would not occur in future. Accountant (Stores) was instructed to take action for the removal of those items.
2. The sum of Rs. 12.0 million was corrected through the revised final account for year 2015. Out of the remaining amount of Rs. 7.2 million, a sum of Rs. 1.7 million has been spent and, those expenses have not been made as capital expenses as pointed out by you. A sum of Rs. 5.5 million has not been spent as pointed out by you. At present a cost ledger control has been established in order to correct this situation. Under this system, funds are allocated after identifying priorities according to the requests from Divisions, and action is also taken to timely review the situations.

3. Payment of relevant advances (Eg: Ceylon Electricity Board) are entered in registers, and the advances are settled on receipt of items. The balance amounts remain entered as receivables, and action is taken to recover them soon after stocks have been collected in the relevant institutes.

However, in order to correct this situation, payments are not made at present for the total value of the stock of scrap; instead, 80% of the value is initially paid and the remaining 20% is paid after the entire stock of scrap has been received.

4. This situation has been corrected now. Annual budget and procurement plan is reviewed on a timely basis and handling of operations is done as per the plans.
5. As the annual budget and procurement plan is reviewed on a timely basis as stated above, recurrence of similar situations in future has been brought under control.

4.6 Passive, underutilized assets

1. The facts pointed out are correct with regard to the two machines. “Spectra Meter OES 5500” machine had been purchased in 1998. The service of those machines had been obtained until 2012 by carrying out their maintenance and repairs through local agents. After the service contribution period of about 15 years, the machine did not function properly from time to time, and efforts have been made to get it repaired through the present local agent ‘Hayleys Life Science Ltd.’, but it has not been successful so far.

The Carbon Analysis equipment had been defunct since 1988, and the Casting Division is carrying out a feasibility study as a final effort to look into the possibility of repairing this machine; if it cannot be restored to working condition, action will be taken to purchase a new set.

2. JICA has reported that the relevant machines have successfully provided technology to the field of casting in Sri Lanka at a maximum level during the follow-up period. Those casting technology services have been provided even after the follow-up period, but the vacancies that have been created when the officers and the staff who had given their contribution in providing those services retired or left their service have not been filled. This has resulted in a decline in the active functions of this Division. Action has been taken at present to correct this situation after the appointment of a new advisor.
3. Action is being taken to provide the building in Miyunugama, Mahiyangana, on rent basis to the Association of Small and Medium Industrialists that has been established under the Industrial Development Board to be used as a centre for displaying their products. After that, expenses will not be made on security, either.
4. What you have pointed out is true, but these advances are obtained mostly prior to some programme or some other activity, and it is practically difficult to say in advance the exact amount that would have to be spent.

5. In year 2015, provisions were not received at the beginning of the year for the Kitul Development Programme. However, funds of the Board were spent on those programmes that were conducted in years 2014 and 2015, they were reimbursed from the funds received from the Ministry. Accordingly, the Board obtained a sum of Rs. 9,282,468.68 from the line ministry in year 2015. This includes the sum of Rs. 3,902,787.00 that was spent on Kithulaka Varuna Exhibition and then reimbursed.
6. The approval of the Management and Audit Committee, and the approval of the Board of Directors had been granted for selling this bus, and after referring to the Secretary to the Ministry, approval of the Secretary, too, was granted for the same. Necessary action is being taken at present.

4.7 Uneconomical transactions

1. Quotations have been called through fax by the Supplies Division under the shopping system for obtaining sealed quotations for the purchase of items that are immediately required, and purchases have been made following the procurement circular. As the Supplies Division carried out the procurement activities speedily, price quotations for the relevant purchases were sent to suppliers giving the conditions and specifications (standard) relating to the purchases. It is informed that, when preparing the specifications by the Technical Evaluation Committee for purchasing computers for year 2015, common specifications were prepared in order to make the networking of the Board easy, and also for providing an efficient service covering all the Divisions.
2. Out of 13 instances of purchasing capital goods for the Board, there were several instances where only computers were purchased because applications for goods and services were submitted to the Supplies Division by different divisions on several occasions. However, with regard to purchases for year 2016, a procurement process that is more transparent than the shopping method was adopted, and computers and other items and equipment could be purchased by calling open tenders; applications for goods and services that had been submitted from time to time in 2015 were all submitted at the beginning of the year.

4.8 Delayed projects

Please refer to Annexe 03. The Civil Engineer has reported that the works stated in Schedules (1) and (2) have been completed.

4.9 Staff administration

1. Although the “Degree in Accounting” has been included presently in the recruitment process as a qualification, the B.Com (Special) degree awarded at that time had not included the subject of Accounts. Director – Finance was appointed to that position because he had possessed that qualification and had 05 years’ experience in the relevant field in the Management category.
2. After the interview that was held for appointment to this position, Mr. P.L.S. Udayasiri was selected for this position taking into consideration his MBA degree, other educational qualifications he possessed, his experience and his performance at the interview, and after obtaining the approval of the Board of Directors and of the Ministry.

3), 4)

- a) That the two positions of Deputy Directors of the Board, who directly involves in the decision making of the Board, have both remained vacant from the date those two positions were approved.

Although applications were called from time to time and interviews were held for filling these vacancies, it has been unable to appoint any officer who is qualified as per the requirements of the Board. Action will be taken in future to fill these vacancies.

- b) Out of the 09 positions of Director that has been approved for the Board, 04 have been vacant.

Although interviews were held for filling the vacant positions of Director, it has been unable to appoint officers qualified for the position. Steps have been taken at present to fill those vacancies.

- c) The 51 positions of Assistant / Deputy Director have been approved and 15 of them remain vacant.

Applications were called for these vacancies from internal applicants, but it has been unable to take further action in this regard because the judgment issued by the court for Business Promotion Managers has had an indirect impact on filling these vacancies. Necessary action has been taken in this regard at present.

- d) There are 30 Development Officers in the staff, but all those 30 positions remain vacant.

As the aforesaid judgment of the court was implemented, the provisions there were for 30 Development Officers were used when absorbing officers who were in MA 5-2 Category into JM Category.

- e) Although the approved cadre of the Board consists of 94 Business Promotion Officers (MA 5 – 2) who provide a direct contribution in fulfilling the activities that are related to the objectives of the Board, 86 of those positions have remained vacant.

As the Business Promotion Officers who had been in service at the aforesaid period had filed a case in the court regarding their position, it had been unable to make recruitments to fill the vacancies until the court had issued its decision. However, the court has issued its final decision at present, and newspaper advertisements were published with the approval of the Ministry, applications have been called, and further action is being taken.

- 5) Action has been taken at present to terminate the service of the officers who had been appointed on assignment basis. As officers were essentially needed for employing in the positions that exist, officers have been appointed on contract basis until permanent employees are recruited through newspaper advertisements.
- 6) By the time the appointment was made to the relevant position, the basic qualifications had not been fulfilled as per the recruitment procedure.
- 7) Action has been taken at present to settle this situation.

- 8) (i) As he has not sent his replies to the charge sheet in this regard, a decision will be taken to take disciplinary action against him.
- (ii) The disciplinary inquiry on Mr. K.P.D. Saman Kumara, who has been interdicted for misusing funds in the Technical Services Division, is being carried out at present and is now at the final stage.
- (iii) He was arrested by the CID in connection with this incident, and has now been released on bail. The CID was enquired about this, and they have informed that the report about this person has been sent to the Attorney General, and that they would report to us once they have received the report from the Attorney General. Enquiries are made constantly in this regard.

5. Accountability and good governance

5.1 Presenting financial statements

Necessary arrangements will be made in future so that action will be taken in conformity with the requirements of circulars.

5.2 Internal audit

This vacancy has been filled at present. Further, the internal audit plan, too, has been submitted to the Audit and Management Committee, and approval has been obtained. Moreover, internal audit reports will be referred to the Head of the institute in terms of FR 134(1).

5.3 Audit Committees

Four (04) Audit Committee meetings have been held during year 2016, and with regard to year 2017, the meeting for the first quarter has been held.

5.4 Procurement plan

1. The master procurement plan and the detailed procurement plan have been prepared at present, and procurement activities are carried out in conformity with the plan.
2. Quotations are called from registered suppliers, and when no response is received, quotations are called formally from suppliers registered with the Yellow Pages and from those in the field, and needs are fulfilled creating space for competition.
3. Steps can be taken in future to carry out reviews of specifications and making of recommendations, which are responsibilities and a role of the Technical Evaluation Committee, in a manner that is more proper than that at present. Arrangements will be made to get the relevant specifications prepared through the Head of the Division for which the goods and services are requested.
4. In terms of Section 6:2:2 of the Government Procurement Guidelines of 2006, the minimum period of bidding under the shopping method is 06 days. However, due to urgent procurement requirements, the relevant purchase has been made subject to the bid conditions within a period that is shorter than this minimum period, and the Supplies Division will take action in future to ensure that quotations are called so that the minimum period provided in the relevant Circular will not be exceeded.
5. In terms of Section 3:6:1 of Procurement Guidelines of 2006, several computers could be purchased on the basis of repeat orders for the supply of the same item (50%) because the relevant institute agreed to supply them at the same price subject to the same specifications. Further, the Supplies Division has succeeded in purchasing the necessary equipment and proprietary software through a local agent because they were purchased through repeat orders. Therefore, I would like to point out to the Audit that the relevant items have been purchased in a manner that is very profitable for the Board

because the purchases were done using the facts such as the time taken for the supply process, the nature of supply (urgent), and having no deadline. However, as pointed out by the Audit, if quotations had been called for an amount of about 32 computers at the same time, the financial benefit of the discounts related to that could have been obtained. In year 2016, this situation has been changed, and computers have been purchased calling open quotations for the supply of the items placing the order on a single occasion.

5.5 Budgetary control

- 1),2) Development budget that comes under the capital budget is relevant to this. Priorities are identified through a discussion with the Heads of Departments at a meeting of those Heads, and this budget is presented with the approval of the Director General. Action is taken at present according to that process. Later, the progress is reviewed, too, headed by the Director General.
- 3) Preparing and handling of the procurement plan are done by the Supplies Division. Identification of capital budget requirement priorities, and preparation and control of capital budget is done by the Finance Division. Budgetary control, timely review and control of that process, is properly done at present.

5.6 Tabling of annual reports

Annual report for year 2013 has been prepared and printed by now. It will be submitted to the Ministry for tabling it in the Parliament next week itself. The annual report for 2014 is being translated at present. Steps will be taken to expedite the process.

6. Systems and controls

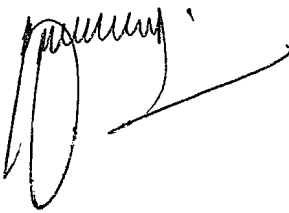
1. If the Cashier of the Board had issued receipts for these deposits in year 2015, they would not have remained as unidentified deposits even as at 31.12.2015. These amounts had been credited to current accounts in the banks, and as it was meaningless to further keep them outside the accounts as unidentified deposits, action was taken to include them under the income of the Board subject to obtaining proper approval of the Board of Directors through a Board Paper submitted by the Advisor – Finance.
2. The relevant Sections were instructed to take action in future as per the observations made by you after carrying out the evaluation, and action will be taken through the Director General to supervise whether activities are carried out accordingly.
3.
 - Obtaining an application form and the relevant project report from industrialists for providing the plots of land.
 - Selecting and recommending suitable industrialists through an interview board consisting of six members headed by the Director General.
 - Issuing initial letters of transfer to the industrialists that are selected in this manner subject to the approval of the Chairman of the Board. Through this letter the industrialists have been asked to submit the Environmental Protection Licence, the approval of the Pradeshia Sabha for the Buildings, action plan of the project, and other relevant reports.
 - After these reports have been submitted, the transfer letter that contains the conditions and is signed by the Chairman will be issued. At the time this letter is issued, a security deposit for three years is obtained together with the lease rental for the first year.
 - Then the industry is commenced within a period of 06 months, and lease agreements are handed over on the operation of the industry.

- Issuing of invoices and receiving of lease rental are done by the relevant offices commencing from the end of the first year.
- While the industry is in operation in this manner, action is taken to cancel the transfer to industrialists who acts in contravention of the conditions of the relevant agreements and legal action is taken against such industrialists.

However, as the main objective of the Board is to develop small and medium industries, the transfer is not directly cancelled on grounds such as defaulting the lease rental for a short period or closing down the industry for a short period of time, and the maximum possible relief periods, guidance and services are always provided with the view to bringing such industries back into operational level. The industries that cannot be brought back to operational level even after such efforts are finally cancelled and legal action is taken against them.

As cancelling of such plots of lands and leasing them again, and removing industrialists for not paying rental differ from industrialist to industrialist, it is difficult to prepare a written procedure for that, and action is taken at present on advice of the Legal Officer.

4. In each page of the payments cashbook, the total of the page is correctly stated, and necessary corrections have been made in the relevant cashbook and those pages have been initialed.
5. The Storekeeper does not receive every item in the stores, and items are purchased on urgent requirements by the relevant Divisions by obtaining advances. Accordingly, before issuing the receipt for items, the relevant items are shown to the Storekeeper who receives the items through the application for stocks items. When purchasing items on urgent requirements, there has been some delay in issuing the receipt.
6. At present bank reconciliations are made updating on time.
7. Preparing of a methodology required for correcting this situation has now been completed and this situation will be corrected once this methodology is implemented.
8. At present, a special control strategy has been established for that. It has been deposited in the safe that is in the custody of the cashier. When quotations are opened, a responsible officer carries the key, and soon after the relevant activities are over, it is deposited again in the safe.
9. A detailed answer for this is given (in 6 – 3) above. You are kindly requested to pay attention to that.



Mahinda Jinasena
Chairman
Industrial Development Board of Ceylon

Copy:

1. Secretary – Ministry of Industry and Commerce
2. Director General – Department of Public Enterprises Department, Treasury
3. Internal Auditor – I.D.B.

3/1/1/09

08.03.2016

Auditor General,
Department of the Auditor General,
Battaramulla.

Audit Query No.: LSH/IDB/2015/025**Appointment of Mr. Nagurupichchai Sikandar as the Executive Director of Industrial Development Board of Ceylon and payment of allowances**

Explanation for the aforesaid audit query is given below:

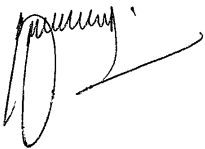
As per the industrial policy introduced by the new government and the Ministry of Industry and Commerce, Hon. Minister of Industry and Commerce took the decision to restructure and revise Industrial Development Board of Ceylon with the cooperation of the Ministry of Industry and Commerce.

Taking this into consideration, Hon. Minister took steps to appoint Mr. N. Sikandar to Industrial Development Board in the capacity of Executive Director. When making this appointment, the experience that Mr. Sikandar had gained by holding various positions in Foreign Service since 1981 including the position of an Ambassador in Russia, Sweden, and several other countries, and his service as Additional Secretary (Administration) - Ministry of External Affairs, Director General – Secretariat for Muslims, and an Advisor to the Hon. Minister at present were taken into consideration, and the Board of Directors of Industrial Development Board at its 492nd board meeting appointed Mr. Sikandar to the post of Executive Director. Hon. Minister made this appointment with the view to upgrading the Industrial Development Board and to extend his cooperation to me in order to achieve industrial development, which is one of the key objectives of the present government.

Hon. Minister, having well understood situations of audit queries, and with the objective of further providing to the Board the expertise knowledge that it needs, appointed Mr. Sikandar as a consultant, and approval has been granted for that at the 496th Board Meeting that was held on 08.12.2015.

I would like to state that Industrial Development Board has not paid to Mr. Sikandar a salary as high as that he deserves given the maturity, experience and expertise knowledge he has gained through his service in foreign missions and locally. The other issues that had been pointed out through the audit query have already been resolved.

I would like to further state that I personally undertake responsibility for the explanation given above.



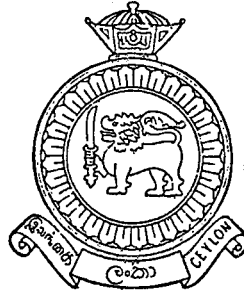
Mahinda Jinasena
Chairman
Industrial Development Board of Ceylon

Copy:

1. Secretary, Ministry of Industry and Commerce
2. Director General, Department of Public Enterprises
3. Director General, Department of Management Services

PARLIAMENT OF CEYLON

5th Session 1969-70



Industrial Development Act, No. 36 of 1969

Date of Assent : December 28, 1969

Printed on the Orders of Government

Printed at the DEPARTMENT OF GOVERNMENT PRINTING, CEYLON. To be purchased at the GOVERNMENT PUBLICATIONS BUREAU, COLOMBO.
Annual Subscription (including Bills) Rs. 30 (Local), Rs. 40 (Foreign), payable to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, P. O. Box 500, COLOMBO 1, before 20th December each year in respect of the year following. Late subscriptions will be accepted on the condition that Bills issued before the date of payment will not be supplied.

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15. The objects of the Board shall be:—

Objects
of the
Board.

- (a) to assist in the encouragement, promotion and development of industries in Ceylon;
- ↳ (b) to assist in the proper co-ordination and in the inter-related growth of all industrial undertakings in the private and public sectors of the economy of the country;
- (c) to foster industrial research with the object of utilizing the natural resources of Ceylon, improving the technical processes and methods used in industries and developing appropriate technologies and equipment for local industries, and discovering processes and methods for the better utilization of waste products;
- ↳ (d) to foster the export of local industrial products to overseas markets;
- (e) to assist in such measures in the field of international trade and regional co-operation as are necessary or conducive to industrial development;
- (f) to provide for services and facilities of every description required by or in connection with any industrial undertaking or industrial establishment in Ceylon, including the provision of capital, credit, marketing, managerial, technical facilities and legal advice:

Provided that in regard to the provision of capital grants such service shall be limited to establishments or undertakings whose capital investment does not exceed two hundred thousand rupees;

- (g) to advise on matters relating to the promotion and development of industries in Ceylon; and
- (h) to take all such measures as may be necessary for, or conducive to, the attainment of the objects specified in this section.

16. For the purpose of fulfilling the objects of the Board, the Board may exercise, discharge and perform the powers, functions and duties conferred or imposed on the Board by or under this Act or any other written law.

Board
to exercise
its powers
to fulfil
its objects.

17. (1) The Board shall consist of nine members of whom—

Constitution
of the Board.

- (a) six members shall be appointed by the Minister;

Schedule 01

Description	Value (Rs.)
Construction to canteen and post - office Atchuweli Estate	1,332,307
Existing storm water – Head Office	352,007
Polonnaruwa Circuit Bungalow	162,600
Matara CSC	215,000
Hambanthota office repairs	292,500
Hambanthota office repairs	292,500
Internal roads in industrial estate Kaludawala	1,291,673

Schedule 02

Description	Value (Rs.)
Storm water surface channel - Vavuniya	3,129,400
Storm water surface channel at Vavuniya	2,870,600
Storm water Vavuniya	4,590,000
Repairs Anuradhapura Regional Office	486,000
Anuradhapura District Office repairs	486,000
Extension of the Lakkam Sales Centre	2,095,500
Lakkam Sales Centre	2,095,500
Internal Roads – Industrial Estate Pallekele	5,311,990
Internal Roads – Industrial Estate Pallekele	5,811,095
Internal Roads – Industrial Estate Pallekele	8,886,317

DR. ch / En
The above all work
completed. Satisfactory
ended
Engineer
2017/01/19
Civil Engineer
Engineering Division
Industrial Development Board of C
15, Subodh, K. S. S. S. S.
Mortgage. Tel. 011 2605 212