

GENERAL INFORMATION

Name :- Sri Lanka Institute of Printing

Statuses :- Established by an Act of Parliament in 1984

Address :- Government Printing Department
118, Dr. Danister De Silva Mawatha, Colombo-08

Telephone :- +941286162, +9412679791

Fax :- +9412686162

Registered Office :- 118, Dr. Danister De Silva Mawatha, Colombo-08

Banks :- Peoples Bank, National Savings Bank, Bank of Ceylon

Auditors :-
1. D. H. P. Munaweera & Company
2. Auditor General Department

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Sri Lanka Institute of Printing

INTRODUCTION

Sri Lanka Institute of Printing (SLIOP) is the pioneer professional body committed to the advancement of knowledge, skills and expertise in the Print & Graphic Industry in Sri Lanka is totally dedicated to the realization of the major objectives set out at its inception.

The Institute was established by an Act of Parliament in 1984 under the Ministry of Information & Media. It is an organization devoted to the furtherance of scientific and technical education, and the ever-widening knowledge and skills demanded by the Graphic Arts Industry. Hence, its special task is to assist the industry meet the demands of modernization in the context of the country's socio-economic progress.

MISSION STATEMENT

Student centered effective quality training for a professional work force for the enhancement of Graphic Arts Industry in Sri Lanka

STRATEGIES AND COMMITMENTS

In the backdrop of increased competition in trade and commerce, Sri Lanka Institute of Printing is now engaged in the process of reformulating/restructuring its strategies and implementation of programmes for continued furtherance of knowledge and skills to meet the demands of advanced technology and managerial requirements.

OBJECTIVES

- ❖ To train those presently employed in the printing industry by improving techniques, processes, raw-material utilization, planning, etc, with a view to improving the standards of printing establishments in Sri Lanka.
- ❖ To organize Training Courses in Printing Technology and Management.
- ❖ To award Certificates and Diplomas relating to the Training courses conducted by the Institute.
- ❖ To organize and disseminate information in the Printing Trade, on new syllabuses, techniques and available courses of study through a newsletter and/or other periodic publications.
- ❖ To sponsor training abroad in schools of Printing of Printing Houses to reciprocate through a student exchange programme.
- ❖ To participate in trade fairs relating to the printing trade, with a view to acquiring latest techniques/know-how and information relevant to the upliftment of standards of the country's Graphic Arts Industry.

THE STRENGTHS OF THE INSTITUTE

The SLIOP with over two decades of experience of running a training institute relating to all the prime aspects of the Graphics Art Industry, is now considered to be a leading academy specialized in this field of activity. Apart from a comprehensive and a well-structured training programmes, providing an insight into all the relevant facets of the Industry, the Institute is backed by computer Labs and machinery to gain skills and technical know-how in their proper usage. However, the most important and noteworthy aspects is its experienced and professionally qualified panel of Instructors and visiting lectures who continuously guide the trainees with their updated expertise.

The success stories of those who have already passed out, the keenness and enthusiasm of the current batches of trainees and the demand to secure slots in the forthcoming technical training programmes are, for certain, the real yardstick to measure the efficiency and effectiveness of the Institute.

At the time of its inauguration, the institute was considered an important tool in the development of professional skills in Graphic Arts, both in the technical and management spheres, necessary to bring the industry up to acceptable international levels of competence, after more than two decade of a highly regulated economy which gave little opportunity for skills development.

Sri Lanka Institute of Printing has developed several modules of training in different fields of study and expertise leading up to a recognized Advanced Diploma in Printing Technology & Management and Visual Communication & Management, conducted by the Institute in collaboration with the University of Colombo.

Qualifications in the varied types of training including hands on experience, provide required inputs to follow higher levels of training abroad in more advanced technological environment. These opportunities provide those in the Printing Industry in Sri Lanka to achieve higher echelons of knowledge and skills thus bringing the desired inputs for the overall improvement of printing standards of the country.

In the imparting of knowledge and skills the Institute is fortunate to obtain the services of a number of professionals in the industry and allied fields. Their direct involvement in the formulation of study courses and syllabuses; preparation of course-material and in the

VIEWS & COMMENTS

GENERAL

It is correct to say that the Graphic Arts provides the base and bases for almost every human endeavor. The industry is therefore, undergoing rapid technology changes, especially with the ever changing Information Technology. The Graphic Arts Industry had to take giant-strides to cope with the rapid current and future demands. The rapid transformation of the methods and methodology of the industry has become all the more important and relevant as the country is now in the process of readjusting its commercial and industrial bases to meet the demands of the international market. The institute is aware of the new challenges and demands, more so, in the fields of Packaging, Graphic Design and Quality Control.

To support the Government's endeavor to make the country Quality and Productivity conscious, the Institute has already formulated and commenced short courses for managerial and supervisory staff with a view to enhancing their managerial knowledge and skills. Quality and Productivity have been made two inseparable elements in these courses.

The setting up of more investment promotion zones, influx of foreign entrepreneurs with their packages of investment, technical know-how and the art of business, and also the increasing emphasis on Private Sector development, have made a rich environment for a thriving Graphic Arts Industry. The industry's continued success would, however, depend on how far and how soon we could meet the new demands and challenges.

The SLIOP is in the continuous process of upgrading its resources & training programmes in line with the new technological developments in the industry.

The collaboration with the University of Colombo to conduct the two Advanced Diploma Programmes in Printing Technology & Management & Visual Communication & Management was a remarkable achievement by SLIOP.

The acceptance of the Advanced Diploma as pre-requisite to enter the MBA Programme conducted by the University of Colombo was a valued recognition to SLIOP.

The Printing Industry in Sri Lanka is getting well established and quality of printing therefore needs to be developed. Modern printing industry is updating its activities with the electronic pre-press production processes. If Sri Lanka is to maintain its capability of quality printing and enter

advice and assistance to individual printers to develop techniques and methods to meet the technological demands of the industry. The Institute, when equipped with space and required training resources could further provide additional services to those who seek the assistance such as: In-plant audits, ink and paper testing, quality analysis etc.

NEW PREMISES TO SLIOP

Considering all the above factors, with the expansion of Graphic Arts activities in Sri Lanka, it has become necessary to construct a well equipped Technical Training Centre to further enhance the activities of the Institute. The Board of Governors of the Institute, being well aware of the constraints placed on the Institute, due to lack of space and facilities available, has justified the course with the Government for a fully equipped Technical Training Centre. The Government has provided a land to Sri Lanka Institute of Printing within the Government Printing Department in extent of 40 perches.

The next step is to seek financial assistances of set up a training center to house the proposed technical training centre for SLIOP.

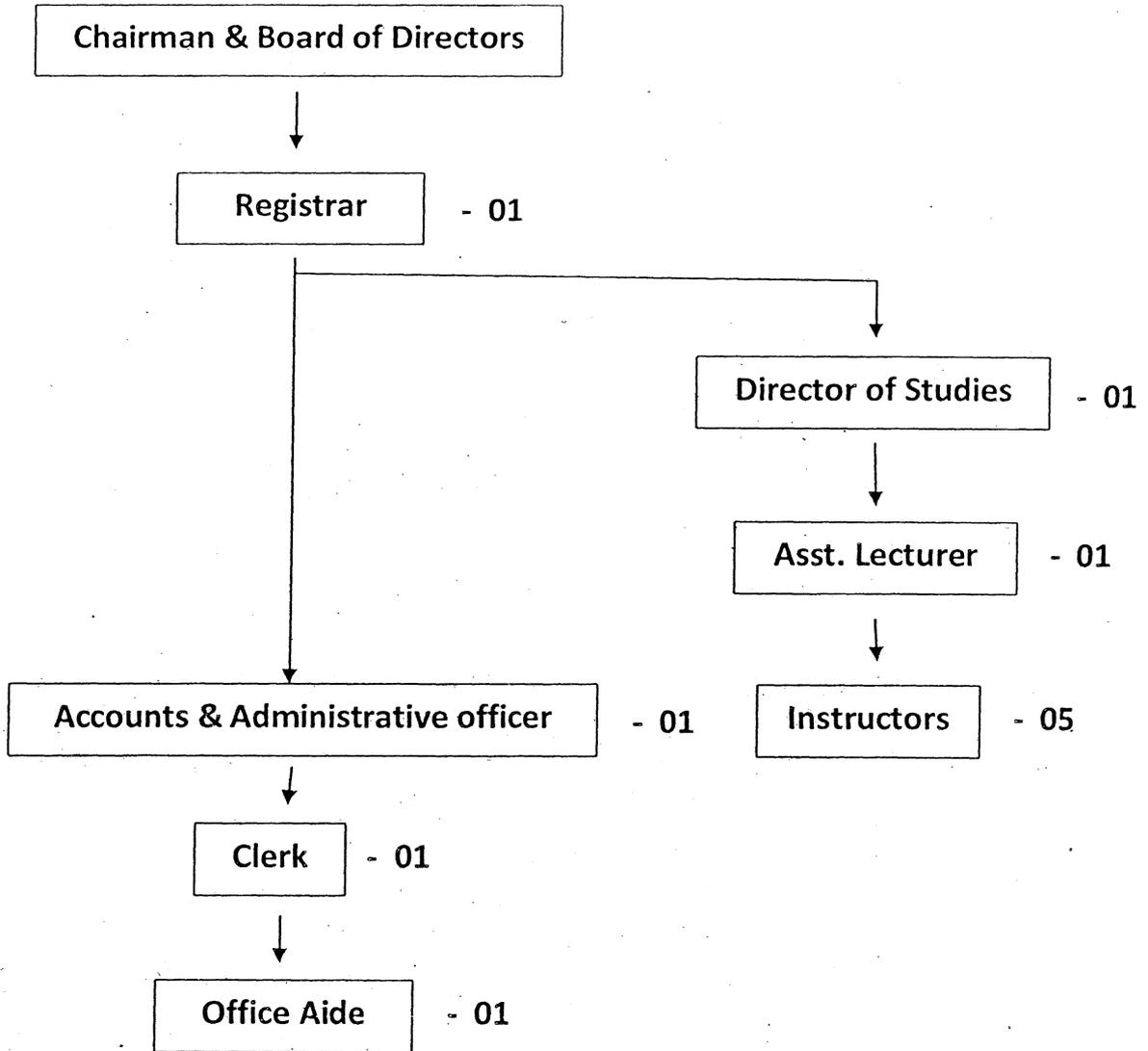
Board of Governors – Sri Lanka Institute of Printing (SLIOP)

1. **MR. P.H.L.V.DE SILVA**
Chairman – SLIOP and the Government Printing
2. **MR. J. B. HEENKENDA**
Chairman – State Printing Corporation
3. **MR. JOHNNY FERNANDO**
President – Sri Lanka Association of Printers
4. **MR. DUDLEY THAMBINAYAGAM**
President – Sri Lanka Institute of Packaging
5. **MR. AJITH R DE SILVA**
Director / CEO – DAC Graphics
6. **MR. NIHAL ATHUKORALA**
Managing Director
Jawana Graphics (Pvt) Ltd
7. **MR. ABHAYA AMARADASA**
General Manager – ANCL. Lake House.
8. **MRS. W. A. J. WICKREMARACHCHI**
Assistant Director – General Treasury

STAFF – SRI LANKA INSTITUTE OF PRINTING

❖ Mr. Sisira Baranage		Registrar/ CEO
❖ Mr. H.K.B.Indrakumar	-	Director of Studies
❖ Mrs. Himashi Fonseka	-	Admini & Accounts Assistant
❖ Mrs. Thanuja Damayanthi	-	Instructor
❖ Mr. R. A. M. Premasiri	-	Instructor
❖ Mr. Chamal Hettiarachchi	-	Instructor
❖ Mr. W. M. Sanath	-	Instructor
❖ Mr. Haritha Vandabona	-	Instructor
❖ Mr. Samantha Kulathunga	-	Instructor
❖ Mr. W. A. M. Lankathilaka	-	Clerk
❖ Mr. Easrawari Eadin	-	Office Aide

Organizational Chart



Approved Cadre	
Registrar	- 01
Director of Studies	- 01
Asst. Lecturer	- 01
Instructor	- 07
Accounts & Administrative Officer	- 01
Clerk	- 01
Office Aide	- 01

Existing Cadre	
Registrar	- 01
Director of Studies	- 01
Asst. Lecturer	- 01
Instructor	- 05
Accounts & Administrative Officer	- 01
Clerk	- 01
Office Aide	- 01

Visiting Tutorial Staff

Dr. A. A. C. Abeysinghe	-	Senior Lecturer Faculty of Management & Finance. University of Colombo
Ms. S. B. Ranasinghe	-	Senior Lecturer Faculty of Management & Finance University of Colombo
Ms. Ruwangi Chandrasekara	-	Senior Lecturer Faculty of Management & Finance University of Colombo
Mr. Chandana Wijekoon	-	Senior Lecturer Faculty of Management & Finance University of Colombo
Mr. G. S. P. Randiwela	-	Senior Lecturer Faculty of Management & Finance University of Colombo
Mrs. G. R. T. Silva	-	Senior Lecturer Faculty of Management & Finance University of Colombo
Mr. S. Sasidaran	-	Senior Lecturer Faculty of Management & Finance University of Colombo
Mr. M. C. P. Atapattu	-	Senior Lecturer Faculty of Management & Finance University of Colombo
Mr. Asoka Nanayakkara	-	Lecturer & Trainer in Printing Technology
Ms. Gangani Liyanage	-	Additional Government Printer
Mr. B. Pathirana	-	Printing Manager/Print Care Pvt, Ltd
Mr. Rasantha Chandratilake	-	DGM-Rivira Publications
Mr. Rev. Beling	-	Design Consultant
Mr. Jagath Madanayake	-	Sales Manager/DIC Lanka (Pvt) Ltd.
Mr. M. A. Justing	-	Consultant/Paper Technology
Mr. Sisira Baranage	-	Registrar/CEO – SLIOP
Mr. M. D. Mahindapala	-	Lecturer & Consultant in Cinematography
Mr. Stanley Hettiarachchi	-	Lecturer & Consultant in TV & Electronics Technology
Mr. Osman Jayah	-	DGM – ANCL, Lake House

Mr. Rohan Priyarthne	-	Instructor – Design & Digital Printing Technology
Mr. PRasanna Jayaratne	-	Instructor – Design & Digital Printing Technology
Mr. Neil Cooray	-	Lecturer – Deigital Animation
Mr.l Lakmal Perera	-	Lecturer – Web Design & MS Office
Mr. Nalin Wijenayake	-	Lecturer – Web Design & MS Office
Mr. J. A. D. Premathunga	-	Lecturer – Book Binding
Mr. Subasinghe	-	Asst: Lecturer – Book Binding
Mr. W. F. Priyantha	-	Lecturer – Costing
Mr. Dhammika Wimalarathne	-	Lecturer – Printing Technology
Ms.Sithari Cooray	-	Lecturer – MS Office

BRANCHES

Sri Lanka Institute of Printing has a branch in Matale

Address :

Sri Lanka Institute of Printing
District Secretariat
Matale

Tel : 066 2222172

Courses conducted in Matale Branch

- Type setting and Desk top publishing
- Computer Graphic Designing
- MS Office
- Web Designing

COURSE DETAILS

Course	Duration	Course Fee (Rs)
Typesetting/Desktop Publishing	120 hours	12,350/-
Costing & Estimating for Printers	01 Year	11,850/-
Offset Lithography	01 Year	15,350/-
Digital Pre press	01 Year	19,350/-
Computer Graphic Designing	114 hours	14,350/-
Sheet Fed Litho Press Operations	26 weeks	15,350/-
Design for print	01 Year	11,850/-
Web Design	20 Weeks	14,850/-
Offset Press Operation for School Leavers	14 Months	19,850/-
Non Linear Editing	16 Weeks	20,350/-
Digital Animation	24 Weeks	19,350/-
Computer Hardware & PC Assembly	14 Weeks	11,350/-
MS Office	16 Weeks	10,850/-
Planning & Plate Making	12 Weeks	9,750/-
Book Binding & Finishing	01 Year	14,850/-
Advanced Diploma in Visual Communication & Management	2 Years -Part Time	95,000/-
Advanced Diploma in Printing Technology & Management	2 Years -Part Time	95,000/-
Diploma in Computer Graphic Designing	01 Year	29,350/-

Workshops and Seminars conducted in 2014

Free Seminars

Seminar	Date Conducted	Participation
1. Graphic Design	2014.05.25	14
2. Graphic Design	2014.08.16	57

Technical Seminars/Workshops

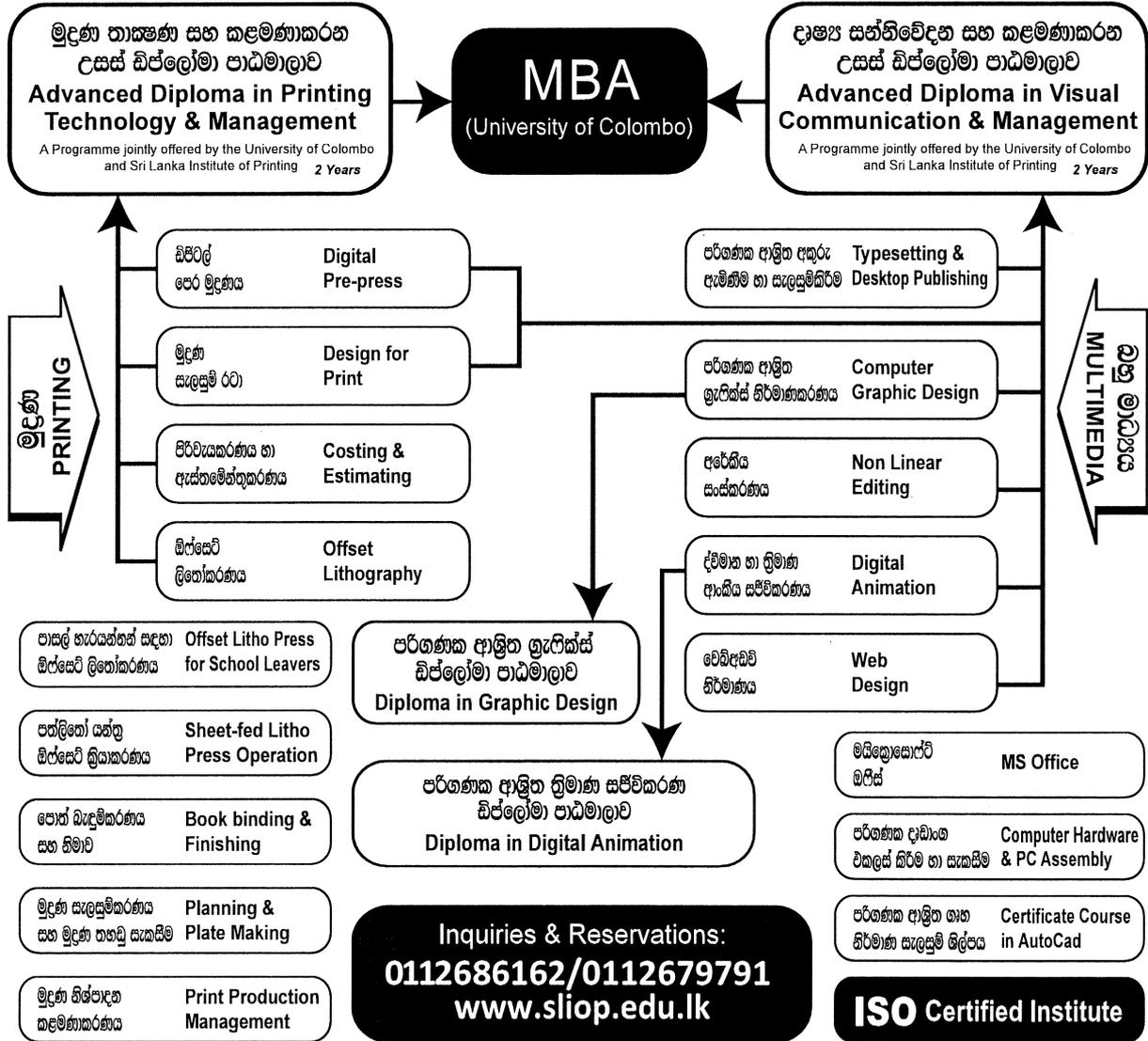
Seminar	Date Conducted	Participation
1. Quality control in the Prepress and Costing/Estimating essentials	2014.02.01	49
2. Quality control in the Press room and future of Printing Technology	2014.02.02	48
3. Quality control in the Prepress & Press room	2014.07.19	61
4. Effective application of photoshop software	2014.06.09	10
5. Graphic Design and Design Concepts	2014.12.17	43



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CAREER DEVELOPMENT PATH



STUDENT DATA

Course	2014	
	Number of Target Students	Number of Actual Students
1. Graphic Design	250	327
2. Offset Lithography	20	-
3. Computer Typesetting	150	127
4. Costing & Estimating	15	32
5. Design for Print	20	21
6. Digital Prepress	10	12
7. Web Design	30	28
8. Non -Linear Editing	15	10
9. Planning and Platemaking	8	-
10. Offset Lithograpy (Full Time)	40	51
11. Digital Animation	15	21
12. Computer Hardware & PC Assembling	10	-
13. Microsoft Office	40	49
14. Book Binding & Finishing	30	62
15. Sheet Fed Lithography	25	36
16. Diploma in Graphic Design	50	64
17. Advanced Diploma in Printing Technology and Management	10	Continunig...
18. Advanced Diploma in Visual Communication and Management	15	Continuing...

HARDWARE AND MACHINERY/EQUIPMENT

GRAPHIC UNIT

- ⤴ Computer lab 01 - 10PCs + 01 Scanner
- ⤴ Computer Lab 02 - 12PCs + 01 Printer
- ⤴ Computer Lab 03 - 10 PCs

MULTIMEDIA UNIT

- ⤴ Multimedia Lab - 10PCs
01 Camera
01 Television

PRINTING UNIT

- ⤴ KORD single colour offset printign machine 01
- ⤴ SORZ Two Colour Offset printing Machine 01
- ⤴ Plate Exposure Unit 01
- ⤴ Guillotine Machine 01

QULITY CONTROL UNIT

- ⤴ Spectrodensitometer
- ⤴ Duro Meter
- ⤴ Micro Meter
- ⤴ UGRA Step Wedge
- ⤴ Digital Colour Proofer
- ⤴ Spectro eye

OFFICE

- ⤴ 02 Laptops
- ⤴ 04 PCs
- ⤴ 04 Printers
- ⤴ 01 Fax Machine

Sri Lanka Institute of Printing

Financial Analysis As at 31 December 2014

Head Office: -	Budget 2014	Actuals as at 31st December 2014
	Rs.	Rs.
Operational Income	14,531,300.00	16,346,076.00
Non Operational Income	4,981,873.00	4,616,851.00
Total Income	19,513,173.00	20,962,927.00
Expenditure	14,112,973.00	14,287,851.00
Operational Profit / Loss	418,327.00	2,058,225.00
Total Profit / Loss	5,400,200.00	6,675,076.00
Matale Branch: -	Budget 2014	Actuals as at 31 st December 2014
	Rs.	Rs.
Income	587,500.00	578,500.00
Expenditure	385,818.00	552,070.00
Total Profit / Loss	201,682.00	26,430.00

Financial Statment - 2014

**FINANCIAL STATEMENTS
OF**

SRI LANKA INSTITUTE OF PRINTING

**FOR THE YEAR ENDED
31ST DECEMBER, 2014.**

SRI LANKA INSTITUTE OF PRINTING
NO.118, DR. DANISTER DE SILVA MAWATHA, COLOMBO - 8.
STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER		2014	2013
	Note	Rs.	Rs.
<u>ASSETS</u>			
<u>NON-CURRENT ASSETS</u>			
Property, Plant & Equipment	1	5,182,715.14	7,289,125
Intangible Assets	2	-	-
Total Non-Current Assets		5,182,715.14	7,289,125
<u>CURRENT ASSETS</u>			
Trade and other Receivables	3	3,332,333.07	3,312,527
Prepayments	4	276,228.97	244,925
Short-term Investments	5	58,169,243.25	48,572,856
Cash and Cash Equivalents	6	3,594,739.69	2,422,016
Total Current Assets		65,372,544.98	54,552,324
TOTAL ASSETS		70,555,260.12	61,841,449
<u>FUNDS & LIABILITIES</u>			
<u>FUNDS</u>			
Accumulated Fund	7	66,848,481.69	60,173,444
Total Funds		66,848,481.69	60,173,444
<u>NON-CURRENT LIABILITIES</u>			
Provision for Retiring Gratuity	8	920,610.00	925,494
Total Non-Current Liabilities		920,610.00	925,494
<u>CURRENT LIABILITIES</u>			
Trade and other Payables	9	2,786,168.43	742,510
Total Current Liabilities		2,786,168.43	742,510
TOTAL FUNDS AND LIABILITIES		70,555,260.12	61,841,449

.....
Accountant

The Board of Directors is responsible for the preparation and presentation of these Financial Statements,
Signed for and on behalf of the Board by,

.....
Chairman
26th February, 2015.

.....
Director

The Accounting Policies and Notes on pages 4 through 15 form an integral part of the Financial Statements.

SRI LANKA INSTITUTE OF PRINTING
NO.118, DR. DANISTER DE SILVA MAWATHA, COLOMBO - 8.
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER

	<u>Note</u>	<u>2014</u> Rs.	<u>2013</u> Rs.
Revenue from Course Fees, Registration Fees & Examination Fees etc,	10	15,713,001.32	15,519,197
Direct Expenditure on Course Fees, Registration Fees Examination Fees etc,	11	<u>(7,293,528.63)</u>	<u>(6,348,479)</u>
Contribution before Employee Costs & Overheads		8,419,472.69	9,170,719
Other Income	12	<u>633,075.00</u>	<u>63,367</u>
Operating Income		<u>9,052,547.69</u>	<u>9,234,085</u>
<u>Overhead Expenses</u>			
Employee Cost	13	(2,921,067.10)	(3,075,202)
Depreciation & Amortization		(1,364,976.74)	(1,282,880)
Other Operating Expenses	14	<u>(2,708,317.88)</u>	<u>(2,205,974)</u>
Total Operating Expenditure		<u>(6,994,361.71)</u>	<u>(6,564,057)</u>
Net Operating Income		2,058,185.98	2,670,029
Net Financial Income	15	<u>4,616,851.20</u>	<u>5,460,661</u>
Surplus for the year		<u>6,675,037.18</u>	<u>8,130,690</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year Transferred to Accumulated Fund		<u>6,675,037.18</u>	<u>8,130,690</u>

The Accounting Policies and Notes on pages 4 through 15 form an integral part of the Financial Statements.

SRI LANKA INSTITUTE OF PRINTING
NO.118, DR. DANISTER DE SILVA MAWATHA, COLOMBO - 8.
CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER

	2014	2013
	Rs.	Rs.
<u>Cash Flows from Operating Activities</u>		
Excess of Income Over Expenditure	6,675,037	8,130,690
Adjustments for non-cash income and expenses:		
Depreciation & Amortisation	1,366,422	1,284,325
Provision for Retiring Gratuity	80,289	99,142
Provision for Impairment	801,400	304,800
Loss on Asset Disposal	193,000	-
Interest Received	(4,596,391)	(5,443,967)
Operating Income before Working Capital Changes	4,519,757	4,374,990
(Increase)/Decrease in Debtors & Amounts Receivables	(852,511)	(1,524,146)
Increase/(Decrease) in Amounts Payable	2,043,659	82,539
Net Cash Flow from Operating Activities	5,710,904	2,933,383
Gratuity Paid	(85,173)	-
Net Cash Flow from Operating Activities	5,625,731	2,933,383
<u>Cash Flows from Investing Activities</u>		
Interest Received	7,321,781	2,615,667
Sale of Property, Plant & Equipment	2,075,000	-
Purchase of Property, Plant & Equipment	(1,528,012)	(1,179,460)
Net Cash from Investing Activities	7,868,769	1,436,207
<u>Cash Flows from Financing Activities</u>		
Net Cash from Financing Activities	-	-

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General.

Sri Lanka Institute of Printing was established in Sri Lanka in 1984 under the Institute of Printing Act No. 18 of 1984. The Registered office of the Institute and the principal place of business are located at No. 118, Dr. Danister de Silva Mawatha, Colombo 8.

1.2 Principal Activities and Nature of Operations.

During the year 2014, the Institute continued to engaged in principal activities authorized in the Incorporation Act as follows,

- a. Conducting of courses in printing, graphics and digital media technologies,
- b. Organising seminars and workshops to provide knowledge on new technological developments in the industry,
- c. Providing higher educational facilities in printing, graphics and digital media technologies
- d. Fulfilling training requirements of the industry in order to provide access for employment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of Compliance

The Financial Statements of the Institute have been prepared in accordance with Sri Lanka Accounting Standards for Small and Medium sized Entities (SLFRS for SMEs) as issued by the Institute of Chartered Accountants of Sri Lanka.

(b) Basis of Measurements

The Financial Statements of the Institute have been prepared on a historical cost basis, except for Derivative Financial Instruments, Financial Assets and Liabilities held for Trading and Available for Sale Financial Investments all of which have been measured at fair value.

(c) Comparative information

Comparative Information including quantitative narrative and descriptive information is disclosed in respect of the previous period for all amounts reported in the Financial Statements in order to enhance the understanding of the Financial Statement of the Current Period and to improve the inter period Comparability. When the presentation or classification of items in the Financial Statements have been amended Comparative amounts have also been reclassified to conform with the current year in order to provide a better presentation.

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

2.2 Significant Accounting Judgements, Estimates and Assumptions

In the process of applying the Institute's accounting policies, the management has exercised judgement and estimates in determining the amounts recognized in the Financial Statements. Use of available information, estimates and assumptions and application of judgement is inherent in the

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

2.3.3 Subsequent Measurement of Financial Instruments

After initial measurement, at the end of each reporting period, the Institute shall measure all financial instruments within the scope of Section 12 at fair value and recognize changes in fair value in profit or Loss.

2.3.4 Derecognition of Financial Assets and Financial Liabilities

2.3.4.1 Financial Assets

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

- The rights to receive Cash Flows from the asset have expired or;
- The Institute has transferred substantially all the risks and rewards of the asset.

2.3.4.2 Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or Loss.

2.3.5 Determination of Fair Value

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

Depreciation on other Property, Plant & Equipment have been provided on straight line basis to write down the cost of Property, Plant and Equipment to their residual values over their estimated useful lives from the time the asset is placed in use. Depreciation rates are as follows:

- Machinery & Others	10 years
- Computers	3 years

Property, Plant and Equipment are derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other Operating Income' or 'Other Operating Expenses' as appropriate in the Income Statement in the year the asset is derecognized.

2.5 Intangible Asset

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably in accordance within the scope of Section 18 of SLFRS for SMEs – Intangible Assets. Accordingly, these assets are stated in the Statement of Financial Position at cost less accumulated amortization and any accumulated impairment loss.

Computer Software is amortized over a period of 3 years on the straight line method.

2.6 Trade Receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Institute will not be able to collect all amounts due according to the original terms of the receivables.

2.7 Government Grants

Government grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Government grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

2.8 Employee Benefit Liability

2.8.1 Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund and Employees' Trust Fund contributions in line with respective statutes and regulations.

2.8.2 Defined Benefit Plan - Gratuity

The Institute uses the Projected Unit Credit Method with the simplifications to measure its defined benefit obligations and the related expenses.

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

2.9 Provisions

Provisions are recognised when the Institute has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

2.10 Trade Payables

Trade Payables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method.

2.11 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.12 Revenue Recognition

Revenue is recognized to the extent that is probable that the economic benefit will flow to the Institute and the revenue and associated cost incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of Services

Revenue from the rendering of services is recognized in the accounting period in which the services are rendered

2.13 Interest Income

Interest income is recognised using the effective interest method.

2.14 Expenditure Recognition

Expenses are recognized in the Income & Expenditure Statement on the basis of a direct association between the cost incurred and the earning of specific items of Income. All Expenditure incurred in the running of the Institute and in maintaining the Property, Plant & Equipment in a state of efficiency has been charged to the profit or Loss.

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

1 PROPERTY, PLANT & EQUIPMENT		Balance	Additions		Disposal	Balance
		As at	during	Transfers	during	As at
		01/01/2014	the year	Rs.	the year	31/12/2014
		Rs.	Rs.	Rs.	Rs.	Rs.
<u>At Deemed Cost</u>						
Machinery	Head Office	8,138,572.34	306,836.02	-	(2,520,000.00)	5,925,408.36
Computer	Head Office	3,776,042.46	1,092,400.00	-	-	4,868,442.46
<u>At Cost</u>						
Furniture & Fittings	Head Office	931,607.71	118,576.20	-	-	1,050,183.91
	Matale Branch	8,700.00	-	-	-	8,700.00
Office Equipment	Head Office	620,735.40	5,025.00	-	-	625,760.40
	Matale Branch	5,750.00	-	-	-	5,750.00
Library Books		732,495.89	-	-	-	732,495.89
Crockery & Cutlery		10,599.90	5,175.00	-	-	15,774.90
Carpets		314,945.80	-	-	-	314,945.80
Name Board		89,937.60	-	-	-	89,937.60
Total		14,629,387.10	1,528,012.22	-	(2,520,000.00)	13,637,399.32
<u>Depreciation & Impairment</u>						
		Accumulated	Depreciation		Disposal	Accumulated
		Depreciation	during	Impairment	during	Depreciation
		As at	the Year	Rs.	the year	As at
		01/01/2014	Rs.	Rs.	Rs.	31/12/2014
		Rs.	Rs.	Rs.	Rs.	Rs.
<u>On Deemed Cost</u>						
Machinery	Head Office	2,173,445.10	566,199.23	-	(252,000.00)	2,487,644.33
Computer	Head Office	3,070,948.02	667,594.45	-	-	3,738,542.47
<u>On Cost</u>						
Furniture & Fittings	Head Office	553,642.56	77,711.89	-	-	631,354.45
	Matale Branch	6,090.00	870.00	-	-	6,960.00
Office Equipment	Head Office	577,069.91	6,405.47	-	-	583,475.38
	Matale Branch	4,025.00	575.00	-	-	4,600.00
Library Books		655,421.77	28,967.46	-	-	684,389.23
Crockery & Cutlery		9,074.10	865.80	-	-	9,939.90
Carpets		281,623.58	8,778.68	-	-	290,402.26
Name Board		8,922.40	8,453.76	-	-	17,376.16
Total		7,340,262.43	1,366,421.74	-	(252,000.00)	8,454,684.18
Net Book Value		7,289,124.67				5,182,715.14

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 ST DECEMBER		2014	2013
		Rs.	Rs.
2	<u>INTANGIBLE ASSETS</u>		
	<u>Computer Software</u>		
	<u>Cost</u>		
	Balance as at the beginning of the year	72,240.00	72,240
	Additions	-	-
	Impairment	-	-
	Balance as at the end of the year	72,240.00	72,240
	<u>Accumulated Amortization</u>		
	Balance as at the beginning of the year	72,240.00	48,160
	Amortization	-	24,080
	Balance as at the end of the year	72,240.00	72,240
	Net Balance as at end of the year	-	-
3	<u>TRADE AND OTHER RECEIVABLES</u>		
	Debtors	2,866,649.50	2,655,190
	Staff Debtors	415,683.57	657,337
	Award Ceremony - Sponsorship Income Receivable	50,000.00	-
		3,332,333.07	3,312,527
3.1	<u>DEBTORS</u>		
	Debtors		
	Head Office	4,232,349.50	3,322,490
	Matale Branch	379,750.00	276,750
		4,612,099.50	3,599,240
	Impairment Provision		
	Head Office	(1,580,450.00)	(944,050)
	Matale Branch	(165,000.00)	-
		2,866,649.50	2,655,190
3.2	<u>STAFF DEBTORS</u>		
	Loan --		
	M.W.Sanath	83,333.44	133,333
	M.T.D. Wijesiri	105,565.00	172,225
	Chamal Hettiarachchi	127,785.05	194,445
	Samantha Kulathunge	-	8,333
	W.A.M.Lankathilaka	90,000.08	140,000
	Festival Advance -		
	Head Office	8,000.00	8,000
	Matale	1,000.00	1,000
		415,683.57	657,337

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 ST DECEMBER	2014	2013
	Rs.	Rs.
4 <u>PRE-PAYMENTS</u>		
Advance Payment for Building	227,370.25	227,370
Web Hosting Charges	11,358.72	17,554
Chairman Allowances	7,500.00	-
Consultancy Fee	30,000.00	-
	<u>276,228.97</u>	<u>244,925</u>
5 <u>SHORT-TERM INVESTMENTS</u>		
Treasury Bills	3,312,143.17	2,445,825
Interest Receivable on Treasury Bills	90,395.38	71,729
	<u>3,402,538.55</u>	<u>2,517,554</u>
Treasury Bonds	-	617,300
Interest Receivable on Treasury Bonds	-	18,332
	<u>-</u>	<u>635,632</u>
Fixed Deposits	52,213,247.56	42,140,489
Interest Receivable on Fixed Deposits	545,210.57	3,279,181
	<u>52,758,458.13</u>	<u>45,419,670</u>
Call Deposits	2,000,000.00	-
Interest Receivable on Call Deposits	8,246.58	-
	<u>2,008,246.58</u>	<u>-</u>
	<u>58,169,243.25</u>	<u>48,572,856</u>
6 <u>CASH AND CASH EQUIVALENTS</u>		
Current A/c. No. I	2,724,993.78	2,025,815
Current A/c. No. II	864,322.91	390,323
Cash in hand	5,423.00	5,878
	<u>3,594,739.69</u>	<u>2,422,016</u>
7 <u>ACCUMULATED FUND</u>		
Balance as at 1st January	60,173,444.51	52,042,755
Transferred from Statement of Comprehensive Income	6,675,037.18	8,130,690
Balance as at 31st December	<u>66,848,481.69</u>	<u>60,173,444</u>

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 ST DECEMBER		2014	2013
	<u>Note</u>	Rs.	Rs.
8	<u>PROVISION FOR RETIRING GRATUITY</u>		
Balance as at 1st January		925,494.02	826,352
Provision for the year			
Head Office		71,885.98	90,859
Matale		8,403.00	8,283
		<u>1,005,783.00</u>	<u>925,494</u>
Payments during the year		<u>(85,173.00)</u>	<u>-</u>
Balance as at 31st December		<u><u>920,610.00</u></u>	<u><u>925,494</u></u>
9	<u>TRADE AND OTHER PAYABLES</u>		
Income Received in Advance		1,866,050.00	-
Accrued Expenses	9.1	<u>920,118.43</u>	<u>742,510</u>
		<u><u>2,786,168.43</u></u>	<u><u>742,510</u></u>
9.1	<u>ACCRUED EXPENSES</u>		
Allowances to Peon		8,750.00	6,800
Labour Charges - Branch A/c.		-	1,500
Accountancy Fees		59,100.00	13,787
Audit Fees		370,280.00	245,280
Salaries and Overtime		9,378.75	9,482
Postage and Stationery - Head Office		-	8,750
Practical Fees - Head Office		98,830.00	105,294
Matale		-	6,000
Lecture Fees		122,850.00	115,777
Internet Service Charges		1,530.60	490
Welfare Charges		4,150.00	5,020
Honorarium		9,148.52	7,722
Maintenance of Support Fees		2,500.00	2,500
Attendance Allowances for Board Meeting		13,000.00	21,000
Consolidated Fund		5,787.37	21,755
Telephone - Head Office		23,191.22	12,095
Matale		2,158.19	1,202
Advertising		-	8,960
Chairman's Allowance		-	7,500
Photocopy Rental Fees		15,428.57	15,771
Attending Fees for Academic Board Meeting		1,500.00	1,500
IT Support Service		4,000.00	4,000
Bonus - Head Office		150,000.00	100,000
Bonus - Matale		15,000.00	10,000
Translation Fees		600.00	10,325
PAYE Tax		285.00	-
Electricity		<u>2,650.21</u>	<u>-</u>
		<u><u>920,118.43</u></u>	<u><u>742,510</u></u>

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER				2014	2013
		Note	Rs.	Rs.	
10	<u>REVENUE FROM COURSE FEES, REGISTRATION FEES & EXAMINATION FEES ETC.</u>				
	Course Fees		14,339,466.00	14,682,135	
	Registration Fees		270,550.00	313,150	
	Examination Fees		38,355.00	34,200	
	Seminar Income		465,200.00	525,792	
	Award Ceremony Fees		423,000.00	-	
	Award Ceremony - Sponsorship Income		150,000.00	-	
	Excess of Income Over Expenditure - Matale Branch	10.1	26,430.32	(36,080)	
			15,713,001.32	15,519,197	
10.1 <u>STATEMENT OF INCOME - MATALE BRANCH</u>					
	<u>Income</u>				
	Course Fee		576,000.00	344,000	
	Examination Fees		1,000.00	-	
	Sundry Income		1,500.00	-	
			578,500.00	344,000	
	<u>Expenses</u>				
	Staff Salaries & Bonus		322,372.00	301,532	
	Employees Provident Fund		22,464.64	22,300	
	Employees Trust Fund		5,618.16	5,575	
	Electricity		15,027.89	19,009	
	Travelling		-	500	
	Depreciation		1,445.00	1,445	
	Practical Fees		3,600.00	12,000	
	Telephone		8,138.99	9,436	
	Provision for Impairment		165,000.00	-	
	Provision for Gratuity		8,403.00	8,283	
			552,069.68	380,080	
	Excess of Income Over Expenditure		26,430.32	(36,080)	

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

	Note	2014 Rs.	2013 Rs.
11			
<u>DIRECT EXPENSES ON COURSE FEES, REGISTRATION FEES & EXAMINATION FEES ETC</u>			
Staff Salaries, Bonus & Allowances		1,891,368.50	1,546,492
Employees' Provident Fund		168,993.30	128,755
Employees' Trust Fund		42,248.33	41,166
Lecture Fees & Payments to Consolidated Fund		1,716,517.11	1,532,254
Practical Fees & Payment to Consolidated Fund		1,405,404.26	1,231,253
Honorarium & Payment to Consolidated Fund		141,067.16	173,463
Course Co-ordination Fees		-	50,000
Maintenance Support Fees		30,000.00	30,000
IT Support Service		44,000.00	48,000
Seminar Expenses		205,389.20	306,178
ADPTM Diploma Expenses		-	321,633
Photocopy Rental Fee		201,091.32	201,484
Material for Practical		30,312.00	39,790
Postage & Stationery		173,845.20	126,373
Rent, Electricity & Water		289,950.00	534,350
Equipment Hiring Charges		-	30,000
Awards Ceremony Expenses		914,281.70	-
Training Program Expenses		32,760.55	7,288
Course Accreditation Payment for NVQ		6,300.00	-
		<u>7,293,528.63</u>	<u>6,348,479</u>
12			
<u>OTHER INCOME</u>			
Recovery of Salaries Overpaid in the Previous year		17,968.00	-
Sundry Income		17,000.00	61,617
Reimbursement of NVQ Standardizing Meeting Expenses		598,107.00	-
Tender Fees		-	1,750
		<u>633,075.00</u>	<u>63,367</u>
13			
<u>EMPLOYEE COST</u>			
Staff Salaries, Bonus, Overtime & Allowances		2,323,159.02	2,479,825
Employees' Provident Fund		177,758.78	207,382
Employees' Trust Fund		44,451.32	42,868
Labour Charges & Allowance to Peon		98,500.00	96,800
Welfare Charges		98,112.00	152,968
Staff Training		107,200.00	4,500
Provision for Retirement Gratuity		71,885.98	90,859
		<u>2,921,067.10</u>	<u>3,075,202</u>

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER		2014	2013
	Note	Rs.	Rs.
14	<u>OTHER OPERATING EXPENSES</u>		
Chairman Allowances		90,000.00	90,000
Attendance Allowance for Board Meetings		37,000.00	38,000
NVQ Standardizing Meeting		-	587,174
Travelling		22,815.12	10,524
Travelling Allowances for Marketing Executives		72,000.00	66,600
Board Meeting Expenses		14,583.00	14,302
Repairs & Maintenance		261,740.56	161,460
SLIOP Curriculum Development Pregame		45,000.00	-
Telephone		138,642.41	142,244
Internet Service Charges		6,122.40	5,837
Accountancy Charges		127,898.40	118,212
Audit Fees		125,000.00	242,920
Insurance		4,242.97	-
Advertising		609,364.00	257,517
Provision for Impairment		636,400.00	304,800
Charges for preparing Administration & Financial Rules		56,725.00	-
Bank Charges		34,288.35	20,583
Bond Discount		-	3,046
Accounting Software Developing Charges		-	5,712
Annual Report Expenses		43,484.00	44,709
Exhibition Expenses		131,708.00	1,700
Translation Fees		29,787.00	58,900
Loss on Asset Disposed		193,000.00	-
Web Hosting Charges		6,195.67	1,033
Sponsorship Fees		10,000.00	20,000
Sundry Expenses		12,321.00	10,701
		<u>2,708,317.88</u>	<u>2,205,974</u>
15	<u>NET FINANCIAL INCOME</u>		
Interest Income		4,596,391.35	5,443,967
Interest Income on Staff Loans		20,459.85	16,694
		<u>4,616,851.20</u>	<u>5,460,661</u>

Auditor General's Report - 2014



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

JP/E/SLIOP/1/14/249

මබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

30 June 2015

The Chairman
Sri Lanka Institute of Printing

Report of the Auditor General on the Financial Statements of the Sri Lanka Institute of Printing for the year ended 31 December 2014 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Sri Lanka Institute of Printing for the year ended 31 December 2014 comprising the statement of financial position as at 31 December 2014 and the comprehensive income statement 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 25(3) of the Sri Lanka Institute of Printing Act, No.18 of 1984. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 14(2) (c) of the Finance Act appear in this report. A detailed Report in terms of Section 13(7) (a) of the Finance Act was furnished to the Chairman of the Institute on 30 April 2015.

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 pertaining to Small and Medium Scale Enterprises 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 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 judgment, 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 Institute'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 Institute'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 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.

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sri Lanka Institute of Printing as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards pertaining to Small and Medium Scale Enterprises.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

Interest income of investments had been understated by Rs.65,328.

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
-----	-----
<p>(a) Sri Lanka Institute of Printing Act, No. 18 of 1984</p> <p>Section 14(1)</p>	<p>Even though at least one meeting of the Board of Governors should be held in each month, not even one meeting had been held in the months of April, August, November and December in the year under review.</p>
<p>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.</p> <p>Financial Regulation 395 (c)</p>	<p>The bank reconciliation statements had not been prepared before 15th of the following month.</p>
<p>(c) Public Enterprises Circular No. PED/12 of 02 June 2003.</p> <p>(i) Section 6.5.1</p> <p>(ii) Section 8.2.2 and Section 11 of the Finance Act, No.38 of 1971</p>	<p>A draft Annual Report along with the accounts had not been presented.</p> <p>Even though the approval of the relevant Minister with the concurrence of the Minister of Finance should be obtained for the investment of excess money, the approval had not been so obtained for the investment of a sum of Rs.55,922,633.</p>
<p>(d) The Gazette Extraordinary Notification No. 1530/13 of 01 January 2008</p>	<p>Even though a stamp fee of Rs. 25 should be charged on each payment exceeding Rs.25,000, it had not been so done in connection with all payments.</p>

3. **Financial Review**

3.1 **Financial Results**

According to the financial statements presented, the operations of the Institute for the year ended 31 December 2014 had resulted in a surplus of Rs.6,675,037 as compared with the corresponding surplus of Rs.8,130,690 for the preceding year. The increase in expenditure had mainly attributed to a deterioration of Rs1,455,653 in the financial results for the year under review as compared with the preceding year.

4. **Operating Review**

4.1 **Performance**

The following observations were made.

- (a) Even though 924 students had been enrolled for courses in the year under review, 128 students out of them or 14 per cent had dropped out of the courses. However, in considering each course separately, the percentage of drop outs had ranged from 06 to 61 per cent.
- (b) Conducting of courses had been planned and only the expenditure of courses had been shown whereas the expected income had not been shown.
- (c) Even though it was planned to conduct 17 courses according to the Action Plan, 5 courses out of it had not been conducted. Even though 285 apprentices had been expected to be enrolled for 03 courses, only 240 apprentices had been enrolled. Even though 08 apprentices had been targeted to enrol for one course, that course had not been conducted.
- (d) Even though 171 apprentices had been enrolled for 05 courses which were not planned according to the Action Plan, action had not been taken to revise the Action Plan, accordingly.



4.2 Management Inefficiencies

The following observations are made.

- (a) A machine valued at Rs. 4,200,000 purchased for courses in the year 2003 had remained idle since the year 2006 and as a result of outdated technology and non-participation of students for those courses, this machine had been sold in the year 2014. An income amounting to Rs.192,000 had been earned by training 24 apprentices by using this machine.
- (b) The following observations were made in respect of investments.
 - (i) In the investment of excess funds, optimum sources of investments had not been identified and excess funds existed for a long period had been made in short term investments. As such, an interest income of approximately Rs.186,692 which could have been received, had been lost.
 - (ii) Even though the income tax should not be charged from an institution established by an Act of Parliament, tax amounting to Rs.24,134 had been charged from the interest income of investments. Action had not been taken to get it refunded.
- (c) The approval of the Cabinet of Ministers had been granted on 09 December 2004 to construct a new building and a sum of Rs.227,370 had been spent in the year 2009 for drawing up the plan of the building. However, constructions of the building had not been commenced even by 30 April 2015, the date of audit.
- (d) An excess sum of Rs.58,169,243 had been invested without utilizing for achieving the objectives of the Institute and a sum of Rs.3,594,740 had been retained as bank balances.

4.3 Personnel Administration

The approved cadre and the actual cadre of the Institute had been 13 and 11 respectively. Action had not been taken to fill 02 vacant posts.

- (b) An air ticket had been granted to an officer who serves as a part time lecturer but not in the permanent staff of the Institute, by spending Rs.87,000 to go abroad for a scholarship offered by the Institute in which he served.

4.5 **Uneconomic Transactions**

Two seminars on awareness for printers had been conducted in line with the Deyata Kirula National Development Programme - 2014 and participation of 49 and 51 printers had been expected within two days. Nevertheless, only 27 and 18 printers had participated within these two days and an expenditure amounting to Rs.109,375 had been incurred for this purpose.

5. **Accountability and Good Governance**

5.1 **Budgetary Control**

The variances between the estimated income and expenditure of the budget and the actual income and expenditure had been observed thus indicating that the budget had not been made use of as an effective instrument of management control.

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 Institute from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Cash and Bank
- (c) Budgetary Control
- (d) Personnel Management

W.P.C.Wickramaratne
Acting Auditor General

Report of the Auditor General 2014 - Questions and Replies

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sri Lanka Institute of Printing as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Small and Medium Scale Enterprises Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The income from interest on investments had been understated by a sum of Rs.65,328.

Reply

This money is invested in the Main Branch of the Bank of Ceylon. This error had resulted from an error in computation made by the Bank. This matter was brought to the notice of the Bank and the error was rectified and the outstanding interest amounting to Rs.65,328.17 was paid to the Sri Lanka Institute of Printing. (bycheque No. 654545 for Rs.65,328(17 on 18.02.2015)

2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations
and Management Decisions

Non-compliance

(a) Sri Lanka Institute of Printing
Act, No. 18 of 1984

Even though the meetings of the Board of
Governors should be held at least once a
month not even a single meeting had been
held in April, August, November and
December of the year under review.

Reply

The Board of Governors decided not to hold meetings in April and December due to the many holidays in those months and due to lack of any matters for discussion. As several members of the Board had proceeded abroad in August and November, meetings of the Board of Governors were not held due to lack of quorum.

- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Financial Regulation 395(c)

The Bank Reconciliation Statements had not been prepared before fifteenth day of the month follows.

Reply

In the future action will be taken to prepare the Bank Reconciliation Statements before fifteenth day of the month following and forward to the Auditor General.

- (c) Public Enterprises Circular No. PED/12 of 02 June 2003

(i) Section 6.5.1

A draft of the Annual Report had not been forwarded with the Accounts.

Reply

At the end of each year of accounts, that is, before 28 February of the ensuing year the accounts have to be forwarded to the Auditor General's Department and as such forwarding the accounts is done expeditiously. The Annual Report is prepared and forwarded after the receipt of the Auditor General's Report.

(ii) Section 8.2.2 and the Finance Act, No. 38 of 1971 – Section 11

Even though the approval of the relevant Minister with the concurrence of the Minister of Finance should be obtained for the investment of surplus money, it had not been so done in connection with the investment of Rs.55,922,633 in the year under review.

Reply

The approval of the relevant Minister has been obtained for the investments. A decision to obtain the approval of the Minister of Finance can be taken after discussing the matter with the Board of Governors.

(d) Extraordinary Gazette
Notification No. 1530/13 of 01

Even though Stamp Duty of Rs.25 should be charged for all payments exceeding Rs 25,000

to 60 per cent. This is an unavoidable matter. The students drop out due to the following reasons.

- In the payment of Course fees, half of the full fee is paid at the commencement of the course and if the balance amount is not paid during the course, such students have to be taken off.
- Drop outs caused due to inadequacy of the primary knowledge.
- Deficiencies in the infrastructure facilities of the Institute.
- Limited accommodation available in the classrooms.
- Lack of machinery and equipment that match with the developing technology.
- The Sri Lanka Institution is run as a profit making institution amidst various deficiencies and difficulties.

- (b) Courses have been planned for conducting by giving only the expenditure involved and the expected income had not been shown.

Reply

The expected income from a course depends on the number of students enrolled. The expected income differs accordingly.

- (c) Even though the conduct of 17 courses had been planned according to the Action Plan 05 of the courses had not been conducted. Even though the enrolment of 285 apprentices for 03 courses had been expected only 240 apprentices had been enrolled. Even though the enrolment of 8 apprentices for one course had been planned, that course had not been conducted.

Reply

Even though certain courses were included in the Action Plan, those had not been conducted as the minimum number of students had not enrolled. The following reasons are attributed to that.

- Technology development
- Establishment of competing institutions
- The fee charging courses of the Institute are conducted free or for a lesser fee by other Government institutions
- Lesser demand in the field
- Institutional deficiencies

As such temporary suspension, delay or postponing of the courses to the ensuing year results.

- (d) Even though 171 apprentices had been enrolled for 05 courses which had not been planned according to the Action Plan, action had not been taken for the revision of the Action Plan.

Reply

Action will be taken in the ensuing year to revise the Action Plan according to the increase in the number of students.

4.2 Management Inefficiencies

The following observations are made.

- (a) A machine valued at Rs.4,200,000 purchased in the year 2003 for the courses remained idle since the year 2006 and that machine had been sold in the year 2014 due to the outdated technology and students not enrolling for the course.

A sum of Rs.192,000 only had been earned by the training 24 students by using the machine.

Reply

The Board of Governors had taken a decision for the sale of this machine purchased for Rs.4,200,000 in the year 2003 based on the recommendations of a Technical Committee due to reasons such as the decrease in the demand for the courses conducted with the machine, the heavy cost of repairs to the machine, deterioration due to idling since the year 2006 and the increased cost of repairs and the outdated technology. Machinery with new technology were available in the market in the year 2003 in which the machine was purchased. But the prices of those machines exceeded Rs.50 million and the Sri Lanka Institute of Printing, being a self-generation institute, did not have the finances for the purchase of such machines with the latest technology.

- (b) The following matters were observed in connection with the investments.
- (i) The best avenues of investments had not been identified for the investment of surplus cash. Interest income amounting to Rs.186,692 approximately had been deprived of due to the investment of surplus cash retained over long periods in short term investments.

Reply

In the future this will be taken into consideration and instead of short term investments, attention will be paid for long term investments.

- (ii) Even though tax on the income of institution established under a Parliamentary Act cannot be recovered, a sum of Rs.24,134 had been recovered from the interest income from investments.
- (c) Even though the Cabinet of Minister had granted approval on 09 December 2004 for the construction of a new building and a sum of Rs.227,370 had been spent in the year 2009 for the preparation of the plan for the building, construction work of the building had not been commenced even by 30 April 2015, the date of audit.

Reply

The land has been transferred to the Sri Lanka Institute of Printing by a deed on 2013/09/18 and the Ministry of Youth Affairs and Skills Development has informed us that the construction work of the building will be handled by the Ministry.

- (d) Surplus cash amounting to Rs.58,169,243 had been invested and a sum of Rs.3,594,740 had been retained as the Bank balance without being utilized for the achievement of the objectives of the Institute.

Reply

The Sri Lanka Institute of Printing is a self-generating institution and requires about Rs.1,000,000 for the monthly administrative expenses of the Institute. As such the Institute should maintain a Bank balance of about Rs.2,000,000. That is, if the income of the Institute for a month falls below Rs.1,000,000, the Institute has to encash its investments to meet the administrative expenses. Therefore, a Bank balance of about Rs.2,000,000 is maintained to avoid such situations. This is considered each year and new investments are made.

4.3 Staff Administration

The approved cadre of the Institute had been 13 and the actual cadre had been 11. Action had not been taken for recruitment for 02 vacant posts.

Reply

Vacancies exist at present for two Computer Instructors. At present there is a decrease in students enrolling for the Computer Division. As the Sri Lanka Institute of Printing is a self-generation institution, all administration expenditure is met from the income earned from the course fee income and as such staff costs have to be maintained at the minimum level. Action cannot be taken at present for recruitment to the vacant posts. Services of External Instructors are obtained when necessary.

4.4 Transactions of Contentious Nature

- (a) Monthly fuel allowances amounting to Rs.25,000, Rs.10,000 and Rs.6,000 had been given to the Secretary, the Training Director and the Marketing Executive respectively of the Institute, on the approval of the Board of Governors and the approval of the Treasury for that had not been obtained.

Reply

The fuel allowances are granted to the Registrar, the Training Director and the Marketing Executive on the approval of the Board of Governors. Action in this connection has been taken in terms of Section 18(1) of the Sri Lanka Institute of Printing Act, No. 18 of 1984.

- (b) An air ticket costing Rs.87,000 had been purchased for a part time Lecturer not belonging to the permanent staff of the Institute for him to proceed abroad on a Scholarship granted to him by the institution in which he serves.

Reply

The scholarship has been granted to an Instructor who is engaged on part time basis in the Sri Lanka Institute of Printing for further training in Germany. He has served as an Instructor of the Sri Lanka Institute of Printing on part time basis since the inception of the Institute over a period exceeding 20 years. The Board of Governors considering these matters, through their decision was instrumental in granting the scholarships. The Institute has paid the air fare of Rs.87,000 and the balance expenses had been met by the Department of Government Printing as he is an employee of that Department.

4.5 Uneconomic Transactions

Two seminars had been held for the awareness of the Printers concurrently with the DeyataKirula National Development Programme 2014. Even though the participation of 49 and 51 Printers had been expected for the 2 days respectively, the actual participation had been only 27 and 18 Printers respectively and a sum of Rs.109,375 had been spent in that connection.

Reply

Even though the participation of more than 50 persons for the seminar was expected, a number less than that participated on the two days. The participants were selected 3 months prior to conducting the seminar and they confirmed the participation and they

confirmed the participation in the Seminar in writing. The selection was made accordingly and the order for tea and lunch needed was made on the Hotel where the seminar was conducted. But some of the persons who confirmed the participation did not attend and it is an unavoidable situation. The seminar was conducted concurrently with the DeyataKirula Development Programme for the awareness of the Printers in that area.

5. Accountability and Good Governance

5.1 Budgetary Control

Significant variances were observed between the estimated income and expenditure of the Budget and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

Reply

Even though the variances between the income and expenditure and the actual income and expenditure is unavoidable, action will be taken in the future to minimize such variances. As the Sri Lanka Institute is not funded by the Government, it is not possible to use the budget income and expenditure as budgeted.

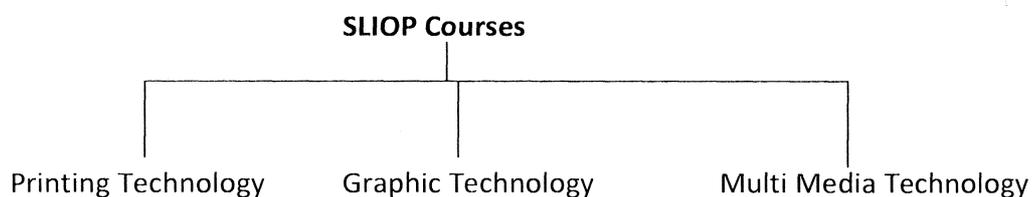
Action taken for the progress of the Institute

The action plan has been prepared under the headings stated below to reach institutional objectives and goals.

1. Service Product Development

Continue its study programmes and other activities under the below stated categories.

1.1 Study Programmes



The study programmes have been developed through a career development path. The study programmes are being revised once in 3 years or when and where necessary.

1.2 Seminars and Workshops

The Institute offers seminar style workshops for school leavers to educate on their career development in the field of Printing and Digital Arts Technology.

The Institute organizes technical workshop style seminars for those who are in the industry to develop their skills and knowledge in the ever developing technology.

1.3 Special Training Programme

The Institute organizes special training programmes on request by various Government and Non Government organizations to develop their staff on Graphic Design and Multi Media skills.

2. Promotion and Product Development

- Publish SLIOP courses through newspapers and gazette notices.
- Promote SLIOP courses in Government & Non-Government Organisations through the SLIOP Marketing Executive.
- Conduct free seminars and workshops in Schools and at Institute to promote SLIOP study programmes.
- Publish news articles and TV presentations to promote the brand name SLIOP among the masses.
- Developed a comprehensive Web Site to publish and receive information and data.
- Obtained NVQ qualification to Offset Printing Technology.

3. Institutional Development

The Institute has acquired a 40 perches land in Borella through the Department of Government Printing to construct a new building for the Institute.

The new building will help the Institute to increase the capacity and provide better facilities to the staff and students. This will also enhance the brand image of the SLIOP.

