



STATEMENT OF ACCOUNTS AND REPORT OF THE
AUDITOR GENERAL

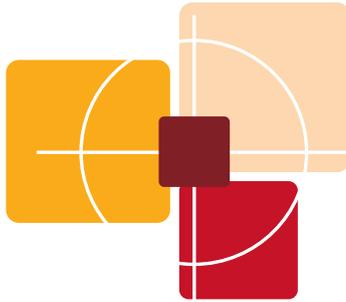
State Printing Corporation

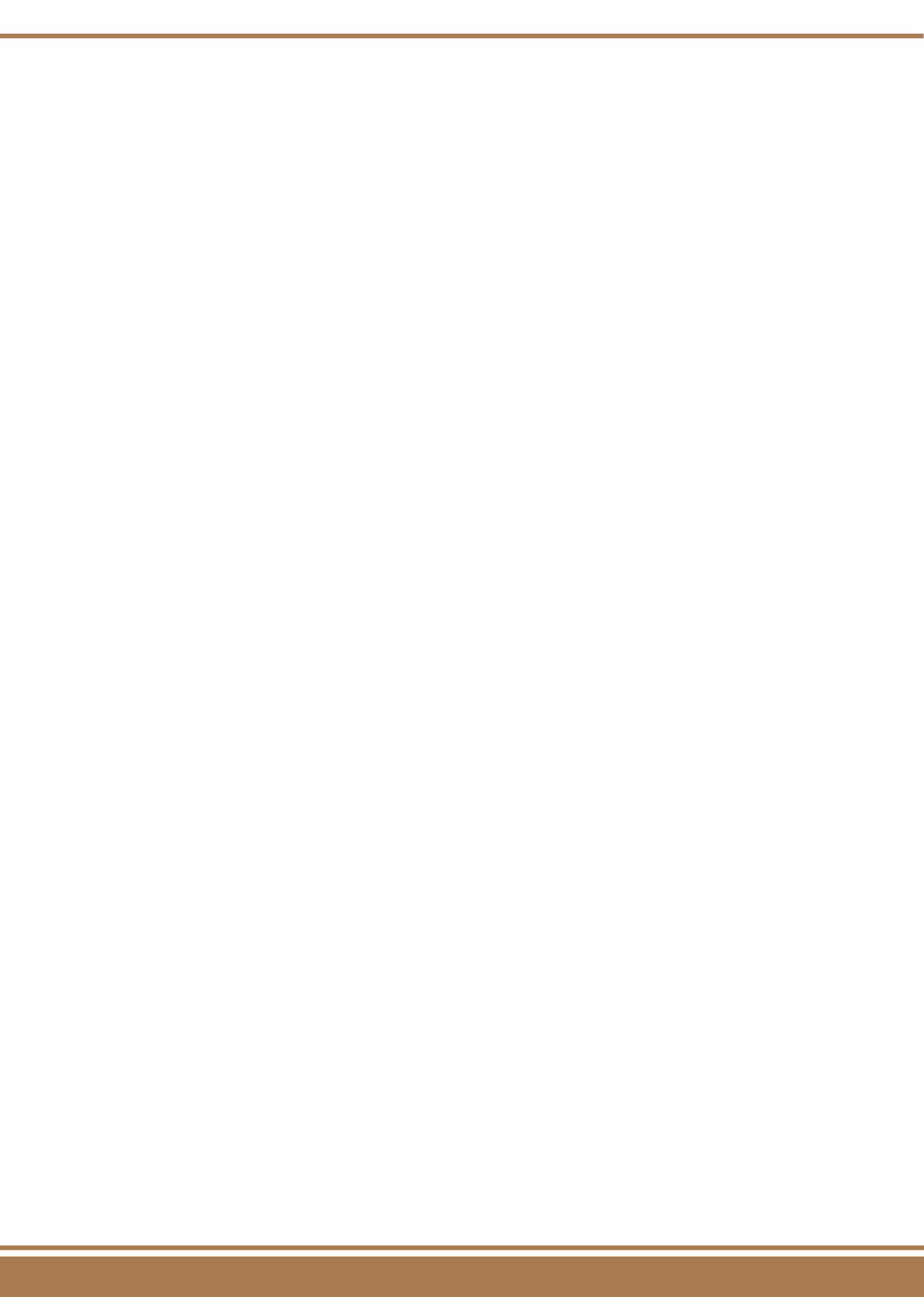
2015

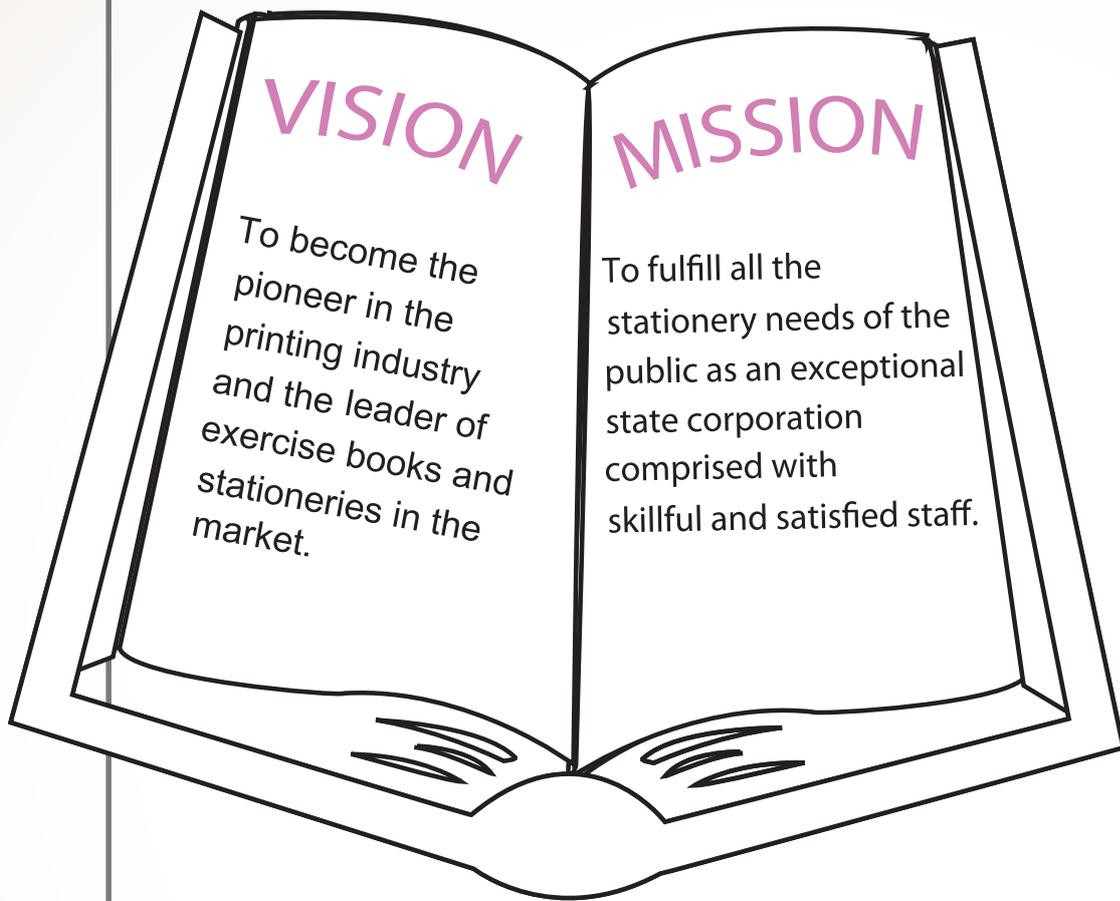
ANNUAL REPORT

For the 48th year ended 31st December 2015

01st January - 31st December 2015







Panaluwa
Padukka

Honourable Minister of Public Administration and Management
Ministry of Public Administration and Management
Torington Square,
Colombo 07.

Honourable Sir,

In terms of Section 14 of the Finance Act No. 38 of 1971, I have the honour to forward herewith the following on behalf of the Board of Directors in respect of the year 01st January to 31st December 2015.

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

Yours faithfully,
Ravindra Yasalal Kalansooriya
Chairman
State Printing Corporation





Chairman's Message



Since its inception in 1968 as the giant in the printing industry of Asia, State Printing Corporation has been treading a path lined with hard earned victories for the past 47 years. Looking back at the journey that we have made overcoming many obstacles, I am pleased to present the annual report and accounts for year 2015 which indicate the continued profitability and efficiency of State Printing Corporation. We are privileged to have been able to contribute to the success of the newly established government under the leadership of HE the President who gifted the nation a consensus government which is based on principles of good governance.

Furthermore, we have taken action to establish ourselves in the market despite the decline that we faced in the recent past. Within a fully competitive market, we have striven to gain more business opportunities for us in keeping with the normal profit concept in the place of over-profiting and we have worked towards maintaining the methodologies that we adopted earlier while increasing our financial returns further. At a time like this, it is indeed a pleasure to be presenting our annual analysis which portrays the past track record of the Corporation, highlighting aspects which promote wellbeing of the society. At a time when we are striving to overcome many disruptions of the past and rectify mistakes that isolated us within a highly competitive market in order to maintain our status quo as the giant of Asia while aspiring to strengthen the giant to face obstacles on its path, it is with great respect that I mention HE the President Maithreepala Sirisena and the Hon. Prime Minister who are spearheading the consensus good governance government dedicated to fulfill the greatest mission of the era.

Furthermore, I extend my heartfelt gratitude to Hon. Gayantha Karunathileka, the Minister of Parliamentary Reform and Mass Media and the Hon. Karunarathna Paranavithana, the Deputy Minister who have always bestowed on us their blessing, guidance and support to brighten our path. I take this opportunity to extend my appreciation to the Secretary to the Ministry, Mr. Nimal Bopage and the Board of Directors of the Corporation for their action to monitor the activities of the Corporation and provide us with the guidance to take the correct direction. In addition, I am forever grateful to the entire staff of the Corporation who give strength to the journey of the giant of Asia through their sense of teamwork and hard work.

Ravindra Yasalal Kalansooriya
Chairman
State Printing Corporation

2015

Board of Directors

Chairman

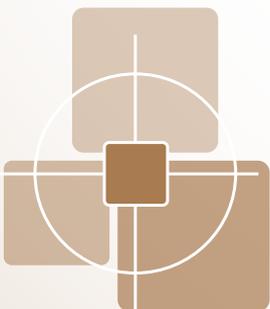
Ravindra Yasalal Kalansooriya

Working Director

Mr. Nanasena Adihetti

Directors

1. Mrs. W. K. D. Dunston
2. Mr. W. A. D. S. Gunasinghe
3. Mr. G. M. Niel Gunadasa
4. Mr. Bandula Gurusinghe
5. Mr. Darshana Ponnampereuma



2015

Executive Officers

General Manager

Mr. R. M. N. Monarawila

Finance Manager

Mr. N. D. Priyankara Kumara

Works Manager

Mr. S. T. Karunaratne

Supplies Manager

Mr. E. V. K. Keerthiratne

Manager (Admin. & Human Resources Development)

Mr. R. M. U. D. Bandara

Marketing Manager

Mr. M. T. J. Perera

Deputy Works Manager

Mr. D. M. M. B. Dissanayake

Deputy Works Manager

Mr. T. M. R. N. Tennekoon

Deputy Finance Manager

Mr. K. H. Thilakaratne

Manager (Stationery Factory)

Mr. L. T. Premasiri

Accountant

Mr. M. R. P. Jayawardena

Accountant

Mr. W. L. Deniyage

Internal Auditor

Mr. A. S. C. Silva

Asst. Manager Works (Estimates)

Mr. K. D. T. Chandrasiri

Asst. Manager Works (Security Printing)

Mr. M. A. Kothalawala

Asst. Manager Works (Process)

Mr. S. D. Kumarasinghe

Asst. Manager Works (Binding)

Mr. M. A. Shantha Kumara

Asst. Manager Works (Litho)

Mr. P. K. T. Mahinda

Asst. Manager (Sales)

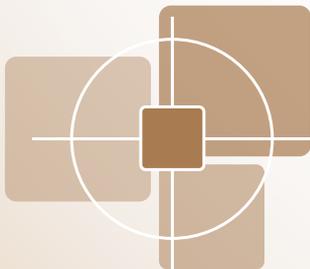
Mr. H. R. Gunasekera

Asst. Manager (Security)

Mr. W. W. M. Arachchige

Asst. Manager (Admin & HRD)

Mr. K. H. B. Sajeewa







2015

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of the State Printing Corporation has pleasure in presenting its 47th Report covering the activities of the Corporation for the year ended 31st December 2014, in terms of Section 14 of the Finance Act No. 38 of 1971.

09 Board Meetings were held during the year under review.

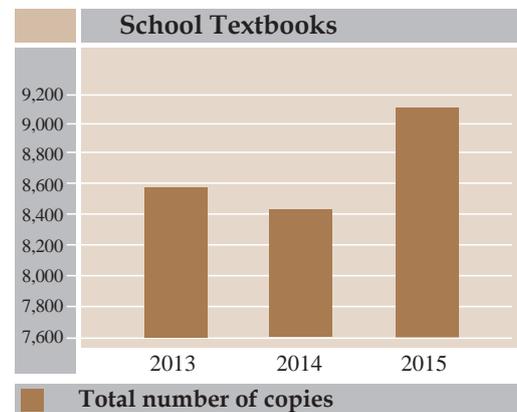
1. Production

1.1 School Textbooks

1.1.1 Printing of School Textbooks

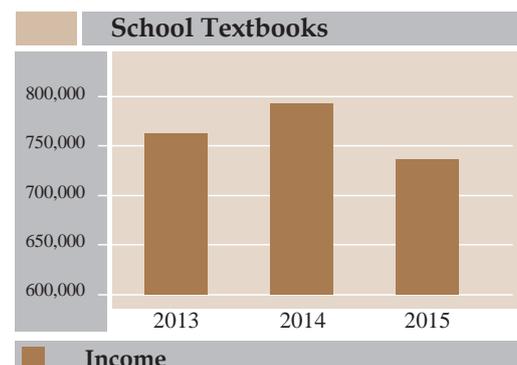
The Corporation which has been incorporated with the basic objective of printing of school textbooks, has diverted its activities to other production areas with the introduction of open economy. Accordingly, Corporation had to compete in tenders to obtain orders from Educational Publications Department. But the year under review too, Cabinet approval has been taken to award 9.1 million textbooks to State Printing Corporation by Educational Publications Department. As a result of that, the Corporation earned an income of Rs. 735,111 million. Income from printing of School Textbooks and number of copies printed during the year under review compared to year 2013 and 2014 are as follows:

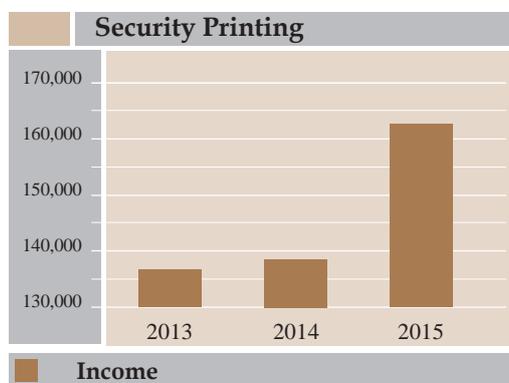
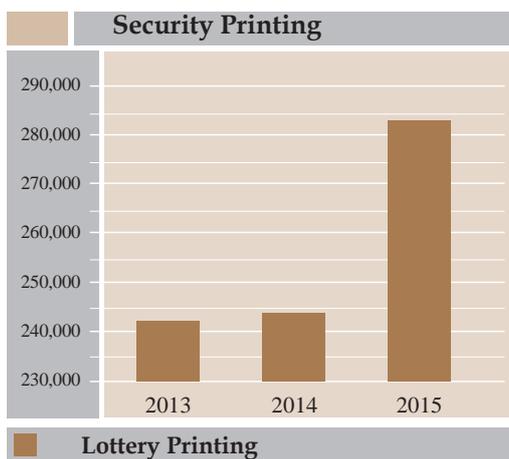
School Textbooks	2013 ('000)	2014 ('000)	2015 ('000)
No. of copies	8,546	8,406	9,110
Income - Rs.	758,335	789,897	735,111



1.2 Other Printing Works

Security Printing Works (such as Lottery Tickets, 'Ridee Rekha' Certificates, Post Office Labels, Dollar Tickets, Airport Super Draw etc.), Dahampasal Books and other printing works of Govt. Institutions were carried out during the year under review. In addition to this printing of Diaries and Calendars of various printing works of private sector institutions were fulfilled. Some of the special printing works completed and supplied by the Corporation are as follows:





1.2.1 Security Printing

Printing of 'Mahajana Sampatha' Lottery tickets for National Lotteries Board has been carried out for the last 40 years. It has been fulfilled in this year, as well. In addition to that, 'Power Lotto', 'Niroga' was also printed. 283 million Lottery tickets were printed in 2015, completing all the orders received. Accordingly, Rs. 163 million income was earned during the year under review. Income from Lottery printing and number of tickets are given below:

Lottery Printing	2013 ('000)	2014 ('000)	2015 ('000)
No. of copies	242,991	244,655	283,329
Income - Rs.	136,124	137,007	163,497

1.2.2. Special Printing Works

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

1. Annual Reports of various institutions
2. Various printing jobs of State Pharmaceuticals Corporation
3. Department of Census & Statistics - Forms
4. University Certificates
5. National Zoological Gardens - Tickets & Leaflets
6. Cinema Tickets
7. Printing jobs of E. P. F.
8. National Savings Bank - Printing jobs of National Savings Bank, including 'Ridee Rekha' Certificates
9. Printing of Answer Papers for Examinations Department.

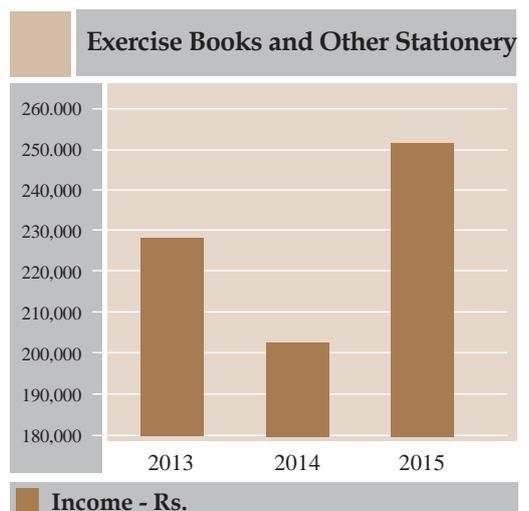
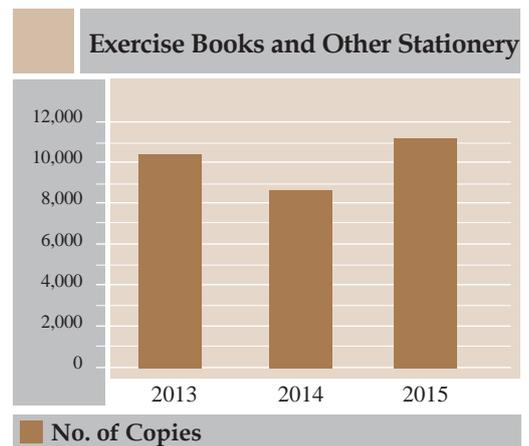
During the year under review the Corporation earned Rs. 118.4 million through other printing jobs.

1.3 Manufacturing of Exercise Books and Other Stationery

Production in the year under review and comparative figures for 2013 and 2014 are as follows:

Exercise Books & Other Stationery	2013 Rs.('000)	2014 Rs.('000)	2015 Rs.('000)
No. of copies	10,141	8,615	11,147
Income - Rs.	228,563	204,210	251,600

We could not achieve the target given for 2015 because Writing Paper for Exercise Books was not supplied properly.

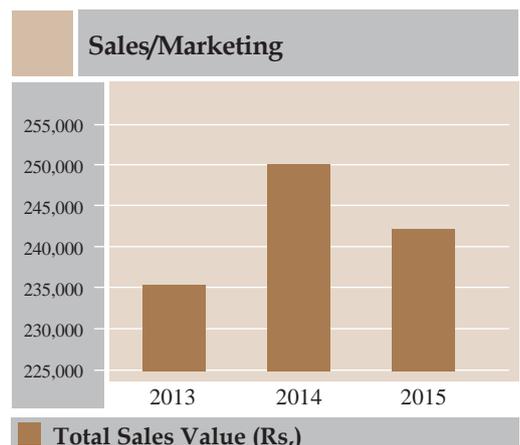


02. Sales/Marketing

When compared to previous year's total income, there is an increase of Rs. 8,427,719/= in this year.

Year	2013 Rs.	2014 Rs.	2015 Rs.
Total Sales Value (Rs.)	235,593,167.00	250,459,494.00	242,031,775.00

03 main income sources achieved compared to previous year are as follow. 9.36% increase of SPC Stationery items and 21% decrease of other stationery has shown. A considerable loss in income on other stationery items has occurred due to the poor procurement process. Although there was a considerable income shown in sales, stationery were not produced owing to issues pertaining to raw material procurement process during the year, thereby large quantity of orders were not received. If not, a good result would have been achieved.



03. Fixed Assets

Fixed Assets of the Corporation stood at Rs. 397,197,548/= at the end of year 2014. The written down value of same was Rs.99,679,966/=. This was compared to the previous year (i.e. 2014) figures Rs. 375,101,361/= and written down value of Rs. 93,143,947/- respectively.

Fixed Assets	2013 Rs. ('000)	2014 Rs. ('000)	2015 Rs. ('000)
Opening Value (at cost)	337,870	365,513	375,101
Written down Value	99,983	93,143	99,680

04. Tax Liability

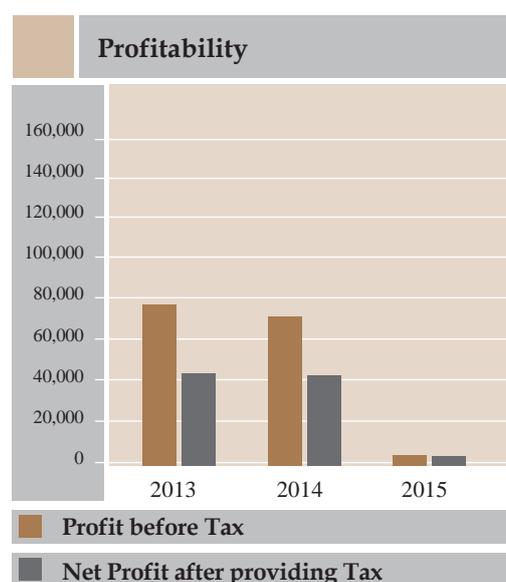
Provisions amounting to Rs. 821,094/= as income tax have been made in Final Accounts of year 2015 for the year of Assessment 2015/2016 by the Corporation.

Tax Liability	2013 Rs. ('000)	2014 Rs. ('000)	2015 Rs. ('000)
Income tax	30,828	27,260	821
Deemed Dividend Tax	5,454	2,363	-
Total	36,282	29,623	821

05. Profitability

The Corporation earned a profit before tax of Rs. 2,932,478/= during the year 2015, as compared to Rs. 71,153,661/= in 2014.

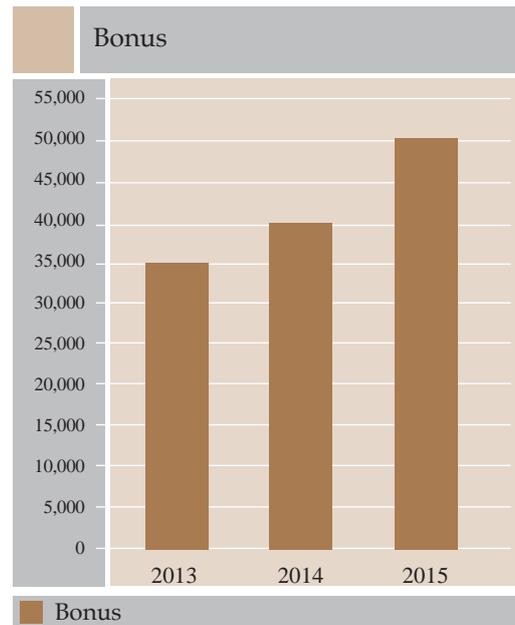
Profitability	2013 Rs. ('000)	2014 Rs. ('000)	2015 Rs. ('000)
Profit before Tax	78,096	71,154	2,932
Net Profit after Providing Tax	41,813	41,531	2,111



06. Bonus

Annual Bonus equivalent to two months salary was paid to the eligible employees amounting to Rs. 50,66,006/= It is 24% growth compared to year 2014.

Bonus	2013 Rs. ('000)	2014 Rs. ('000)	2015 Rs. ('000)
Rs.	35,260	40,724	50,660



07. Welfare

Following welfare facilities were provided to the employees in this year as in the previous year. The Corporation has spent Rs. 120 Million on this.

	Welfare	2013 Rs. ('000)	2014 Rs. ('000)	2015 Rs. ('000)
01.	Transport facilities for employees	3,064	3,274	2,595
02.	Incentive payments for employees	5,872	5,804	5,904
03.	Medical facilities	5,542	4,856	6,018
04.	Various welfare facilities	17,845	27,016	24,703
05.	Workmen Compensation Insurance	-	216	228
06.	Gift Vouchers of Stationery for the Employees	1,132	1,146	1,251
07.	Bonus for Employees	35,260	40,724	50,660
08.	Reimbursement of Housing Loan interest of Employees	4,207	4,935	4,938
09.	Payment of un-availed leave of Employees	11,319	13,051	16,939
10.	Special Incentive	3,495	3,408	6,700
	Total	87,736	104,430	119,891

08. Personnel

The entire work force of the Corporation during the year under review is 694 of which the breakdown is given below.

	2015
Office	142
Main Factory	371
Stationery factory	55
Security Section	46
Sales Outlets	40
Casual and Contract Employees	23
Days Pay Labourers	17

Following Executives left the Corporation during the year under review.

Name/Post	Date
1. Mr. K. A. A. D. Jude Peter Asst. Manager Works (Maintenance)	2015. 02. 26
2. Mr. L. G. Hewavitharana Manager (Operation)	2015. 05. 24
3. Mr. A. S. C. Silva Internal Auditor	2015. 12. 31

Acknowledgement

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

Ravindra Yasalal Kalansooriya
Chairman



2015 STATE PRINTING CORPORATION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31ST DECEMBER

1. Corporate Information

1.1 General

State Printing Corporation was incorporated in 1968, under the Act of parliament No. 24 of 1968 and the management and control of the Corporation is vested to the Board of Directors. It is located at Panaluwa in Padukka.

1.2 Principal Activities and Nature of Operations

The Corporation's principal activities are printing of school textbooks, manufacturing of exercise books and other printing works.

2. Basis of Preparation

The statement of financial position, statement of comprehensive income, changes in fund and cash flows, together with accounting policies and notes have been prepared in accordance with LKAS and SLFRS and in compliance with finance Act No.38 of 1971.

2.1 Basis of Measurement

The financial statements have been prepared on an accrual basis and under the historical cost. The financial statements are presented in Sri Lankan Rupees.

2.2 Going concern

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

3. Summary of Significant Accounting Policies

3.1 Property, Plant and Equipment

Property, Plant and Equipment is stated at cost net of accumulated depreciation. Fully depreciated assets which are still in use

Asset Category	Total Cost (Rs.)	Fully depreciated assest value (Rs.)	Fully depreciated assets value (Rs.) assets value as a % of total assets value
Buildings	38,020,440.00	6,683,778.00	18%
Plants & Machinery	236,452,325.00	128,705,002.00	54%
Furniture & Fittings	4,410,226.00	3,519,360.00	80%
Motor Vehicles	45,807,299.00	20,746,499.00	45%
Office Equipment	31,450,774.00	10,887,819.00	35%
Electrical Re-installations	2,572,951.00	2,572,951.00	100%
Computer & Accessories	35,793,321.00	26,918,031.00	75%

Remaining useful life of above categorized assets as at 31.12.2015 is being assessed appropriate action will be taken for proper accounting treatment.

3.1.1 Depreciation

Depreciation is calculated on straight line basis over the estimated useful lives of all Property, Plant and Equipment. The estimated useful lives for the current and comparative years are as follows;

Buildings	40 years
Plant & Machinery	13.33 years
Motor & Other Vehicles	4 years
Furniture & Fittings	10 years
Office Equipments	10 years
Computers & Accessories	3 years
Factory Tools & Types	4 years

3.2 Inventories

Inventories are valued at the lower of cost and net realisable value.

3.3 Taxation

Taxation is based on liability method and complied with the Inland Revenue Act No. 10 of 2006.

3.4 Cash & Cash Equivalents

4. Financial Instruments

Initial Recognition and Subsequent Measurement

4.1 Financial Assets

4.1.1 Impairment of Financial Assets

- (a) 2.5% is provided on trade receivable.
- (b) Further provision is made for the receivable amount from Education Publication Department since entire number of school text books have not been supplied within the stipulated period. Average of the penalties imposed by Educational Publications Department for such delay in recent past 5 years was based for this.

4.2 Financial Liabilities

Mode of financing of the corporation is a credit package obtained from People's bank on a property mortgage of land, buildings and fixed machinery.
There is a liability on surcharge for Employees Provident Fund for a past period.

4.2.1 Contingent Liability

There is a Contingent liability in respect of 7 appeals made against the decisions made by Labour Tribunal. Colombo High Court 17 appeals, 3 complaints to District Courts and 1 complaint to Court of Appeal.

5. Retirement Benefit Obligations

The Corporation is liable to pay Gratuity in terms of the payment of Gratuity Act No. 12 of 1983. Payment of Gratuity was made without any arrears where as no separate fund has been built up equalant to the provision as at 31. 12. 2015.

6. Income and Expenses

6.1 Revenue Recognition

All Revenues are recognized on an accrual basis.

Interest income

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

6.2 Expenses

All expenditures incurred in the running of the business have been charged to income in arriving the profit for the year.

6.3 Borrowing costs

All borrowing costs are recognized as expenses in the period in which they are incurred.

State Printing Corporation

Statements of Financial Position

As at 31st December -2015

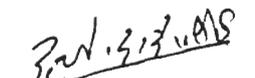
	Note No.	2015 Rs.	2014 Rs.
ASSETS			
Non - Current assets			
Property, Plant and Equipment	15	99,679,966	93,143,946
		99,679,966	93,143,946
Current Assets:			
Inventories	16	359,962,298	374,745,859
Trade Receivables	17	656,995,640	789,934,471
Other Receivables	18	183,534,351	165,575,584
Pre Payments		263,396	11,704
Cash & Cash Equivalents	19	33,542,417	5,425,708
		1,234,298,102	1,335,693,326
Total Assets		1,333,978,068	1,428,837,272
EQUITY & LIABILITIES			
Issued Capital			
		15,000,000	15,000,000
Reserves			
Retained Earnings		312,036,107	321,839,104
Total Equity		342,039,740	351,842,737
Non Current Liabilities			
Retirement Benefit Obligation		183,734,742	151,387,409
Interest Bearing Borrowings		-	-
Provision for panalty/Quality Losses			23,449,201
		183,734,742	174,836,610
Current Liabilities			
Trade Payables	20	253,548,518	338,137,042
Other Payables	21	36,594,068	32,346,639
Interest Bearing Borrowings		469,813,626	494,970,217
Bank Overdraft		48,247,374	36,704,028
Total Liabilities		808,203,586	902,157,926
Total Equity & Liabilities		1,333,978,068	1,428,837,272

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


 N. D. Priyankara Kumara
 Finance Manager

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were approved by the Board of Directors and signed on their behalf. The accounting policies on pages 119 to 121 and notes on pages 123, 124 and 128 to 131 form an integral part of these financial statements.


 Ravindra Yasalal Kalansooriya
 Chairman/Director


 Nanasena Adihetti
 Working Director

State Printing Corporation

Notes to the Financial Position

As at 31st December -2015

	2015 Rs.	2014 Rs.
16. INVENTORIES		
Raw materials	201,427,934	242,489,191
Consumable	4,361,638	4,557,130
Spare parts	38,664,242	36,680,545
Hardware	1,615,946	500,029
Finished goods	74,921,195	59,872,687
Work in progress	38,971,343	30,646,277
	359,962,298	374,745,859
	2015 Rs.	2014 Rs.
17. TRADE RECEIVABLES		
Trade debtors	673,119,568	809,256,090
Less- Provision for bad debt	(16,827,989)	(20,231,402)
Other debtors	704,061	909,782
	656,995,640	789,934,471
	2015 Rs.	2014 Rs.
18. OTHER RECEIVABLES		
Staff Loan and Advances (Note 18.1)	18,533,893	20,964,497
Deposits & Receivables (Note 18.2)	2,940,778	5,746,572
Sales Control Accounts	1,359	(1,443,477)
Bank Loan - Margin A/C	162,058,321	140,307,992
	183,534,351	165,575,584
	2015 Rs.	2014 Rs.
18.1 STAFF LOAN AND ADVANCES		
Creditors advance A/C	1,920,140	1,521,556
Distress loans	14,294,108	16,193,582
Festival advance	2,236,000	2,756,413
Staff salary advances	83,645	492,945
	18,533,893	20,964,497
	2015 Rs.	2014 Rs.
18.2 DEPOSITS & RECEIVABLES		
Deposits receivable	2,406,142	5,193,075
Add. other receivables	534,636	553,497
	2,940,778	5,746,572
	2015 Rs.	2014 Rs.
19. CASH & CASH EQUIVALENTS		
Cash at Bank	26,669,359	2,214,824
Cash in Transit	6,774,493	3,129,182
Cash in Hand	98,565	81,702
	33,542,417	5,425,708

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

	2015 Rs.	2014 Rs.
Cash at Bank	26,669,359	2,214,824
Cash in Transit	6,774,492	3,129,182
Cash in Hand	98,565	81,702
	33,542,416	5,425,708
Bank Overdrafts	(48,247,374)	(36,704,028)
	(14,704,958)	(31,278,320)
	2015 Rs.	2014 Rs.
20. TRADE PAYABLES		
Trade creditors	53,840,285	59,781,032
Other creditors	1,076,244	77,517,303
Department of Inland Revenue	198,618,612	200,835,799
Sales advance	13,377	2,909
	253,548,518	338,137,042
	2015 Rs.	2014 Rs.
21. OTHER PAYABLES		
Accrued Expenses	35,878,568	29,969,046
Deposit Payable	715,500	2,377,593
	36,594,068	32,346,639

State Printing Corporation

Statement of Cash Flows

As at 31st December - 2015

	2015 Rs.	2014 Rs.
Cash Flows from Operating Activities	2,932,478	71,153,661
Net Profit / (Loss) before taxation		
Adjustment for:		
Depreciation on Fixed Assests	18,817,930	16,428,062
Prior year adjustments	63,950,712	86,702,069
Finance Expenses	51,637,119	67,498,596
Gratuity provision made during the year	42,083,872	26,774,796
Operating Profit before Working Capital Changes	179,422,111	268,557,184
Changes in items of Working Capital		
(Increase)/ Decrease in Inventories	14,783,561	(66,899,253)
(Increase)/ Decrease in Trade and other receivables	132,938,831	(56,654,226)
(Increase)/ Decrease in Other Receivables	(17,958,767)	(22,429,821)
Increase / (Decrease) in Current Liabilities	(80,341,095)	(5,141,550)
Cash generated from operations	228,844,641	(151,124,850)
Tax paid	(100,805,045)	75,896,011
Employee Retirement Benefit paid	(9,736,539)	(4,798,335)
Cash Flows from Operating Activities	118,303,057	36,737,988
Cash Flows From Investing Activities		
Purchasing of PPE	(24,935,984)	(9,588,804)
Net cash flows from Investing Activities	(24,935,984)	(9,588,804)
Cash Flows from Financing Activities		
Proceeds received / paid for borrowings	(25,156,591)	50,882,817
Interest Paid	(51,637,119)	(67,498,596)
Net cash flows from Financing Activities	(76,793,710)	(16,615,780)
Net Increase/(Decrease) in Cash & Cash Equivalents	16,573,363	10,533,405
Cash & Cash Equivalents at the beginning of the period	(31,278,320)	(41,811,725)
Cash & Cash Equivalents at the end of the period (Note 19)	(14,704,957)	(31,278,320)

State Printing Corporation Statement of Changes Equity For the year ended 31st December - 2015

	Issued Capital	Capital Reserve	General Reserve	Development Reserve	Retained Earnings	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balances as at 01 January 2014	15,000,000	102,491	1,000,000	13,901,142	283,100,175	313,103,808
Profit / (Loss) for the year	-	-	-	-	(2,791,741)	(2,791,741)
Prior Year Adjustment	-	-	-	-	41,530,670	41,530,670
Balance as at 31 December 2014	15,000,000	102,491	1,000,000	13,901,142	321,839,104	351,842,737
Balance as at 01 January 2015	15,000,000	102,491	1,000,000	13,901,142	321,839,104	351,842,737
Profit/(Loss) for the year	-	-	-	-	(11,914,381)	(11,914,381)
Prior Year Adjustment	-	-	-	-	2,111,384	2,111,384
Balance as at 31 December 2015	15,000,000	102,491	1,000,000	13,901,142	312,036,107	342,039,740

State Printing Corporation Comprehensive Income Statement For the year ended 31st December - 2015

	Notes	2015 Rs.	2014 Rs.
Revenue	7	1,300,518,508	1,334,036,310
Cost of sales	8	(919,270,372)	(878,824,960)
Gross Surplus		381,248,136	455,211,350
Other operating income	9	25,810,856	8,280,234
Distribution expenses	10	(20,637,877)	(28,652,368)
Administrative expenses	11	(221,422,756)	(199,688,025)
Other operating expenses	12	(113,405,494)	(98,257,868)
Operating Profit		51,592,865	136,893,323
Finance Income		2,976,732	1,758,935
Finance Expenses	13	(51,637,119)	(67,498,596)
Surplus for the year before tax		2,932,478	71,153,661
Income Tax	14	(821,094)	(29,622,991)
Surplus for the year after tax		2,111,384	41,530,670

Statements of Comprehensive Income for the Year Ended 31st December - 2015

	2015 Rs.	2014 Rs.
Surplus for the Year	2,111,384	41,530,669.92
Other Comprehensive Income	-	-
Total Comprehensive Income for the Year	2,111,384	41,530,669.92

State Printing Corporation

Notes to the Financial Statements

For the year Ended 31st December - 2015

	2015 Rs.	2014 Rs.
07. REVENUE		
Income from Stationery Factory	226,772,430	231,584,796
Income from Main Press		
Textbooks	776,607,507	642,847,478
Job Works	281,879,226	440,729,338
Publications	284,071	218,382
Income from Other Sales	14,975,274	18,656,316
	1,300,518,508	1,334,036,310
	2015 Rs.	2014 Rs.
08. COST OF SALES		
Main Press		
Raw materials consumed	405,558,049	429,959,088
Direct labour	193,528,470	157,912,108
Direct factory expenses	43,374,471	47,222,425
Indirect factory expenses	56,591,381	54,418,700
Other expenses	30,289,749	10,602,024
	729,342,120	700,114,344
Stationery factory		
Raw materials consumed	154,175,405	122,825,306
Direct labour	29,313,230	22,365,113
Direct factory expenses	3,467,847	4,048,854
Indirect factory expenses	2,144,242	1,941,292
Other expenses	(14,205,944)	19,345,014
	174,894,780	170,525,579
Cost of Publication unit	393,071	225,934
Cost of Other Sales unit	14,640,401	7,959,103
Total cost of sales	919,270,372	878,824,960
	2015 Rs.	2014 Rs.
09. OTHER OPERATING INCOME		
Sundry Income	21,834,295	7,498,651
Tender Deposit	599,898	781,583
Over Provision of Bad Debts	3,376,663	-
	25,810,856	8,280,234
	2015 Rs.	2014 Rs.
10. DISTRIBUTION EXPENSES		
Economic Service Charges	-	3,260,748
Nation Building Tax	15,728,306	14,728,700
Upkeep of Motor Vehicles	3,270,284	4,461,840
Provision for Bad Debts	-	1,466,210
Advertisement	841,008	1,453,619
Sales Promotion	417,380	3,270,984
Maint. of Outlet	134,391	10,267
Sales Commision	246,508	-
	20,637,877	28,652,368

	2015	2014
	Rs.	Rs.
11. ADMINISTRATION EXPENSES		
Rent	2,715,898	3,059,629
Upkeep of land & buildings	1,035,120	2,327,238
Electricity	167,242	195,470
Maintenance of office equipment	310,947	432,232
Depreciation - Office equipment	1,975,002	1,804,769
- Furniture & Fittings	86,863	91,188
- Computer software	2,378,768	1,287,337
- Motor cycles	34,507	-
Rates	26,623	78,052
Water Tax	38,363	49,426
Salaries & Wages	124,994,160	106,717,208
Overtime of staff	7,052,677	10,370,043
Employees' provident fund	16,227,899	14,264,339
Employees' trust fund	4,056,979	3,565,357
Incentive payments	2,392,750	2,540,610
Chairmans' emolument	812,065	690,000
Working Directors' emolument	510,919	-
Vice Chairmans' emolument	-	458,347
Board Director's fees	213,100	288,000
Postage	340,305	178,089
Telephone	1,239,368	1,526,887
Press Notices & Publication	92,170	-
Travelling & subsistence	1,393,337	1,609,818
Newspapers and periodicals	89,020	66,910
Foreign Travelling / Staff training (Foreign)	672,559	3,038,518
Internet / E-mail	80,287	412,164
Printing & Stationery	3,916,882	4,733,025
Audit fees	-	-
Entertainment	256,266	366,964
Legal & Consultancy	320,719	596,557
Upkeep of Motor vehicles 25%	3,270,284	4,461,840
General office expenses	355,357	2,816,822
Miscellaneous expenses	102,612	76,250
Gratuity Expenses	42,083,872	26,774,796
Tender board technical committee fees	419,000	702,550
Cash escort charges	14,250	33,000
Membership fees	36,100	37,500
Staff training	242,100	597,850
Accommodation	13,780	254,591
Board meeting expenses	30,667	259,268
Donation	335,854	1,781,697
Rent - Motor Vechicles	443,960	1,044,686
Sales Analyzing Charges	-	-
Cash Transport Charges	69,675	-
Computer Bureau Service Charges	441,450	-
Audit and Management committee fees	133,000	99,000
	221,422,756	199,688,025
	2015	2014
	Rs.	Rs.
12. OTHER OPERATING EXPENSES		
Welfare to staff	24,702,769	27,015,994
Employees medical scheme	6,017,920	4,855,939
Housing Loan interest	4,938,620	4,935,271
Bonus to staff	50,660,006	40,723,833
Special Incentive Payment	6,700,000	3,408,170
Staff transport	2,595,233	3,274,388
Leave Encashment	16,937,575	13,051,103
Payee Tax	853,371	993,171
	113,405,494	98,257,868

	2015	2014
	Rs.	Rs.
13. FINANCE EXPENSES		
Bank charges	6,650,376	8,640,167
Bank Overdraft interest	1,429,507	4,700,100
Bank Loan interest - Short Term	43,557,236	53,633,209
Bank Loan interest - Long Term	-	525,121
Fine Charges	-	-
-	-	-
	<u>51,637,119</u>	<u>67,498,596</u>
	2015	2014
	Rs.	Rs.
14. INCOME TAX		
Income tax provision for the year	821,094	27,259,607
Provision for deemed dividend tax	-	2,363,384
	<u>821,094</u>	<u>29,622,991</u>

State Printing Corporation

Notes to the Financial Statements

For the Year Ended 31st December - 2015

15. PROPERTY, PLANT AND EQUIPMENT

Description	As at 01. 01. 2014	Opening Balance Defference	Additions/ Revaluations during the year	Disposals during the year	As at 31. 12. 2014	Opening Balance Defference	Additions	Disposals during the year	As at 31. 12. 2015
At Cost									
Land	475,126	-	-	-	475,126	-	-	-	475,126
Buildings	37,182,060	-	838,380	-	38,020,440	-	-	-	38,020,440
Plants and Machinery	215,074,631	-	2,168,898	-	217,243,529	-	19,208,796	-	236,452,325
Furniture and Fittings	4,336,576	-	-	-	4,336,576	-	73,650	-	4,410,226
Office Equipment	27,988,509	-	1,128,013	-	29,116,522	-	2,334,252	-	31,450,774
Factory Tools, Types	1,934,576	-	30,179	-	1,964,755	-	250,331	-	2,215,086
Electronic Reinstallations	2,572,951	-	-	-	2,572,951	-	-	-	2,572,951
Motor and other Vehicles	48,397,096	-	-	-	48,397,096	(2,839,797)	250,000	-	45,807,299
Computer & Accessories	27,551,031	-	5,423,335	-	32,974,366	-	2,818,955	-	35,793,321
Total	365,512,556	-	9,588,805	-	375,101,361	(2,839,797)	24,935,984	-	397,197,548
Accumulated Depreciation									
Buildings	27,444,058	-	783,417	-	28,227,475	-	783,417	-	29,010,892
Plants and Machinery	159,635,834	-	6,565,954	-	166,201,788	-	7,695,826	-	173,897,614
Furniture and Fittings	3,741,128	-	91,188	-	3,832,316	-	86,863	-	3,919,179
Office Equipment	15,363,113	-	1,804,769	-	17,167,882	-	1,975,002	-	19,142,884
Factory Tools, Types	1,573,155	-	94,127	-	1,667,282	-	269,021	-	1,936,303
Electronic Reinstallations	2,572,950	-	-	-	2,572,950	-	-	-	2,572,950
Motor and other Vehicles	29,913,788	-	4,778,107	-	34,691,895	(3,257,762)	4,855,369	-	36,289,502
Computer & Accessories	25,285,326	-	2,310,500	-	27,595,826	-	3,152,432	-	30,748,258
Total	265,529,352	-	16,428,062	-	281,957,414	(3,257,762)	18,817,930	-	297,517,582
Written Down Value	99,983,204	-	-	-	93,143,947	417,965	6,118,054	-	99,679,966



2015

REPORT OF AUDITOR GENERAL



විගණකාධිපති දෙපාර්තමේන්තුව கணக்காய்வாளர் தலைமை அறிப்பித் திணைக்களம் AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல. }
My No. }

MED/D/SPC/1/15/9

මගේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

23 September 2016

The Chairman,
State Printing Corporation

Report of the Auditor General on the Financial Statements of the State Printing Corporation 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 State Printing Corporation 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 23 of the State Printing Corporation Act, No.24 of 1968. My comments and observations which I consider should be published with the Annual Report of the Corporation 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 issued to the Chairman of the Corporation on 25 August 2016.

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 the 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 Corporation'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 Corporation'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.

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 State Printing Corporation 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 non-compliances with Sri Lanka Accounting Standards were observed in audit.

(a) Sri Lanka Accounting Standard 01

Even though the assets and liabilities should not be set off each other except at the event of giving permission or when required through the accounting standard, total credit balance of Rs.4,409,866 had been deducted from the total debtor balance of Rs.499,251,402 receivable from the public and private sectors as at the end of the year under review and only the Net debtor balance of Rs.494,841,536 had been disclosed in the financial statements.

(b) Sri Lanka Accounting Standard 02

In computing the closing stocks, it should be measured at the cost or the net realisable value whichever is less and stated in financial statements. Nevertheless, the Corporation had not assessed on the net realisable value of the closing stock.

(c) Sri Lanka Accounting Standard 08

- (i) Instead of taking action to adjust retrospectively the corrections of errors related to preceding years by the Corporation and to restate the financial position of the preceding year, prior period adjustments amounting to Rs.11,914,381 had been shown in the statement of changes in equity and the information thereon had not been disclosed.
- (ii) Even though the assets costing Rs. 200,033,440 had been fully depreciated due to not reviewing annually the effective life for the non-current assets, they had been further in use. Accordingly, action had not been taken to revise the estimated error.

(d) Sri Lanka Accounting Standard 16

Details of obtaining a loan amounting to Rs.624,552,578 by keeping lands, buildings, and plants as security and the nature of the mortgage had not been disclosed in the financial statements.

2.2.2. Accounting Deficiencies

The following observations are made.

- (a) No provisions had been made in the financial statements for penalty charges amounting to Rs.28,496,348 revealed at audit test check carried out on penalty charges payable due to not handing over the printed school text books on the prescribed date to the Education publications Department.
- (b) Depreciation for property, plant and equipment had been understated by Rs.1,586,947 for the year under review due to computation errors.
- (c) Even though impairment of 2.5 per cent out of the total trade debtors had been provided for debtors, it was observed that the amount provided was in sufficient

as there was a probability that it could not be recovered since a sum of Rs.64,551,593 of the total debtors had been lapsed for over 5 years.

2.2.3. Unexplained differences

According to the financial statements of the year under review, a difference amounting to Rs.259,741 was observed between the payment for leave Encashment amounting to Rs.16,937,575 and the balance of Rs.16,677,834 according to the schedule.

2.2.4. Lack of Evidence for Audit

The evidence indicated against the each following item was not made available for audit.

Description	Value	Evidence not presented
-----	-----	-----
	(Rs.)	
(a) Trade debtors	673,119,568	Debtors Control Account and Debtors Individual Accounts
(b) Trade Creditors	53,840,285	Confirmation of balances, Creditors' Individual Accounts and Creditors Control Account
(c) Other creditors	1,076,244	Ledger Accounts and Balance Confirmations.

2.3. Accounts Receivable and Payable

The following observations are made.

- (a) Credit balance in arrears totalling Rs.64,551,594 over 05 years had remained in the trade debtors' balance amounting to Rs.673,119,568 as at 31 December in the year under review.

- (b) Trade creditors' balance as at 31 December in the year under review was Rs.53,840,285 and according to the age analysis of the creditors, the value of creditors unsettled between 2 to 5 years was Rs.17,865,079. This represented 33 per cent of the total creditors.
- (c) A sum of Rs. 9,753,427 had to be recovered from the National Paper Company as at 31 December in the year under review and the amount payable to the Paper Company by the Corporation was Rs.7,460,675. Even though the amount of credit over 02 years was sums of Rs.7,989,976 and Rs.5,578,142 respectively in these credit balances, action had not been taken to identify these transactions and to settle such balances.

2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions.

The following non-compliances with Laws, Rules, Regulations and Management Decisions were observed in the audit.

Reference to Laws, Rules, Regulations and Management Decisions etc.	Non-compliances
-----	-----
(a) Subsection (26) (1) of Value Added Tax Act, No.14 of 2002.	Even though the value added tax should be remitted to the Commissioner General of Inland Revenue prior to the last date of the month following the end of the tax recoverable period, Value Added Tax totalling Rs.35,230,511 from the year 2012 to the end of the year under review had not been remitted even by 31 January 2016.

- (b) Section 4 of Nation Building Tax Act, No.09 of 2009. Even though the Nation Building tax related to each quarter should be remitted to the Commissioner General of Inland Revenue prior to the twentieth day of the month following the end of the relevant quarter, Nation Building Tax totalling Rs.62,426,710 for the period between the year 2010 to the 2015 had not been remitted even by 31 December 2015.
- (c) Section 8.7 of Public Enterprises Circular No. PED/12 dated 02 June 2003. PAYE tax amounting to Rs.853,371 payable for the year under review by the officers of the Corporation had been paid from the Corporation Fund.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, financial results of the Corporation for the year ended 31 December of the year under review was a surplus of Rs.2,111,384 as compared with the corresponding surplus of Rs.41,530,670 for the preceding year, thus indicating a deterioration of Rs.39,419,286 in the financial results. The decrease of the sales income by Rs.33,517,802 in the year under review as compared with the preceding year had mainly attributed to the deterioration of financial result.

In analyzing the financial results of the year under review and preceding four years a surplus could be observed from the year 2011 to 2015 and it had gradually decreased from the year 2013. But when taking into consideration the employees' remuneration, government taxes and the depreciation for non- current assets, contribution of the

Corporation in the year 2011 amounting to Rs.468,656,443 had increased gradually and it had amounted to Rs.565,260,550 in the year 2015.

3.2 Analytical Financial Review

The following observations are made.

- (a) The gross profit ratio had decreased from 34 to 29 per cent as compared with the preceding year and a deterioration of the profitability of the Corporation was observed due to decrease of net profit ratio from 5 per cent to 0.2 per cent.
- (b) Interest coverage ratio of the year under review had deteriorated from 2.12 terms to 1.1 terms as compared with the preceding year due to deterioration of pre-tax profit in the year under review.

4. Operating Review

4.1 Performance

The objectives of the Corporation summarized according to the State Printing Corporation Act, No.24 of 1968 and the amended Acts introduced thereafter are given below.

- (a) To carry out printing work or publishing work required by the Government, local bodies, Public Corporations incorporated by a written law, statutory Boards, Private institutions, or an individual;
- (b) To undertake manufacturing, importing exporting, purchasing, sale of stationery and other consequential materials.
- (c) To undertake the sale, distribution, exporting and importing books, education assisting newspapers, magazines and other publications printed or published by the Corporation or any other Institution in Sri Lanka.

4.2 Management Activities

Stock of stationery in the year under review as compared with the closing stock of stationery amounting to Rs.39,518,977 in the preceding year had increased by Rs.17,648,818 representing 44 per cent due to manufacturing of stationery without a proper preparation of marketing plans.

4.3 Idle and Underutilized Assets

Stock of exercise books of sale price of Rs.4,770,110 manufactured in the years 2012 and 2013 had remained unsold even by January 2016 due to preparation of manufacturing plans without the market forecast and this stock of exercise books had become of low quality at present.

4.4 Transactions of contentious nature

Two officers of the Corporation had been attached on the basis of payment of commission without an approval of the Board of Directors for recovery of old credit in arrears. Payment of commission amounting to Rs.246,509 had been made during the year under review for the recovery of the loan related to the years 2013 and 2014 instead of recovery of old credit balances in arrears.

4.5 Identified losses

A stock of papers costing Rs.461,037 had been damaged due to not storing properly the stocks of papers required for printing books and stationery of the Corporation and a loss of Rs.367,281 had incurred due to sale of such stock at the cost of Rs.93,756 in the year under review.

4.6 Resources of Corporation made available to other public Institutions.

An extent of 13 Acres 2 roods 06 perches from the land of the Corporation had been vested to the Industrial Development Board without regularity.

4.7 Personnel Administration

Even though a Marketing Research Officer had been appointed on 01 November 2013 for observation of market behavior and carrying out market research, any market research had not been done in the year under review.

5. Accountability and Good Governance

5.1 Budgetary Control

Variations ranging from 20 per cent to 100 per cent of budgeted and actual expenses were observed related to 36 items of expenditure thus it was observed that the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

Weaknesses in the system of financial control related to up- to-date balance of cash book, preparation of Bank Reconciliations and banking money were brought to the notice of the Chairman of the Corporation.

H.M.Gamini Wijesinghe

Auditor General



2015

STATE PRINTING CORPORATION COMMENTS ON FINANCIAL STATEMENT

2.2 Comments on Financial Statement

2.2.1 (a) Sri Lanka Accounting Standards Number 01.

The debt balance is indicated accurately, having written off the error of indicating a reduction in the credit balance of Rs. 4,409,866.00 out of the values of debtor balances to be recovered from the accounts of the ensuing year.

(b) Sri Lanka Accounting Standards Number 02

The stocks available in the sales outlets of the stores are verified as at 31st December annually. Accordingly, the stock calculation has been hitherto done based on the cost value. With effect from the ensuing year, the Board of Survey will be advised to alter the stock survey formats (stock verification documents) and to make arrangements to calculate based on the net realization value of the final stocks.

(c) Sri Lanka Accounting Standards Number 08

- (i) Hereafter action will be taken to clearly make the required disclosures in the financial statements.
- (ii) The revaluation of all the assets including the completely depreciated values which are being further utilized has been completed. However, they have not been included in the accounts owing to not receiving the relevant reports from the Department of Valuation. During the year 2017, retrospective adjustment of revalued assets will be included in the accounts.

(d) Sri Lanka Accounting Standards Number 16

- (i) Hereafter action will be taken to clearly make the required disclosures in the financial statements.

2.2.2 Accounting Deficiencies

- (a) The penalties charges can not be precisely calculated as at the date of preparing the final accounts and in case of a delay in receiving the advance payments as per the agreements, it will lead to a delay in ordering the raw materials. In such instances there are methodologies to submit a written explanation to the Educational Publications Department and to get the penalties charges relaxed. In such situation complete provision will not be made for penalties.
- (b) An erroneous calculation of depreciation included in the motor vehicles depreciation account in the year 2014 has been re included in the year under review as well as a Formula error and it has led to this inaccuracy. In this year (2016), action has already been taken to rectify this situation by detecting the error and making a journal entry. (JV No.160026)

- (c) In the ensuing accounting years, steps will be taken to make a sufficient provision with regard to debtors in debt for more than 5 years.

2.2.3 Unexplained differences

Payments for leave encashment regarding the following vouchers prepared by the Salary Division have been included in the final account of 2015.

Payments for leave encashment relevant to year 2015	16,913,389.42
Payments made to Mr.W.S.K.Rathnayake (Balance Leave)	46,339.00
Voucher Payments	650.00
Over payments of year 2014	
(After the preparation of Final accounts of year 2014)	(22,803.19)
Total Payments	16,937,575.23

The above schedule is a computerized copy obtained after the preparation of leave encashment. Where the errors have been rectified and final payments have been made. This preparation in the form of a sub schedule is not proper and however, settlement of payments and preparation of leave encashment for the year 2015 have been done accurately.

2.2.4 Lack of evidence for Audit

I do state that the debtors' control account and the individual debtors' account, the creditors' control accounts and the individual creditors' accounts, other Ledger accounts and confirmations of balances were available in the Accounts Division.

2.3 Accounts receivable and payable.

- (a) A special staff has been deployed under the supervision of the accountant. (Revenue) to recover the debtors and to streamline the recovery of debtors.
- (b) It is accepted that a quantitative creditors balance exceeding a period of 2 years is available within the relevant debtor balance, and expeditious action would be taken to solve the matter by settling the payments or by writing off, having inquired the accuracy of the aforesaid balances.
- (c) The amount to be received from the National Paper Company has been hitherto decided by balancing the creditors' balance. Therefore, This has been informed in writing to the relevant institutions (Auditor General's Department) to rectify this situation .

2.4 Non-compliance with laws, rules and regulation and Management decisions

- (a) Sub section (26) (1) of Value Added Tax Act Number 14 of 2002

An agreement has been made with the Department of Inland Revenue to settle the Tax payments of Rs. 210 million which has been outstanding since year 2007 on installment basis and it is being proceeded. The payment of relevant installments have been commenced by now. Therefore there is a need to maintain financial liquidity without making any negative impact on the institution. Therefore, in spite of the slight delay in settling the relevant tax payments, action would be taken in future to settle it.

- b) Section 4 of Nation Building Tax Act Number 09 of 2009

An amount of approximately 54 million has been outstanding payments of the previous years. It has been already commenced to settle these dues with the agreement of the Department of Inland revenue in the form of installments. An installment of Rs. 41.7 of the total outstanding tax payment has been settled, by the end of January 2016.

- (c) Arrangements have been made by the relevant officers to settle the PAYE tax personally with effect from June 2016.

3. Financial Review

3.1 Financial results

Due to the fact that the difficulty in absorbing the Cost of sales and the overheads on the customers (Estimates), the stiff competition in the printing industry, and the requirement to quote the minimum bids to obtain the printing orders according to the tender procedure and the receipt of the majority income only during the final quarter of the year have negatively affected the financial results.

3.2 Analytical Financial review

- (a) This situation has been taken for consideration.
(b) Arrangements are made to maintain the interest coverage ratio at an optimum level .

4. Operating Review

4.1 Performance

Attention has been paid to objectives (a) to (c)

4.2 Management Activities

A Comprehensive marketing plan is being prepared by the Marketing Manager under the supervision of the General Manager.

4.3 Non performing and under utilized assets.

Slow moving items remained due to the unavailability of compulsory items which was a result of non receipt of stocks of raw materials required for production owing to different reasons in the years 2012 and 2013.

As the majority of the stocks that remained were pinned items and items with fast moving and comparatively slow movement during the end of the year, their sale got declined when they became substandard due to reasons like corrosion within a short period of time. However, even in the year 2014, these items further remained without being sold, due to limitation of the production of compulsory items and reduction of other items as a result of the non receipt of paper stocks used as raw material.

However, action has been initiated to clean the sales outlets and further activities have been already started to appoint a committee to remove the old and inferior stocks of books, first to sell those through sales outlets as discounted items and then to collect the remaining balance to the head office and to dispose them according to a formal methodology.

4.4 Non Economic transactions

As per the directives of the Secretary to the Ministry of Mass Media and Information, arrangements have been made to present the basis of paying commissions to recover the old outstanding debts, to the next board meeting and to get the necessary approval.

4.5 Identified losses

The damage of Bank papers and several other papers in the custody of stores by the moths has been reported to the management by the superintendent (stores). Accordingly, on directives by the General Manager, a committee including an internal audit representative was appointed on 01.09.2015 and it has been decided to choose the usable papers to be used for printing purposes and to dispose the unusable papers. Accordingly, the said stock of papers was immediately removed from the stores in order to protect the other paper stock from insects. The disposal of stocks has been done as per the decision of the said committee. As a result it has been possible to prevent a huge damage which was probable to happen to the other papers.

4.6 Resources of the institution which were granted to other public institutes.

Although arrangements were made to transfer the land extent of 13 acres, 02 rudes and 06 perches from the land belonging to the Corporation to the Industrial Development Board, a formal transfer has not been done yet.

4.7 Staff Administration

Although a Marketing Research Officer has been appointed, he has resigned within a short period of time and arrangements will be made to appoint a suitable person in future.

5. Accountability and Good Governance.

5.1 Budgetary control

Arrangements are made to utilize the budget as a productive management control instrument.

6. Systems and Control

Arrangements have been made to rectify the shortcomings on Financial control system regarding cash book balancing preparation of bank reconciliations and banking cash.

