

“Truely Sri Lankan”



வார்த்தை வார்த்தை
வருடாந்த அறிக்கை
Annual Report
2012

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இலங்கை கைப்பணிகள் சபை
Sri Lanka Handicrafts Board





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"The priorities for the traditional industry sector are education on new market trends, linking local and international markets, introducing new design concepts and preserving traditional skills and arts for future generations."

(Mahinda Chintana Outlook 2010)

Our Vision:

To be the leader in the gift and souvenir market in Sri Lanka

Our Mission:

Be a commercially viable, socially responsible marketing organisation which creates opportunities for rural products to enter mega-markets, thereby enhancing the growth potential of the gift and souvenir category and adding value to the tourism sector

Our Core Values:

- Delighting the customer
- Value creation and shared values among the rural community
- Multi-faceted opportunities for the best customer choices
- Quality, reliability and value for money





Chairman and CEO's Review



Background

I am pleased to present the review of the performance of the Sri Lanka Handicrafts Board - Laksala 2012. Laksala was commenced in the year 1964 with a view to creating international market opportunities for the local craftsmen and which was later established as the Sri Lanka Handicrafts Board under the National Crafts Council affiliated institution Act. It has also become the state owned oldest and biggest business chain of its kind in the country.

New Trends

Under the directive of His Excellency the President Mahinda Rajapaksha, Laksala was brought under the supervision of the Strategic Enterprise and Management Agency (SEMA) in 2009, and the restructuring process has also been underway as from 2011. As a result of the decision taken during the last two years, Laksala has increased its turnover as well as the profitability through the strategic plans meant even for the coming five years' period. Further, business activities of Laksala have improved immensely with the international recognition as an attractive holiday destination due to the prevailing stability in the country. In the year 2012, Sri Lanka received a recorded tourist arrival numbering 1,005,605 (One million five thousand, six hundred and five) and at the same time earnings from this sector also reached a record level surpassing US\$ 1 billion for the first time. Under the mega international tourism promotion and marketing program, launched by the Ministry of Tourism, the expected tourist arrival will increase up to Rs. 2.5 million in the year 2016, and the market of local gifts and souvenirs required by tourist will also expand in line with it thereby creating a huge market opportunity to the Laksala from this sector.

Strategic initiatives

In the year 2012, Laksala strengthened the restructuring process placing emphasis on further increasing in turnover and profitability as well as the customer base required for the sustainable existence in the sector and also the measures taken to do the necessary tasks suited with the needs and demand were also strengthened.

Securing a new market place by means of category expansion process.

Establishing the name of the institute through branding process

Building positive attitudes among the staff as required for the customer friendly service.

All the items sold by Laksala under the brand name introduced by it will further be expanded and they were also improved in quality wise. The necessary action will further be expanded easing the local and foreign tourists to buy Sri Lankan products, gifts and souvenirs under one roof. Thus, a number of items in modern designs in best quality will be showcased for sale at the newly refurbished Laksala institute. Ceramics, leather, handloom, batik, reed related products, as well as the new handicrafts suited to the current market requirements have been introduced.

The products such as gem & jewelery, as well as value added tea and spices are sold under Laksala brand. Necessary steps were taken to attract customers to the institute by way of expanding the marketing activities required to maintain the recognition as one and only state and commercial entity in the gift and souvenir market of local & foreign tourists.

Establishing the brand of the institute within the market through branding process.

Laksala has modernized its show rooms suited to the current market requirements. There, Katubedda showroom was fully refurbished while the show at Thummulla, Colombo 07 was modernized increasing the customer attraction. Apart from that, it has been able to increase the showcase of items by introducing novel products under the Laksala brand and achieve sales target under branding process.

Impact of the Macro Economic Environment and Potential for Growth

Laksala needed a staff which could perform befitting the new market requirements and accordingly action was taken to maintain a industrious staff consisting of 40% on permanent and 60% on contract basis respectively and also, they were provided with necessary training and motivation whereby increasing their efficiency and thus they were finally



*“
4000 local
craftsmen registered
with the Handicrafts
Board in the year
2011 it has now
increased up to 6000
suppliers ...”*

encouraged towards a customer friendly service, The staff not directly involved in marketing affairs were sent on retirement under a voluntary retirement scheme in the year 2011, costing the organization about Rs. 50 million. It was continued during the year 2012 too. All new requirements required for excellent service were made on contract basis.

Accordingly salaries and bonus are determined on their skills, efficiency and productivity .This condition has immensely been helpful to the institution to fulfill its objectives further.

Re-defining the Category

Not only the activities of the institution, but the other tasks pertaining to the expansion of the product are carried out under the restructuring process closely aligned with the National Design Centre, the National Craft Council by way of producing and introducing new designs in high quality to the current market requirements safeguarding the local manufacturing identity, to include the gifts and souvenirs such as Gems and Jewellery ,tea, spices, leather products, ceramics as well as local masks and the other souvenirs.

Laksala promoted its products and introduced new designs. For that purpose a separate unit has been set up. Further, as the Laksala issues a necessary guarantee for the local gems and jewellery sold at Lakasala outlets joining with the National Gem & Jewellery Authority,authencity of local and foreign customers towards Laksala has been further strengthened.

Supply Network

The supply network of this institute comprises of purchasing of gifts and souvenirs for sale, manufacturing of them, planning, quality control and supply of new designs as well.

The number of 4000 local craftsmen registered with the Handicrafts Board in the year 2011 has increased up to 6000 suppliers in the year under review. New manufactures were induced to enter into this section by way of upgrading new business opportunities, thereby making their business sustainable.

Commencing and opening of new Laksala Showrooms

Laksala opened new showrooms at either side of Wellipenna Southern Expressway stoppage area and a very modern attractive showroom with facilities for customers at newly refurbished Racecourse Complex in Colombo in the year 2012, in fulfilling its sales target, It also started to build a new showroom with modern facilities replacing old showroom in

“... all activities have been done in accordance with the observations shown by the Committee on Public Enterprises (COPE)”

Galle and on the concept of Hon. Basil Rajapaksha , Minister of Economic Development, the first showroom, under the program of commencing showrooms in the areas where more tourists are visiting, was opened at the Colombo Museum premises. In addition the showroom at Thummulla was modernized and equipped with facilities needed for customers.

Improved Customer Services

Expanding the business hours

Laksala opens its showrooms during the 365 days of the year from 9 a.m. to 9 p.m. for the convenience of the customers resulting a more income for the institute.

Staff trainings and new appointments

Trainings were provided for the staff so as to build positive attitudes among them, thereby enabling to fulfill customer requirements. Accordingly, by means of providing them with modern day marketing techniques, Laksala has been able to provide world class better customer service.

Retirement under Voluntary Retirement Scheme

New staff suitable to the marketing sector was recruited while the Voluntary Retirement Scheme was also implemented during the year 2012.

Accordingly, 04 employees accepted this VRS package, costing the organization Rs. 3.2m in the year under review.

Outsourcing the Services

Some works such as transport, security, janitorial services and packaging etc. were outsourced making it easy to minimize the administrative issues, expenses and wastage of the institute and this has paved the way for the institute to get specialized and skilful services whenever necessary.

Obtaining Online Sales Facilities

Measures have already been taken to launch an online portal in the year 2013 enabling its customers spread all over the world to purchase Laksala products via e-technology .

Compliance with Good Governance and Best Practices

(a) Establishment Of Audit & Management Committees

Audit & Management Committee was established as an independent committee comprising of three independent non executive members of the Board of Directors with a view to maintaining the smooth functioning of the internal administration and investigation of the institute. This committee, having discussed the important decisions taken by the institute, gave its conclusions to the Board of Directors. The Internal Auditor of the institute acts as the convener of that committee. All audit queries referred by the Government Auditor General up to now have been answered. Furthermore, all activities have been done in accordance with the observations shown by the Committee on 29th April 2011 Public Enterprises (COPE).

B) Use Of New Technology –Enterprise Resource Plan

Internationally recognized new software system called SAP was introduced at a cost of Rs. 15 million in a manner of integrating all activities of the institution. This covers sales, finance, stock control and all purchase activities of the institution. This also enabled the institution to uplift its efficiency and productivity as well.

C) Preparation Of 2020 Business Plan (Strategic Plan)

The business plan was prepared having analyzed the experiences and results gained practically through restructuring of Laksala which includes strategic plans to sell its products within the limits of global economy. The formulation of the Business plan which is required for the period from 2015 to 2020 will be carried out after studying the results achieved by the institution within the next two years and the formulation will be based upon the “Mahinda Chinthana Outlook.”

While engaging in uplifting the economy of our local suppliers, i.e’ craftsmen and souvenir supplier, as a state institute, it also works towards the fulfillment of government objectives of developing the small and medium scale industries through which necessary programs were formulated in order to strengthen the rural economy having uplifted the local handicraft entrepreneurs.

Strong Financial Performance

Results of all efforts made by us have clearly reflected in our financial performance and productivity. Sales income has increased by 71.5% to Rs. 210.6 million while profitability has also increased by 28% to Rs. 23 million in the year under review. Sales volume has increased by 48 %,i.e. the sales valued at Rs.489,560,350 have been achieved during the year.

Delivering Results

Due to the changes introduced, Laksala became a more innovative, customer friendly, financially stabilized and productive institution.Laksala recorded a sales income of Rs.504.3 million in the year 2012 due to this and it was a 71.5% increase compared to the year 2011. This sales income recorded an increase of 28% in net profit from the earnings which is valued at Rs.63 million whereas the same was Rs, 49 million in the year 2011.Our strategies were enormously helpful to achieve this success in the year 2012 and through which not only the economy of small & medium scale entrepreneurs spread throughout the country who are supplying goods to Laksala became strong but also the entrepreneurs who were away from the production of goods were encouraged to reenter into the sector. The number of active suppliers who had registered with the institute surpassed 4000 at the end of the year 2012 whereas the total number of registered suppliers has increased up to 6000.

Similarly, the payments to the handicrafts entrepreneurs in that behalf have increased as follows.

Year	Payments made for the purchase of souvenirs and handicrafts
2011	Rs.183,830,429/-
2012	Rs.316,716,472/-

Our Gratitude

On behalf of Director board of Laksala, I, as the Chairman would like to thank His Excellency the President of the Democratic Socialist Republic of Sri Lanka Mahinda Rajapaksha , Hon Basil Rajapaksha, Minister of Economic Development and Hon. Dayasritha Tissera, Minister of State Resources and Enterprise Development and the Deputy Minister Hon. Sarath Gunarathne for the continued support and direction extended by them in uplifting the institute during the year under review. Our profound gratitude also goes to the Secretary to our Ministry Dr. Willie Gamage for his ready advice and guidance, Secretary to the Ministry of Finance & Planning, the officials of the General Treasury, Chairman, Tourism Development Authority, the officials of the Ministry of State Resources and Enterprises Development, and the Chairman and members of SEMA.

Similarly, I would like to remind and appreciate the board of Directors, all the officials of the Audit & Management Committee, Senior Management and the other staff for their dedication, commitment and loyalty, which has resulted in achieving this performance to the institute. I would also like to thank our valued customers for the confidence they have placed on our institute.

Finally I would like to remind that every possible step is taken in future to strengthen the rural economy of Sri Lanka thereby increasing their livelihood. Laksala further expects to do necessary task to earn direct and indirect foreign exchange to the Economy by generating sales income up to Rs. two million in the year 2013.



Anil Koswatta
Chairman and CEO



Board of **Directors**



Mr.Anil Koswatte	Chairman
Dr.Nalaka Godahewa	Board Director
Mrs.Iresha Bandara	Board Director
Mr.Damintha Kumarasighe	Board Director
Mr.Vajira Wicramasinghe	Board Director
Mr.W.A.D.Rajapaksha	Board Director
Mrs.M.A.Nalini	Board Director
Mrs.L.M.E.Perera	Board secretary/Chief Operation Officer



Senior Management Team



Mrs.L.M.E.Perera	Managing Director
Mrs.Rohini Perera	Executive Director (Finance)
Mr.C.N Dahanayake	Executive Director (personal & Administration)
Mr. M.K.G.Mendis	Consultant (Finance & Financial Management)
Mr.A.U.D.Perera	Executive Director (Projects)
Mr. Ajith Perera	Consultant (Gem & Jewelry)
Mr. J.Wickramapala	Consultant (Administration & Human Resource Management)
Mr. K.D.W.Fernando	Consultant (Sales / Marketing & Training)
Mrs.Devika Athukorala	Asst. Director (Stores)
Mr.Kelum Jayawardhana	Senior Manager
Mrs.Vajira Samarathne	Senior Manager (purchasing)



Administration



Administration Division is responsible for the management of Human resources towards achieve the goals and objectives of the organization as well as to provide other supporting services. There are 187 employees during the year under reference . Details are given below.

Employee Category	Total Strength
01.Executive Staff	10
02.Sales and allied grades	79
03.Other Staff (Supporting Services)	23
04.Contract Staff	75
Total	187

Comparing with the previous year , Work force has been decreased.

In order to implement a well designed short, medium and long term business plan in the competitive business environment, build up a well trained, committed and efficient work force has become a must. Therefore actions has been taken to improve the quality and the productivity of the employees through implementing training and development programs and introducing an attractive incentive scheme.

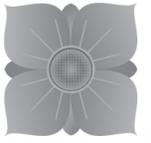
Under the ongoing restructuring process, fostering and re-categorization of essential category of staff has been successfully completed. In additions to that approval of the Department of Management services has been granted for the new organization structure with the total cadre of 207. It was further advised to maintain 40% on permanent and 60% on contract basis out of total cadre. Hence the organization was able to pump new bloods to the Sales Division while reducing liability.

The principle act dealing with financial control of Public Enterprises in the Finance Act No 38 of 1971 and the provisions of the act shall apply to the Board. The current position under the legislation governing the Board is that the Board of Directors are accountable to the ministry who is then accountable to the parliament in the usual way. The Auditor General also report on the financial performance of the Board and his report is scrutinized by the committee on Public Enterprises (COPE). The Secretary to the Ministry as the Chief Accounting officer and the Chairman/CEO performs as the accounting officer

in this respect. The Management Committee is accountable to the Chairman /CEO for overall Business, Administration, Financial and operational affairs of the organization.



Directors' Responsibility for Financial Reporting



The Board's Financial Statement, presented in this report for the year 2012 confirm to the requirement of the Sri Lanka Accounting Standards. They also confirm that the Financial Statement presented by them gives a true and fair view of the activities as at that date. The financial information is consistent with that in the financial Statements.

The Board of Directors has initiated an efficient and concise system of internal Control. It also includes internal Checks and internal Audits, along with the Financial and other controls, wherever considered necessary, towards endorsing their opinion on the Financial Statements.

The Auditor General is the Auditors appointed by the Statute. They have Audited the financial Statements Submitted by the Board of Directors as well as all supporting financial records minutes form the Directors Meeting and have expressed their opinion which is published under the independent Auditor's Report on page 13.

By Order of the Board
Sri Lanka Handicrafts Board – Iak sala

L.M.E. Perera

Board Secretary

02nd August 2012



Report of the Audit and Management Committee



The Audit Management Committee of Sri Lanka Handicrafts Board (LAKSALA) was established in line with the Guidelines for Good Governance of the Department of Public Enterprises of the General Treasury dated June 2, 2003 and the subsequent circular No.PED 55 on Strengthening the Audit Committees of Public Enterprises with the aim of enhancing effectiveness and ensuring the integrity of the procedures relating to internal control and reporting.

Scope of the committee

The scope of the committee includes the following:

1. Determination of the responsibilities and the scope of the Internal Audit Unit and review of the annual audit plans and the work programme
2. Review and evaluate the internal control systems covering accounting, financial and operational aspects based on internal audit reports
3. Review external auditors' report and take corrective measures as may be required, to avoid repetition
4. Review of preliminary internal financial statements including budget, review reports and evaluate cost effectiveness, performance and meeting targets.
5. Review of annual financial statements for compliance with accounting standards and ensure timely Submission of final accounts, annual reports etc.
6. Interactions with the Internal Auditors and External Auditors.
7. Ensure that the senior management staff is familiar with the statutory and other rules and regulations.
8. Create awareness on requirements of compliance with Treasury Circulars and other directives.

9. Review matters pertaining to staff discipline, elimination of waste and corruption and make the organization cost conscious.
10. Review compliance with statutory and other rules and regulations.
11. Review internal auditors' report and systematically and ensure, prompt action on shortcomings pointed out.
12. Review of implementation of recommendations of the Committee on Public Enterprises (COPE)
13. Review the annual Procurement Plan, Action Plan and Corporate Plan.

Composition of the Committee

The Audit and Management Committee comprises of three Non-Executive Board members.

- Mrs IreshaBandara - Treasury representative and Chairperson of the Audit Committee
- Mr. A.P.G. Kithsiri - Additional Secretary-Ministry of Co-operative Internal Trade & Consumer Affairs.
- Mr.DamithaKumarasinghe - Director General of the Public Utilities Commission

The Internal Auditor was appointed as convener of the committee. The members have the requisite financial knowledge to carry out their roles effectively and to discuss matters within their purview independently and professionally.

Meetings and Activities during the Year

The committee met four times during the year under review.

Date of the Meeting	Attendance Yes(Y) No (N)	Attended
	Held During the year	
2012/03/06	Y	Y
2012/05/10	Y	Y
2012/06/15	Y	Y
2012/11/08	Y	Y

The main activities carried out by the committee during the year are as follows:

1. Reviewed existing internal control systems to ensure the strengthening and implementing sound internal control systems over the functions and directions were given to rectify the shortcomings
2. Review quarries made by Auditor General's Department and ensured corrective measures have been taken and attention of the Board of Directors was drawn for the necessary action.
3. Reviewed the internal audit functions and directions were given to add certain new areas to be covered
4. Reviewed and ensured that operational procedures carried out in compliance with directives and statutory requirements.
5. Reviewed external auditors' report and take corrective measures as may be required, to avoid repetition.
6. Monitored the implementation of COPE recommendations

The Managing Director and the Director Finance of the organization attended the meetings by invitation and the internal Auditor acted as the secretary to the Committee. During the year, the committee assisted the Board in discharging its duties by reviewing the existence of adequate internal controls and risk management.

In addition Audit & Management Committee wishes to record the appreciation for the observations given by the Auditor General's Department which contributed to strengthen the internal controls of the entity



Iresha Bandara
Chairperson, Audit Committee
LAKSALA



Financial Statements

Financial Review

As at 31st December 2011

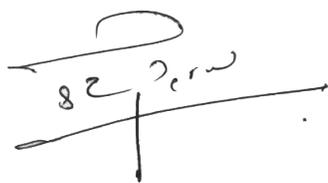
YEAR ENDED 31 DECEMBER 2012	LKR
Turnover	504,317,546
Other Income	23,263,743
Gross Profit for the Year	295,153,937
Net Profit/(Loss) for the year	63,189,722
Total Assets	1,293,676,583
Total Equity	584,647,091
Total Liabilities	709,029,492
Gross Profit Ratio	59
Overhead Ratio	49
Net Profit Ratio	12
Current Ratio(Times)	1
Return on Equity %	0

Statement of Financial Position

As at 31st December 2012

	Laksala Showrooms			Projects	Craft Training	Total 2012	Total 2011	Total 2010
	2012	2011	1 st Jan 2011	2012	2012			
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
ASSETS								
Property, Plant & Equipment	712,203,239	226,482,684	169,400,402	63,031,672	46,298,422	821,533,333	335,733,113	278,650,831
Non-current assets	712,203,239	226,482,684	169,400,402	63,031,672	46,298,422	821,533,333	335,733,113	278,650,831
Inventories	242,220,919	128,133,297	55,260,106	3,932,531	246,153,450	131,021,348	57,238,986	
Trade Deb. & Other Receivables	125,764,536	58,426,315	40,742,952	40,987,541	31,320,139	198,072,216	131,994,778	113,264,722
Cash & Cash Equivalents	24,990,500	17,806,115	8,932,184	2,895,907	31,177	27,917,584	22,711,201	9,162,889
current assets	392,975,955	204,365,727	104,935,242	47,815,979	31,351,316	472,143,250	285,727,327	179,666,597
Total assets	1,105,179,194	430,848,411	274,335,644	110,847,651	77,649,738	1,293,676,583	621,460,440	458,317,428
EQUITY AND LIABILITIES								
CAPITAL AND RESERVES								
Stated Capital	73,628,878	73,628,878	73,628,878	-	73,628,878	73,628,878	73,628,878	
Capital Reserves	510,806	510,806	510,806	-	98,973	609,779	609,779	609,779
Revaluation Reserves	434,903,833	134,175,116	134,175,116	21,164,824	9,086,454	465,155,111	164,426,394	164,426,394
Grants Received	12,000,000	12,000,000	12,000,000	41,951,172	56,052,275	110,003,447	110,003,447	110,003,447
Profit & Loss	(6,542,556)	(66,172,570)	(117,841,224)	(40,682,598)	(17,524,970)	(64,750,124)	(127,939,847)	(177,569,020)
Total capital & reserves	514,500,961	154,142,230	102,473,576	22,433,398	47,712,732	584,647,091	220,728,651	171,099,478
Retirement Benefit Obligations	28,417,509	28,119,582	29,585,421			28,417,509	28,119,582	42,164,618
Deferred Tax Liabilities	11,517,706	1,517,706	1,517,706		12,345,384	43,863,090	13,863,090	1,517,706
Deferred Income	90,000,000					90,000,000	-	
Loan	158,844,548	137,605,228	28,944,089	2,035,135		160,879,683	139,937,716	30,979,224
Non-current liabilities	288,779,763	167,242,516	60,047,216	2,035,135	12,345,384	303,160,282	181,920,388	74,661,548
Creditors and Accruals	165,502,235	90,082,250	104,827,253	86,260,713	14,655,594	266,418,542	187,850,166	195,901,204
B.O.C Loan - Short Term	93,937,218	19,375,000				93,937,218	19,375,000	-
Bank Overdraft	42,459,017	6,415	6,987,599	118,405	2,936,028	45,513,450	11,586,235	16,655,198
Current liabilities	301,898,470	109,463,665	111,814,852	86,379,118	17,591,622	405,869,210	218,811,401	212,556,402
Total equity & liabilities	1,105,179,194	430,848,411	274,335,644	110,847,651	77,649,738	1,293,676,583	621,460,440	458,317,428

The Financial statements are in compliance with the requirements of the SLFRS/LKAS.



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Mrs. S.R.M. Perera
 Chief Finance Officer



.....
Mr. Anil Koswatte
 Chairman & Chief Executive Officer

Statement of Comprehensive Income

For the year ended 31st December

	Laksala Showrooms			Projects	Total	Total	Total
	2012	2011	2010	2012	2012	2011	2010
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Revenue							
Local	489,564,350	274,893,093	206,027,536	14,753,195	504,317,546	292,203,148	224,292,147
Export		1,475,428	1,428,886			1,475,428	1,428,886
	489,564,350	276,368,521	207,456,422	14,753,195	504,317,546	293,678,576	225,721,033
Cost of Sales	(202,628,850)	(110,957,238)	(105,150,248)	(6,534,758)	(209,163,608)	(127,735,091)	(119,864,043)
GROSS PROFIT/(LOSS)	286,935,500	165,411,283	102,306,174	8,218,437	295,153,937	165,943,485	105,856,990
Engineering Services			15,566,727				15,566,727
Grants Received	10,000,000				10,000,000		
Other Income	7,656,544	22,740,963	2,584,366	5,607,199	13,263,743	22,828,430	2,742,693
Administrative Expenses	(188,578,972)	(122,081,983)	(110,837,100)	(3,928,951)	(192,507,923)	(124,718,493)	(112,387,459)
Distribution Cost	(23,271,225)	(4,263,820)	(2,067,210)	(6,316,439)	(29,587,664)	(4,289,972)	(2,185,182)
Export Expenses	-	(136,554)	(273,624)	-	-	(136,554)	(273,624)
Result from operating activities	92,741,847	61,669,889	7,279,333	3,550,246	96,322,093	59,626,896	9,320,145
Finance Cost	(23,111,834)	(9,295,292)	(1,219,238)	(20,537)	(23,132,371)	(9,310,490)	(1,225,312)
Profit before tax	69,630,013	52,374,597	6,060,095	3,559,709	73,189,722	50,316,406	8,094,833
Taxa expense	(10,000,000)	(687,233)	(2,060,275)		(10,000,000)	(687,233)	(2,060,275)
Profit for the year	59,630,013	51,687,364	3,999,820	3,559,709	63,189,722	49,629,173	6,034,558

Statement of Financial Position

As at 31st December 2012

	Note	2012 LKR	Laksala Showrooms 2011 LKR	1 st Jan 2011 LKR
ASSETS				
Property, Plant & Equipment	3.02	712,203,239	226,482,684	169,400,402
Non-current assets		712,203,239	226,482,684	169,400,402
ASSETS				
Trade Debtors & Other Receivables	3.06	125,764,536	58,426,315	40,742,952
Inventories	3.07	242,220,919	128,133,297	55,260,106
Cash & Cash Equivalents	3.08	24,990,500	17,806,115	8,932,184
Current assets		392,975,955	204,365,727	104,935,242
TOTAL ASSETS		1,105,179,194	430,848,411	274,335,644
EQUITY & LIABILITIES				
CAPITAL & RESERVES				
Stated Capital		73,628,878	73,628,878	73,628,878
Capital Reserves		510,806	510,806	510,806
Revaluation Reserves		434,903,833	134,175,116	134,175,116
Grants Received		12,000,000	12,000,000	12,000,000
profit & loss		(6,542,556)	(66,172,570)	(117,841,224)
Total capital & reserves		514,500,961	154,142,230	102,473,576
Retirement Benefit Obligations		28,417,509	28,119,582	29,585,421
Deferred Tax Liabilities		11,517,706	1,517,706	1,517,706
Deferred Income		90,000,000		
Loan		158,844,548	137,605,228	28,944,089
Non-current liabilities		288,779,763	167,242,516	60,047,216
Creditors and Accruals	3.09	165,502,235	90,082,250	104,827,253
B.O.C Loan - Short Term		93,937,218	19,375,000	-
Bank Overdraft	3.10	42,459,017	6,415	6,987,599
Current liabilities		301,898,470	109,463,665	111,814,852
Total Equity & Liabilities		1,105,179,194	430,848,411	274,335,644

Statement of Comprehensive Income

For the year ended 31st December

	Note	2012 LKR	Laksala Showrooms 2011 LKR	2010 LKR
Revenue				
Local	6.01	489,564,350	274,893,093	206,027,536
Export			1,475,428	1,428,886
		489,564,350	276,368,521	207,456,422
Cost of Sales	6.01.01	(202,628,850)	(110,957,238)	(105,150,248)
GROSS PROFIT/(LOSS)		286,935,500	165,411,283	102,306,174
Engineering Services				15,566,727
Grants Received		10,000,000		
Other Income	6.02	7,656,544	22,740,963	2,584,366
Administrative Expenses	6.03	(188,578,972)	(122,081,983)	(110,837,100)
Distribution Cost	6.03.01	(23,271,225)	(4,263,820)	(2,067,210)
Export Expenses	6.03.02	-	(136,554)	(273,624)
Result from operating activities		92,741,847	61,669,889	7,279,333
Finance Cost	6.03.03	(23,111,834)	(9,295,292)	(1,219,238)
Profit before tax		69,630,014	52,374,597	6,060,095
Tax expense		(10,000,000)	(687,233)	(2,060,275)
Profit for the year		59,630,013	51,687,364	3,999,820

Manufacturing Account - Project Division

For the year ended 31st December 2012

	Note	2012 LKR	2011 LKR	2010 LKR
RAW MATERIALS				
Stock as at 01/01/2012		1,127,174	1,013,273	1,006,549
Purchases		5,193,793	11,320,222	9,080,869
		6,320,967	12,333,495	10,087,418
Less				
Stock as at 31/12/2012		(2,281,781)	(1,127,174)	(1,013,273)
		4,039,186	11,206,321	9,074,145
ADD				
Direct Expenses		62,796	486,325	664,414
Contract Labour		1,508,597	795,692	
Prime Cost		4,101,982	13,201,243	10,534,251
ADD				
Factory Overheads	10	2,651,712	4,569,980	3,906,945
		6,753,693	17,771,223	14,441,196
Add:WIP as at 01/01/2012		1,222,940		
Less:WIP at at 31/12/2012		(626,850)	(1,222,940)	
		7,349,783	16,548,283	14,441,196

Statement of Financial Position

As at 31st December 2012

Project	Note	2012 LKR	2011 LKR	2010 LKR
ASSETS				
Property, Plant & Equipment		63,031,672	62,952,007	62,952,007
Non-current assets		63,031,672	62,952,007	62,952,007
Inventory	05	3,932,531	2,888,051	1,978,880
Trade Debtors & Other Receivables	06	40,987,541	42,248,324	41,201,631
Cash & Cash Equivalents	07	2,895,907	4,873,909	199,528
Current assets		47,815,979	50,010,284	43,380,039
TOTAL ASSETS		110,847,651	112,962,291	106,332,046
EQUITY				
Revaluation Reserve		21,164,824	21,164,824	21,164,824
Grants Received		41,951,172	41,951,172	41,951,172
Retained earning		(40,682,598)	(44,242,307)	(42,202,826)
Total equity		22,433,398	18,873,689	20,913,170
Other Creditors				
Non-current liabilities		2,035,135	2,332,488	2,268,948
Creditors and Accruals	08	86,260,713	83,112,322	76,418,357
Bank Overdraft	09	118,405	8,643,792	6,731,571
Current liabilities		86,379,118	91,756,114	83,149,928
TOTAL EQUITY & LIABILITIES		110,847,651	112,962,291	106,332,046

Statement of Comprehensive Income

For the year ended 31st December 2012

Project	Note	2012 LKR	2011 LKR	2010 LKR
Revenue		14,753,195	17,310,055	18,264,611
Cost of Sales	01	(6,534,758)	(16,777,853)	(14,713,795)
GROSS PROFIT/(LOSS)		8,218,437	532,202	3,550,816
Other Income		5,607,199	87,467	158,327
Administrative Expenses	02	(3,928,951)	(2,516,660)	(1,530,349)
Distribution Cost	03	(6,316,439)	(146,002)	(137,982)
Finance Cost	04	(20,537)	(15,198)	(6,074)
Result from operating activities		3,559,709	(2,058,191)	2,034,738
Profit for the year		3,559,709	(2,058,191)	2,034,738

Statement of Cash Flows

For the year ended 31st December 2012

	2012 LKR	2011 LKR
Cash flows from operating activities		
Net profit after tax expense-Laksala	59,630,013	51,687,364
Net profit/Loss after tax expense-Project	3,559,709	(2,058,191)
Net profit after tax expense	63,189,722	49,629,173
Adjusted for		
Depreciation	4,988,976	2,613,116
Deffered Revenue Rent & Revaluation	50,291,073	
Operating Profit/Loss before working capital changes	118,469,771	52,242,289
Changes in		
Inventories	(115,132,102)	(73,782,362)
Trade & Other Receivables	(57,194,544)	(18,730,056)
Trade & Other Payables	175,487,593	118,582,802
	121,630,718	78,312,673
Cash flow from investing Activities		
Realization of Investment	6,000,000	6,000,000
Purchase of property, Plant & Equipment	(156,351,550)	(59,695,398)
Net Net Cash flows used in investing activities	(150,351,550)	(53,695,398)
Net Increase /(decrease)in cash & cash equivalents	(28,720,832)	24,617,275
Cash & cash equivalents at the beginning of the year	11,124,966	(13,492,309)
Cash & cash equivalents at the end of the year	(17,595,866)	11,124,966
Bank Overdraft	(45,513,450)	(11,586,235)
Cash in Hand & at Bank	27,917,584	22,711,201
	(17,595,866)	11,124,966

Value Added Statement

For the year ended 31st December 2012

	2011 Rs: '000	2012 Rs: '000	% 2011	% 2012	Growth 2011 vs 2012 %
Gross Turnover	293,678	489,564	92.79	96.51	166
(+) Other Income	22,828	17,656	7.21	3.49	-77
	316,507	507,220	100	100	160
(-) Cost of Materials & Bought in services	266,877	429,934	84.32	84.76	161
Value Added	49,629	59,630	15.68	11.75	120
Value Shared with					
Employees	84,122	106,970	26.58	21.09	127
Suppliers & Services	173,887	302,520	54.94	59.64	174
Depreciation of Assets	2,609	4,989	0.82	0.98	191
Lenders	5,571	23,111	1.76	4.56	415
Govt	687	10,000	0.22	1.97	145
Retained in the Business	49,629	59,630	15.68	1.76	120
	316,507	507,220	100	100	0

Statement of Changes in Equity

For the year ended 31st December 2012

	Stated Capital LKR	Capital Reserves LKR	Revaluations Reserves LKR	Grants LKR	Profit & Loss LKR	Total LKR
Balance as at 1st January 2011	73,628,878	609,779	164,426,394	110,003,447	(177,569,020)	171,099,478
Total comprehensive income for the year						
Profit for the year 2011-Laksala	-	-	-	-	51,687,364	51,687,364
Profit for the year 2011-Project	-	-	-	-	(2,058,191)	(2,058,191)
Balance as at 31st December 2011	73,628,878	609,779	164,426,394	110,003,447	(127,939,847)	220,728,651
Balance as at 1st January 2012	73,628,878	609,779	164,426,394	110,003,447	(127,939,847)	220,728,651
Total comprehensive income for the year						
Changes during the year	-	-	300,728,717	-	-	300,728,717
Profit for the year 2012-Laksala	-	-	-	-	59,630,013	59,630,013
Profit for the year 2012-Project	-	-	-	-	3,559,709	3,559,709
Balance as at 31st December 2012	73,628,878	609,779	465,155,111	110,003,447	(64,750,125)	584,647,090

Notes to the Financial Statements

For the year ended 31st December 2012

General Policies

01. Basis of Preparation

1.1 Principal Activities and Nature of Operations

Principal activities of the Board are marketing and selling of gift & souvenir Items .

1.2 Basis of Measurement

The Balance sheet, Profit & Loss account, changes in equity and cash flows together with accounting policies and notes (Financial Statement) of the Board as at 31st December 2011 and for the year ended, complies with the Sri Lanka Accounting Standards. These Financial Statements are presented in Sri Lankan Rupees. The Financial Statements are prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements.

1.3 Use of Estimates and Judgments

The preparation of Financial Statements are in conformity with SLAS (Sri Lanka Accounting Standards) which requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments on the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

1.4 Going Concern

When preparing the Financial Statements, we have made an assessment of the liability of the organization to continue as a going concern in the foreseeable future. We do not foresee a need for liquidation or cessation of trading, taking into account all available information about the future.

02. Comparative Information

The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.

03. Significant Accounting Policies.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements, and have been applied consistently by the Board.

3.1 Foreign Currency Transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the transaction.

Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to Sri Lankan Rupees at the foreign exchange rate ruling at that date.

3.2 Property, Plant and Equipment

a) Recognition and Measurement

Property, Plant and Equipment other than land are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Where an item of Property, Plant and Equipment comprise major components having different useful lives, they are accounted for as separate items of Property, Plant and Equipment.

Gains and losses upon disposal of an items of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment, and are recognized net within " Other Operating Income" in the Income Statement.

b) Depreciation

The provision for depreciation is calculated using a straight line method on the cost of all Property, Plant and Equipment other than freehold land, in order to write off such amounts over the estimated useful lives.

The principal annual rates used are as follows.

1. Building	1%
2. Machinery Equipment	10%
3. Inventory Articles	10%
4. Motor Vehicle	25%
5. Furniture & Fittings	10%
6. Tools & Implements	10%

c) Profit / Loss from Sales of Property, Plant and Equipment.

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognized in the period in which the sale occurs and is classified as other Operating Income.

3.3 Capital Work in Progress

Capital expenses incurred during the year, which are not completed as at the Balance Sheet date are shown as advance payments, whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant and Equipment.

3.4 Intangible Assets

Intangible assets that are acquired by the Board, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

a) Basis of Recognition

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the entity and cost can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relate. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in the income Statement as incurred.

c) Retirement and Disposal

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use and subsequent disposal.

d) Amortization

Amortization is recognized in the income Statement on a straight-line basis over the estimated useful lives of intangible Assets, from the date that they are available for use.

3.5 Impairment

The carrying amounts of the board's assets are reviewed at each balance sheet date to determine where there is any indication of impairments. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the Income Statement.

3.6 Trade and Other Receivables

Trade and other receivables are stated at the amount estimated to be realized. Provision has been made in the Financial Statements for bad and doubtful debts.

3.7 Inventories

Inventories are valued at the lower of cost and net realizable value, after making provision for obsolete and repairable items. Net realizable value is the price at which inventories can be sold in the ordinary course of business.

Damaged stock and repair stock are shown under stock schedule.

3.8 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand and short term highly liquid investments, readily convertible to know amounts of cash for the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and net of outstanding bank overdrafts, short term borrowings and short term investments.

3.9 Cash Flow Statements

The Cash Flow Statements have been prepared using the Indirect method in accordance with Sri Lanka Accounting Standard No. 09 – Cash Flow Statements.

Notes to the Financial Statements

For the year ended 31st December 2012

4 Employee Benefits

a) Defined Benefit Plan – Retirement Gratuity

The liability for Retirement Benefit Obligation under the payment of Gratuity Act. No. 12 of 1983 is a defined benefit plan covering 193 employees of the organization. In order to meet this liability a provision is carried forward in the balance sheet equivalent to an amount calculated based in a half month salary of the last month of the financial year of all employees for each completed year of service commencing from the first year of service. The resulting difference between the brought forward provision at the beginning of a year and the carried forward provision at the end of a year is dealt with in the income statement.

b) Define Contribution Plan

Employee's Provident Fund & Employee's Trust Fund.

Employees are eligible for Employees Provident Fund contribution and Employees Trust Fund contributions in line with respective statutes and regulation. The Board contributes 12% and 3% on gross emoluments of employees to Employee's Provident fund and Employee's Trust Fund respectively.

5. Liabilities and Provisions

Liabilities and provisions are recognized in the Balance sheet when there is a present legal /constructive obligation as a result of the past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the Balance Sheet date are treated as current liabilities in the Balance Sheet. Liabilities payable after one year from the Balance Sheet date are treated as non-current liabilities in the Balance Sheet.

a) Trade and Other Payables

Trade and other payables are stated at their cost.

6. Revenue

6.1 Sales of Goods

Revenue from the sales of goods is measured at fair value of the consideration received or receivable net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return of goods can be estimated

reliably and there is no continuing management involvement with goods.

Transfer of risks and rewards vary depending on the individual terms of the contract of sales.

6.2 Other Operating Income

a) Profit & Loss from Sale of Property, Plant and Equipment.

Any gains or losses on retirement or disposal of Property, Plant and Equipment are recognized in the period in which the sales occurs and is classified as other Operating Income.

6.3 Expense Recognition

a) Revenue Expenditure

The profit earned by the Company as shown in the Income Statement is after providing for all known liabilities and for depreciation of Property, Plant and Equipment.

For the purpose of presentation of the Income Statement, the Directors are of the opinion that the function of expenses method present fairly the elements of the enterprise's performance, hence this presentation method is adopted.

b) Capital Expenditure

Expenditure incurred for the purposes of extending or improving assets of a permanent nature by means to carry on the business or for the purposes of increasing the earning capacity of the business has been treated as Capital Expenditure.

Gains or losses of revenue nature on the disposal of property, plant and Equipment have been accounted for in the Income statement.

6.4 Taxation

Income Tax Expenses

Income tax expenses for the year comprise of current and deferred tax. Income tax is recognized in the Income Statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

6.5 Borrowing Costs

Borrowing costs are recognized as an expense in the year in which they are incurred.

6.6 Comparative Information

Comparative information has been reclassified where necessary to conform to the current year's presentation.

6.7 Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrences or non – occurrence of uncertain future events, which are beyond the Board's control.

6.8 Events Occurring After the Balance Sheet Date

All material post Balance Sheet events have been considered disclosed and adjusted where applicable.

Notes to the Financial Statements

For the year ended 31st December 2012

NOTE 06. 01-SALES ANALYSIS

	2012 LKR	2011 LKR	2010 LKR
Laksala Main Branch			
Fort - Local	119,807,728	89,258,736	85,458,484
- Export		1,475,428	1,428,886
Laksala Branches			
Kandy	22,760,766	21,225,997	16,997,383
Galle	10,535,205	12,117,817	9,148,006
Jawatta	-	469,389	1,255,693
Nuwara Eliya	1,331,217	862,864	729,734
Matara	-	431,135	1,660,396
Moragalla	1,115,713	2,229,739	2,706,634
Kurunagala	1,110,123	1,624,754	1,973,608
Thummulla	261,208,337	111,156,167	58,028,468
Katubadda	35,376,963	6,561,415	4,665,641
Polgolla	212,504	1,004,652	747,870
Katunayaka	9,255,786	14,717,350	13,054,288
Molagoda	58,638	511,364	1,590,311
Waragoda	30,071	263,478	309,854
Battaramulla	16,888,745	12,458,236	7,701,166
Racecourse	7,969,874		
Welipenna - 1	1,902,681		
Total	489,564,350	276,368,521	207,456,422

NOTE 06.01.01-COST OF SALES

	2012 LKR	2011 LKR	2010 LKR
Opening Stock	128,133,297	55,260,106	41,354,913
ADD			
Purchases	316,716,472	183,830,429	119,178,845
	444,849,769	239,090,535	160,533,758
LESS			
Closing Stock	(242,220,919)	(128,133,297)	(55,383,510)
Cost of Sales	202,628,850	110,957,238	105,150,248

3.07 INVENTORIES

As at 31st December	2012 LKR	2011 LKR	1 st Jan 2011 LKR
Fort	44,762,564	32,727,072	26,880,738
Kandy	6,928,872	5,087,540	2,794,501
Galle	229,586	2,884,652	1,908,509
Nuwara Eliya	2,359,854	1,166,940	502,622
Matara			386,859
Kurunagala	883,174	1,194,033	581,586
Moragalla	951,838	1,770,060	1,349,850
Bambalapitiya			1,914,734
Battaramulla	6,711,354	4,683,624	13,160,196
Thunmulla	103,346,492	38,133,982	1,653,656
Katubadda	15,167,502	10,312,675	494,102
Waragoda		381,056	169,518
Jawatta			722,645
Polgolla		456,930	2,388,757
Katunayake	12,540	1,856,388	475,237
Molagoda	19,390	284,496	(118,190)
Warehouse	25,420,505	27,193,849	
Race Course	26,999,530		
Welipanna	8,179,268		(5,214)
Damage	248,450		
	242,220,919	128,133,297	55,260,106

NOTE 09-TRADE DEBTORS & OTHER RECEIVABLES

	2,012 LKR	2,011 LKR	2,010 LKR
Trade Debtors	18,375,996	9,557,829	4,889,002
Deposits & Advances	107,098,706	48,187,219	34,881,137
Staff Loan	289,834	681,267	972,813
	125,764,536	58,426,315	40,742,952

Notes to the Financial Statements

For the year ended 31st December 2012

NOTE 10-COMPONENTS OF CASH & CASH EQUIVALENTS

	2,012	2,011	2,010
	LKR	LKR	LKR
Cash in Hand	4,501,872	2,434,937	967,587
Petty Cash Imprest	2,460,627	1,156,919	284,521
Guide Commission Imprest	433,966	123,359	104,399
Coin Imprest	398,246	388,246	76,206
Cash at Bank	16,195,789	12,702,654	1,499,471
Investment	1,000,000	1,000,000	6,000,000
	24,990,500	17,806,115	8,932,184

NOTE 11-TRADE CREDITORS & OTHER PAYABLES

	2,012	2,011	2,010
	LKR	LKR	LKR
Trade Creditors	106,724,045	26,713,140	18,158,776
Accrued Charges	29,340,585	34,586,587	56,384,413
Others	29,437,605	28,782,523	30,284,064
	165,502,235	90,082,250	104,827,253

NOTE 12-BANK OVERDRAFT

	2,012	2,011	2,010
	LKR	LKR	LKR
Bank of Ceylon	42,459,017		
Peoples Bank		6,415	6,987,599
	42,459,017	6,415	6,987,599

NOTE 10-FACTORY OVERHEAD

	2012 LKR	2011 LKR	2010 LKR
Salary	1,898,869	3,267,042	2,504,083
Overtime		47,554	88,227
E.P.F & E.T.F	123,097	-	34,183
Electricity	103,518	300,520	298,746
Repair & Main. -Machinery		28,167	25,085
-Building		25,259	6,471
-Vehicle		22,197	22,595
Commission & Discount		-	5,733
Incentive	186,514	-	43,750
Newspapers & Periodicals		1,792	2,492
Water	30,214	29,585	74,652
Insurance		7,036	69,942
Staff Welfare	36,288	58,975	111,532
Security		103,698	148,079
Staff Training		-	2,230
Postage & Telephone	36,379	118,394	114,066
Other		9,388	30,720
Medical		48,379	40,311
Printing		61,757	25,983
Rent & Rates		23,625	287
Travelling	62,000	75,436	84,479
Transport		167,797	185,334
Warrant		3,465	10,745
Fuel & Lubricants		79,712	191,202
Publicity			27,122
Bank Charges			14,172
Entertainment		9,759	
	2,651,712	4,569,980	3,906,945

NOTE 06-TRADE CREDITORS & OTHER PAYABLES

	2012 LKR	2011 LKR	2010 LKR
Trade Creditors	5,404,229	5,404,229	3,472,445
Accrued Charges	1,239,727	956,688	1,211,823
Others	79,616,757	76,751,405	71,734,089
	86,260,713	83,112,322	76,418,357

Notes to the Financial Statements

For the year ended 31st December 2012

NOTE 01-COST OF SALES

	2012 LKR	2011 LKR	2010 LKR
Stock as at 01-01-2012	208,875	438,445	711,044
Add: Good Transfers	7,349,783	16,548,283	14,441,196
	7,558,658	16,986,728	15,152,240
Less: Stock as at 31-12-2012	(1,023,900)	(208,875)	(438,445)
	6,534,758	16,777,853	14,713,795

NOTE 02-ADMINISTRATIVE EXPENSES

	2012 LKR	2011 LKR	2010 LKR
Salaries & Allowances	2,848,303	1,400,161	1,073,179
Incentive & Overtime	279,770	20,380	37,812
E.P.F & E.T.F	184,646		14,650
Electricity	155,277	128,794	128,034
Newspapers & Periodicals		768	1,068
Water	45,321	12,679	31,994
Insurance	10,554	29,975	
Staff Welfare	54,432	25,275	47,799
Security		44,442	63,462
Staff Training			955
Postage & Telephone	55,803	50,740	48,885

NOTE 02-ADMINISTRATIVE EXPENSES CONTD.

	2012 LKR	2011 LKR	2010 LKR
Medical	45,275	20,734	17,276
Printing	41,640	26,467	11,136
Rent & Rates	12,012	10,125	123
Travelling	93,000	32,330	36,205
Cleaning	38,600		
Warrant		1,485	4,605
Others	64,317	4,023	13,166
Entertainment		4,182	
Special Sales Expenses		704,100	
	3,928,951	2,516,660	1,530,349

NOTE 03-DISTRIBUTION COST

	2012	2011	2010
	LKR	LKR	LKR
Fuel & Lubricants		34,162	81,944
R/M - Machinery		12,072	11,624
R/M - Building	35,235	10,825	2,773
R/M - Vehicle		9,513	
Transport	251,695		79,430
Commission & Discount			2,457
R/M Machinery			10,750
R/M Others			9,684
Bag Centre Expenses	2,900,331		
Keselwatta Expenses	3,129,178		
Incentives			18,750
	6,316,439	146,002	137,982

NOTE 04-FINANCE COST

	2012	2011	2010
	LKR	LKR	LKR
Bank Charges	20,537	15,198	6,074
	20,537	15,198	6,074

NOTE 05-STOCKS

	2012	2011	2010
	LKR	LKR	LKR
Project Pollgolla	-	63,457	63,457
Project Waragoda	-	265,605	265,605
Project Katubadda	3,932,531	2,408,927	1,451,717
Project Keselwatta	-	150,062	198,101
	3,932,531	2,888,051	1,978,880

Notes to the Financial Statements

For the year ended 31st December 2012

NOTE 07-CASH & CASH EQUIVALENTS

	2012 LKR	2011 LKR	2010 LKR
Project Waragoda		99,478	25,547
Project Katubadda	2,690,196	4,767,930	93,550
Project Keselwatta	205,711	6,501	6,501
Project Polgolla			73,930
	2,895,907	4,873,909	199,528

NOTE 08-TRADE CREDITORS & OTHER PAYABLES

	2012 LKR	2011 LKR	2010 LKR
Trade Creditors	5,404,229	5,404,229	3,472,445
Accrued Charges	1,239,727	956,688	1,211,823
Others	79,616,757	76,751,405	71,734,089
	86,260,713	83,112,322	76,418,357

NOTE 09-BANK OVERDRAFTS

	2012 LKR	2011 LKR	2010 LKR
Project Waragoda		548,470	170,127
Project Katubadda		7,365,897	5,633,480
Project Keselwatta		729,425	424,910
Project Polgolla		478,331	
Cash at Bank - 2026716			24,723
Bag Center	118,405		
	118,405	8,643,792	6,731,571

NOTE 01-COST OF SALES

	2012 LKR	2011 LKR	2010 LKR
Stock as at 01-01-2012	208,875	438,445	711,044
Add: Good Transfers	7,349,783	16,548,283	14,441,196
	7,558,658	16,986,728	15,152,240
Less: Stock as at 31-12-2012	(1,023,900)	(208,875)	(438,445)
	6,534,758	16,777,853	14,713,795

NOTE 02-ADMINISTRATIVE EXPENSES

	2012 LKR	2011 LKR	2010 LKR
Salaries & Allowances	2,848,303	1,400,161	1,073,179
Incentive & Overtime	279,770	20,380	37,812
E.P.F & E.T.F	184,646		14,650
Electricity	155,277	128,794	128,034
Newspapers & Periodicals		768	1,068
Water	45,321	12,679	31,994
Insurance	10,554	29,975	
Staff Welfare	54,432	25,275	47,799
Security		44,442	63,462
Staff Training			955
Postage & Telephone	55,803	50,740	48,885
Medical	45,275	20,734	17,276
Printing	41,640	26,467	11,136
Rent & Rates	12,012	10,125	123
Travelling	93,000	32,330	36,205
Cleaning	38,600		
Warrant		1,485	4,605
Others	64,317	4,023	13,166
Entertainment		4,182	
Special Sales Expenses		704,100	
	3,928,951	2,516,660	1,530,349

Notes to the Financial Statements

For the year ended 31st December 2012

NOTE 03-DISTRIBUTION COST

	2012 LKR	2011 LKR	2010 LKR
Fuel & Lubricants		34,162	81,944
R/M - Machinery		12,072	11,624
R/M - Building	35,235	10,825	2,773
R/M - Vehicle		9,513	
Transport	251,695		79,430
Commission & Discount			2,457
R/M Machinery			10,750
R/M Others			9,684
Bag Centre Expenses	2,900,331		
Keselwatta Expenses	3,129,178		
Incentives			18,750
	6,316,439	146,002	137,982

NOTE 04-FINANCE COST

	2012 LKR	2011 LKR	2010 LKR
Bank Charges	20,537	15,198	6,074
	20,537	15,198	6,074

NOTE 06.02-OTHER INCOME

	2012 LKR	2011 LKR	2010 LKR
Engineering Services			15,566,727
Special Sales	4,699,802		
Other Income	2,489,449		
Circuit Reservation	96,810		
Foreign Exchange gain	370,483		
Miscellaneous Income		12,704,364	2,584,366
Profit disposal Assets		10,036,599	
	7,656,544	22,740,963	18,151,093

NOTE 06.03-ADMINISTRATIVE EXPENSES

	2012 LKR	2011 LKR	2010 LKR
Salaries & Allowance	53,885,947	49,730,973	48,996,854
Over Time	2,678,206	5,418,672	
Consultancy Fees	3,296,275	433,404	10,000
Incentive & Overtime	31,725,549	11,075,249	1,914,362
Warrants & Tickets	-	25,750	64,926
E.P.F. & E.T.F.	5,128,951	4,736,361	4,679,081
Pension Contribution	-	-	2,599
Gratuity	3,174,805	2,368,153	8,523,500
Special Allowance	-	365,000	-
Staff Welfare	3,632,148	993,989	918,320
Uniforms & ID	362,500	-	141,300
Travelling - Local	4,959,019	624,130	638,842
- Foreign	-	1,000,000	543,105
Staff Training	229,137	-	52,500
Medical Expenses	806,580	925,334	1,253,479
Directors Fees	1,391,206	559,858	36,283
Audit Fees	250,000	230,000	230,019
Vehicle Licence Fees	-	12,145	30,586
Legal Fees	-	323,383	1,000
Advertisement	5,007,782	1,939,219	457,825
Security Service	9,087,361	3,402,066	1,722,927
Printing & Stationery	6,014,733	1,647,980	1,131,115
News Papers & Periodicals	-	15,303	32,227
Postage/Tele/Telex	3,524,026	2,307,875	1,941,459
Fuel & Lubricants	3,277,375	1,644,679	1,234,034
Tool & Implement	-	1,110	2,400
Stock Verification	65,993	173,538	152,512
Other Expenses	-	414,919	487,023
Trade Licence Fees	64,332	26,663	13,435
Computer Expenses	128,942	938,039	519,040
Staff Travelling Allowance	-	671,344	-
Parking	432,000	110,000	-
Rent & Rates	3,596,349	4,028,330	16,157,768
Insurance	634,475	534,889	308,449
Water Bill	963,023	850,221	322,751
Electricity	17,596,510	7,269,782	3,355,723
Lease Interest Charges	-	-	35,682
Surcharge for E.P.F & E.T.F	-	-	2,152,971
Rep & Maint - Building	4,011,147	4,434,939	1,973,953

Notes to the Financial Statements

For the year ended 31st December 2012

NOTE 06.03-ADMINISTRATIVE EXPENSES CONTD.

	2012	2011	2010
	LKR	LKR	LKR
Rep & Maint - Machinery	253,986	739,119	417,049
Rep & Maint - Vehicle		536,557	1,010,022
Rep & Maint - Others	-	225	-
Maintenance Software	1,165,990	-	-
Vehicle Overheads	11,170,449	2,572,220	-
Deperciation	4,988,976	2,609,346	2,488,197
Depreciation - Vehicle	-	3,770	-
Stamp Duty	-	200,000	-
Cleaning Services	4,228,369	-	-
VRS	3,107,395	8,927,915	-
Concession Fees	417,644	-	-
G.S.O.U Expenses	-	-	24,839
Special Order Expenses	-	-	1,440,271
	188,578,972	122,081,983	110,837,100

NOTE 06.03.01-DISTRIBUTION COST

	2012	2011	2010
	LKR	LKR	LKR
Commission & Discount	8,513,517	2,020,462	1,054,907
Sponsorship	4,567,550	753,461	43,566
Fair & Exhibition	666,906	29,413	245,372
Packing Materials Locals	5,721,984	1,039,974	139,158
Business Promotion	2,577,754	119,850	20,010
Special Services	-	39,150	460,144
Rep.& Main.Purchase Goods	168,913	76,051	6,000
Rep.& Main.Engraving Goods	-	6,716	6,629
Transport	-	178,743	86,216
Repairs & Maintenance - Silver Cutting	-	-	5,208
Packing Material	-	-	-
Insurance & Freight Charges	544,094	-	-
Others	510,507	-	-
	23,271,225	4,263,820	2,067,210

NOTE 06.03.02-EXPORT EXPENSES

	2012 LKR	2011 LKR	2010 LKR
Packing Material		32,922	23,698
Insurance & Freight Charges		99,479	249,926
Others		4,153	-
		136,554	273,624

NOTE 06.03.03-FINANCE COST

	2012 LKR	2011 LKR	2010 LKR
Overdraft Interest	644,798	2,137,850	648,659
Bank Charges	332,231	412,630	570,579
Loan Interest	22,134,804	3,021,277	-
Bad Debts	-	3,723,535	-
	23,111,834	9,295,292	1,219,238

Notes to the Financial Statements

For the year ended 31st December 2012

NOTE 03.02-PROPERTY PLANT & EQUIPMENT

As at 31st December	Land & Buildings		Plant & machinery		Furniture, fittings & office equipment		Computer Software		Inventory Article		Capital work-in progress		Lease Building		Motor vehicles		Total	
	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Cost or deemed cost																		
Balance at 1 January 2011	166,721,313	15,956,682	2,633,857	7,856,753	9,623,839	6,547,853	1,740,251	666,662	4,955,347	192,674,112								
Additions/Revaluation	39,756,492	280,791	5,222,896	9,623,839	4,807,602													
Disposals																		
Transfers from W.I.P.																		
Balance at 31 December 2011	206,477,805	16,237,473	7,856,753	9,623,839	6,547,853	1,740,251	666,662	4,955,347	192,674,112									
Balance at 1 January 2012	206,477,805	16,237,473	7,856,753	9,623,839	6,547,853	1,740,251	666,662	4,955,347	192,674,112									
Additions/Revaluation	324,151,459	11,000,251	12,352,213	3,876,413	5,999,721	123,122,952												
Disposals																		
Transfers from W.I.P.																		
Balance at 31 December 2012	530,629,264	27,237,724	20,208,966	13,500,252	12,547,574	123,122,952	666,662	4,955,347	20,927,701									
Depreciation																		
Balance at 1 January 2011	9,630,264	6,672,916	1,238,072	777,112	4,955,347	23,273,711												
Charge for the year	576,258	1,595,668	263,386	174,025														
Disposals																		
Balance at 31 December 2011	10,206,522	8,268,584	1,501,458	951,137	4,955,347	20,927,701												
Balance at 1 January 2012	10,206,522	8,268,584	1,501,458	951,137	4,955,347	20,927,701												
Charge for the year		1,623,748	785,675	1,924,768	654,785	4,988,976												
Disposals																		
Balance at 31 December 2012		9,892,332	2,287,133	1,924,768	1,605,922	15,710,155												
Carrying amounts																		
At 1 January 2011	157,091,049	9,283,766	1,395,785	963,139	666,662	169,400,401												
At 31 December 2011	196,271,283	7,968,889	6,355,295	9,623,839	5,596,716	226,482,684												
At 1 January 2012	196,271,283	7,968,889	6,355,295	9,623,839	5,596,716	226,482,684												
At 31 December 2012	530,629,264	17,345,392	17,921,833	11,575,484	10,941,652	712,203,239												

Auditor Report



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கணக்காய்வாளர் தலைமை அபிபதி
திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல
My No } TC/A/SLHB/FA/2012

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உமது இல
Your No }

දිනය
திகதி
Date } 27 March 2014

The Chairman,
Sri Lanka Handicrafts Board

Report of the Auditor General on the Financial Statements of the Sri Lanka Handicrafts Board for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

With reference to my letter of even number dated 14 November 2013 on the above subject.

2. The English version of the above mentioned report is sent herewith.


H.A.S. Samaraweera
Auditor General

- Copy to :
1. Secretary, Ministry of Botanical Gardens and Entertainment Affairs
 2. Secretary, Ministry of Finance & Planning

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,
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கணக்காய்வாளர் தலைமை அபிபதி
திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය } TC/A/SLHB/FA/2012
எனது இல }
My No }

මගේ අංකය }
உமது இல }
Your No }

දිනය } 31 March 2014
திகதி }
Date }

The Chairman,
Sri Lanka Handicrafts Board

Report of the Auditor General on the Financial Statements of the Sri Lanka Handicrafts Board for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Sri Lanka Handicrafts Board for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012 and the comprehensive income statement, 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 64(3) of the National Crafts Council and Allied Institutions Act, No.35 of 1982. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Board on 09 September 2013.

1.2 Managements Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles 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.

අංක 306/72 පොල්දූව පාර,
බත්තරමුල්ල, ශ්‍රී ලංකාව

இல. 306/72, பொல்துவ வீதி,
பத்தரமுல்லை இலங்கை

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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. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

1.4 Basis for Disclaimer of Opinion

As a result of the matters described in paragraph 2.2.3 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the income statement, statement of changes in equity and cash flow statement.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2.3 of this report, I have not been able to obtain sufficient appropriate audit evidence, to provide a basis for an audit opinion. Accordingly I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) Even though the land and buildings situated on York Street, Colombo Fort belonging to the Board had been pledged as security for the Bank Loans obtained by the Board that had not been disclosed in the financial statements.

- (b) Expenditure incurred in the year under review amounting to Rs.1,754,623 had been omitted in the accounts and as such the profit for the year had been overstated by that amount.
- (c) Out of the sum of Rs.100,000,000 received for the construction of a Laksala Showroom at the Museum under a programme implemented by a Ministry, a sum of Rs.10,000,000 had been credited as a recurrent grant to the income of the year under review as such the profit for the year under review had been overstated by a sum of Rs.10,000,000.
- (d) Damaged goods that cannot be sold and goods for repairs (at cost) amounting to Rs.5,810,391 and Rs.1,065,729 respectively totalling Rs.6,876,120 had been erroneously shown as debtors and deposits and payments in advance respectively instead of being shown under the closing stocks.
- (e) A sum of Rs.1,000,000 out of the Welfare Fund invested in fixed deposits had been shown as cash and cash equivalents instead of being shown as investments.
- (f) Property, plant and equipment totalling Rs.63,031,672 of the Katubedda, Waragoda and Keselwatta Projects in operation had not been depreciated for the year under review.

2.2.2 Unsettled Balances

Out of the debtors and the deposits balances amounting to Rs.15,437,106 a sum of Rs.11,971,468 had been balances older than 03 years and action had not been taken for the settlement of those balances.

2.2.3 Lack of Evidence for Audit

The following items shown in the financial statements could not be satisfactorily vouched or verified due to the non-submission of evidence indicated against each item.

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
Fixed Assets	171,754,361	I Registers of Fixed Assets II Board of Survey Reports
Work-in-progress	123,112,952	I Security Deposits Payable II Particulars of Expenditure
Current Assets	352,336,944	I Registers of Assets II Board of Survey Reports III Age Analysis
Expenditure	11,947,638	I Particulars of Expenditure II Confirmation of Receipt of Cash
	<u>659,151,895</u>	

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

Instances of non-compliance with laws, rules, regulations, etc. observed during the course of audit are given below.

Reference to Laws, Rules, Regulations, etc.	Value	Particulars of Non-compliance
-----	-----	-----
	Rs.	
(a) National Crafts Council and Allied Institutions Act, No.35 of 1982 Section 44(b)	-	Even though the main objectives of the Sri Lanka Handicrafts Board are the sale and sales promotion of handicraft goods both locally and internationally no goods had been exported to foreign countries in the year under review.

(b) Financial Regulations

Financial Regulations 177	8,529,795	Two showrooms of the Board had directly spent a sum of Rs.8,529,795 on sundry expenses of the Board without being banked.
Financial Regulations 260 and 385	104,602,088	In making payments for constructions in the years 2012, a sum of Rs.104,602,088 had been paid to the relevant persons directly in cash in several instances. In making such payments, the National Identity Card number had not been recorded in the payment vouchers.

(c) Treasury Circulars

(i) Treasury Circular No.842 of 19 December 1978	716,843,145	A Register of Fixed Assets had not been maintained in respect of the fixed assets costing Rs.716,843,145.
(ii) Treasury Circular No.1A/2002/02 of 28 November 2002	11,575,484	A Register of Assets had not been maintained for the computer hardware and software valued at Rs.11,575,484.
(iii) Management Services Circular No.47 of 22 December 2011 Paragraph 02.	350,000	Bonus in respect of the year 2011 had been paid in the year 2012 to 140 employees of the Board at the rate of Rs.10,000. As such a sum of Rs.350,000 had been overpaid to the employees contrary to the relevant circular.

(iv) Public Finance Circular No.PF/PE/05 of 11 January 2000	32,170,182	The Board had paid incentives amounting to Rs.32,170,182 without the formal authority.
	800,000	In addition to the above incentives and contrary to circular instructions, incentives amounting to Rs.800,000 had been paid at the rates of Rs.50,000 and Rs.25,000 in the year under review to 16 of the 31 Staff Officers and 05 Instructors of the Board.
(v) Public Enterprises Circular No.PED 58(2) dated 15 September 2011 Paragraph 02.	793,000	(a) Instead of paying the Board of Directors Allowance to the members of the Board of Directors in the year under review at the rate of Rs.6,000 per meeting, a sum of Rs.1,105,000 had been paid at Rs.16,000 per meeting for 09 meetings. A sum of Rs.793,000 had been over paid contrary to the Circular.
	96,000	(b) The female officer appointed to the Board as the Treasury representative had, while on Maternity Leave from 30 November 2012 to 01 July 2013, participated in the meetings of the Board of Directors and the Audit Committee and obtained a sum of Rs.96,000 as allowances.

Nevertheless, the Director General of Establishments of the Ministry of Public Administration and Home Affairs had, by his letter No.EST-7/LEAVE/03/3180(1) dated 19, July 2013, confirmed that while being out of duty on maternity leave, officers cannot perform other duties and it is improper to obtain allowances for such duty.

144,000 (c)(i) While receiving a monthly salary/ allowances for functioning as the Chairman/ Chief Executive Officer, an officer is not entitled to obtain an allowance for participation in the Board meetings. Disregarding that requirement, an allowance of Rs.144,000 at the Rate of Rs.16,000 had been obtained.

144,000 (ii) The Managing Director of the Board who is not a member of the Board of Directors had also been paid a sum of Rs.144,000 at the rate of Rs.16,000 contrary to the circular for participating in the meetings of the Board of Directors.

<p>(vi) Public Enterprises Circular No.PED/12 of 02 June 2003 Section 8.3.8</p>	<p>4,279,050</p>	<p>The Board had paid a sum of Rs.4,279,050 to various institutions and individuals as gifts and donations without obtaining prior approval of the Cabinet of Ministers.</p>
<p>Section 8.3.9</p>	<p>181,009</p>	<p>A sum of Rs.181,009 payable by the Line Ministry to Sri Lanka Foundation Institute had been paid by the Board.</p>
<p>(vii) Public Enterprises Circular Letter No.PE1/000/6(Allow) Vol.II Temporary of 05 June 1998</p>	<p>2,310,000</p>	<p>Even though the entertainment expenses of the Chairman of the Board only can be reimbursed, contrary to that a monthly entertainment allowance of Rs.150,000 had been paid to the Chairman/Chief Executive Officer as well. Four other officers had also been paid monthly entertainment allowances at the rates of Rs.20,000 to Rs.7,500. As such the improper payments of entertainment allowances during the year under review amounted to Rs.2,310,000.</p>
<p>(viii) Public Enterprises Circular Letter No.PED/50 of 28 October 2008</p>	<p>1,800,000</p>	<p>(a) The Chairman of a Corporation or a Board could be provided with an official motor vehicle with 220 litres of Petrol per month and if a motor vehicle of the Board is not used he is entitled to a monthly</p>

allowance equal to the quantity of fuel together with Rs.30,000 for his motor vehicle, Contrary to that, a sum of Rs.1,800,000 at the rate of Rs.150,000 per month had been obtained as transport allowance as the Chairman/Chief Executive Officer.

3,382,650 (b) Contrary to the above circular, 30 Officers had been paid transport allowances at the rates of Rs.7,500 to Rs.20,000 during the year under review. Such allowances paid totalled Rs.3,382,650.

(d) Government Procurement Guidelines

Guidelines 2.7.5

The Secretary to the Ministry had not appointed a Procurement Committee to the Board. Instead, a Procurement Committee nominated by the Board of Directors had been appointed. That Committee comprised, the Chairman, the Managing Director, the Executive Director (Finance) and the Project Director, all of whom are officers of the Board.

(ii) Guideline 4.3

Estimates had not been prepared for construction contracts valued at Rs.141,073,130.

(iii) Guideline 5.4.4

Even though advances amounting to 20 per cent of the contract amount can be paid on the production of an acceptable guarantee, the Board had paid advances outside the limit at the request of the contractors without obtaining proper guarantees. Those ranged between 82 per cent to 100 per cent of the contract value.

(iv) Guideline 5.4.6

Even though a specified amount from each payment to the contractors should be retained until the expiry of the defects liability period, such retention money had not been recovered from any of the payments made to the contractors.

(v) Guideline 5.4.12

A sum of Rs.141,073,130 had been paid to a contractor during the year under review without obtaining the Value Added Tax Invoices. That had not been brought to the notice of the Commissioner General of Inland Revenue with a copy to the Auditor General to cover the Value Added Tax.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Board for the year under review had resulted in a net profit of Rs.63,189,722 as compared with the corresponding net profit of Rs.49,629,173 for the preceding year. Accordingly an improvement of Rs.13,560,549 in the financial result as compared with the preceding year was observed. That had been mainly due to the increase of the other income of the Board by a sum of Rs.13,263,743 and the increase of a sum of Rs.10,000,000 in the Government Grants. Had the erroneous income relating to the year under review referred to in paragraphs 2.2.1(b) and (c) been adjusted, the financial results for the year under review would have been reduced by a sum of Rs.11,754,623.

3.2 Unusual Increases in Expenditure

The expenditure for the year as compared with the preceding year had unusually increased as shown below.

	2012	2011	Difference	Percentage
	-----	-----	-----	-----
	Rs.	Rs.	Rs.	
Electricity	17,596,510	7,269,782	10,326,728	142
Incentives and Overtime	31,725,549	11,075,249	20,650,300	186
Employees Welfare	3,632,148	993,389	2,638,759	266
Travelling Expenses - Local	4,959,019	624,130	1,334,889	696
Board of Directors Allowances	1,391,206	559,858	831,348	148
Publicity Expenditure	5,007,782	1,939,219	3,068,563	158
Security Services	9,087,361	3,402,066	5,685,295	167

Printing and Stationery	6,014,733	1,647,980	4,366,753	265
Fuel and Lubricants	3,277,375	1,644,679	1,632,696	99
Motor Vehicles Overheads	11,170,449	2,572,220	8,598,229	334
Commission and Discounts	8,513,517	2,020,462	6,493,055	321
Sponsorships	4,567,550	753,461	3,814,089	506
Trade Exhibitions	666,906	29,413	637,493	2167
Sales Promotion	2,577,754	119,850	2,397,904	1333
Expenses				
Interest on Loan	22,134,804	3,021,277	19,113,527	632

The following observations are made in this connection.

- (a) Even though the sales income for the year under review had improved by 73 per cent, the corresponding expenditure had increased by 77.3 per cent.
- (b) Nevertheless, as compared with the preceding year, the expenditure for the year on travelling expenses printing and stationery, motor vehicles and overheads expenses, commission and discount, sponsorships, trade exhibitions, sales promotion expenses and interests on loans had increased largely.

4. Operating Review

4.1 Performance

The following differences were observed between the targeted sales and the actual sales in the Thummulla and other Branches, in the year 2012.

Branches	Targeted Sales	Actual Sales	Difference	Percentage
	Rs. 000	Rs. 000	Rs. 000	
Thummulla	156,718	261,208	104,490	67

Fort	131,492	119,808	(11,684)	(9)
Katubedda	42,692	35,377	(7,315)	(17)
Katunayake	27,092	9,256	(17,836)	(66)
Kandy	40,292	22,761	(17,531)	(44)
Galle	40,292	10,535	(29,757)	(74)
Nuwara Eliya	7,892	1,331	(6,561)	(83)
Moneragala	2,381	1,116	(1,265)	(53)
Kurunegala	1,265	1,110	(155)	(12)
Battaramulla	29,492	16,889	(12,603)	(43)
New Branches(05)	20,528	10,174	(10,354)	(50)
	<u>500,136</u>	<u>489,565</u>		

The following observations are made in this connection.

- (a) Out of the 15 Laksala Showrooms, the expected targets of one showroom had exceeded by 67 per cent while the expected sales targets of 09 showrooms had not reached over 50 per cent level.
- (b) The sales income for the year under review amounted to Rs.489,564,350 while the sales income for the year 2011 amounted to Rs.276,368,521. As such the sales income for the year under review as compared with the preceding year had increased by Rs.213,195,829 or 77 per cent.

4.2 Transactions of Contentious Nature

4.2.1 Procurement of Construction Contracts from Government Institution by the Board Contrary to the Approval of the Cabinet of Ministers.

The approval of the Cabinet of Ministers had been granted by the Cabinet Memorandum No.CM/06/0211/231/004 dated 01 February 2006 for the protection of the local industrialists and for giving priority for the Government institutions to purchase the carpentry products of the Board without inviting bids or inviting for quotations. In

addition the Cabinet of Ministers had specified that a Treasury representative should participate as a member of the Quotations Committee.

Nevertheless, in order to obtain approval for carrying out even those authorities not specified in the Act for establishment of the Board, the conditions that “ the prices should be determined by a committee including a Treasury representation” had been totally deleted and the Annexe 01 to the Cabinet Memorandum had been altered to enable obtaining contracts such as laying computer cables, laying electric and electronic lines and other engineering works and sent to the Government institutions with the Cabinet Memorandum and taken action to procure works and services by misleading the institutions. The value of the construction works so procured contrary to the Cabinet Decision up to the end of the year under review amounted to Rs.329 million.

Nevertheless, contentious issues and problems had arisen in connection with the contract works of Government institutions undertaken by the Board due to non-completion, abandoning, not being up to standards, etc.

Several such contracts are given below.

Client Institution	Particulars	Status
Sri Jayawardhanapura Kotte Municipal Council	Installation of 20 Solar Powered electrical lighting systems at the Welikada Children’s Park and the Municipal Council premises	As the construction was not up to the standards Solar panels had not functioned. In this connection the Municipal Council had filed a case against the Board

Southern Authority	Development	Various activities such as the installation of the Sound system and air-conditioners and laying cables	The institution had reported various defects
Sri Lanka Corporation	Broadcasting	Construction of a Transmissions Tower	Stopped halfway
Crafts Council		Construction of Buildings	Reported various defects
General Hospital Kandy		Repairs to Washing Machines	Reported various defects

4.2.2 Establishment of an Engineering Unit in the Board and Award of Internal and External Contracts to Registered Contractors of the Board

According to the Decision of the Board of Directors on the Board Papers No.2009/44 and 2010/01 submitted to the Board by the Management of the Board based on the subsequently altered Cabinet Memorandum referred to at paragraph 4.2.1 above the Board had established an Engineering Division in October 2009. According to the Board Paper No.2010/01, the function of the Engineering Unit had been stated as “carrying out engineering projects of any description”, and required it to function as a profit centre established as a support for the Board. Nevertheless the work of the Unit had been suspended from April 2011.

According to the Board Paper No.2011/29 dated 17 June 2011, it had been decided that the work of the suspended Engineering Unit should be reorganized and that is should be established as a new units for the execution of construction works of Government institutions, internal constructions, carpentry works, light engineering works and supplies and services based on the above mentioned decision of the Cabinet of Ministers. Accordingly, action had been taken to award all contracts to the 04 contractors registered with the Board, to award the contracts for repairs to buildings costing less than Rs.2.5 million to a particular private construction institution which was formally the Engineering Unit of the Board, to obtain a profit percentage ranging from 2 per cent to 8

per cent of the income earned by them from external contracts as an income of the Board, and to delegate the powers for entering into contracts with the client institutions to the Chairman of the Board, the Secretary to the Board of Directors or the Director of Finance.

The following observations are made in this connection.

- (a) Even though agreements for all contract works had been entered into for execution by the Sri Lanka Handicrafts Board (Laksala) Engineering Unit, the Laksala did not have such a Unit or the human or physical resources with qualifications and capacity for such unit.
- (b) The accepted methodology had not been followed in the registration of the 04 contractors and none of those institutions had not been registered under the Institute of Construction Training and Development.
- (c) Even though all contracts had been executed in the name of the Laksala. The accounts in that connection had not been disclosed in the financial statements of the Laksala.

4.2.3 Action not taken to transfer Crafts Training Division to the National Crafts Council

The following observations are made.

- (a) According to the decision of the Cabinet of Ministers on the Cabinet Memorandum No.08/2322/349/015 of 08 December 2008, it had been decided to transfer the Craft Training Division operating under the Board to the National Crafts Council. That had not been finalized even up to the end of the year 2012. According to the Letter No.3/4/2/46 dated 06 April 2009 of the Secretary to the Ministry of Rural Industries and Self Employment Promotion 189 employees of the Crafts Training Division that functioned under the Board had been attached to the National Crafts Council with effect from 01 May 2009 in accordance with the above mentioned Cabinet Decision and action had been taken to transfer 132 Training Centres under the Crafts Training Division to the National Crafts Council. Seventy buildings in which those Training Centres were maintained belonged to the Board. Even though the value of the equipment, machinery, implements and tools in those buildings should have been assessed and

transferred to the National Crafts Council, action had not been taken even up to 31 October 2013 for the legal transfer of the property even though a period of about 04 years had elapsed after the handover of the employees and properties.

- (b) This position had not been disclosed in the financial statements of the Board for the years 2010 and 2011. The following balances shown under the Crafts Training Division in the Financial Statements for the year 2009 had been shown identically as the balances as at 31 December 2012 in the Financial Statements presented for the year 2012.

Category of Assets / Liabilities	Value
-----	-----
	Rs.
Non-current Assets	46,298,422
Current Assets	31,351,316
Non-current Liabilities	12,345,384
Current Liabilities	17,591,622

4.3 **Idle and Underutilized Assets**

The following observations are made.

- (a) Even though the Handicrafts Training Division had been transferred to the National Crafts Council in the year 2009, the Carpentry Training Division at Katubedda had not been transferred to the National Crafts Council. As such, the timber sawing machines and the planning machines and the other allied machinery of that school had been idling and underutilized.

- (b) The three storeyed building of about 20,000 square feet and the hostel with 40 twin beds of the Carpentry Training Project at Katubedda had been idle and underutilized for about 03 years.
- (c) In addition to the above, the building of the Bag Production Centre of about 8,000 square feet and tables and 80 chairs had also been idling.

4.4 Identified Losses

A sum of Rs.538,405 had been paid as a surcharge due to the failure to pay the contributions to the Employees Trust Fund on the due dates in terms of the Employees Trust Fund Act.

4.5 Apparent Irregularities

The Board had maintained 31 Bank Current Accounts. Even though transfers of money from one account to another account were observed, there were instances of obtaining the money in cash instead of being transferred. According to a test check a sum of Rs.650,000 had not been transferred among the accounts in 02 instances. On enquiries made, two other vouchers had been submitted by stating other matters similar to the vouchers submitted previously. As 02 vouchers in different forms had been presented for the same transaction, this matter is of suspicious and contentious nature and as such the existence of such other vouchers cannot be ruled out in audit. Similarly the possibility of the misuse of the Board money as well cannot be ruled out.

4.6 Non- investment of the Provision for Employees' Gratuity

According to the financial statements presented by the Board for the year 2012, a sum of Rs.28,417,509 had been provided for employees gratuity. Even though that money should be invested to meet the future liabilities, it had not been so done.

5. Accountability and Good Governance

5.1 Internal Audit

Action had not been taken in terms of Section 13(5)(d) of the Finance Act, No. 38 of 1971 for the preparation of an Internal Audit Programme and obtain the concurrence of the Auditor General for the programme. Even though the examination of the effective implementation of the internal control systems of the Board and the financial statements including the vouchers relating to the daily transaction for ensuring the reliability of the accounts and other records should be carried out, an audit of the works and construction of contentious nature and various types of payments had not been carried out by the Internal Audit Division.

5.2 Corporate Plan

Even though the Board had prepared a Corporate Plan covering the years 2011 to 2013, a Corporate Plan in terms of Section 5 of the Public Enterprises Circular No. PED/12 of 02 June 2003 had not been prepared. Nevertheless, the Corporate Plan had not been reviewed in a timely manner and updated.

5.3 Procurement Plan

The Board had not prepared a Procurement Plan for the year 2012 in terms of Section 4 of the Government Procurement Guidelines.

6. Systems and Controls

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

- (a) Accounting
- (b) Contract Administration
- (c) Cash Control
- (d) Assets Control
- (e) Budgetary Control

H.A.S Samaraweera
Auditor General

Chairman's observation for Audit Governor's Report

1

17-10-2013

Mr. W. Premananda,
Asst. Auditor General,
Auditor General's Department,
No: 306/72,
Polduwa Road,
Battaramulla.

Sir,

Report of the Auditor General on the Financial Statements of the Sri Lanka Handicrafts Board for the year ended 31st December 2012 in terms of Section 14(2)(C) of the Finance Act No.38 of 1971.

My clarifications with regard to the matters of the above reports are submitted to your kind attention as follows.

2.2.1 Accounting Deficiencies:-

- (a) Necessary action has been taken to disclose all bank loans granted by the bank, through financial statements.
- (b) A few expenses incurred pertaining to the year under review had been omitted when calculating accrued provisions. However action has now been taken to rectify the same.
- (c) As the lease agreement was signed primarily for a period of 10 years, a necessary policy decision has been taken to credit the grant received over the period of 10 years. However, the relevant lease period has later been changed up to 35 years according to the Cabinet decision and as such necessary action has been taken to make adjustments pertaining to it in the final accounts of 2013.
- (d) Although the items were changed, total value of current assets has not been changed. As pointed out, action has been taken to show the same in the final accounts of 2013.

- (e) Since the said amount has been invested in the fixed deposit for a period of one year (short term), the same has been shown as cash and cash equivalents under current assets.
- (f) Since these assets have been kept idle without being used over the several years, depreciation had not been provided for the year under review. Arrangements have been made to take action in this regard after physical verification of assets.

2.2.2. Unsettled Balances:-

Many balances out of the unsettled balances over the several years represent the balances which arose from the Department of Small Industries or Crafts Training Division. Necessary action has been taken to write off these balances from the books.

2.2.3. Lack of Evidence for Audit

The fixed assets amounting to Rs. 171,754,361/- is represented by the balances of Sri Lanka Handicrafts Board and the Crafts Training Division. An independent Professional Accounting Body has been assigned the task of preparing the register of fixed assets and updating it after verifying the fixed assets. Accordingly, action has been taken to rectify such balances.

Work in progress amounting to Rs. 141,073,103/-.

Contract payment register has been furnished for the audit of payment vouchers related to it.

Current Assets and Liabilities amounting to Rs. 103,970,740/-.

These balances consist of balances of project account and the crafts account. As these balances are remaining over the several years, necessary action has been taken to rectify and settle the same.

Expenditure amounting to Rs. 29,516,172/-.

All the payment vouchers of expenditure in respect this have been furnished for audit.

2.2.4 Non – Compliance with laws, rules and regulations and Management Decisions.

- (a) All the necessary measures have been taken for the sale and promotion of handicrafts goods locally, and such measures have produced satisfactory results while the same being implemented successfully. Action has been taken to implement marketing promotional activities under a proper programme for the purpose of expanding the international market.
- (b) i) F.R. 177
Necessary instructions have been issued to all the Managers to bank all the daily sales proceeds on the same day or at the earliest possible day and also not to use them for expenditure purpose.
- ii) F.R.260 and F.R.385
Necessary instructions have been given to the effect that the identity of the payee should compulsorily be established in respect of every payment. Further, action has been taken to get signatures of the payees who have obtained the payments for all vouchers submitted, together with the receipts for the same and also to maintain a separate record while taking their National Identity Card Nos. and signatures into it.
- iii) F.R. 394(c) and F.R 396(d) Necessary measures have been taken to rectify the matter.
- (c) Treasury Circulars:
- i and ii Action has been taken to do the relevant tasks in assigning the process of updating the fixed asset register to an independent Chartered Accountant Body having physically verified the Fixed Assets.
- iii (a) In addition to taking policy decisions under restructuring process to transform the board into a certain profitable state in the ear 2010, which was experiencing losses until the year 2009, action should have been taken to get the fullest contribution of the employees. As a first step of encouraging the employees, the bonus in respect of the year 2011 was paid in 2012 on the approval of the Board of Directors.
However, action has been taken to pay the bonus due to the year 2012 at a rate of Rs.7500/- in terms of the respective circular.

- (b) These moneys have been recovered and the relevant receipts are also attached here to.
- iv (a) The necessary approval of the Board of Directors has been obtained to pay incentives in the year 2012. Further, the Sri Lanka Handicrafts Board was brought under the State Enterprise Management Agency by His Excellency the President through the Gazette Extraordinary No. 1601/34 of 15.05.2009. And accordingly, employees' contribution and motivation should compulsorily be taken to gain profits on self financial earnings by restructuring the institute. Also all the showrooms have to be kept open throughout the 365 days, while the financial benefits be offered to the employees for their commitment to the duty. Accordingly, even if this payment was made in the year 2012, action has been taken to pay these allowances in the year 2013 as per the approval of the Department of the Management Services.
- (b) Similarly, payments only to the 16 officers mentioned in the query was made owing to the reason that they are heads of the divisions as well as their contribution was highly important to achieve this profitable level, since they have led their group by portraying direct leadership to turn the institute into a profitable state. And as such they were paid this allowance and at the same time, their group was also paid incentives for their commitment and contribution towards the institute.
- v (a) Action has been taken to revise the payments on the instructions and clarifications of the Secretary to the Ministry in terms of Public Enterprises Circular No. PED 58 (2) dated 15th September 2011.
- (b) Clarifications in this regard have been obtained from the General Treasury under the Public Enterprises Circular No. PED 58(2) dated 15th September 2011.
- (c) I and II –Action has taken to rectify the matters.

II Section 03

Payments are being made by now, having made the necessary settlements in consultation with the Department of Inland Revenue.

VI. Public Enterprises Circular No. PED /12 of 02nd June 2003.

I and II. The expenses incurred for sponsorships solicited for various undertakings by the institutions which contributed to the institute, which was named as an inactive government institution experiencing losses over the several years, to achieve a profitable state are represented by this. However necessary action has been taken to minimize this situation.

VII and VIII (a)

The Sri Lanka Handicrafts Board has to engage in the marketing promotion using various strategic measures under local and foreign marketing promotions. Hence, prior approval has been given to grant entertainment allowance and transport allowance to the Chairman/Chief Executive Officer while entertainment allowance is being paid to the other officers as well according to the needs.

- (a) A transport allowance is paid to the Director (Finance). But no official motor vehicle has been provided on behalf of that post by the institute.
- (b) All showrooms of Laksala are kept open from 9.00 a.m. to 9 p.m. throughout the year, but all officers cannot be provided with transport facilities. So, the main objective of the payment of this allowance is to get their service in an optimum productivity level towards the institution.
- (c) As per the instructions obtained from the officers of the Department of Inland Revenue, it was informed not to recover With Holding Tax (WHT) from the remunerations of the officers who are providing consultation Services. However, after finding out more necessary details and clarifications in this regard, action will be taken to furnish them in the future.
- (d) Government Procurement Guidelines dated 25th January 2006.
 - I. Action has been taken to appoint Procurement Committee Officers correctly.
 - II. Relevant estimates have been prepared.
 - III. It has been done in this manner having considered the completion period of the construction works.
 - VI Such retention of money was not made during the past period and necessary action has been taken by now.
 - VII Even though payments have been made without obtaining tax invoices year under review, necessary steps have been taken to obtain invoices covering Value Added Tax in respect of present contract works.

4.2 Transactions of contentious nature.

4.2.1. Action has been taken as per the file available in this regard. Also steps have been taken to correct the defects of the client institutions shown in consultation with them as well as the contractors who had carried out these works.

4.2.2 (a) and (b)

By functioning according to the guidelines given from time to time, the internal activities of the institution are being carried out by this section by now and also, action has been taken to rectify all these matters by the end of the year 2014.

(c). The cheques receivable in respect of contract works executed during the year 2012 by Laksala on behalf of the outside institutions have been received in the name of "Chairman Handicrafts Board". The payments to be made for executing contract works have been made to the relevant firms through board's cheques. Further, the profit receivable to the Board in relation to those transactions has been shown under other income of the profit and loss account of the respective year. The receipts of them as well as the vouchers of each bank account pertaining to the payments have also been furnished for the audit.

4.2.3.(a) This task has been assigned to a recognized Chartered Accountant Body as shown at the meeting of the Audit Management Committee.

(b) The account balances of the Craft Training Division have been included in the audited accounts for the year 2009, and the same has also been shown in the annual report submitted to the Parliament as it is. Owing to the transfer of Crafts Training Division to the National Crafts Council in the year 2009, no any change has been caused in the balances of the Crafts Training Division existing in the year 2009. The operating balances of the accounts in the year 2010 have been submitted for the audit. However, the balances of the Crafts Training Division which remained unchanged in the year 2009 have been included in the annual report submitted to the Parliament in the year 2010. The operating balances in the year 2011 have been furnished for audit and the balances which remained unchanged in the year 2009 have been included even in the annual report scheduled to be submitted to the Parliament. The balances of

the Crafts Training Division, which remained unchanged in the year have been included along with the accounts furnished for the audit in the year 2012. However, action is due to be taken in the year 2013 to correct the balances which remained unchanged in the year 2009.

4.3. Idle and Underutilized Assets

(a),(b),(c), Necessary action would be taken for the proper use of underutilized assets shown herein under the restructuring programme in the future

4.4 These surcharges are contributions to have been credited to the Employees' Trust Fund during the period of financial difficulties of the institute and therefore action has been taken to correct all these matters at present.

4.5. Apparent Irregularities:

Due to the non receipt of vouchers presented to the payees for the payment of money, to the subject clack, previously incorrectly prepared vouchers have been filed in this manner. However, these cash receipt vouchers were filed in the relevant preliminary files and after this being observed later, such vouchers have been furnished to the Government Auditors as well.

4.6. Non-investment of the Provision for Employees' Gratuity.

After comparing this with the Treasury Circulars, action will be taken to get correct steps in the future.

5.1. Action has been taken to carry out internal audits according to the internal audit programme.

5.2. The corporate plan is being prepared for the next 5 years with the assistance of the outside persons having professional experience.

5.3. Steps have been taken to make aware of the officers with regard to the preparation of a procurement plan for the year 2013.

6. Systems and Controls.

(a) Accounting:

Having introduced the internationally accepted SAP BO1 computer system, action has been taken to make aware of the officers with regard to the maintenance of accounting activities through it.

(b) Internal Administration

Appointment of an internal auditor for the purpose of strengthening the internal administration, conducting audit meeting properly and directing the relevant orders to all sections by way of holding director board meetings have already been carried out.

(c) Contract Administration

Execution of only the internal contracts, suspension of external contracts, abiding by all procedures to be adhered in offering contracts have been made compulsory.

(d) Cash Control

Taking all the necessary steps to rectify shortcomings in financial administration shown by the Audit Division through out the year. Also, the shortcomings in cash control which had taken place in the year 2012 have been rectified in the year 2013.

(e) Asset Control

Preparation of fixed asset registers and inventory registers, which was a principal defect in the assets control has already been assigned to a recognized Chartered Accountant Body.

(F) Legal Provisions:-

Steps have been taken to perform tasks in conformity with the legal provisions as far as possible.

(g) Payment of Allowances:-

Approval of the Department of Management Services of the General Treasury has been obtained for the allowances paid by the institute.

Thank you.

Yours faithfully,

Chairman/CEO

Copies :-

1. Secretary to the Ministry of Botanical Gardens and Public Recreation
2. Secretary to the Ministry of Finance and Planning.

Ten year Financial Review

For the year ended 31st December 2012

Year ended 31 December	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Turnover	504,317	293,678	225,721	131,070	107,445	105,250	105,250	143,717	141,921	124,304
Other Income	23,264	22,828	18,310	6,590	2,438	2,996	2,222	913	2,644	8,728
Gross Profit for the Year	295,153	165,256	105,857	67,250	41,210	38,501	48,921	60,700	60,935	49,555
Net Profit /(Loss)for the Year	63,189	49,629	6,034	6,947	-24.27	23,625	-2,741	-3,722	-1,083	3,700
Total Assets	1,293,676	621,460	458,317	426,450	399,448	387,777	357,516	216,160	235,088	181,213
Total Equity	584,647	220,728	171,099	165,085	67,534	218,604	214,113	96,298	104,117	81,910
Total Liabilities	709,029	400,731	287,217	261,565	231,914	169,173	143,403	119,862	130,971	99,303
Gross Profit Ratio	58	56.27	45.98	50.90	38.35	36 . 58	46 . 48	42 . 24	42 . 94	39 . 87
Overhead Ratio	48	47.15	51.42	74.48	103 . 75	106.83	117 . 12	46 . 19	45 . 35	43 . 85
Net Prifit Ratio	12	16.90	2.67	5.20	-22.59	22 . 45	-2.60	-2.59	-0.76	2 . 98
Current Ratio(Times)	.1	1.39	0.73	0.75	0 . 57	0 . 77	0.94	1 . 09	1 . 23	1 . 12
Return on Equity %	0	28.71	4.9	(4.2)	(14 . 8)	(10 . 8)	(1 . 3)	(3 . 9)	(1 . 0)	4 . 5

Board Highlights

	2011 Rs.	2010 Rs.
In Thousands of Rupees		
Net Revenue	293,678,576	225,721,033
Profit Before Taxation	50,316,406	8,094,833
As a % of Net Revenue	17.13%	3.59%
Profit after Taxation	49,629,173	6,034,558
Return on Capital Employed	7.98%	1.32%
Key Ratios		
Gross Profit Ratio	56.5%	46.9%
Overhead Ratio	47.1%	51.4%
Net Profit Ratio	17.1%	3.6%
Number of Personnel	193	184



Laksala Branch Network



Outlet	Address	Outlet	Address
Fort	60, York Street, Colombo 01.	Katunayaka	Transit Area, B I A, Katunayaka.
Thummulla	215, Baudhdhaloka Mawatha, Thummulla, Colombo 07.	Walipanna	Walipenna Stopover, Southern Expressway, Service Area "B", Shop A5 & A6.
Katubedda	282/A, Galle Road, Katubedda, Moratuwa.	Race Course	Mini Stand, Race Course Promenade, Reid Avenue, Colombo 7
Kandy	05, Sangaraja Mawatha, Kandy.	Pinnawala	Elephant Orpernage Pinnawala, Rambukana
Galle	74/1, Galle Road, Galle.	Peradeniya	14, Botanical Gardens, Peradeniya
Museum	Museum Gallery Cafe, National Museum Premises, Colombo 7		
Battaramulla	"Janakala Kendraya", Battaramulla.		



215, Buddhaloka Mawatha, Thummulla, Colombo 07.

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