

ANNUAL REPORT

2013



SRI LANAK INSTITUTE OF PRINTING

(Established by an Act of parliament in 1984)

Ministry of Youth Affairs & Skills Development

118, Dr. Danister De Silva Mawatha, Colombo-08

Telephone:- +94112686162, +94112679791

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Email:- sliopreg@sltnet.lk

Web:- www.sliop.edu.lk

GENERAL INFORMATION

Name :- Sri Lanka Institute of Printing

Statues :- Established by an Act of Parliament in 1984

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

Telephone :- +941286162, +9412679791

Fax :- +9412686162

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

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

Auditors :-

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

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Sri Lanka Institute of Printing

INTRODUCTION

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

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

MISSION STATEMENT

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

STRATEGIES AND COMMITMENTS

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

OBJECTIVES

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

THE STRENGTHS OF THE INSTITUTE

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

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

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

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

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

In the imparting of knowledge and skills the Institute is fortunate to obtain the services of a number of professionals in the industry and allied fields. Their direct involvement in the formulation of study courses and syllabuses; preparation of course-material and in the conducting of teaching sessions, have provided the much desired stature/status and standards to the varied activities of the Institute.

The Institute also possesses a library with an unmatched collection of books and publications on the Graphic Arts Industry. These provide the desired depth to the inputs received in the practical and theory sessions.

VIEWS & COMMENTS

GENERAL

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

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

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

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

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

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

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

The only organization that can provide the training in the various disciplines of the Graphic Arts industry and higher levels of education in Sri Lanka at present is the Sri Lanka Institute of Printing. Given the necessary infrastructure, equipment and machinery, the Institute could provide all the training requirements of the industry. Additionally the Institute could provide

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

NEW PREMISES TO SLIOP

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

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

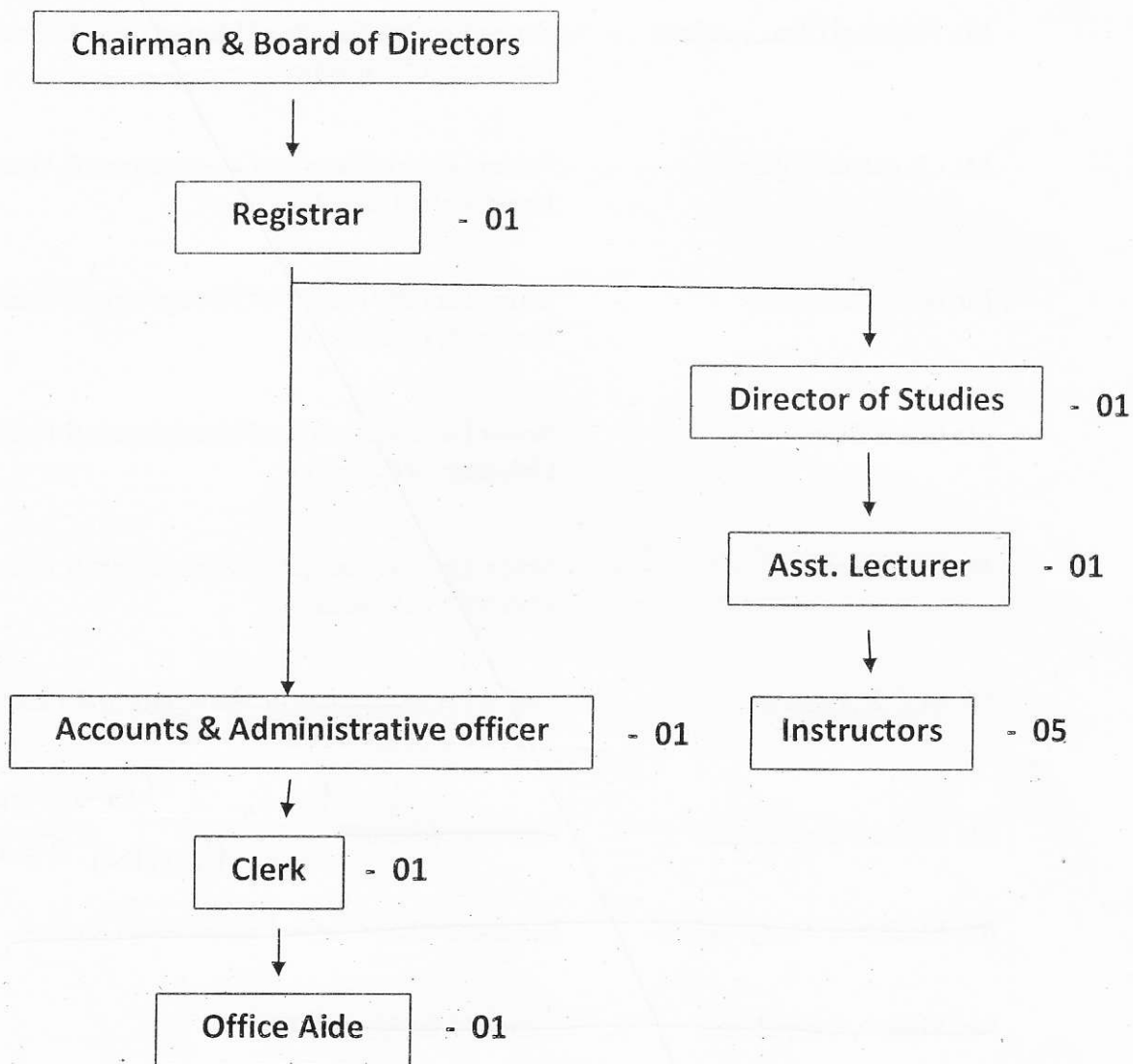
Board of Governors – Sri Lanka Institute of Printing (SLIOP)

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

STAFF – SRI LANKA INSTITUTE OF PRINTING

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

Organizational Chart



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

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

Visiting Tutorial Staff

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

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

BRANCHES

Sri Lanka Institute of Printing has a branch in Matale

Matale Branch Address

Sri Lanka Institute of Printing

District Secretariat

Matale

Tel: 060-2683839

Course Conducted in Matale Branch

1. Typesetting & DTP
2. Computer Graphic Designing
3. MS Office
4. Web Designing

COURSE DETAILS

Course	Duration	Course Fee (Rs)
Typesetting/Desktop Publishing	120 hours	11,850/-
Costing & Estimating for Printers	01 Year	11,350/-
Offset Lithography	01 Year	14,850/-
Computer Graphic Designing	114 hours	14,350/-
Sheet Fed Litho Press Operations	26 weeks	14,850/-
Design for print	01 Year	11,350/-
Web Design	20 Weeks	14,850/-
Offset Press Operation for School Leavers	14 Months	18,250/-
Non Linear Editing	16 Weeks	19,850/-
Digital Animation	24 Weeks	19,350/-
Computer Hardware & PC Assembly	14 Weeks	10,000/-
MS Office	16 Weeks	10,350/-
Planning & Plate Making	12 Weeks	9,750/-
Book Binding & Finishing	01 Year	13,850/-
Advanced Diploma in Visual Communication & Management	2 Years -Part Time	95,000/-
Advanced Diploma in Printing Technology & Management	2 Years -Part Time	95,000/-
Diploma in Computer Graphic Designing	01 Year	28,350/-

Workshops and Seminar Conducted in 2013

Free Seminars

Seminar	Date Conducted	Participation
1. Graphic Design	2013.02.10	45
2. Graphic Design	2013.05.12	20
3. Graphic Design	2013.06.30	36
4. Graphic Design	2013.09.01	36
5. Graphic Design	2013.09.17	30

Technical Seminars/Workshops

Seminar	Date Conducted	Participation
1. Quality control in the prepress and Costing/Estimating essentials	2013.03.09	23
2. Quality control in the Press room And future of Printing Technology	2013.03.10	17
3. Seminar on Digital Printing	2013.06.22	64

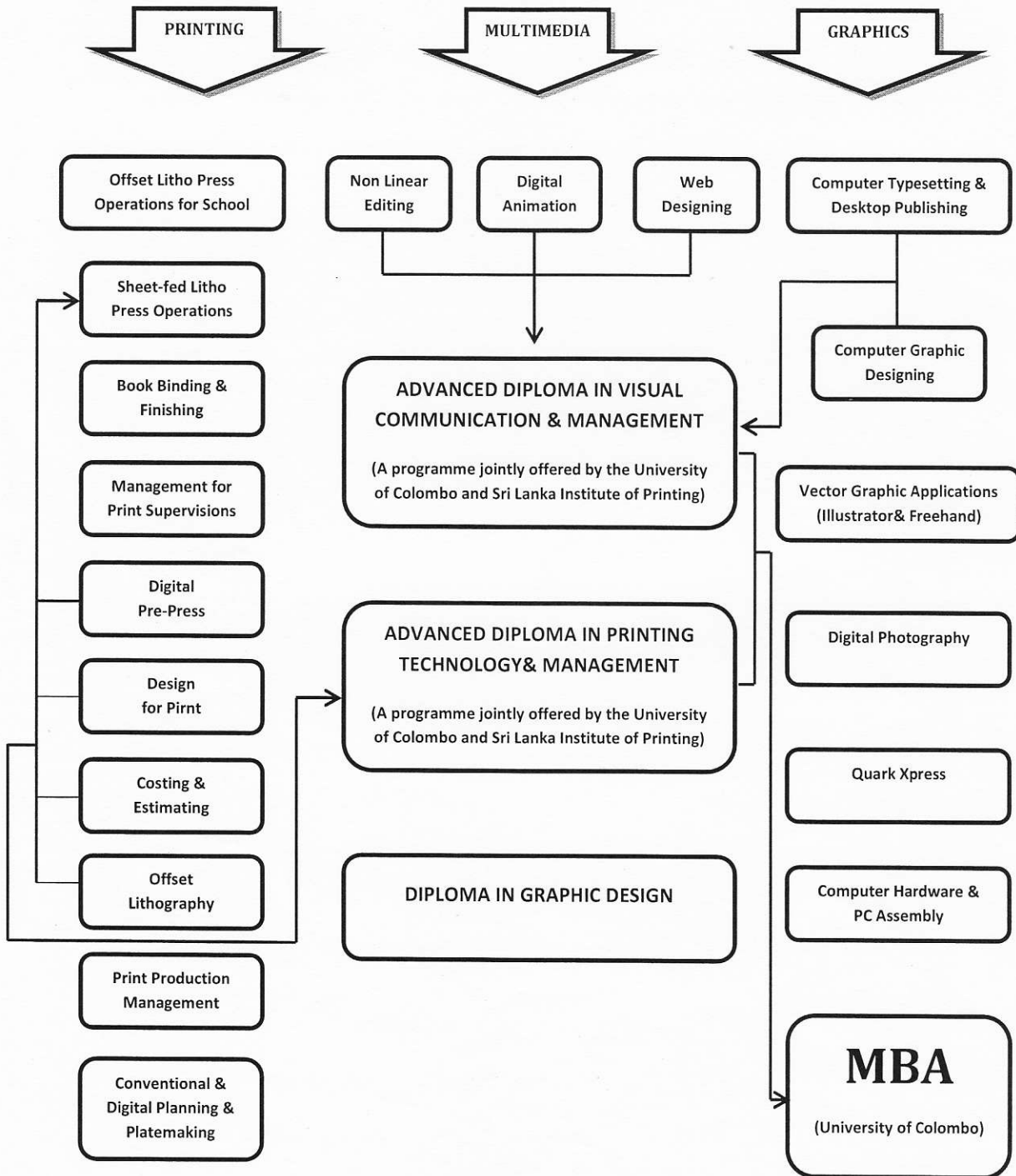


Sri Lanka Institute of Printing

(Established by an Act of Parliament in 1984)



CAREER DEVELOPMENT PATH



Student Data

Course	2013	
	Number of Target Students	Number of Actual Students
1. Graphic Design	250	280
2. Offset Lithography	20	44
3. Computer Typesetting	130	153
4. Costing & Estimating	10	18
5. Design for print	20	29
6. Web Design	30	35
7. Non-Linear Editing	20	17
8. Offset Lithography (full time)	50	39
9. Digital Animation	11	12
10. Computer Hardware & PC Assembling	14	11
11. Microsoft Office	40	48
12. Diploma in Graphic Design	50	30
13. Book Binding & Finishing	30	59
14. Advanced Diploma in Printing Technology and Management	10	Continuing..
15. Advanced Diploma in Visual Communication and Management	15	Continuing
16. Sheet Fed Lithography	25	33
Total		

HARDWARE AND MACHINERY / EQUIPMENT

GRAPHIC UNIT

- ❖ Computer Lab 01 - 10 PCs + 01 Scanner
- ❖ Computer Lab 02 - 12 PCs
- ❖ Computer Lab 03 - 08 PCs + 01 Scanner

MULTIMEDIA UNIT

- ❖ Multimedia Lab - 10 PCs
01 Camera
01 Non Linear Editing System
01 Television

PRINTING UNIT

- ❖ KORD Single Colour Offset Printing Machine 01
- ❖ SORZ Two Colour Offset Printing Machine 01
- ❖ Plate Exposure Unit 01
- ❖ Guillotine Machine 01

QUALITY CONTROL UNIT

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

Sri Lanka Institute of Printing

Financial Analysis As at 31 December 2013

Head Office	Budget 2013	Actual as at 31st December 2013
	Rs.	Rs.
Operational Income	12,502,300.00	15,582,563.00
Non Operational Income	3,865,500.00	5,460,661.00
Total Income	16,367,800.00	21,043,224.00
Expenditure	12,239,226.00	12,912,534.00
Operational profit/Loss	263,074.00	2,670,029.00
Total profit/Loss	4,128,574.00	8,130,690.00
Matale Branch:-	Budges 2013	Actuals as at 31st December
	Rs	2013
		Rs.
Income	587,500.00	344,000.00
Expenditure	389,101.00	380,079.00
Total Profit/Loss	198,399.00	(36,079.00)

FINANCIAL STATEMENT 2013

**FINANCIAL STATEMENTS
OF
SRI LANKA INSTITUTE OF PRINTING
FOR THE YEAR ENDED
31ST DECEMBER, 2013.**

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

AS AT 31ST DECEMBER

	Note	2013 Rs.	2012 Rs.
ASSETS			
NON-CURRENT ASSETS			
Property, Plant & Equipment	1	7,289,124.66	7,369,911
Intangible Assets	2	-	24,080
Total Non-Current Assets		7,289,124.66	7,393,991
CURRENT ASSETS			
Trade and other Receivables	3	3,312,526.84	1,789,101
Prepayments	4	244,924.64	549,003
Short-term Investments	5	48,572,856.25	41,968,222
Cash and Cash Equivalents	6	2,422,016.06	1,828,761
Total Current Assets		54,552,323.78	46,135,087
TOTAL ASSETS		61,841,448.44	53,529,078
FUNDS & LIABILITIES			
FUNDS			
Accumulated Fund	7	60,173,444.50	52,042,755
Total Funds		60,173,444.50	52,042,755
NON-CURRENT LIABILITIES			
Provision for Retiring Gratuity	8	925,494.02	826,352
Total Non-Current Liabilities		925,494.02	826,352
CURRENT LIABILITIES			
Trade and other Payables	9	742,509.92	659,971
Total Current Liabilities		742,509.92	659,971
TOTAL FUNDS AND LIABILITIES		61,841,448.44	53,529,078

.....
Accountant

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

.....
Chairman

.....
Director

28th February, 2014.

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

FOR THE YEAR ENDED 31ST DECEMBER

	<u>Note</u>	<u>2013</u> Rs.	<u>2012</u> Rs.
Revenue from Course Fees, Registration Fees & Examination Fees etc,	10	15,519,197.30	13,218,393
Direct Expenditure on Course Fees, Registration Fees Examination Fees etc,	11	(6,348,478.75)	(5,256,883)
Contribution before Employee Costs & Overheads		9,170,718.55	7,961,510
Other Income	12	63,366.59	33,572
Operating Income		9,234,085.14	7,995,082
<u>Overhead Expenses</u>			
Employee Cost	13	(3,075,202.28)	(3,081,658)
Depreciation & Amortisation		(1,282,880.50)	(1,231,348)
Other Operating Expenses	14	(2,205,973.73)	(2,202,759)
Total Operating Expenditure		(6,564,056.51)	(6,515,766)
Net Operating Income		2,670,028.63	1,479,316
Government Grant		-	1,999,975
Net Financial Income	15	5,460,661.07	4,181,797
Surplus for the year		8,130,689.70	7,661,089
Other Comprehensive Income		-	-
Total Comprehensive Income for the Year Transferred to Accumulated Fund		8,130,689.70	7,661,089

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

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

FOR THE YEAR ENDED 31ST DECEMBER	2013	2012
	Rs.	Rs.
<u>Cash Flows from Operating Activities</u>		
Excess of Income Over Expenditure	8,130,690	7,661,089
Adjustments for non-cash income and expenses:		
Depreciation & Amortisation	1,284,325	1,232,793
Provision for Retiring Gratuity	99,142	104,979
Interest Received	(5,443,967)	(4,169,703)
	4,070,190	4,829,158
Operating Income before Working Capital Changes		
(Increase)/Decrease in Debtors & Amounts Receivables	(1,219,346)	(1,161,801)
Increase/(Decrease) in Amounts Payable	82,539	(1,960,403)
Net Cash Flow from Operating Activities	2,933,384	1,706,954
Gratuity Paid	-	(117,130)
Net Cash Flow from Operating Activities	2,933,384	1,589,824
<u>Cash Flows from Investing Activities</u>		
Interest Received	2,615,667	3,974,449
Purchase of Property, Plant & Equipment	(1,179,460)	(2,107,587)
Net Cash from Investing Activities	1,436,207	1,866,862
<u>Cash Flows from Financing Activities</u>		
Net Cash from Financing Activities	-	-
Net Increase/(Decrease) in Cash & Cash Equivalents	4,369,590	3,456,684
Cash & Cash Equivalents at the beginning of the year	43,256,040	39,799,356
Cash & Cash Equivalents at the end of the year	47,625,630	43,256,040
<u>Cash & Cash Equivalents</u>		
Cash at Bank	2,416,138	1,823,525
Short Term Investments	45,203,614	41,427,279
Cash in hand	5,878	5,236
Cash & Cash Equivalents at the end of the year	47,625,630	43,256,040

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

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General.

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

1.2 Principal Activities and Nature of Operations.

During the year 2013, the Institute continued to engaged in principal activities authorized in the Incorporation Act as follows,

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) Statement of Compliance

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

(b) Basis of Measurements

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

(c) Comparative information

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

2.2 Significant Accounting Judgements, Estimates and Assumptions

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

The Institute believes its estimates including the valuation of assets and liabilities are appropriate. Estimates and underlying assumptions are reviewed on a continuous basis. However the actual results may differ from those estimates. The most significant uses of judgements and estimates are as follows:

Going Concern

The Board has made an assessment on the Institute's ability to continue as a going concern and is satisfied that it has the resources to continue in operation for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Institute's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on the going concern basis.

Fair Value of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values.

2.3 Financial Instruments - Initial Recognition and Subsequent Measurement

Financial Assets within the scope of Section 11, 12 and 11.41 of SLFRS for SMEs are classified as Financial Assets at Fair Value through Profit or Loss, Debt Instruments at amortized Cost, Equity Instruments measured at Cost less Impairment, Financial Liabilities measured at fair value through Profit or Loss, Financial Liabilities measured at amortized Cost and Loan Commitments measured at Cost less Impairment as appropriate. The Institute determines the classification of its Financial Assets at initial recognition.

2.3.1 Date of Recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Institute becomes a party to the contractual provisions of the instrument.

2.3.2 Initial Measurement of Financial Instruments

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at the transaction price (including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or Loss).

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

measured initially at the transaction price (including transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or Loss).

2.3.3 Subsequent Measurement of Financial Instruments

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

2.3.4 Derecognition of Financial Assets and Financial Liabilities

2.3.4.1 Financial Assets

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

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

2.3.4.2 Financial Liabilities

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

2.3.5 Determination of Fair Value

The fair value for financial instruments traded in active markets at the reporting date is based on their average quoted market price or average dealer price quotation without any deduction for transaction costs. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted Cash Flow method, comparison with similar instruments for which market observable prices exist and other relevant valuation models.

2.3.6 Impairment of Financial Assets

The Institute assesses at each reporting date, whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an 'incurred loss event') and that loss event (or events) has an impact on the estimated future Cash Flows of the financial asset or the group of financial assets that can be reliably estimated.

2.4 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

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

- Machinery & Others	10 years
- Computers	3 years

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

2.5 Intangible Asset

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

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

2.6 Trade Receivables

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

2.7 Government Grants

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

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

2.8 Employee Benefit Liability

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

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

2.8.2 Defined Benefit Plan - Gratuity

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

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

2.9 Provisions

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

2.10 Trade Payables

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

2.11 Cash and Cash Equivalents

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

2.12 Revenue Recognition

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

Rendering of Services

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

2.13 Interest Income

Interest income is recognised using the effective interest method.

2.14 Expenditure Recognition

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

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

1 <u>PROPERTY, PLANT & EQUIPMENT</u>		Balance As at 01/01/2013 Rs.	Additions during the year Rs.	Transfers Rs.	Disposal during the year Rs.	Balance As at 31/12/2013 Rs.
<u>At Deemed Cost</u>						
Machinery	Head Office	7,679,628.34	458,944.00	-	-	8,138,572.34
Computer	Head Office	3,166,442.46	609,600.00	-	-	3,776,042.46
<u>At Cost</u>						
Furniture & Fittings	Head Office	920,519.71	11,088.00	-	-	931,607.71
	Matale Branch	8,700.00	-	-	-	8,700.00
Office Equipment	Head Office	605,445.40	15,290.00	-	-	620,735.40
	Matale Branch	5,750.00	-	-	-	5,750.00
Library Books		732,495.89	-	-	-	732,495.89
Crockery & Cutlery		10,599.90	-	-	-	10,599.90
Carpets		314,945.80	-	-	-	314,945.80
Name Board		5,400.00	84,537.60	-	-	89,937.60
Total		13,449,927.50	1,179,459.60	-	-	14,629,387.10
<u>Depreciation & Impairment</u>						
		Accumulated Depreciation As at 01/01/2013 Rs.	Depreciation during the Year Rs.	Impairment Rs.	Disposal during the year Rs.	Accumulated Depreciation As at 31/12/2013 Rs.
<u>On Deemed Cost</u>						
Machinery	Head Office	1,624,534.33	548,910.77	-	-	2,173,445.10
Computer	Head Office	2,489,061.91	581,886.11	-	-	3,070,948.02
<u>On Cost</u>						
Furniture & Fittings	Head Office	479,207.63	74,434.93	-	-	553,642.56
	Matale Branch	5,220.00	870.00	-	-	6,090.00
Office Equipment	Head Office	567,786.66	9,283.25	-	-	577,069.91
	Matale Branch	3,450.00	575.00	-	-	4,025.00
Library Books		624,183.21	31,238.56	-	-	655,421.77
Crockery & Cutlery		8,328.30	745.80	-	-	9,074.10
Carpets		272,844.90	8,778.68	-	-	281,623.58
Name Board		5,400.00	3,522.40	-	-	8,922.40
Total		6,080,016.94	1,260,245.50	-	-	7,340,262.44
Net Book Value		7,369,910.56				7,289,124.66

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 ST DECEMBER		Note	2013 Rs.	2012 Rs.
2 INTANGIBLE ASSETS				
<u>Computer Software</u>				
<u>Cost</u>				
Balance as at the beginning of the year			72,240.00	72,240
Additions			-	-
Impairment			-	-
Balance as at the end of the year			<u>72,240.00</u>	<u>72,240</u>
<u>Accumulated Amortization</u>				
Balance as at the beginning of the year			48,160.00	24,080
Amortization			24,080.00	24,080
Balance as at the end of the year			<u>72,240.00</u>	<u>48,160</u>
Net Balance as at end of the year			<u>-</u>	<u>24,080</u>
3 TRADE AND OTHER RECEIVABLES				
Debtors		3.1	2,655,190.00	1,457,600
Staff Debtors		3.2	657,336.84	331,501
			<u>3,312,526.84</u>	<u>1,789,101</u>
3.1 DEBTORS				
Debtors				
	Head Office		3,322,490.00	1,867,100
	Matale Branch		276,750.00	229,750
			<u>3,599,240.00</u>	<u>2,096,850</u>
Impairment Provision			(944,050.00)	(639,250)
			<u>2,655,190.00</u>	<u>1,457,600</u>
3.2 STAFF DEBTORS				
Loan --				
	Haritha Wandabona		0.00	50,000
	M.W.Sanath		133,333.36	25,000
	M.T.D. Wijesiri		172,225.00	91,667
	Chamal Hettiarachchi		194,445.00	91,667
	Samantha Kulathunge		8,333.48	58,333
	W.A.M.Lankathilaka		140,000.00	5,833
Festival Advance -				
	Head Office		8,000.00	8,000
	Matale		1,000.00	1,000
			<u>657,336.84</u>	<u>331,501</u>

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 ST DECEMBER	<u>Note</u>	<u>2013</u> Rs.	<u>2012</u> Rs.
4 <u>PRE-PAYMENTS</u>			
ADPTM Diploma Expenses		-	321,633
Advance Payment for Building		227,370.25	227,370
Web Hosting Charges		17,554.39	-
		<u>244,924.64</u>	<u>549,003</u>
5 <u>SHORT-TERM INVESTMENTS</u>			
Treasury Bills		2,445,825.07	41,427,279
Interest Receivable on Treasury Bills		71,729.10	540,943
		<u>2,517,554.17</u>	<u>41,968,222</u>
Treasury Bonds		617,300.00	-
Interest Receivable on Treasury Bonds		18,332.45	-
		<u>635,632.45</u>	<u>-</u>
Fixed Deposits		42,140,488.62	-
Interest Receivable on Fixed Deposits		3,279,181.00	-
		<u>45,419,669.62</u>	<u>-</u>
		<u>48,572,856.25</u>	<u>41,968,222</u>
6 <u>CASH AND CASH EQUIVALENTS</u>			
Current A/c. No. I		2,025,815.15	1,030,202
Current A/c. No. II		390,322.91	793,323
Cash in hand		5,878.00	5,236
		<u>2,422,016.06</u>	<u>1,828,761</u>
7 <u>ACCUMULATED FUND</u>			
Balance as at 1st January		52,042,754.80	44,381,666
Transferred from Statement of Comprehensive Income		8,130,689.70	7,661,089
		<u>60,173,444.50</u>	<u>52,042,755</u>

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 ST DECEMBER		2013	2012
	<u>Note</u>	Rs.	Rs.
8	<u>PROVISION FOR RETIRING GRATUITY</u>		
Balance as at 1st January		826,351.77	838,503
Provision for the year			
Head Office		90,859.25	96,816
Matale		8,283.00	8,163
		<u>925,494.02</u>	<u>943,482</u>
Payments during the year		-	(117,130)
Balance as at 31st December		<u><u>925,494.02</u></u>	<u><u>826,352</u></u>
9	<u>TRADE AND OTHER PAYABLES</u>		
Other Payables		-	103
Accrued Expenses	9.1	742,509.92	659,868
		<u>742,509.92</u>	<u>659,971</u>
9.1	<u>ACCRUED EXPENSES</u>		
Allowances to Peon		6,800.00	6,700
Labour Charges - Branch A/c.		1,500.00	1,500
Accountancy Fees		13,786.56	26,794
Audit Fees		245,280.00	125,000
Salaries and Overtime		9,482.00	11,601
Postage and Stationery - Head Office		8,750.00	-
Practical Fees		105,294.00	80,560
Practical Fees - Matale		6,000.00	5,940
Lecture Fees		115,777.00	86,490
Internet Service Charges		489.80	1,959
Welfare Charges		5,020.00	32,715
Honorarium		7,722.00	14,450
Maintenance of Support Fees		2,500.00	2,500
Attendance Allowances for Board Meeting		21,000.00	45,000
Electricity - Matale		-	3,649
Consolidated Fund		21,755.05	17,760
Telephone - Head Office		12,095.24	10,486
Telephone - Matale		1,202.42	4,501
Advertising		8,960.00	112,717
Chairman's Allowance		7,500.00	7,500
Photocopy Rental Fees		15,770.85	35,047
Attending Fees for Academic Board Meeting		1,500.00	-
Course Co ordination Fees		-	10,000
Attending Fees for Management Audit Meeting		-	6,000
IT Support Service		4,000.00	4,000
Repairs & Maintenance of Head Office		-	7,000
Bonus - Head Office		100,000.00	-
Bonus - Matale		10,000.00	-
Translation Fees		10,325.00	-
		<u>742,509.92</u>	<u>659,868</u>

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER

	<u>Note</u>	<u>2013</u> <u>Rs.</u>	<u>2012</u> <u>Rs.</u>
10			
<u>REVENUE FROM COURSE FEES, REGISTRATION</u>			
<u>FEES & EXAMINATION FEES ETC</u>			
Course Fees		14,682,135.00	12,407,563
Registration Fees		313,150.00	199,750
Examination Fees		34,200.00	19,000
Seminar Income		525,792.00	204,500
Deyata Kirula Seminar Sponsorship Fees		-	81,000
Excess of Income Over Expenditure - Matale Branch	10.1	(36,079.70)	306,580
		<u>15,519,197.30</u>	<u>13,218,393</u>

10.1 **STATEMENT OF INCOME - MATALE BRANCH**

<u>Income</u>			
Course Fee		344,000.00	634,600
		<u>344,000.00</u>	<u>634,600</u>
<u>Expenses</u>			
Staff Salaries & Bonus		301,532.00	223,392
Employees Provident Fund		22,299.84	22,127
Employees Trust Fund		5,574.66	5,532
Electricity		19,009.22	23,258
Travelling		500.00	500
Depreciation		1,445.00	1,445
Practical Fees		12,000.00	21,780
Labour Charges		-	6,000
Telephone		9,435.98	15,824
Provision for Gratuity		8,283.00	8,163
		<u>380,079.70</u>	<u>328,020</u>
Excess of Income Over Expenditure		<u>(36,079.70)</u>	<u>306,580</u>

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER		2013	2012
	<u>Note</u>	<u>Rs.</u>	<u>Rs.</u>
11	<u>DIRECT EXPENSES ON COURSE FEES, REGISTRATION FEES & EXAMINATION FEES ETC</u>		
Staff Salaries, Bonus, Overtime & Allowances		1,546,491.80	1,574,736
Employees' Provident Fund		128,754.77	141,447
Employees' Trust Fund		41,166.25	35,362
Lecture Fees & Payments to Consolidated Fund		1,532,253.55	1,083,551
Practical Fees & Payment to Consolidated Fund		1,231,253.35	948,277
Honorarium & Payment to Consolidated Fund		173,463.00	108,200
Course Co-ordination Fees		50,000.00	40,000
Maintenance Support Fees		30,000.00	42,500
IT Support Service		48,000.00	48,000
Seminar Expenses		306,178.00	220,392
ADPTM Diploma Expenses		321,632.75	321,633
Photocopy Rental Fee		201,484.28	191,640
Material for Practical		39,790.00	81,562
T Shirt - Off-set Full Time Course		-	37,143
Postage & Stationery		126,373.00	122,191
Rent, Electricity & Water		534,350.00	247,750
Equipment Hiring Charges		30,000.00	12,500
Training Program Expenses		7,288.00	-
		<u>6,348,478.75</u>	<u>5,256,883</u>
12	<u>OTHER INCOME</u>		
Sundry Income		61,616.59	23,572
Tender Fees		1,750.00	10,000
		<u>63,366.59</u>	<u>33,572</u>
13	<u>EMPLOYEE COST</u>		
Staff Salaries, Bonus, Overtime & Allowances		2,479,824.52	2,283,655
Employees' Provident Fund		207,382.07	219,711
Employees' Trust Fund		42,868.19	54,927
Labour Charges & Allowance to Peon		96,800.00	60,650
Welfare Charges		152,968.25	95,820
Staff Training		4,500.00	270,081
Provision for Retirement Gratuity		90,859.25	96,816
		<u>3,075,202.28</u>	<u>3,081,658</u>

SRI LANKA INSTITUTE OF PRINTING
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER		2013	2012
	<u>Note</u>	<u>Rs.</u>	<u>Rs.</u>
14	<u>OTHER OPERATING EXPENSES</u>		
Chairman Allowances		90,000.00	80,500
Attendance Allowance for Board Meetings		38,000.00	38,000
Academic Board Meeting Expenses		-	7,500
Attendance Allowances for Management Audit Meetings		-	36,000
NVQ Standardizing Meeting		587,174.00	-
Travelling		10,524.00	17,395
Travelling Allowances for Marketing Executives		66,600.00	32,269
Board Meeting Expenses		14,302.00	12,132
Repairs & Maintenance		161,459.98	147,556
Feasibility Report Expenses		-	16,550
Telephone		142,244.15	130,167
Internet Service Charges		5,836.76	5,878
Accountancy Charges		118,212.00	129,798
Audit Fees		242,920.00	151,640
Insurance		-	17,081
Advertising		257,517.32	511,180
Provision for Impairment		304,800.00	639,250
Charges for preparing Recruitment Scheme		-	30,000
Bank Charges		20,583.15	8,419
Bond Discount		3,045.76	-
Accounting Software Developing Charges		5,712.00	-
Annual Report Expenses		44,709.00	33,432
Exhibition Expenses		1,700.00	41,110
Translation Fees		58,900.00	19,840
TVEC Registration Fees		-	1,000
Web Hosting Charges		1,032.61	32,144
Sponsorship Fees		20,000.00	50,000
Sundry Expenses		10,701.00	13,918
		<u>2,205,973.73</u>	<u>2,202,759</u>
15	<u>NET FINANCIAL INCOME</u>		
Interest Income		5,443,966.96	4,169,703
Interest Income on Staff Loans		16,694.11	12,094
		<u>5,460,661.07</u>	<u>4,181,797</u>

AUDITOR GENERAL'S REPORT



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல. }
My No. }

JP/E/SLIOP/1/13/229

ඔබේ අංකය
உமது இல. }
Your No. }

දිනය
திகதி }
Date }

17 December 2014

Chairman,
Sri Lanka Institute of Printing.

Report of the Auditor General on the Financial Statements of the Sri Lanka Institute of Printing for the year ended 31 December 2013 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971

The audit of financial statements of the Sri Lanka Institute of Printing for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 25(3) of the Sri Lanka Institute of Printing Act, No. 18 of 1984. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairman of the Institute on 10 July 2014.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

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

2. Financial Statements

2.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Sri Lanka Institute of Printing as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards relevant to Small and Medium Scale Enterprises.

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

The following instances of non-compliance were observed.

Reference to Laws, Rules, Regulations and Management Decisions	Non-compliance
-----	-----
(a) Sri Lanka Institute of Printing Act, No. 18 of 1984 Section 14(1)	Even though the meetings of the Board of Governors should be held at least once a month, only 8, 8, 4 and 3 meetings had been held in the years 2010, 2011, 2012 and 2013 respectively.



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

i Financial Regulation 245 (1)

Even though the certifying officer should correctly fill the printed certificate in all voucher forms, such certificate had not been included in the voucher forms of the Institute of Printing.

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

i Section 5.2.1

Forecasted balance sheets and cash flow statements had not been presented with the budgets for the years 2010 to 2013.

ii Section 6.5.1

A draft Annual Report had not been presented with the accounts.

iii Section 8.2.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003 and Section 11 of the Finance Act, No. 38 of 1971

Even though the approval of the relevant Minister with the concurrence of the Minister of Finance should be obtained for the investment of surplus cash, such action had not been taken in connection with the sum of Rs.42,140,438 invested in the year under review.

(d) Notification published in the Gazette Extraordinary No. 1530/13 of 01 January 2008

Even though stamp duty of Rs.25 should be recovered for all payments exceeding Rs.25,000, it had not been so done in connection with payments totalling Rs.2,295,475.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Institute for the year ended 31 December 2013 had resulted in a surplus of Rs.8,130,690 as compared with the corresponding surplus of Rs.7,661,089 for the preceding year. The improvement of the financial results for the year under review by a sum of Rs.469,601 had been mainly due to the increase in the course fees income and the increase in other income.



4. Operating Review

4.1 Performance

The following matters were observed in the examination of the Action Plan for the year under review.

- (a) Even though the conduct of 18 courses had been planned according to the Action Plan, only 07 courses had been conducted. As such it had not been possible to enroll 144 apprentices.
- (b) Even though 152 apprentices had been enrolled for the unplanned 05 courses conducted, action had not been taken to amend the Action Plan.

4.2 Operating Inefficiencies

The following observations are made.

- (a) Formulation of Skills, Standards and Syllabuses for Printing Management Technology, Visual Media and Communications.
 - i. Standards Committee had been appointed under the approval of the Secretary to the Ministry and the activities spelt out in the Terms of Reference of the Committee scheduled for completion by 31 July 2013 had not been completed.
 - ii. The activities such as the machinery required and those to be purchased, the procurement methods in that connection, installation and locating, development of Standard Modules methods in that connection and the supply of guidelines for practical improvements had not been completed.
 - iii. Even though an Action Plan including the syllabuses for courses, skills standards, list of machinery and equipment and the connected modules should be prepared, evidence of such action taken was not made available.

- iv. The Committee had held 40 meetings from 12 June to 01 November 2013 and a sum of Rs.598,107 comprising allowances to members amounting to Rs.587,500 at Rs.2,500 per meeting per member and Rs.10,607 for other expenses had been spent in this connection. The full quorum of the Committee had participated in only 02 meetings. Between 9 – 6 members had participated in 19 days while 1 – 5 members had participated on 19 other days.
- (b) In view of the delays in commencing the courses planned the students had recovered a sum of Rs.37,837 paid by them.
- (c) Even though the Secretary to the Ministry had informed that the financial and administrative rules and regulations of the Institute of Printing should be prepared, action had not been taken up to date to prepare and obtain approval for the rules and regulations.
- (d) The profit of the Head Office for the year under review amounted to Rs.2,570,582 while the loss of the Matale Branch amounted to Rs.36,080 despite earning a profit of Rs.306,580 in the preceding year. As such the impact of the Branches to the overall profit of the Institute had been at the minimum level.

4.3 Transactions of Contentious Nature

Even though the Secretary and the Training Director of the Institute had been paid a monthly fuel allowance of Rs.25,000 and Rs.10,000 respectively on the approval of the Board of Directors, a sum of Rs.420,000 had been paid in the year under review without the approval of the Treasury.

4.4 Underutilisation of Funds

Out of the income earned in the year under review, an underutilized cash balance of Rs.2,422,016 had existed in every month of the year and action had not been taken to invest such money to earn income. There were instances in which the balance available at the beginning of each month exceeded 4 to 8 times the monthly expenditure.

4.5 Delayed Projects

The Cabinet of Ministers had granted approval on 09 December 2004 for the construction of a new building and a sum of Rs.227,370 had been spent in the year 2009 for the preparation of building plans. Even though the land had been acquired in September 2013, the construction of the building had not been commenced even by September 2014.

4.6 Personnel Administration

Even though the approved cadre for the year 2013 had been 13, the actual cadre had been 11 thus resulting in 02 vacancies. Action had not been taken even during the year under review to recruit officers for the vacant posts.

5. Accountability and Good Governance

5.1 Corporate Plan

The sub-targets had not been shown among the respective divisions for the achievement of the targets in the Corporate Plan. There were instances where the periods for completion of strategies included and the expenditure and income relating thereto had not been indicated.

5.2 Budgetary Controls

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

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) Financial Management
- (c) Budgetary Control
- (d) Personnel Management

W.P.C. Wickramaratne
Acting Auditor General



Report of the Auditor General 2013 / Questions and Replies

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

The following instances of non-compliance were observed.

Reference to non-compliance with Laws, Rules, Regulations and Management Decisions.

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

Section 14(1)

Even though the meetings of the Board of Governors should be held at least once a month, only 8, 8, 4 and 3 meetings had been held in the years 2010, 2011, 2012 and 2013 respectively.

Reply

Several meetings of the Board of Governors were not held in the year 2010 due to the delay in the appointment of the new Board of Governors by the Ministry. As the Certificate Awarding Ceremony of the Sri Lanka Institute of Printing was held in November 2011, the meeting for that month was postponed. As there were many holidays in April and December 2011 several members of the Board of Governors proceeded abroad and meetings could not be held due to lack of quorum. Four meetings of the Board of Governors could not be held in the year 2012 due to the retirement of the Government Printer who is also the Chairman of the Board of Governors of the Sri Lanka Institute of Printing and the delay in the appointment of the Government Printer and the Chairman of the Sri Lanka Institute of Printing. As there were many holidays in April and December, 2013 several members of the Board of Governors proceeded abroad and the meetings could not be held due to lack of quorum. The meeting for August 2013 could not be held due to lack of quorum as several members informed that they could not attend the meeting.

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

(i) **Financial Regulation 245(1)**

Even though the form of certificate printed on the voucher should be correctly filled by the certifying officer, the Institute of Printing had not include such certificate.

Reply

This matter will be taken into consideration in the preparation of our voucher Form.

- (c) (i) The Public Enterprises Circular No. PED/12 of 02 June 2003. Section 5.2.1 A Budgeted balance sheet and cash flow statement had not been presented with the budgets for the years 2010 to 2013.

Reply

The budgeted balance sheet and the cash flow statement have been forwarded with the Budget from the year 2013. Copies of that have been forwarded to the Auditor General's Department, the Treasury and the Ministry.

(ii) **Section 6.5.1**

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

Reply

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

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

Even though the approval of the relevant Minister with the concurrence of the Minister of Finance should be obtained for the investment of surplus money, it had not been so done in connection with the investment of Rs.42,140,438 in the year under review.

Reply

The recommendation of the Hon. Minister for the fixed deposits has been received by the Institute on 2012/06/29. The letter requesting the approval of the Minister for the fixed deposits made subsequently has been sent. All investments of the Sri Lanka Institute of Printing have been made in State Banks.

(d) Extraordinary Gazette Notification No. 1530/13 of 21 January 2008

Even though Stamp Duty of Rs.25 should be charged for all payments exceeding Rs.25,000 , it had not been so done in connection with payments amounting to Rs.2,295,475.

Reply

Stamp Duty of Rs.25 will be charged in the future for payments exceeding Rs.25,000.

3. Financial Review**3.1 Financial Results**

According to the financial statements presented, the operation of the Institute for the year ended 31 December 2013 had resulted in a surplus of Rs.8,130,690 as compared with the corresponding surplus of Rs.7,661,089 for the preceding year. Accordingly, the improvement of Rs.469,601 in the financial result for the year under review had been due mainly to the increase in the course fees and the increase in the other income.

4. Operating Review

4.4 Performance

The following observations were made in the examination of the Action Plan for the year under review.

- (b) According to the Action Plan arrangements had been made for conducting 18 courses. But only 07 courses had been conducted. As such it had not been possible to enroll 144 apprentices.

Reply

Conduct of certain courses cease with the technical development in the field. Similarly there are instances of commencing new courses. As our Institute is a self-generating institution courses are not conducted if the minimum number of students are not available. In such instances those are postponed to the next year. This is the competitive environment created due to establishment of Government and private institutions and is unavoidable.

- (c) Even though 152 apprentices had been enrolled for 5 courses not planned, action had not been taken to revise the Action Plan.

Reply

Old courses are eliminated due to the development of the technology and according to the requirements of the field new courses are commenced. Action is taken to include such courses in the Action Plans of subsequent years.

4.2 Operating Inefficiencies

The following observations are made.

- (a) Formulation of Skills Standards and Syllabuses for Printing Technology Management and Visual Media and Communications Courses.

- (i) A Standards Committee had been appointed with the approval of the Secretary to the Ministry and according to the Terms of Reference that should have been completed by 31 July 2013. But it had not been so carried out.
- (ii) Activities such as the machinery required and the new purchases to be made, the systems of procurement, installation and locations, the development of modules and the practical improvement guidelines had not been completed.
- (iii) Even though an Action Plan including the syllabuses for the courses, skills standards, the list of machinery and equipment and the connected modules should have been prepared, information that it had been done was not made available.
- (iv) The Committee had held 40 sessions from 12 June to 01 November 2013 and expenditure totalling Rs.598,107 comprising Rs.587,500 to the members at Rs.2,500 per session and Rs.10,607 as other expenses had been incurred. Full members of the Committee had attended only in 1000 occasions and between 9 and 6 had participated on 19 days and 15 members had participated on 19 days.

Reply

- (a) (i) The formulation of Skills Standards and the Syllabuses is not a responsibility of the Institute and this matter was assigned to the Institute on a request of the Ministry and due to the busy work programmes of the NAITA. Formulation of syllabuses for 3 courses and Skills Standards us a highly responsible task which cannot be completed in one month. But it was efficiently organized and completed by the end of November. The Ministry commended our efforts in completing the work.

- (ii) A list of all machinery to be purchased in addition those we have at present has been furnished to the Ministry. The installation of machinery will commence after converting the Sri Lanka Institute of Printer to a University College and moving into a new building. Further action will be taken thereafter.
 - (iii) These courses can be commenced only after converting the Sri Lanka Institute of Printing to a University College. This Institute is not having the infrastructure facilities and machinery and equipment for the conduct of those courses. A new building is required for conversion to a University College and the Ministry is taking action in this connection. The required Action Plan will be prepared after all such activities are completed. All information on the courses and the machinery and equipment has been furnished to the Ministry.
 - (iv) Other than at the commencement, on subsequent occasions, only the specialists in the relevant fields only were invited to the sessions. All members were not invited. This method was adopted to control the expenditure and avoid unnecessary expenditure. The selection of members in this manner was done on the advice of the officers from the TVELC and the NAITA.
- (b)** A sum of Rs.37,837 paid by students had been refunded to them due to the delays in commencing the courses.

Reply

The courses conducted by the Institute are commenced only after enrolling the expected number of students. When there is a delay in the admission of the required number of students the students who have paid the course fees have obtained refunds as there was a delay in the admission of students for the courses. These are unavoidable incidents. As the Institute is a self-generating institution, commencement of the courses will either be delayed or will not be able to commence when the number of students available is not adequate. This is also an unavoidable situation.

- (c) Even though the Secretary to the Ministry had informed the Institute to formulate the financial and administrative rules and regulations of the Sri Lanka Institute of Printing, action had not been taken up to date to formulate them and obtain approval.

Reply

Rules and regulations relevant to the financial and administrative affairs of the Sri Lanka Institute of Printing were formulated, approval of the Board of Governors was obtained on 20 May 2014 and forwarded to the Ministry.

- (d) The profit of the Head Office for the year under review amounted to Rs.2,570,582 and the loss of the Matale Branch amounted to Rs.36,080. But the profit of the Matale Branch for the preceding year had been Rs.306,580. As such the impact of the Branches to the overall profit of the Head Office had been at the minimum level.

Reply

New training equipment have been supplied to the Matale Branch and profits can be expected from the next year.

4.3 Transactions of Contentious Nature

Even though monthly fuel allowances of Rs.25,000 and Rs.10,000 are being paid to the Secretary and the Training Director of the Institute respectively on the approval of the Board of Governors, a sum of Rs.420,000 had been paid in the year under review without the approval of the Treasury.

Reply

The Registrar and the Training Director of the Institute of Printing have been given the fuel allowances on the approval of the Board of Governors. The Board of Governors had taken this decision in terms of Section 18(1)(d) of the Sri Lanka Institute of Printing Act, No. 18 of 1984.

4.4 Underutilisation of Funds

Out of the income earned during the year under review an unutilized cash balance of Rs.2,422,016 remained at the end of each month of the year and action had not been taken to earn an income by investing the money. Instances of the monthly opening balance remaining at 4 to 8 times of the monthly expenditure were observed.

Reply

A sum of Rs.2,422,016 out of the income earned during the year under review was retained at the end of the year for the purchase of new computers. In addition, a sum of Rs.1,000,000 approximately should be retained for the administrative expenses of the Institute. Action has been taken every year for the investment of surplus money in State Banks.

4.5 Delayed Projects

The approval of the Cabinet of Ministers for the construction of the new building had been given on 09 December 2004 and a sum of Rs.227,370 had been spent in the year 2009 for the preparation of building plans. Even though the land had been acquired in

September 2013, the construction of the building had not been commenced even by September 2014.

Reply

The land for the Sri Lanka Institute of Printing was acquired on 2013/09/18 and the Ministry has informed that it will construct the building.

4.6 Staff Administration

Even though the approved cadre for the year had been 13, the actual cadre had been 11 and there were 02 vacancies.

Reply

These two vacancies are in respect of two Computer Instructors. As there is a decrease of students enrolling for the courses and all administrative expenses of the Institute have to be financed from the income earned from conducting courses as a self-generation institute, we have to maintain staff costs at a minimum level. As such, these vacancies remain without being filled at present. External Instructors are engaged when required. This method is beneficial to the Institute.

5. Accountability and Good Governance

5.1 Corporate Plan

Sub-targets had not been shown under each Division in order to achieve the targets of the Corporate Plan. There were instances in which the periods for completion of strategies and the expenditure and income thereof had not been shown.

5.2 Budgetary Control

Significant variances were observed between the budgeted income and expenditure and the actuals, thus indicating that the budget had not been made use of as an effective instrument of financial control.

Reply

Variance between the budgeted amounts and the actual amounts is unavoidable. Action will be taken to minimize such variance in the future.

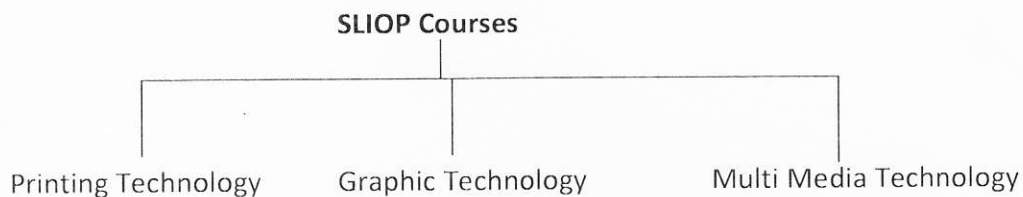
Action taken for the progress of the Institute

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

1. Service Product Development

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

1.1 Study Programmes



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

1.2 Seminars and Workshops

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

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

1.3 Special Training Programme

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

2. Promotion and Product Development

- Publish SLIOP courses through newspapers and gazette notices
- Promote SLIOP courses in Government and Non Government organizations through the SLIOP Marketing Executive.
- Conduct free seminars and workshops in schools and at Institute to promote SLIOP study programmes.
- Publish news articles and TV presentations to promote the brand name SLIOP among the masses
- Developed a comprehensive web site to publish and receive information and data
- Obtained NVQ level qualification to Offset Printing technology.

3. Institutional Development

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

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