



அத்யாபன அலாகாஸ்ய

தர்ப்புணகா ஸஂலர்஁ன, லாநீதீய அத்யாபன, பரீயேதண ஁ நல தர்ப்புதரீ அத்ய

கல்வரீ அலைத்ச்ச

தரீறன் ஡ேத்பாடூ, தாழரீற்கல்வரீ, ஆராய்ச்சரீ ஡ற்றூத் புத்தாக்கத் துறை

Ministry of Education

Skills Development, Vocational Education, Research and Innovation Division

2022

லார்கீக லார்கால

ஆண்டு அறரீக்கை

Annual Report

ஃலாஃதரீத தர்ப்புணகா ஸஂலர்஁ன அரதூடூ

தரீறன் ஡ேத்பாடூ நரீதரீ லரீதரீடட்

Skills Development Fund Limited

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Background of the Company

The Skills Development Fund Limited (SDFL) was first established in 1998 as a pilot project on a recommendation by the Presidential Task Force on Technical Education and Vocational Training. During this pilot phase the Fund was sponsored by the ILO and the UNDP.

On 20th August 1999, the SDFL was incorporated as a limited liability company under the Companies Act No 17 of 1982, bearing registration number N (PBS) 832.

In September 1999, the cabinet approved an investment of Rs. 100 million in common shares in the company, which was made by the SDFL as a solid investment. According to the suggestion, the company's operations and the income from this investment would cover the recurring expenses. This arrangement was made to guarantee the self-sufficiency of the SDFL and the protection of the government's, the Employers Federation of Ceylon's, and other investors' initial investment.

The SDFL was re-registered under the new Companies Act No.07 of 2007 - bearing Registration No. PB 833.

The Skills Development Fund Ltd. came under several Ministries from time to time and by the year 2022 the line ministry of Skills Development Fund Ltd was the Ministry of Education.

Our Products and Services

We see ourselves as a company that provides engaging training opportunities. In order to accomplish our goals and provide value adds to our devoted clientele, which consists of public and private sector organizations, we offer training programs that adhere to the most recent human resource development formulas and standards.

Products & Services has been designed to deliver maximum impact to benefit our clients. We strive and continue to keep introducing a broad range of new training programs that are current and in-need to meet evolving industry demands.

Our Education portfolio consists of a wide range of Certificate, Diploma, Higher Diploma and Degree level programs, and we are the only entity to offer free Student counselling and Career Guidance seminars to students to enlighten both Students & their Parents with the objective of creating awareness towards the best approach in selecting Higher Educational studies to make it a step closer to achieve their dreams in their Academic / Professional Careers.

Our resources are highly experienced from Academic and Professional backgrounds, that are industry / subject experts who are in-tune with the latest trends, methods & tools in order to deliver experiences & content beyond our competitors.

SDFL's portfolio, broadly segments into local and foreign training initiatives, with both customized and open courses, workshops and career enhancing activities.

Vision Mission and Objectives

Vision

To be the Nation's Leader in Skills Development.

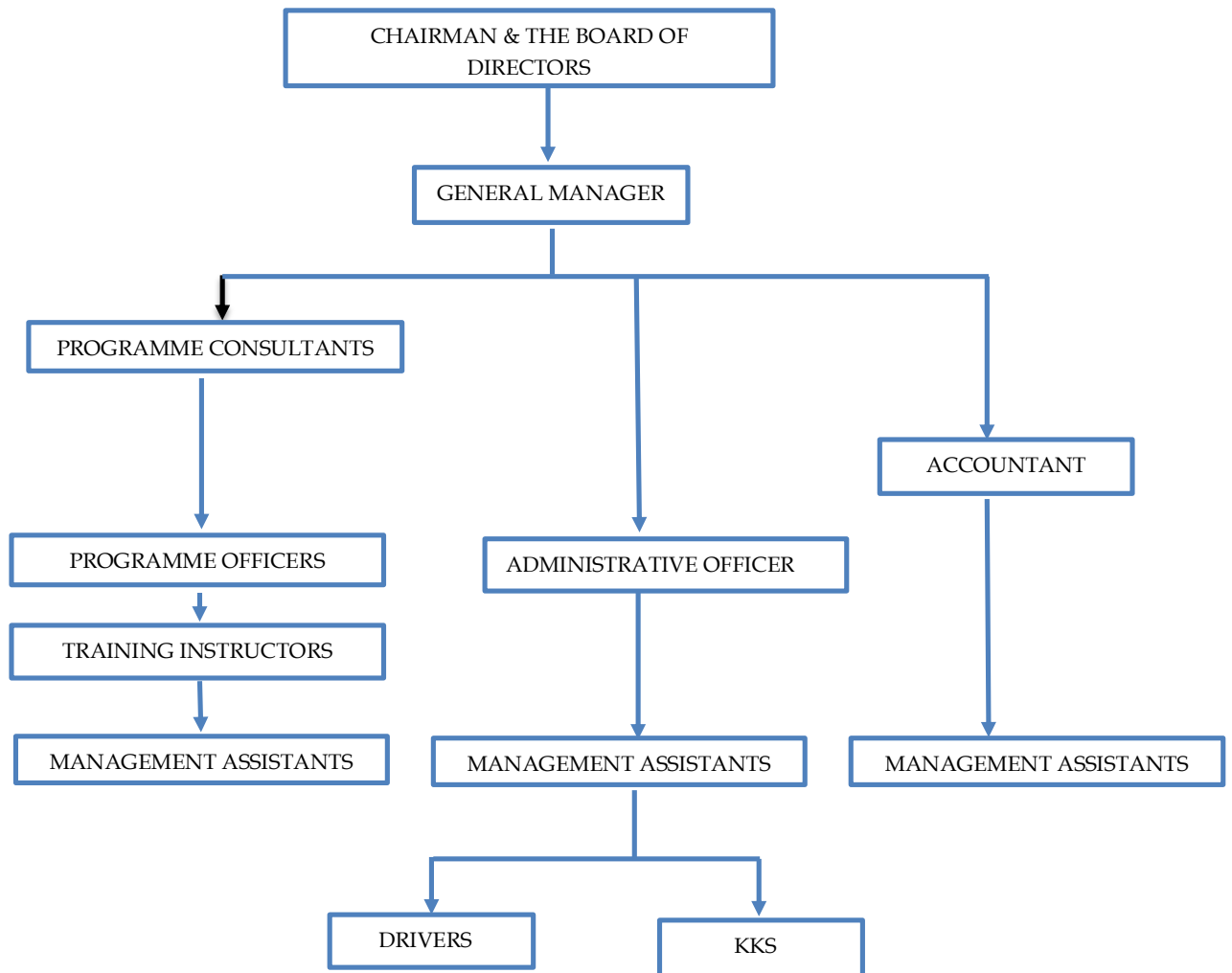
Mission

To Enhance Nation's Enterprise Competitiveness through Skills Development.

Objectives

1. To develop a highly trained, skilled, motivated and productive labour force.
2. To match the gap between the Industry employers demand on whatever job description and the supply of skilled employees the technological training system to meet local employer requirements as well as the requirements in relation to opportunities in the international labour market.
3. To gain skills required immediately and in the foreseeable future for the domestic economy as well as in the global economic system thus enhancing their employment prospects and productivity.

Organization Structure



Approved and Existing Cadre of Skills Development Fund

The Staff as at 31.12.2022

Designation	Approved Cadre	Existing Cadre
01. Chairman/CEO	01	01
02. General Manager	01	00
03. Programme Consultant	02	00
04. Accountant	01	01
05. Programme Officer	02	01
06. Administrative Officer	01	01
07. Training Instructor	02	01
08. Management Assistants	18	17
09. Drivers	02	02
10. Office Assistant	03	04
Total	33	28

Board of Directors -2022

The Board of the Skills Development Fund Ltd. comprises 12 directors appointed by the Secretary of the general treasury whose details are given below.

Director Board - January to June-2022

- 01.Eng. (Dr.) Lionel Pinto - (Chairman)
- 02.Ms. Manori Liyanage - (Director for the Treasury)
- 03.Ms. J.K.N. Samanmalee - (Director for ministry of Finance)
- 04.Prof. K.R.Koswattage
- 05.Mr. Ishan Dantanarayana
- 06.Mr. Suresh De Mel
- 07.Mr. Dinuk Hettiarachchi
- 08.Mr. Ranjan Amarasinghe
- 09.Mr. Namal Balachandra
- 10.Mr. Jaliya Wijerathne
11. Dr. S.P.W.Jayasiriwardene

Director Board - October to December -2022

- 01.Ms. Mary T. Dikman - (Chairman)
- 02.Mr. Pradeep Dissanayaka - (Director for the Treasury)
- 03.Prof. K.R.Koswattage
- 04.Mr. Ishan Dantanarayana
- 05.Mr. Suresh De Mel
- 06.Mr. Dinuk Hettiarachchi
- 07.Mr. Ranjan Amarasinghe
- 08.Mr. Namal Balachandra
- 09.Mr. Jaliya Wijerathne
10. Dr. S.P.W.Jayasiriwardene

One Board meetings were held for the year 2022 at the office of the SDFL at Narahenpita on the following dates. Due to the Economic situation, it was impossible to hold Board of Directors meetings in year 2022.

Date	Participation
2022.05.30	07

Performance Review - Programmes

The Mission of Skills Development Fund Limited is to build a stronger and more competitive training organization in Sri Lanka to support both public and private sector employers in making choices that help them live productive and rewarding lives and to improve their quality of life at work, supporting a flexible, national labour market, increasing participation in the training.

The Skills Development Fund delivers a range of training programs and services that affect employees throughout their employment through programs that support human resource and skills development, in assisting their employers to fulfill their visions and missions, In the past year, the Skills Development Fund made changes design and innovation, and implementing new business processes that promote efficiency and collaboration across organizations. Introducing training on bid evaluation, Salary conversion, Financial Leadership, Supply chain Management etc, SDFL's approach has focused on better aligning its activities with a set of priorities; achieving its fiscal targets, modernizing the way it does business and ensuring that both the employers and employees of government and Private sector are receiving the best service.

The Skills Development Funds Efforts in 2022 to improve efficiency and effectiveness of programs and professional courses underlie some important achievements that have a direct impact on employees of public and private sector. Continued modernization of training programs while delivering on a sizeable agenda to over 10,239 participants.

The numbers of programmes conducted during 2022 under different types are given below:

Types of Programmes	No. of Programmes	No. of Participances
Open Programmes	122	1715
Customized Programmes	36	1182
Examinations	13	604
Academic Course	6	60
Public private partnership Programmes	5	6678

List of Open and Customized Programmes

No	Programme Name
1.	Annual Stock Verification & Disposal Procedure
2.	Budget & Cost Control
3.	Business Writing for Administrative Professionals
4.	Collaborative Leadership Skills for Managers
5.	Comprehensive Analysis of Corporate Taxation & Vat
6.	Contact Payment File Maintenance & Contract Closeout Activities
7.	Developing Management Assistant & Development Assistant
8.	Developing Trust 7 Report in the Work Place
9.	Disciplinary Procedures
10.	Drivers & Minor Employees on Correct Attitudes & Motivation
11.	Effective Internal Audit
12.	Effective Interpersonal Skills
13.	Effective Presentation Skills
14.	Effective Skills for Administrative Officer
15.	Effective Warehouse Management
16.	Enhancing Skills of Drivers & Minor Employees
17.	Exceptional Leadership & Authentic Image Management
18.	Functional Leadership
19.	How to be a Brilliant Manager
20.	How to Communication with Tact & Professionalism
21.	How to Manage Change
22.	How to Prepare Financial Statements Based on new Sector Accounting Standard
23.	Induction To Finance for Non Finance Professionals
24.	Induction Training
25.	Interviewing Skills
26.	Leadership & Personality Development
27.	Maintain of Personnel File
28.	Managing Performance Through Setting Annual KPI
29.	Motivation of Personnel for Better Output

30.	Nation Building Tax
31.	Negotiation Skills
32.	Occupational Health & Safety
33.	Office Management & Office Procedure
34.	Positive Attitude & Personality Development
35.	Powerful Stress Management Techniques for Improving Life Skills
36.	Practical Aspects of Bid Evaluation
37.	Procurement Principles & Management
38.	Professional Development of Management Asst. & Development Asst.
39.	Project Management
40.	Public Procurement Procedures
41.	Salary Conversion
42.	Secretarial Practices
43.	Step to Better Work Life Balance with Music Therapy
44.	Stores Management & Purchasing Procedures
45.	Supervisory Management
46.	Supply Chain Management
47.	Tax implications of IFRS Adjustment
48.	Techniques of Time Management
49.	Theme of Workshop
50.	Train the Trainer
51.	Training & Development
52.	Training of Trainers
53.	Transport Management

ACADEMIC TRAINING COURSES

01.	Certificate Course in HRM
02.	Certificate Course in English
03.	Certificate Course in Business English
04.	Certificate Course in Tamil Language

Programme Income, Expenditure & Profit

Besides the interest of bank / treasury deposits which is the main source of income of the SDFL a considerable income is earned from the programmes and consultancy services. The following table indicates the income, expenditure and profits generated from different types of programmes carried out in 2021 & 2022.

2021(Mn.)			2022(Mn.)		
Income	Expenditure	Profit	Income	Expenditure	Profit
14.24	3.34	10.9	33.5	7.9	25.6

Programme Income (Mn.)

2018(Mn.)	2019(Mn.)	2020(Mn.)	2021(Mn.)	2022(Mn.)
84.71	74.76	18.3	14.24	33.5

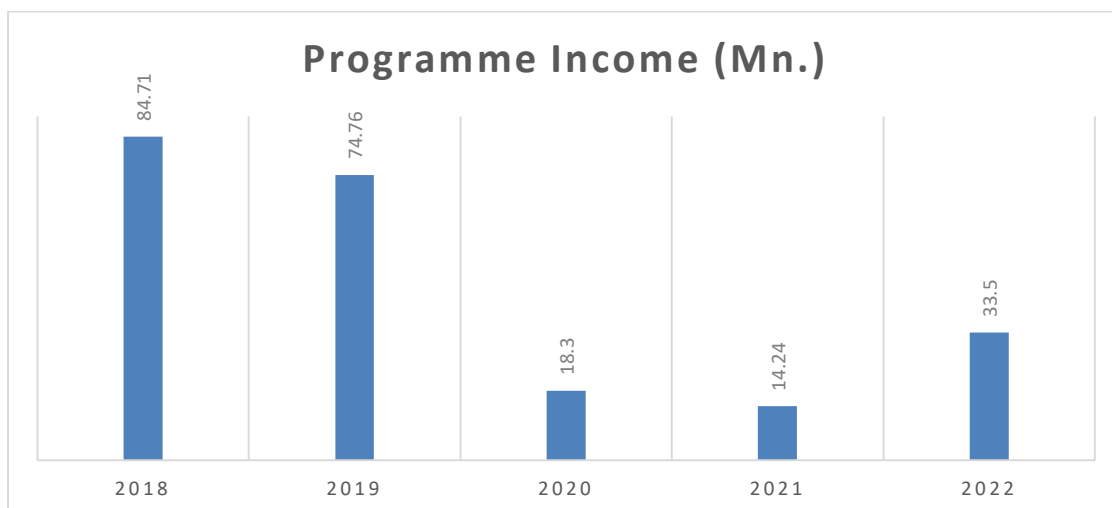
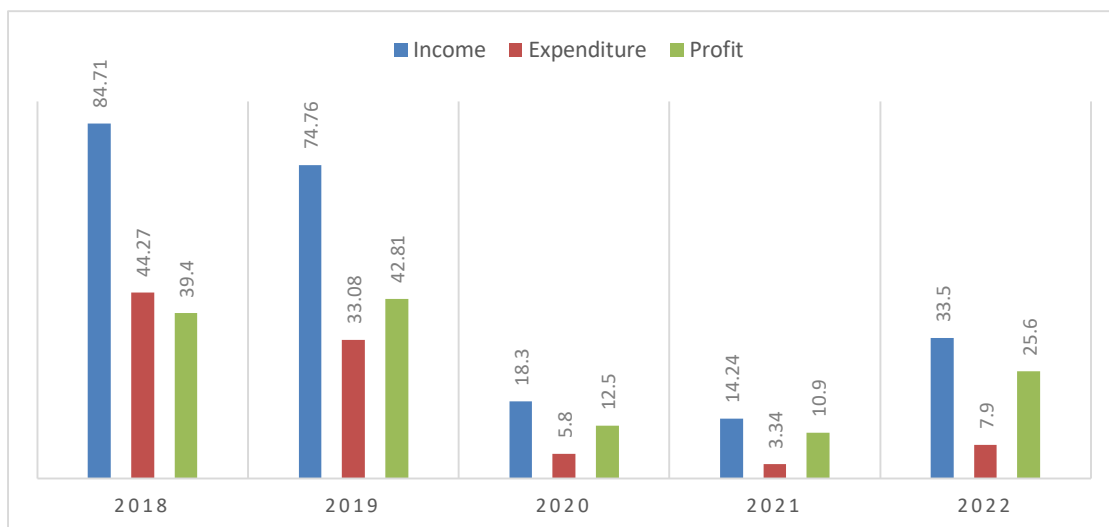
Programme Expenditure (Mn.)

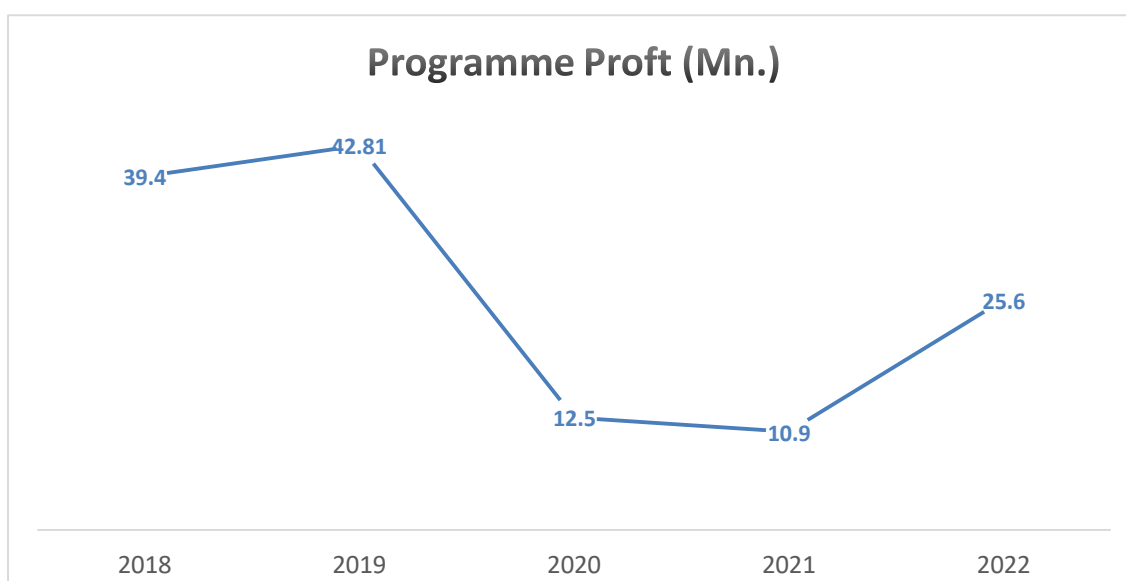
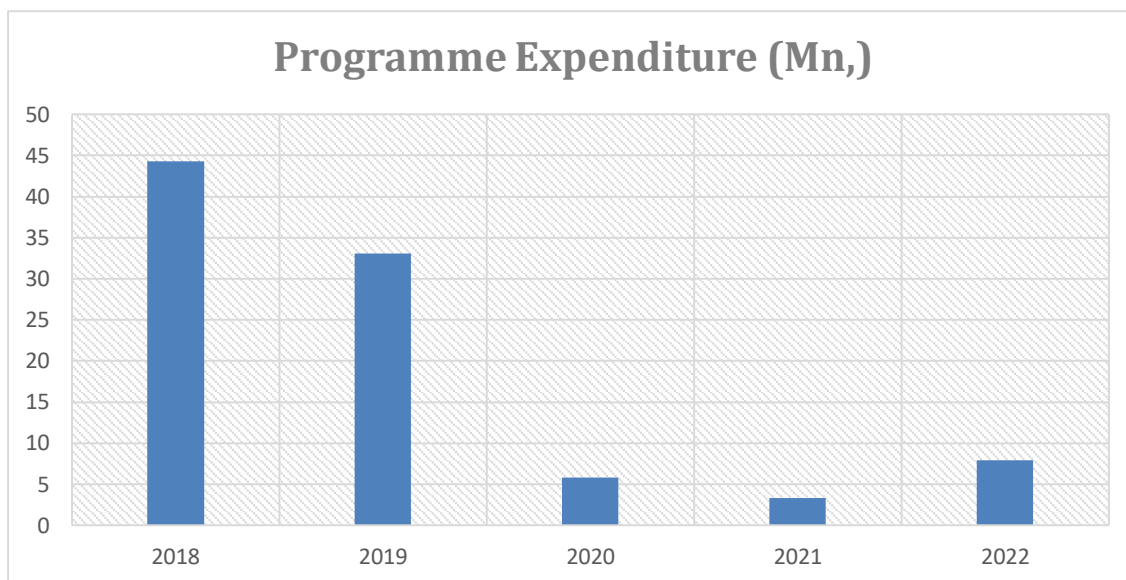
2018(Mn.)	2019(Mn.)	2020(Mn.)	2021(Mn.)	2022(Mn.)
44.27	33.08	5.8	3.34	7.9

Programme Profit (Mn.)

2018(Mn.)	2019(Mn.)	2020(Mn.)	2021(Mn.)	2022(Mn.)
39.4	42.81	12.5	10.9	25.6

Comparison of Programme Income, Expenditure and Profit





As far as the year 2022 is concerned all the programmes have been conducted at a profit of Rs.25.6 million That is certainly due to the commitment of the programme staff and the other support staffs of the SDFL. It was not possible to achieve the desired goals in the year 2022 due to the Corona pandemic situation, economic and political situation in Sri Lanka.

SKILLS DEVELOPMENT FUND LTD

"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2023

	Note	2022/2023		2021/2022	
		Rs.	Cts.	Rs.	Cts.
ASSETS					
NON CURRENT ASSETS					
Property, Plant & Equipment	08	1,501,448.11		2,287,325.83	
Fixed Deposit-Scholarship Fund		6,447,695.26		5,427,745.25	
CURRENT ASSETS					
Inventory		501,292.75		579,919.38	
Investments	09	173,543,218.38		150,937,870.30	
Trade & Other Receivables	10	27,780,804.16		24,410,301.80	
Income Tax Refund Receivables		1,296,872.18		1,296,872.18	
Deferred Tax Assets	15	2,669,730.69		5,778,017.43	
Cash & Cash Equivalents	11	8,268,764.76		1,523,058.97	
TOTAL ASSETS		222,009,826.29		192,241,111.14	
EQUITY & LIABILITIES					
CAPITAL & RESERVES					
Stated Capital	12	102,001,520.00		102,001,520.00	
Revenue Reserves		479,890.00		479,890.00	
Retained Earnings		106,731,477.15		76,107,781.21	
TOTAL EQUITY		209,212,887.15		178,589,191.21	
NON CURRENT LIABILITIES					
Retirement Benefit Obligations	13	4,775,946.82		5,099,568.82	
Skills Development Provident Fund	16	6,164,181.04		5,119,556.65	
CURRENT LIABILITIES					
Trade & Other Payables	17	1,856,811.28		3,432,794.46	
TOTAL EQUITY & LIABILITIES		222,009,826.29		192,241,111.14	

It is Certified that the Financial Statements have been prepared in compliance with the requirements of Companies Act No 7. of 2007




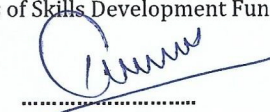
Accountant

26/05/2023

Date

The Board of Directors are responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board of Directors of Skills Development Fund Limited.


Chairman


Director

The Accounting Policies & Notes form an integral part of these Financial Statements.
Figures in Bracket indicate deductions

Mary T. Dickman
Attorney-at-Law & Notary Public
Chairperson
Skills Development Fund Ltd.
Ministry of Education
"Nipunatha Piyasa"
7th Floor, 354/2, Elvitigala Mawatha, Narahenpita, Colombo - 05.

SKILLS DEVELOPMENT FUND LTD

"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH 2023

	Note	2022/2023		2021/2022	
		Rs.	Cts.	Rs.	Cts.
Revenue	03	40,178,720.00		23,779,300.00	
Direct Cost	04	(6,686,429.47)		(4,683,247.76)	
Gross Profit/(Loss)		33,492,290.53		19,096,052.24	
Net Other Income	05	14,352.00		41,180.00	
		33,506,642.53		19,137,232.24	
Administration & Establishment Expenses	06	(33,501,323.60)		(33,768,024.61)	
Earnings Before Interest & Tax		5,318.93		(14,630,792.37)	
Net Financial Income	07	31,694,289.49		7,467,942.41	
Profit Before Taxation		31,699,608.42		(7,162,849.96)	
Income Tax	14	(3,108,286.74)		1,133,137.01	
Net Profit / (Loss) For the Year		28,591,321.68		(6,029,712.95)	
Other Comprehensive Income					
Defined Benefit Plan Actuarial Gains/ (Losses)		629,880.00		(990,986.00)	
Total Comprehensive Income for the year		29,221,201.68		(7,020,698.95)	
Earnings Per Share	18		2.86		(0.69)

The Accounting Policies & Notes form an integral part of these Financial Statements.
Figures in Bracket indicate deductions

SKILLS DEVELOPMENT FUND LTD
"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2023

	Stated Capital	Revenue Reserves	Retained Earnings	Total
	<u>Rs.</u> <u>Cts.</u>	<u>Rs.</u> <u>Cts.</u>	<u>Rs.</u> <u>Cts.</u>	<u>Rs.</u> <u>Cts.</u>
Balance as at 01 st of April 2021	102,001,520.00	479,890.00	83,128,480.16	185,609,890.16
Net Profit During The Year	-	-	(6,029,712.95)	(6,029,712.95)
Other Comprehensive Income	-	-	(990,986.00)	(990,986.00)
Balance as at 31 st of March 2022	<u>102,001,520.00</u>	<u>479,890.00</u>	<u>76,107,781.21</u>	<u>178,589,191.21</u>
Balance as at 01 st of April 2022	102,001,520.00	479,890.00	76,107,781.21	178,589,191.21
Net Profit During The Year	-	-	28,591,321.68	28,591,321.68
Other Comprehensive Income	-	-	629,880.00	629,880.00
Prior Adjustment	-	-	1,402,494.26	1,402,494.26
Balance as at 31 st of March 2023	<u>102,001,520.00</u>	<u>479,890.00</u>	<u>106,731,477.15</u>	<u>209,212,887.15</u>

The Accounting Policies & Notes form an integral part of these Financial Statements.
Figures in Bracket indicate deductions

SKILLS DEVELOPMENT FUND LTD

"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2023

	2022/2023		2021/2022	
	Rs.	Cts.	Rs.	Cts.
CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES				
Net Profit / (Loss) before Taxation		31,699,608.42		(7,162,849.96)
Adjustments for				
Depreciations		818,877.72		1,912,481.21
Interest Income		(31,694,289.49)		(7,467,942.41)
Finance Cost		56,870.00		44,100.00
Gratuity provision		1,273,278.00		551,332.00
Operating Profit before Changes in Working Capital		2,154,344.65		(12,122,879.16)
(Increase) / Decrease in Inventory		78,626.63		60,435.35
(Increase) / Decrease in Trade & Other Receivables		(3,370,502.36)		(4,643,505.58)
Increase / (Decrease) in Trade & Other Payables		(173,488.92)		275,863.69
Increase / (Decrease) in Payable to Ministry Of Youth		1,044,624.39		246,358.90
Net Cash Generated from Operating Activities		(266,395.61)		(16,183,726.80)
Gratuity Paid		(967,020.00)		(101,400.00)
Finance Cost Paid		(56,870.00)		(44,100.00)
Net Cash Flow from Operating Activities		(1,290,285.61)		(16,329,226.80)
CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES				
Investments in Fixed Deposits		(22,605,348.08)		3,827,227.44
Interest Income Received		31,694,289.49		7,467,942.41
Acquisition of Property, Plant & Equipment		(33,000.00)		-
Sales Proceeds of Property, Plant & Equipment		-		-
Investments of Scholarship Fund - Fixed Deposit		(1,019,950.01)		(246,358.90)
Net Cash Generated from Investing Activities		8,035,991.40		11,048,810.95
CASH FLOW /(USED IN)FROM FINANCING ACTIVITIES				
Payment of Dividends		-		-
Net Cash Generated from Financing Activities		-		-
Net Cash Increase / (Decrease) in Cash & Cash Equivalents		6,745,705.79		(5,280,415.85)
Cash & Cash Equivalents at the beginning of the period		1,523,058.97		6,803,474.82
Cash & Cash Equivalents at the end of the period		8,268,764.76		1,523,058.97
Cash & Cash Equivalent				
Cash at Bank - BOC-801		3,495,144.66		1,294,026.23
Bank of Ceylon - A/C No.764148708		161,076.00		161,076.00
Call Deposit		4,540,487.10		(12,497.26)
Cash in Hand		72,057.00		80,454.00
		8,268,764.76		1,523,058.97

The Accounting Policies & Notes form an integral part of these Financial Statements.

Figures in Bracket indicate deductions

SKILLS DEVELOPMENT FUND LIMITED
"NIPUNATHA PIYASA", 7TH FLOOR, 354/2, ELVITIGALA MAWATHA,
COLOMBO 05.

NOTES TO THE FINANCIAL STATEMENTS – 2022/ 2023

01.GENERAL

1.1 Legal status

Skills Development Fund Limited is a limited liability Company incorporated and Domiciled in Sri Lanka. The registered Company and principal place of business is located at "Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.

1.2 Principal activities & Nature of business

During the year, the principal activities of the company were,

- Support job entry training, Skills upgrading and Retraining of employees.
- Expand and improve enterprise based training to facilitate the development of a highly trained and skilled workforce.
- Provided linkage between training institutions and the employers.

1.3 Date of authorization for issue

The Financial Statements of Skills Development Fund Limited for the year ended 31st March 2023 was authorized for issue by the Board of Directors on 30th May 2023.

1.4 Basis of Preparation

1.4.1 Statement of compliance

The financial statements which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes ("financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 07 of 2007.

1.4.2 Going Concern

The directors have made an assessment of the company's ability to continue as a going concern and they do not intend either to liquidate or to cease trading.

1.4.3 Basis of Presentation

The financial statements were prepared on accrual basis and under the historical cost basis except for the following material items in the Statement of Financial Position.

- Retirement Benefit Obligations recognized based on actuarial valuation (LKAS - 19) (Note 13)

No adjustments have been made for inflationary factors in the financial statements.

1.4.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless otherwise stated.

1.4.5 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities income and expenses.

Judgments and estimates are based on historical experience, trends and other factors including expectations that are believed to be reasonable under the circumstances. Accordingly, the actual results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure the validity of the same. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes:

Note 13- Measurement of Defined Benefit Obligation.

1.4.6 Comparative Information

The presentation and classification of the financial statements of the previous years have been amended where relevant for better presentation and to be comparable with those of the current year.

02 SIGNIFICANT ACCOUNTING POLICIES

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

02.1 Assets and the Basis of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realized in cash during the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

2.1.1 Property, Plant & Equipment

2.1.1.1 Recognition and Measurement

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

The cost for this purpose includes the cost of acquisition and any directly attributable expenditure incurred to bring the asset to its working condition or intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition or its intended use. This also includes cost of dismantling and removing the existing asset.

Capital Work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned. However, no Capital Work in Progress exists as at the reporting date.

When property, plant and equipment have different useful life, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined as different between the proceeds from disposal and the carrying amount of property, plant and equipment, and are recognized under other income in the statement of comprehensive income.

2.1.1.2 Subsequent Expenditure

Expenditure incurred on existing property, plant and equipment are capitalized when it is expected that such expenses would result in future economic benefits in excess of those originally assessed and its cost can be measured reliably. The carrying amount of the replaced asset is derecognized.

The costs of the day to day servicing/ maintenance of property, plant and equipment are recognized in Comprehensive Income Statement as incurred. When a revalued asset is disposed, the amount included in the revaluation surplus reserve is transferred to retained earnings.

2.1.1.3 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized under other income in statement of comprehensive income.

2.1.1.4 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset. The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Comprehensive Income.

2.1.1.5 Depreciation and Amortization

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight line basis over the estimated useful life of each asset, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful life for the current and comparative periods are as follows:

Computer Equipment	Over 04 years
Other Office Equipment	Over 05 years
Motor Vehicles	Over 04 years
New Office Premises	Over 10 years
Furniture and Fittings	Over 10 years

Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Depreciation method, useful life and residual values are reviewed at each financial year end and adjusted if appropriate.

2.1.1.6 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sale and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its' recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Comprehensive Income in those expenses categories consistent with the function of the impaired asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Comprehensive Income

2.1.2 Financial Instruments

2.1.2.1 Financial Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and related parties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

2.1.3 Trade receivables

Company recognizes trade receivables as financial assets in its statement of financial position when, and only when, the Company has a contractual right to receive cash or another financial asset.

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

Trade receivables are recognized initially at fair value. After initial the Company measures Trade receivables 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 Company will not be able to collect all amounts due according to the original terms of receivables.

2.1.4 Cash & Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

2.1.5 Stated capital

The stated capital includes the total of all amounts received by the Company or due and payable to the Company in respect of the issue of Shares and in respect of calls on Shares.

2.1.6 Trade payables

Company recognizes trade payables as financial liabilities in its statement of financial position when, and only when, the Company has a contractual obligation to deliver cash or another financial asset.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.2 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from reporting date. Non-current liabilities are those balances that fall due for payment after one year from reporting date. All known liabilities have been accounted for in preparing these Financial Statements.

A provision is recognized if, as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

2.2.1 Employee Benefits

2.2.1.1 Defined Contribution Plans – EPF & ETF

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Pension Plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Company contributes 12% of gross emoluments of the employees to Employees' Provident Fund (EPF).

All of the employees are eligible for Employees' Trust Fund to which the Company contributes 3% of gross emoluments of such employees.

2.2.1.2 Defined Benefit Plan – Retirement Gratuity

Defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company has adopted a defined benefit plan as required under the Payment of Gratuity Act No. 12 of 1983 for all eligible employees.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognized past service cost. The defined benefit obligation is calculated annually by the Company using the projected unit credit method prescribed in Sri Lanka Accounting Standard 19; Employee Benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

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

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

Under the Payment of Gratuity Act No.12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The key assumptions used in determining the Retirement Benefit Obligations are given in Note 13.

2.3 Capital Commitments and Contingencies

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

All material Capital Commitments and Contingent Liabilities are disclosed in Note 19.

2.4 Statement of Comprehensive Income

For the purpose of presentation of the Statement of Comprehensive Income the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 – Presentation of Financial Statements.

2.4.1 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Company. The following specific criteria are used for the purpose of recognition of revenue.

2.4.1.1 Rendering of Services

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

2.4.1.2 Interest Income

Interest Income is recognized as the interest accrued (taking into account the effective yield on the asset) unless collectability is in doubt.

2.4.1.3 Gains or Losses on Disposal

Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within the 'other income' in the Statement of Comprehensive Income.

2.4.2 Expenditure Recognition

2.4.2.1 Operating Expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit/ (loss) for the year. Provision has also been made for impairment of non-financial assets, all known liabilities and depreciation on property, plant and equipment.

Percentage of administration cost is recognized as Programme relevant cost and treats as direct cost to arrive gross profit. The percentages of cost distribution as follows.

Stationery	75%
Telephone	90%
Fuel	60%
Transport	60%
Overtime	50%
Stamp Duty	100%

2.4.2.2 Tax Expense

Income Tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

2.4.2.2.1 Current Taxes

Current tax expense for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

2.4.2.2.2 Deferred Taxation

Deferred taxation is recognized using the Balance Sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed

at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

2.5 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method'. Lease rental paid, dividend paid and grants received are classified as financing cash flows while interest received and dividends received are classified as investing cash flows for the purpose of presentation of the Statement of Cash Flows.

2.6 Earnings per Share

The Company presents Basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

2.7 Events after the reporting period

Events after the reporting period are those events favorable and unfavorable occur between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

SKILLS DEVELOPMENT FUND LTD**"Nipunatha Piyasa", 7th Floor, 354/2, Elvitigala Mawatha, Colombo 05.****NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023****Note - 03****Revenue**

Open Programme Income	
Customised Programme Income	
Academic Training Courses	
Public Private Partnership Program Income	

2022/2023		2021/2022	
Rs.	Cts.	Rs.	Cts.
	10,970,500.00		19,706,050.00
	7,081,220.00		1,315,050.00
	565,000.00		400,000.00
	21,562,000.00		2,358,200.00
	40,178,720.00		23,779,300.00

Note - 04**Direct Cost (Cost of Sales)**

Add-Opening Inventory	
Resource Personal Fees - Open Prog.	
Resource Personal Fees - Customized Prog.	
Resource Personal Fees - Academic Prog.	
Postage - Programmes	
Programme Relevant cost	
Travelling & Daily Subsistence - Programmes	
Hall Charges	
Refreshments - Open Prog.	
Refreshments - Customized Prog.	
Refreshments - Academic Prog.	
Fuel - Programme	
CSR Programme Expenses	
Subsistence	
Public Private Partnership Program Expenses	
Advertising Programs	
Printing & Stationery Customized Prg.	
Less-Closing Inventory	

	579,919.38		640,354.73
	2,805,553.00		1,795,450.00
	1,295,315.00		1,143,747.50
	424,100.00		265,600.00
	299,475.00		172,665.00
	183,677.84		384,703.91
	12,626.00		28,328.00
	33,300.00		37,830.00
	741,635.00		356,670.00
	159,800.00		65,920.00
	81,235.00		-
	95,400.00		-
	-		16,410.00
	292,500.00		349,250.00
	70,540.00		6,238.00
	103,896.00		-
	8,750.00		-
	(501,292.75)		(579,919.38)
	6,686,429.47		4,683,247.76

Note - 05**Net Other Income**

SME Projects Income	
Less- SME Project Expenses	
Net Income from SME Projects	
Other Income	

	-		58,930.00
	(13,948.00)		(17,750.00)
	(13,948.00)		41,180.00
	28,300.00		-
	14,352.00		41,180.00

Note - 06**Administration & Establishment Expenses**

Salaries & Allowances	
Chairman's Allowances	
Chairman's Vehicle Allowances	
Chairman's Entertainment Allowances	
EPF	
ETF	
Over Time	
Staff Welfare	
Staff Vehicle & other Allowance	
Gratuity	
Staff Incentive	

	16,441,122.48		15,802,926.79
	1,194,500.47		1,327,945.00
	411,290.32		350,000.00
	42,962.38		60,000.00
	1,708,611.80		1,897,356.46
	427,152.94		474,339.11
	215,766.00		409,199.50
	500,914.00		457,820.05
	272,241.94		1,172,570.00
	1,273,278.00		551,332.00
	675,000.00		350,000.00

Note 06-Cont.**Depreciations**

Furnitures & Fittings	211,752.50	253,156.57
Office Equipments	164,780.13	398,510.28
Computer Equipments	171,330.55	306,722.25
New Office Premises	122,037.17	794,794.80
Web Pages	148,977.37	159,297.31
Accounting Package Maintenance	324,711.00	701,700.00
Audit Fee	255,300.00	222,000.00
Legal,Secretarial Services	179,288.20	102,920.00
Postage	88,910.00	21,505.00
Stationery	1,293,893.45	950,033.92
Printing	480,249.50	104,837.50
Telephone	953,153.24	886,068.13
Transport	413,261.00	151,311.70
Accountancy & Professional Fee	82,500.00	69,550.00
Electricity	1,069,005.09	711,202.16
Water	30,883.95	26,761.91
Janitorial Services	411,523.07	381,916.09
Insurance - Vehicle	166,068.77	134,628.21
Security	1,547,166.24	1,145,396.63
Staff Training & Development	238,000.00	351,000.00
Fuel	359,874.00	305,149.00
Vehicle Repair & maintenance	239,833.18	760,500.00
Maintenance Charges	359,342.86	81,208.00
Office Equipment Maintenance	25,825.00	87,058.00
AC Repair & Maintenance	229,992.00	141,156.00
Board Members Atten. Allowance	195,000.00	52,500.00
Board Members Travel. Allowance	50,000.00	17,500.00
Refreshment for Board Meeting	61,450.00	33,992.00
Computer Maintenance	36,130.00	87,813.00
News Papers & Periodicals	99,830.00	76,690.00
Festival & Event Expenses	29,545.00	51,012.00
Bank Charges	56,870.00	44,100.00
Web pages Maintenance	4,000.00	53,805.24
Rates and Taxes	75,600.00	151,200.00
Insurance	119,000.00	138,500.00
Vehicle Hire Charges	-	959,040.00
Staff Recruitment Exp.	43,400.00	-
	<u>33,501,323.60</u>	<u>33,768,024.61</u>

Note - 07**Net Financial Income**

Interest Income - Staff Loan	72,450.00	82,539.00
Interest Income - Fixed Deposit	31,237,951.27	7,380,604.43
Interest Income - Call Deposit	383,888.22	4,798.98
	<u>31,694,289.49</u>	<u>7,467,942.41</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023

Note-08

Property, Plant & Equipment

Assets	Rate	Cost				Depreciation				WDV 31.03.2023						
		Balance as at 01.04.2022		Additions		Transfer / Disposals		Balance as at 31.03.2023			Charge for the Year		Transfer / Disposals		Balance as at 31.03.2023	
		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.	Rs.	Cts.		Rs.	Cts.	Rs.	Cts.	Rs.	Cts.
Furniture & Fittings	10%	3,144,337.56	-	-	-	3,144,337.56	211,752.50	-	2,728,915.14	415,422.42						
Other Office Equipment	20%	6,358,169.04	-	-	-	6,358,169.04	164,780.13	-	6,119,276.24	238,892.80						
Motor Vehicles	25%	10,100,000.00	-	-	-	10,100,000.00	-	-	10,100,000.00	-						
Computer Equipments	25%	5,952,726.33	33,000.00	-	-	5,985,726.33	171,330.55	-	5,857,569.16	128,157.17						
New Office Premises	10%	7,947,948.11	-	-	-	7,947,948.11	122,037.17	-	7,320,287.60	627,660.51						
Web Page	25%	832,789.40	-	-	-	832,789.40	148,977.37	-	741,474.19	91,315.21						
		34,335,970.44	33,000.00	-	-	34,368,970.44	818,877.72	-	32,867,522.33	1,501,448.11						

Note - 09**Investments**

Fixed Deposits-BOC	33,543,218.38	10,937,870.30
Fixed Deposits-People's Bank	140,000,000.00	140,000,000.00
	<u>173,543,218.38</u>	<u>150,937,870.30</u>

Note - 10**Trade & Other Receivable**

Prepaid Insurance	65,661.68	65,661.68
Interest Receivable	6,711,355.54	1,426,565.92
WHT Receivables	2,297,937.03	1,315,549.29
Staff Distressed Loan	1,710,070.88	845,070.88
Advance	556,440.23	531,040.23
Trade Debtors	16,383,978.80	20,171,053.80
Pre Paid Rent - Office Premise	45,360.00	45,360.00
Salary Advance	10,000.00	10,000.00
	<u>27,780,804.16</u>	<u>24,410,301.80</u>

Note - 11**Cash & Cash Equivalents**

Bank of Ceylon - A/C No. 801	3,495,144.66	1,294,026.23
Call Deposit	4,540,487.10	(12,497.26)
Bank of Ceylon - A/C No. 76148708	161,076.00	161,076.00
Cash in Hand	72,057.00	80,454.00
	<u>8,268,764.76</u>	<u>1,523,058.97</u>

Note - 12**Stated Capital**

Fully Paid Ordinary Shares & One Golden Share	102,001,520.00	102,001,520.00
	<u>102,001,520.00</u>	<u>102,001,520.00</u>

Note - 13**Retirement Benefit Obligations - Gratuity**

<u>Retirement Benefit Obligations - Gratuity</u>	<u>2022/2023</u>		<u>2021/2022</u>	
	<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
Balance at the Beginning of the year	5,099,568.82		3,658,650.82	
Charged during the year	1,273,278.00		551,332.00	
Payment made during the year	(967,020.00)		(101,400.00)	
Actuarial (Gain) /Loss on Present Value of Difined Benefit Obligation	(629,880.00)		990,986.00	
Balance at the end of the year	4,775,946.82		5,099,568.82	

Actuarial valuation as at 31.03.2023 of the Gratuity Liability in respect of the employees of the company has done according to the Sri Lanka Accounting Standards (LKAS 19) .During the year, Rs. 508,343.00 amount to be recognized as a current service cost & Rs. 764,935.00 amount to be recognized as a interest cost.

The gratuity liability is not externally funded.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2023**

12.1 The Golden Shareholder

The Golden Shareholder is currently held by the Secretary to the Treasury and shall only be held by Secretary to the Treasury or by an "Appointed Director" in his official capacity and not in his own name for the behalf of the Democratic Socialist Republic of Sri Lanka. In addition to the rights of the normal Ordinary Shareholder the Golden Shareholder has the following special rights.

12.1.1 The holder of the "Golden Share" may veto any ordinary, special or extraordinary resolutions passed by General Meeting or otherwise, if such resolutions is, in the opinion of the holder of the Golden Share for the time being, is either contrary to the mission, goals and objectives of the Company or is not in keeping with the policy of the Government.

12.1.2 The Articles of Association of the Company as originally framed may from time to time be altered by "Special Resolution" provided that the concurrence of the holder to the Golden Share, in writing shall be first obtained to amend the definition of the words "Golden Share" and "Golden Shareholder" and any articles relating to the rights of the holder of the Golden Share.

12.1.3 The Golden Shareholder shall be entitled to call upon the Board of Directors of the Company once in every three month period if desired to meet with the Golden Shareholder and or his nominees and the Directors if so called upon shall meet with the Golden Shareholder and or his nominees to discuss matters of the Company of interest to the State of Democratic Socialist Republic of Sri Lanka.

12.1.4 The Golden Shareholder may be converted into an Ordinary Share with the concurrence of the Golden Shareholder given in writing and the concurrence of the majority of the Shareholders.

12.1.5 The Golden Shareholder and / or his nominees shall be entitles to inspect the books of accounts of the Company after giving two weeks written notice to the Company.

12.1.6 The Company shall submit to the Golden Shareholder, within 60 days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre-specified format agreed to by the Golden Shareholder and the Company.

12.1.7 The Company shall submit to the Golden Shareholder, within 90 days of the end of each fiscal year, information relating to the Company in a pre-specified format agreed to by the Golden Shareholder and the Company.

Note - 14**Income Tax****14.1 Current Tax**

The company in terms of the Inland Revenue Act No 24 of 2017, profits & income from business tax as follows

	2022/2023		2021/2022	
	Rs.	Cts.	Rs.	Cts.
Statutory Tax Rate	30%		14%	
Income Tax on Current Year Profit (14.2)	-		-	
Origination and Reversal of Temporary Differences (Note 15)	3,108,286.74		(1,133,137.01)	
	3,108,286.74		(1,133,137.01)	

14.2 Reconciliation between accounting Profit to Income Tax

	2022/2023		2021/2022	
	Rs.	Cts.	Rs.	Cts.
Accounting Profit / (Loss) Before Interest & Tax	5,319		(14,630,792)	
Aggregate disallowable items	2,135,118		2,523,813	
Aggregate allowable items	(1,675,407)		(829,639)	
Add: Assessable Charge/Balance Allowance	-		-	
Adjusted Profit /(Loss) from the Business	465,030		(12,936,619)	
Income from Other Sources -(Interest Income)	31,694,289		7,467,942	
Total Statutory Income	32,159,319		7,467,942	
Business Losses Claimed	(32,159,319)		(7,467,942)	
Taxable Income	-		-	
Tax on Ordinary Business	-		-	
Tax on Other Income	-		-	
Income Tax on Profits for the year	-		-	

Note - 15**Deferred Tax Assets**

	2022/2023		2021/2022	
	Rs.	Cts.	Rs.	Cts.
Balance at the beginning of the Year	5,778,017.43		4,644,880.42	
Prior Adjustment for Deferred Tax	-		-	
	5,778,017.43		4,644,880.42	
Origination and Reversal of Temporary Differences	(3,108,286.74)		1,133,137.01	
Balance at the end of Year	2,669,730.69		5,778,017.43	

Deferred Income Tax and Liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes related to the same fiscal authority.

	2022/2023		2021/2022	
	Rs.	Cts.	Rs.	Cts.
Deferred Tax Assets	2,988,179.42		5,936,090.91	
Deferred Tax Liabilities	(318,448.73)		(158,073.48)	
	2,669,730.69		5,778,017.43	

	2022/2023		2021/2022	
	Assets	Liabilities	Assets	Liabilities
Recognised Deferred Tax Assets and Liabilities				
Provision for Liabilities	-	318,448.73	-	158,073.48
Provision for Assets	16,003.65	-	1,463.76	-
Defined Benefit Obligation	1,432,784.05	-	713,939.63	-
Unused Tax Credit	1,539,391.73	-	5,220,687.52	-
Income Tax Refund	-	-	-	-
	2,988,179.42	318,448.73	5,936,090.91	158,073.48
Net Deferred Tax	2,669,730.69	-	5,778,017.43	-

Note - 16**Skills Development Provident Fund**

Scholarship Fund Payable

31.03.2023		31.03.2022	
Rs.	Cts.	Rs.	Cts.
	6,164,181.04		5,119,556.65
	6,164,181.04		5,119,556.65

Note - 17**Trade & Other Payables**

Audit Fees Payable	255,300.00	642,090.00
Bills Payable-Security	128,930.52	128,930.52
Bills Payable - Electricity	181,233.85	140,989.68
Bills Payable - Water	2,863.35	10,541.27
Bills Payable - Secretary	156,980.20	102,920.00
Bills Payable - Janitorial	106,153.83	32,400.00
Bills Payable - OT/Subsistence & Train Season	-	408,261.00
Bills Payable - Refreshment	-	407,187.00
Bills Payable - Resource Person Fee	-	413,550.00
Bills Payable - Telephone	88,526.07	149,098.96
Bills Payable - News Papers	14,360.00	10,525.00
Bills Payable - Accounting Package Maintenance	-	95,000.00
Non-Represented Cheques over 06 months (801)	587,978.82	587,978.82
Trade Creditor	-	74,000.00
ETF Payable	-	1,012.57
Web Page Payable	-	70,300.00
Refundable Deposits	-	3,000.00
Unidentified Deposit	334,484.64	155,009.64
	1,856,811.28	3,432,794.46

Note - 18**Earnings Per Share**

The calculation of the earnings per share is based on Profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

18.01 Basic Earnings per Share

	2022/2023		2021/2022	
	Rs.	Cts.	Rs.	Cts.
Profit attributable to Ordinary Shareholders (Rs.Cts)	29,221,201.68		(7,020,698.95)	
Weighted average number of ordinary shares	10,200,152.00		10,200,152.00	
Earnings / Loss Per Shares		2.86		(0.69)

Note - 19**Capital Commitments**

The Company had no material capital commitments outstanding as at the Reporting date.

Note - 20**Events After the Reporting Period**

There was no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

Note - 21
Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- * Credit risk
- * Liquidity risk

This note presents qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives, policies and procedures for measuring and managing risk.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit Risk

Credit risk is the risk of financial Loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investment securities. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows.

	31.03.2023		31.03.2022	
	<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
Loans and Receivables				
Trade and Other Receivables	29,077,676.34		25,707,173.98	
Investments	173,543,218.38		150,937,870.30	
Cash and Cash Equivalents	8,268,764.76		1,523,058.97	
	<u>210,889,659.48</u>		<u>178,168,103.25</u>	

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable Losses or damage to the Company's reputation.

To measure and mitigate liquidity risk, the Company closely monitored its net operating cash flow, maintained a level of Cash and Cash equivalents and secured committed funding facilities from financial institutions.

	31.03.2023		31.03.2022	
	<u>Rs.</u>	<u>Cts.</u>	<u>Rs.</u>	<u>Cts.</u>
Non-derivative financial liabilities				
Trade and Other Payables	1,856,811.28		3,432,794.46	
	<u>1,856,811.28</u>		<u>3,432,794.46</u>	

Note - 22
Related Party Transaction

The Company had related party transactions during the periods covered by the financial statements. The Key management personnel compensations are as follows,

	<u>2022 / 2023</u>	
	<u>Rs.</u>	<u>Cts.</u>
Board member attendance allowance	195,000.00	
Board member travelling allowance	50,000.00	
	<u>245,000.00</u>	



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தேசிய கணக்காய்வு அலுவலகம்

NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

VOT/A/SDFL/FA/2022/2023

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

28 August 2023

Chairman

Skills Development Fund Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Skills Development Fund Limited for the year ended 31 March 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Skills Development Fund Limited (“Company”) for the year ended 31 March 2023 comprising the statement of financial position as at 31 March 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I



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

1.3 Other information included in the Company's 2022/2023 Annual Report.

The other information comprises the information included in the Company's 2022/2023 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2022/2023 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

- 2.1** National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.
- 2.1.1** I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163(2)(d) of the Companies Act, No. 7 of 2007 and section 12(a) of the National Audit Act, No. 19 of 2018.
- 2.1.2** The financial statements of the Company comply with the requirement of section 151 of the Companies Act, No. 07 of 2007.

2.1.3 The financial statements presented is consistent with the preceding year as per the requirement of section 6(1)(d)(iii) of the National Audit Act, No. 19 of 2018.

2.1.4 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6(1)(d)(iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained which limited to matters that are material, nothing has come to my attention;

2.2.1 to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12(d) of the National Audit Act, No. 19 of 2018;

2.2.2 to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12(f) of the National Audit Act, No. 19 of 2018 except for the following findings.

Reference to law/ direction -----	Description -----
(a) Stamp Duty (Special provisions) Act (Amended) No. 10 of 2008	Stamp duty had not been deducted from the salaries made to the employees of the Company.
(b) Public Enterprises Circular No. 01/2021 of 16 November 2021 for Guidelines on Corporate Governance and Operational Manual for State Owned Enterprises (SOEs)	
(i) Paragraph 3.2(i) of the Operational Manual	Although the approval of the Department of Management Services for the payment of allowances, incentive payments and other financial assistance should be obtained, the audit observed that the amounts of

Rs.283,906, Rs.675,000 and Rs.119,000 had been spent for the purchase of railway season tickets, payment of incentives and payment of employees' life insurance contributions respectively in the year under review without obtaining such approval.

(ii) Guidelines 4.2(h) of the Guidelines on Corporate Governance

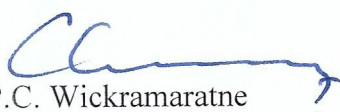
Even though the Audit Committee meetings should be held at least 04 during a particular year, the Company had been held only one meeting during the year under review.

2.2.3 to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12(g) of the National Audit Act, No. 19 of 2018

2.2.4 to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12(h) of the National Audit Act, No. 19 of 2018

2.3 Other Matters

- (a) Action had not been taken in respect of 04 unrealized cheques aggregating Rs.72,500 which were deposited in a bank current account during the year 2015 and 2017.
- (b) A sum of Rs.161,076 had been held in a dormant bank current account for last several years without being taken fruitful action to utilize this money.
- (c) The total balance of trade debtors as at 31 March 2023 was Rs. 16,383,978 and out of that 80 percent was outstanding for more than 01 year without being recovered.
- (d) Creditors amounting to Rs. 96,410 was remained unsettled for over 04 years as at 31 December 2023.


W.P.C. Wickramaratne
Auditor General